

VSL/2022-23/SEC/18

2<sup>nd</sup> September, 2022

To,  
**The Manager,**  
**Corporate Relations Department**  
**BSE Ltd.,**  
**Phiroze Jeejeebhoy Towers,**  
**Dalal Street,**  
**Mumbai - 400 001**

**SCRIP CODE: 531950**

Dear Sir/Madam,

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

This is to inform you that the 29<sup>th</sup> Annual General Meeting (AGM) of the Members of Company will be held on Monday, 26<sup>th</sup> September, 2022 at 4.00 p.m. IST, through Video Conferencing / Other Audio Visual Means, in accordance with the relevant circulars issued by the Ministry of Corporate Affairs ('the MCA') and the Securities and Exchange Board of India ('the SEBI').

The Book Closure dates are fixed as below:

Company Scrip Code	Type of Security and Face Value per Share	Book Closure	Purpose
531950	Equity Shares of Rs. 2/- each	20 <sup>th</sup> September, 2022 to 26 <sup>th</sup> September, 2022 (both days inclusive)	Annual General Meeting

The notice of 29<sup>th</sup> Annual General Meeting alongwith the Annual Report of our Company is attached herewith.

Kindly take the same on your records.

Thanking You.

Yours faithfully,

For **VERTEX SECURITIES LIMITED**



**Pranali Kadam**  
**Company Secretary**  
**Encl: a/a**



29<sup>th</sup> Annual Report 2021-2022

## Board of Directors



### **Mr. Kumar Nair**

He is the Chairman of the Company. He is B.Sc., F.C.A. & OPM (Harvard Business School). He is also the Managing Director of Transwarranty Finance Limited and has over two decades of experience in Financial Services, Capital Market and Investment Banking. He was a key member of the core senior management team in Kotak Mahindra Finance Limited.

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### **Mr. Ramachandran Unnikrishnan**

He is the Managing Director & CEO of the Company. He is B.Com, FCA and has close to 3 decades experience in Audit, Accounting, Capital Market and Investment Banking. He is also the Director and CFO of our Holding Company, Transwarranty Finance Limited.

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### **Mr. Jose Thomas Polachira**

He is the Independent Director of the Company. He is B.Com, CAIIB, Post Graduate Diploma in Banking, Industrial Relations & Personnel Management, He is an experienced banking professional with over three decades of experience in various aspects of banking and finance. He was also responsible for setting up the HDFC Bank in Kerala.

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### **Mr. James Pothan**

He is the Independent Director of the Company. He is a Post Graduate in Science with various specialized qualifications in management and banking. He had been with the Reserve Bank of India for over 26 years in various management positions and has many years of director-level experience in Scheduled Commercial Banks.

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### **Mrs. Latha Anand**

She is the Independent Woman Director of the Company. She is a Graduate in Law. She is a Managing Partner of the Law Firm, M/s. B.S. Krishnan Associates. She specializes in Contracts, Constitution, Arbitration, Labour and Service Laws. She is practicing before the Hon'ble High Court of Kerala and is the Standing Counsel for various companies including Central and State Government Companies. Her Court cases were reported in Legal Journals. She has nearly 3 decades of varied legal knowledge and expertise.

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### **Mr. George Mampillil**

He is the Executive Director & CFO of the Company. He is a B.Sc. Graduate in Physics. He was the earlier the Chief Executive Officer of our Company and a Director of our subsidiary Company, Vertex Commodities And Finpro Pvt. Ltd. from 2004 to 2007. Thereafter, he worked as Chief Executive Officer, of Acumen Group, Cochin based Financial Services Company from October 2007 to December 2016. He has rich experience of around 25 years in the financial markets.



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Kumar Nair  
Ramachandran Unnikrishnan  
James Pothan  
Jose Thomas Polachira  
Latha Anand  
George Mampillil

Chairman  
Managing Director & CEO  
Independent Director  
Independent Director  
Independent Director  
Executive Director & CFO

### CHIEF FINANCIAL OFFICER

George Mampillil

### COMPANY SECRETARY

Pranali Kadam

### AUDITORS

#### S S KHAN & CO

Chartered Accountants,  
24, 1<sup>st</sup> Floor, 5, Malharraowadi,  
Dadi Seth Agiary Lane,  
Kalbadevi, Mumbai - 400002.

### SECRETARIAL AUDITOR

Yogesh Sharma & Co.,  
Company Secretaries  
B-1, Neha Apartment,  
Opp. Badwaik's Hospital,  
L.B.S. Marg, Bhandup W,  
Mumbai 400078

### BANKERS

South Indian Bank  
Axis Bank  
Canara Bank  
Federal Bank  
HDFC Bank  
ICICI Bank  
State Bank of India

### REGISTERED OFFICE

CIN: L67120KL1993PLC007349  
Thottathil Towers, 2<sup>nd</sup> Floor, Market Road,  
Ernakulam, Kochi - 682 018  
Tel. No. 0484-2384848  
Fax No. 0484-2394209  
e-mail id : secretarial@vertexbroking.com  
website: www.vertexbroking.com

### CORPORATE OFFICE

403, Regent Chambers  
Nariman Point, Mumbai 400 021  
Tel. No. 91-22-6630 6090 / 40010900  
Fax No. 91-22-66306655  
e-mail id : vsl@vertexbroking.com

### REGISTRAR & TRANSFER AGENTS

M/s. Link Intime India Pvt. Ltd  
C-101, 247 Park, LBS Marg,  
Vikhroli (West), Mumbai- 400 083  
Tel. No. 91-22-49186000  
Fax No. 91-22-49186060  
e-mail id: rnt.helpdesk@linkintime.co.in  
website: www.linkintime.co.in

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## NOTICE

Notice is hereby given that the 29<sup>th</sup> Annual General Meeting of Vertex Securities Limited will be held through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), on Monday, 26<sup>th</sup> September, 2022 at 4.00 p.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 and the Reports of the Board of Directors and Auditors thereon.
2. To receive, consider and adopt the Consolidated Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2022 and the Reports of the Board of Directors and Auditors thereon.
3. To appoint a Director in place of Mr. George Mampillil (DIN 01976386), who retires by rotation and being eligible offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 4. Approval for material related party transactions

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

**"RESOLVED THAT** pursuant to the provisions of Regulation 23 and all other applicable provisions, if any of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called "Listing Regulations"), and the Company's policy on materiality of Related Party Transaction(s), and all applicable provisions of the Companies Act, 2013 (hereinafter called the "Act") and Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the consent of the Audit Committee and Board of Directors of the Company, the consent and approval of the Company be and is hereby accorded to the Board of Directors ("the Board" which term shall be deemed to include a Committee of the Board) to enter into transactions/contracts/arrangements with Transwarranty Finance Limited, a Related Party as defined in the Listing Regulations, relating to transactions as detailed in explanatory statement, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/

value of all such arrangements/ transactions/contracts that may be entered into by the Company with Transwarranty Finance Limited and/or providing/availing of any services by the Company to/from Transwarranty Finance Limited, on such terms and conditions as the Board on its absolute discretion, may deem fit, PROVIDED HOWEVER THAT the total aggregate amount/value of all such transactions/ contracts/arrangements that may be entered into by the Company with Transwarranty Finance Limited and remaining outstanding at any point in time shall not exceed ₹ 50 Crore (Rupees Fifty Crores) for a period upto the 30<sup>th</sup> Annual General Meeting of the Company to be held in the year 2023, wherein fresh approval of the shareholders shall be obtained in this regard.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board or the Company Secretary be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including any negotiation / renegotiation/ modification/ ratification/amendments to or termination thereof, of the subsisting arrangements/ transactions/ contracts or any future arrangements/ transactions/ contracts and to make or receive/pay monies or to perform all other obligations in terms of such arrangements/ transaction/ contracts, filing of necessary forms/documents with the appropriate authorities and to execute all such deeds, documents, agreements, letters, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulty or doubt that may arise in regard thereto."

**By Order of the Board of Directors,**

**For VERTEX SECURITIES LIMITED**

**Pranali Kadam**  
**Company Secretary**

**Place:** Kochi  
**Date:** 27<sup>th</sup> July, 2022

**Registered Office:**  
Thottathil Towers, 2<sup>nd</sup> Floor,  
Market Road, Ernakulam,  
Kochi 682018  
CIN:L67120KL1993PLC007349  
Email: [secretarial@vertexbroking.com](mailto:secretarial@vertexbroking.com)  
website: [www.vertexbroking.com](http://www.vertexbroking.com)  
Tel: 0484 2384848 ; Fax: 0484 2394209



**NOTES:**

1. In view of the COVID-19 pandemic and in compliance with the Circular No. 21/2021 dated 14<sup>th</sup> December, 2021 read with Circular No. 14/2020 dated 8<sup>th</sup> April, 2020, Circular No.17/2020 dated 13<sup>th</sup> April, 2020, Circular No. 20/2020 dated 5<sup>th</sup> May, 2020, Circular No. 02/2021 dated 13<sup>th</sup> January, 2021 issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15<sup>th</sup> January, 2021 read with Circular No. SEBI/ HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020 ("SEBI Circulars") issued by the Securities and Exchange Board of India and relevant provisions of the Companies Act, 2013 ("the Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the AGM will be held without the physical presence of Shareholders at a common venue. In this Annual Report, the connotation of "Members" and "Shareholders" is the same.

Accordingly, in compliance with the applicable provisions of the Companies Act, 2013 ("Act") read with the said Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company has decided to convene its 29<sup>th</sup> AGM through VC/OAVM, and the Members can attend and participate in the ensuing AGM through VC/OAVM. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the Deemed Venue of the AGM. National Securities Depositories Limited (NSDL) will be providing the facility for voting through remote e-voting, for participation in the AGM through VC / OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC / OAVM is explained in note no. 17 below and is also available on the website of the Company at [www.vertexbroking.com](http://www.vertexbroking.com).

2. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Item No. 4 of the Notice of 29<sup>th</sup> AGM, which is considered to be unavoidable by the Board of Directors of the Company, is annexed hereto. Also, relevant details in respect of Directors seeking re-appointment at the AGM, in terms of Regulation 36(3) of the SEBI Listing Regulations and Clause 1.25 of Secretarial Standard- 2 on General Meetings are also annexed to this notice.
3. Generally, a MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

However, since this AGM is being held through VC/OAVM whereby physical attendance of members has been dispensed with and in line with the relevant SEBI Circulars, THE FACILITY TO APPOINT A PROXY TO ATTEND AND CAST VOTE FOR THE SHAREHOLDER IS NOT MADE AVAILABLE FOR THIS AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.

However, in terms of the provisions of Section 112 and 113 of the Act read with the said Circulars, Corporate Members are entitled to appoint their authorized representatives to attend the AGM through VC/OAVM on their behalf and participate thereat, including cast votes by electronic means (details of which are provided separately, hereinbelow). Institutional/ Corporate Shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC/ OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by e-mail through their registered e-mail address to [jantonyca@gmail.com](mailto:jantonyca@gmail.com) with a copy marked to the Company at [secretarial@vertexbroking.com](mailto:secretarial@vertexbroking.com) and to its RTA at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).

4. The Members can join the AGM through the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
5. The attendance of the Members attending the AGM through VC/ OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. In view of the COVID-19 pandemic and in line with the relevant Circulars issued by the MCA and SEBI, the Annual Report including Notice of the 29<sup>th</sup> AGM of the Company inter alia indicating the process and manner of e-voting is being sent only by Email, to all the Shareholders whose Email IDs are registered with the Company/ Depository Participant(s) for communication purposes to the Shareholders and to all other persons so entitled.



Further, in terms of the applicable provisions of the Act, SEBI Listing Regulations read with the said Circulars issued by MCA and said SEBI Circulars, the Annual Report including Notice of the 29<sup>th</sup> AGM of the Company will also be available on the website of the Company at [www.vertexbroking.com](http://www.vertexbroking.com). The same can also be accessed from the website of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of NSDL i.e. [www.evoting.nsdl.co.in](http://www.evoting.nsdl.co.in).

7. Members are requested to send all their documents and communications pertaining to shares to Link Intime India Pvt. Ltd., Registrar and Share Transfer Agent (RTA) of the Company at their address at C-101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai, Maharashtra 400083, Telephone No. 022 - 4918 6000, [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in), for both physical and demat segment of Equity Shares. Please quote on all such correspondence - "Unit – Vertex Securities Limited".
8. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by notifying the company at [secretarial@vertexbroking.com](mailto:secretarial@vertexbroking.com) or Registrar & Share Transfer Agents of the Company, Link Intime India Pvt. Ltd. at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in). Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only.
9. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company at [secretarial@vertexbroking.com](mailto:secretarial@vertexbroking.com) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) along with the copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may write to [secretarial@vertexbroking.com](mailto:secretarial@vertexbroking.com)
10. The Register of Members and Share Transfer Books will remain closed from Tuesday, 20<sup>th</sup> September, 2022 to Monday, 26<sup>th</sup> September, 2022 (both days inclusive) for the purpose of AGM.
11. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
12. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrar and Transfer Agents (RTA), Link Intime India Pvt. Ltd. to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company or RTA.

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

13. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or RTA, for assistance in this regard.
14. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Link Intime India Pvt. Ltd., for consolidation into a single folio.
15. Members are requested:
  - a. To quote their folio number/ DP ID and Client ID in all correspondence.
  - b. To notify immediately change of their address and bank particulars to the RTA in case the shares are held

in physical form; and in case the shares are held in dematerialized form, the information should be passed on directly to their respective Depository Participant and not to the Company / RTA, without any delay.

16. In terms of provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members holding shares in dematerialized form are requested to submit the said details to their Depository Participant(s) and the Members holding shares in physical form, are requested to submit the said details to the Company or RTA.
17. The instructions and other information relating to voting through electronic means is given hereunder:

#### **VOTING THROUGH ELECTRONIC MEANS**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and the relevant Circulars issued by MCA, the Company is pleased to provide Members with the facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means in respect of the business to be transacted at the AGM through e-voting. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") as well as e-voting during the proceeding of the AGM ("e-voting at the AGM") will be provided by National Securities Depository Limited (NSDL).
- II. Members who have cast their vote by remote e-Voting prior to the AGM can also attend the AGM but shall not be entitled to cast their vote again. Only those Members, who will be present at the AGM through VC / OAVM facility and who would not have cast their vote by remote e-Voting prior to the AGM and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system at the AGM.
- III. The remote e-voting period commences on Thursday, 22<sup>nd</sup> September, 2022 09:00 a.m. and ends on Sunday, 25<sup>th</sup> September, 2022 at 5.00 p.m. During this period,

the Members, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Monday, 19<sup>th</sup> September, 2022 may cast their vote electronically by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Monday, 19<sup>th</sup> September, 2022.

#### **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

**The remote e-voting period begins on Thursday, 22<sup>nd</sup> September, 2022 at 9:00 A.M. and ends on Sunday, 25<sup>th</sup> September, 2022 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Monday, 19<sup>th</sup> September, 2022 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 19<sup>th</sup> September, 2022. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.**

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

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

#### **Step 1: Access to NSDL e-Voting system**


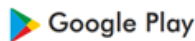


#### **A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.





Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: center; align-items: center;">   </div> <div style="display: flex; justify-content: center; align-items: center; margin-top: 10px;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

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

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

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

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***



5. Password details for shareholders other than Individual shareholders are given below:
    - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
    - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
    - c) How to retrieve your 'initial password'?
      - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.
  6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
    - a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
    - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
  7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.
- Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**
- How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**
1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
  2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
  3. Now you are ready for e-Voting as the Voting page opens.
  4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
  5. Upon confirmation, the message "Vote cast successfully" will be displayed.
  6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
  7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- General Guidelines for shareholders**
1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/

Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [jantonyca@gmail.com](mailto:jantonyca@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on **"Upload Board Resolution / Authority Letter"** displayed under **"e-Voting"** tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Sarita Mote at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

#### THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- ii. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

#### Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

#### INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.



2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views or ask questions with respect to the agenda items of the meeting will be required to register themselves as speaker by sending e-mail to [secretarial@vertexbroking.com](mailto:secretarial@vertexbroking.com) from their registered e-mail address, mentioning their name, DP ID & Client ID / folio number and mobile number. Only those Members who have registered themselves as speaker by 5.00 p.m. on 21<sup>st</sup> September, 2022 will be able to speak at the meeting. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time, for smooth conduct of the AGM.
18. Any person, who acquires shares of the Company and becomes Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [ashok.sherugar@linkintime.co.in](mailto:ashok.sherugar@linkintime.co.in).
19. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only i.e. 19<sup>th</sup> September, 2022 shall be entitled to avail the facility of remote e-Voting as well as e-Voting at the AGM.
20. Mr. Jameskutty Antony, Practicing Chartered Accountant has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
21. The Scrutinizer will submit his report to the Chairman of the Company or to any other person authorized by the Chairman after completion of the scrutiny of e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 48 hours from the conclusion of the AGM. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.vertexbroking.com](http://www.vertexbroking.com) and on the website of NSDL within two working days of passing of resolutions at the AGM of the Company after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be communicated to the Stock Exchange.
22. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available for electronic inspection. Members seeking to inspect such documents can send an email to [secretarial@vertexbroking.com](mailto:secretarial@vertexbroking.com).
23. Members of the Company had approved the appointment of M/s. S.S.Khan & Co., Chartered Accountants, as the Statutory Auditors at the 26<sup>th</sup> AGM of the Company which is valid till the 31<sup>st</sup> AGM of the Company. In accordance with the Companies Amendment Act, 2017, enforced on 7<sup>th</sup> May, 2018 by MCA, the appointment of Statutory Auditors is not required to be ratified at every AGM.
24. Members are requested to address all correspondences to the Registrars and Transfer Agents of the Company.
25. The Company has designated an exclusive email Id viz. [secretarial@vertexbroking.com](mailto:secretarial@vertexbroking.com) to enable the investors to post their grievances and monitor its redressal.

**For VERTEX SECURITIES LIMITED**

**Pranali Kadam**  
**Company Secretary**

**Registered Office:**  
Thottathil Towers, 2<sup>nd</sup> Floor,  
Market Road, Ernakulam,  
Kochi 682018

**Place:** Kochi  
**Date:** 27<sup>th</sup> July, 2022



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 & ADDITIONAL INFORMATION PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 WITH REGARD TO THE DIRECTOR SEEKING RE-APPOINTMENT AT THE 29<sup>TH</sup> ANNUAL GENERAL MEETING**

**Item No. 3:**

<b>Name of Director</b>	Mr. George Mampillil
<b>DIN</b>	01976386
<b>Date of Birth</b>	19/04/1948
<b>Nationality</b>	Indian
<b>Type of Appointment</b>	Director retiring by rotation
<b>Date of first appointment on Board</b>	13/08/2018
<b>Qualification</b>	B.Sc.
<b>No. of Shares held</b>	5,50,000 Equity Shares of ₹ 2 each
<b>Experience in Specific</b>	He has over 25 years of experience in financial markets. He was the Chief Executive Officer of Acumen Group, Cochin based Financial Services Company for 10 years.
<b>Directorships held in other companies</b>	-
<b>Membership of Committees of other listed public companies</b>	Nil
<b>Disclosure of relationships between directors inter-se</b>	None of the directors are related to each other
<b>Justification for appointment</b>	Excellent knowledge in Financial Market
<b>No. of Board Meetings attended during the financial year 2021-22</b>	4 out of 4
<b>Details of last remuneration drawn from the Company</b>	₹ 9,79,650 in FY 2021-22
<b>Terms and conditions of appointment/ re-appointment</b>	Mr. George Mampillil is proposed to be reappointed as a Director of the Company and is liable to retire by rotation.

**Item No. 4**

**Approval for material related party transactions**

As per the provisions of Section 188 of the Companies Act, 2013 ("Act"), transactions with related parties which are on an arm's length basis and in the ordinary course of business, are exempted from the obligation of obtaining prior approval of shareholders. However, such transactions, if material, require the approval of shareholders through a resolution, notwithstanding the fact that the same are at an arm's length basis and in the ordinary course of business, as per the requirements of the provisions of Regulation 23(4) of the Listing Regulations

As per the amendment to clause (zc) of Regulation 2(1) read with the proviso to Regulation 23(1) of the Listing Regulations, which are effective from April 01, 2022, the transactions involving transfer of resources, services or obligations between a listed entity or any of its subsidiaries on one hand and a related party

of the listed entity or any of its subsidiaries on the other hand will be considered as "related party transactions", and as "material related party transactions", if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower. Further, such material related transaction shall require prior approval of shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.

The Shareholders at the Annual General Meeting held on Monday, 27<sup>th</sup> September, 2021 had approved the material related party transactions for FY 2021-2022 and the same shall be valid till March 31, 2022. However, pursuant to the amended regulations, prior approval of shareholders is required in case of transactions to be held for FY 2022-23 and hence the resolutions at Item No. 04 of this notice for the approval of shareholders till the 30<sup>th</sup>



AGM of the Company to be held in the year 2023 wherein fresh approval of the shareholders shall be obtained in this regard.

The Company lends/borrows funds from time to time from holding Company, Transwarranty Finance Limited, as and when there is requirement of funds for business requirements/working capital needs. The said transactions are in ordinary

course of business and at arms' length and duly approved by the Audit Committee and the Board of the Directors.

The Company and / or its subsidiaries may be required to enter into contracts and / or transactions and / or arrangements, as stated in the resolution at Item Nos. 4, during FY 2022-23, at an arm's length basis and in the ordinary course of business and

the details of the same are as follows:

Sr. No.	Name of the Company	Type/Particulars of Transaction	Justification	Percentage of annual consolidated turnover	Maximum outstanding limits for 2021-22 approved by the shareholders	Proposed limits for 2022-23 to be approved by the shareholders
1.	Transwarranty Finance Limited	Loans/Inter-corporate Deposits/Guarantees Taken, purchase and/or sale of securities, transfer of assets from and to, Marketing Support Fees/Commission & Brokerage/Service fees/ Referral/Arranger Fee Income, providing/availing of services, etc	Funds are arranged to meet the urgent working capital requirements of the Company at short notice at reasonable cost	525%	50 Cr	50 Cr

Note 1: In broking business we need to finance the entire transaction. However, the "revenue" earned by way of brokerage is minuscule as compared to the value of the transaction. Hence the percentage with reference to the annual consolidated turnover to the Company may appear unreasonably large.

Note 2: The additional details pertaining to the Inter Corporate Deposits (ICD's) to be given by the Company w.r.t the above material related party transactions are as follows:

a) Terms of ICD and Pricing:

ICD being short term facility (unsecured) is generally comparable with short term borrowings in the market to finance working capital needs and pricing depends upon prevailing market rates. Generally, the same shall be repayable on demand.

b) The source of funds for grant of ICD's will be owned liquid network funds.

c) No financial indebtedness will be incurred to make or give ICD.

d) The funds will be utilized for working capital requirement.

e) Valuation report / External party report is not required.

These transactions, during the financial year 2022-23, between the Company and / or its subsidiaries / holding company on one side and the related parties as mentioned above, separately on the other side, may exceed the revised threshold of "material related party transactions" under the SEBI Listing Regulations i.e. ₹ 1,000 crore or 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company for the Financial Year ending March 31, 2022, whichever is lower. All these transactions will be executed at an arm's length basis and in the ordinary course of business of the Company and / or its subsidiaries. The approval of the shareholders is valid till the 30<sup>th</sup> Annual General meeting of the

company to be held in the year 2023 and it is proposed to take a fresh approval of the shareholders in this regard.

The members at the Twenty Eighth AGM had accorded their approval for the Company to enter into various transactions as mentioned above with its related party, viz., Transwarranty Finance Limited for an amount of up to ₹ 50 Crore. Pursuant to the said approval, the Company has done transactions with Transwarranty Finance Limited for an amount aggregating ₹ 14.63 Crores during the financial year 2021-22. Apart from the above, no other transactions have been entered into by the Company with these companies for the FY 2021-22.

Transwarranty Finance Limited is the Non-Banking Financial Company registered with the RBI as a Non-Deposit Taking NBFC. It has an established advisory business offering investment banking, corporate finance, & trade finance. The company also provides online personal loans to further financial inclusion. In addition, the company acts as the marketing and distribution arm of its subsidiary Companies Vertex Securities Limited and Vertex Commodities And Finpro Private Limited.

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

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

The contracts/ arrangements/ transactions with the above entities are necessary in the ordinary course and have a significant role in the Company's operations. Therefore, the Board of Directors

commends the resolution as set-out at item no. 4 for approval of the shareholders as an Ordinary Resolution.

The Directors, Key Managerial Personnel or their respective relatives may be deemed to be concerned or interested, financially or otherwise, in the resolution set-out at item no. 4 to the extent of their directorship and shareholding.

**By Order of the Board of Directors,  
For VERTEX SECURITIES LIMITED**

**Pranali Kadam  
Company Secretary**

**Registered Office:**  
Thottathil Towers, 2<sup>nd</sup> Floor,  
Market Road, Ernakulam,  
Kochi 682018

**Place:** Kochi  
**Date:** 27<sup>th</sup> July, 2022



## DIRECTORS' REPORT

To,  
The Members of  
Vertex Securities Limited

Your Directors are pleased to present before you the 29<sup>th</sup> Annual Report of the Company along with Audited Financial Statements, for the year ended 31<sup>st</sup> March, 2022.

### FINANCIAL HIGHLIGHTS:

The table below gives the standalone and consolidated financial highlights of the Company for the year ended 31<sup>st</sup> March, 2022, as compared to the previous year.

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Total Income	899.16	832.17	955.85	932.19
Total Expenditure	876.98	791.61	928.12	864.78
Profit / (Loss) before Exceptional Items and Tax	22.18	40.56	27.73	67.41
Exceptional Items	0.00	0.00	0.00	0.00
Total Tax Expenses	0.00	0.00	0.00	0.00
Profit/(Loss) for the Year	22.18	40.56	27.73	67.41
Other Comprehensive Income	(1.70)	(2.32)	(0.57)	(2.32)
Total Comprehensive Income	20.48	38.24	27.16	65.09

### PERFORMANCE REVIEW:

During the year ended 31<sup>st</sup> March, 2022, your Company earned revenue of ₹ 899.16 Lakhs as compared to ₹ 832.17 Lakhs in the previous year. The operations have recorded a profit of ₹ 22.18 Lakhs as compared to a profit of ₹ 40.56 Lakhs in the previous year.

During the year ended 31<sup>st</sup> March, 2022, your Company earned consolidated revenue of ₹ 955.85 Lakhs as compared to ₹ 932.19 Lakhs in the previous year. The consolidated operations have recorded a profit of ₹ 27.73 Lakhs as compared to a profit of ₹ 67.41 Lakhs in the previous year.

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

### DIVIDEND:

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

### CONSOLIDATED ACCOUNTS:

The Consolidated Financial Statements of the Company are prepared in accordance with Section 129 of the Companies Act, 2013 read with relevant Accounting Standards issued by the Institute of Chartered Accountants of India and forms part of this Annual Report. Pursuant to Section 136 of the Companies Act, 2013, the standalone financial statements of the Company and the consolidated financial statements along with the relevant documents form part of the Annual Report and separate audited accounts in respect of the subsidiaries are available on the website of the Company at [www.vertexbroking.com](http://www.vertexbroking.com).

### STATE OF COMPANY'S AFFAIRS AND OPERATIONS

The Company helps investors to channelise their household savings into the capital market and building wealth over the long term, through in-depth research and accrued knowledge of capital markets. It offers a wide range of products and services to facilitate customers grow their financial assets. The proactive and continuous efforts by the Company in terms of diversifying and de-risking business primarily into product distribution are helping to build a stable revenue franchise.

The Company has strengthened its digital focus as COVID-19 pandemic pose challenge of social distancing and reduced movement. Aadhar-based digital onboarding has been launched to enable customers easily onboard and transact from the safety of their homes. Further, to strengthen positioning as an advisory services company, portfolio analysis and financial planning applications were improved with enhanced features.

### SHARE CAPITAL:

The issued, subscribed and paid-up Share Capital as on 31<sup>st</sup> March, 2022 was ₹ 15.08 Crores, comprising of 74,012,189 Equity Shares of the face value of ₹ 2 each, fully paid-up and 27,758 15% Non-cumulative Redeemable Preference Shares of ₹ 100 each fully paid up.

Further, the Company has not issued any convertible securities or shares with differential voting rights nor has granted any stock options or sweat equity or warrants. There has been no change in the capital structure of the Company during the year.

The Company has redeemed 27,758 15% Non-cumulative Redeemable Preference Shares of ₹ 100 each (Unlisted) aggregating to ₹ 27,75,800/- only at par on 4<sup>th</sup> May, 2022.

### OPERATIONS OF SUBSIDIARY:

#### Vertex Commodities And Finpro Private Limited:

Vertex Commodities And Finpro Private Limited (VCFPL) is a wholly owned subsidiary of the Company engaged in commodity broking business.

VCFPL is a member of the following commodity exchanges:

1. Multi Commodity Exchange of India Ltd. (MCX)
2. National Commodity and Derivatives Exchange Ltd. (NCDEX)

During the year ended 31<sup>st</sup> March, 2022, the subsidiary company, Vertex Commodities And Finpro Private Limited had total revenue of ₹ 56.68 lakhs and net profit of ₹ 5.54 lakhs as against the total revenue of ₹ 100.01 lakhs and net profit of ₹ 26.84 lakhs in the previous year.

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

Pursuant to provisions of Section 129(3) of the Companies Act,

2013, a statement containing salient features of the financial statements of the Company's subsidiary in Form AOC-1 is attached to the financial statements of the Company.

Your Company has also formulated a policy for determining material subsidiaries, which is available on the website of the Company at the web link: <https://www.vertexbroking.com/Vertex/CompanyPolicy>.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL:

#### I. Retirement by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. George Mampillil, (DIN 01976386), retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment and your Board has recommended his re-appointment.

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

### MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for 2021-22, forms part of the Annual Report and is attached separately as **Annexure A**.

### REPORT ON CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of ethics and governance, resulting in enhanced transparency for the benefit of all stakeholders. The Company has complied with the requirements under Companies Act, 2013 and as stipulated under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Report on Corporate Governance as stipulated under Regulation 27 of the Listing Regulations, 2015 forms part of this report as **Annexure B**. A certificate of Statutory Auditor confirming compliance of the Corporate Governance requirements by the Company is attached to the Report on Corporate Governance.





## CODE OF CONDUCT FOR DIRECTORS & SENIOR MANAGEMENT

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

## SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Company had appointed Mr. Yogesh Sharma, Practicing Company Secretary, as the Secretarial Auditor of the Company for the year under review, to conduct secretarial audit of the Company.

The Secretarial Audit Report for the year under review issued by Mr. Yogesh Sharma is annexed to this Report as **Annexure C**. There are no audit qualifications, in the said Secretarial Audit Report

Vertex Commodities And Finpro Pvt.Ltd., material subsidiary of the Company as per Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has also obtained Secretarial Audit Report from Mr. Yogesh Sharma, Practicing Company Secretary. The said report also forms a part of this Annual Report as **Annexure D**.

Further, in terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated 8<sup>th</sup> February, 2019 issued by Securities and Exchange Board of India, the Company has obtained the Annual Secretarial Compliance Report for the financial year ended 31<sup>st</sup> March, 2022, thereby confirming compliance of the applicable SEBI Regulations and circulars / guidelines issued thereunder, on behalf of the Company.

## TRANSFER OF FUNDS TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF):

Pursuant to the provisions of Section 124 and 125 of the Companies Act, 2013 ("Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund ("IEPF" or "Fund") Account established by the Central Government,

after completion of seven years from the date the dividend is transferred to unpaid/ unclaimed account. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the members for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority after complying with the procedure laid down under the Rules.

During FY 2021-22, the company had not transferred any shares to 'IEPF' Account.

## ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, a copy of the Annual Return of the Company for the financial year ended 31<sup>st</sup> March, 2022 is uploaded on the website of the Company and can be accessed at <https://www.vertexbroking.com/Vertex/InvestorRelations>.

## BOARD COMMITTEES:

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

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

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

## MEETINGS OF THE BOARD AND COMMITTEES

The Board met 4 (four) times during the financial year. The gap between these meetings was within the prescribed period under the Act and Listing Regulations, 2015. The details regarding the meetings of the Board of Directors, Committees of the Board and meeting of Independent Directors are provided in the Report on Corporate Governance, which forms part of the Annual Report.

## AUDIT COMMITTEE

The Audit Committee is constituted with two Independent Directors and one Executive Director comprising of Mr. James

Pothen, as the Chairman, Mr. Jose Thomas Polachira and Mr. Ramachandran Unnikrishnan as other Committee Members.

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

### **NOMINATION AND REMUNERATION POLICY**

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

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

### **RISK MANAGEMENT**

Risks are an integral part of business and it is imperative to manage these risks at acceptable levels in order to achieve business objectives. The risks to which the Company is exposed are both external and internal. The Company has in place a Risk Management Policy, to identify and evaluate the various elements of risk, which may pose a threat to the business and existence of the Company. After identifying the risk and assessing the level of impact, controls are put in place to mitigate the risk. The policy has different risk models, which help in identifying risks trend, exposure and potential impact analysis at a Company Level.

### **FAMILIARIZATION PROGRAMME FOR DIRECTORS**

The Independent Directors of the Company are persons of integrity, possessing rich experience and expertise in the field of corporate management, finance, capital market, economic and business information. The Company has issued appointment letter to the Independent Directors setting out in detail, the terms of appointment, duties, roles & responsibilities and expectations of the Independent Director. The Board of Directors has complete access to the information within the Company. Presentations are regularly made to the Board of Directors / Audit Committee / Nomination & Remuneration Committee / Stakeholders' Relationship Committee on various related matters, where Directors have interactive sessions with the Management. Further the Managing Director also holds one to one discussion with the newly appointed Director to familiarize with the Company's operations.

The details of the Company's familiarization programme for Independent Directors can be accessed at <https://www.vertexbroking.com/Vertex/CompanyPolicy>.

### **ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The Board of Directors has carried out an annual evaluation of its own performance, that of board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Assessment for evaluation of performance of Board, its committees and individual directors were prepared based on various aspects, which among other parameters, included composition of the Board and its Committees, conducting of Board Meetings, effectiveness of its governance practices etc.

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

Further the Independent Directors, at their meeting held during the year, reviewed the performance of the Board, the non-Independent Directors and the Chairman.

### **DECLARATION BY INDEPENDENT DIRECTORS**

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

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

### **STATUTORY AUDITORS**

At the 26<sup>th</sup> Annual General Meeting of the Company held in the year 2019, the Shareholders had approved the appointment of S.S.Khan & Co., Chartered Accountants, (Firm Registration



No.133324W), as the Statutory Auditors of the Company for a period of five years from the conclusion of the 26<sup>th</sup> AGM till the conclusion of the 31<sup>st</sup> AGM, in terms of the applicable provisions of Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

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

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

## EMPLOYEE STOCK OPTION SCHEME (ESOP)

During the year under review, there has been no change in the Vertex Employee Stock Option Plan, 2010 (the 'ESOP Plan') of the Company. The ESOP Plan is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 (the 'SBEB Regulations').

During the year under review, no options were granted, vested or exercised and hence the disclosure required under Section 62(1)(b) of the Companies Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and Regulation 14 of the SBEB Regulations is not required to be furnished. Accordingly, your Company is also not required to obtain certificate from the Statutory Auditors in respect of implementation of the ESOP Plan for the financial year 2021-22.

The relevant details for the previous financial years are available on the website of the Company at [www.vertexbroking.com](http://www.vertexbroking.com)

The Company has not issued any sweat equity shares or equity shares with differential rights during the year ended 31<sup>st</sup> March, 2022.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are separately disclosed in this Annual Report, as part of the notes to the Financial Statements.

## INTERNAL CONTROL SYSTEM

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

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

## INSIDER TRADING REGULATIONS

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has adopted a Code of Conduct for Prevention of Insider Trading and Policy on Disclosure of Material Events/ Information which is applicable to all Directors and the Designated Employees of the Company. The Code lays down the guidelines, which advises on the procedures to be followed and disclosures to be made while dealing in shares of the Company and indicate the consequences of non-compliance. A copy of the Code has been put on the Company's website.

## RELATED PARTY TRANSACTIONS

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

Further, pursuant to the provisions of the Act and the SEBI Listing Regulations, the Board of Directors has, on recommendation of its Audit Committee, adopted a Policy on Related Party Transactions and the said policy is available on the website of the Company i.e. <https://www.vertexbroking.com/Vertex/CompanyPolicy>.

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

Your Directors draw attention of the members to Note 31 to the financial statement, which sets out related party disclosures.

**PUBLIC DEPOSITS**

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

**SECRETARIAL STANDARDS OF ICSI**

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

**HUMAN RESOURCES**

As a service Company, the Company's operations are heavily dependent on qualified and competent personnel. As on 31<sup>st</sup> March 2022, the total strength of the Company's permanent employees stood at 69 excluding casual & contract staff. Your Company takes significant effort in training all employees at various levels.

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

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

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

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

The Company has always leveraged technological innovations to improve its operational efficiency and satisfy and retain our customer base. Keeping in line with SEBI guidelines, the Company has been automating the customer on-boarding process. This has enabled the Company to reduce time-consuming activities and complexity of physical on-boarding of clients.

Today, almost 50 percent of the Company's client's trade online and over 20 percent buy and sell mutual funds using its online trading platforms and mobile apps. The latest updates on our online platforms and apps give investors a more powerful trading experience.

The details regarding foreign exchange earnings and outgo are given below:

Earnings: Nil

Outgo - Nil

**MATERIAL CHANGES AND COMMITMENTS**

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

**DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

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

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

Your Directors state that during the year under review, there was no complaint received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013.

**WHISTLE BLOWER POLICY/VIGIL MECHANISM**

The Company has Whistle Blower Policy encompassing vigil mechanism to report genuine concerns and grievances. The policy provides adequate safeguards against victimisation of persons who use the Whistle Blower mechanism. It provides appropriate avenues to the employees to bring to the attention of the management any issue, which is perceived to be in violation or in conflict with the fundamental business of the Company. The employees are encouraged to voice their concerns by way of whistle blower policy and have been given access to



the Audit Committee. The policy is available on the website of the Company at the weblink <https://www.vertexbroking.com/Vertex/CompanyPolicy>

## SIGNIFICANT AND MATERIAL ORDERS IMPACTING GOING CONCERN STATUS

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

## GENERAL SHAREHOLDER INFORMATION

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

## DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134 (5) of the Companies Act, 2013, your Directors confirm that:—

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, wherever necessary.
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit of the Company for that period.
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the Directors have prepared the annual accounts on an ongoing concern basis.
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial control is adequate and was operating effectively.
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## GENERAL

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

- a. Issue of equity shares with differential right as to dividend, voting or otherwise
- b. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this report.
- c. Provisions related to Corporate Social Responsibility is not applicable to the Company.
- d. No fraud was reported by auditors of the Company during the year under review.
- e. The provision of section 148 of the Act are not applicable to the Company. Accordingly, there is no requirement of maintenance of cost records as specified under section 148(1) of the Act.

## ACKNOWLEDGEMENT

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

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

## For and On behalf of the Board of Directors

<b>Ramachandran Unnikrishnan</b> Managing Director (DIN 00493707)	<b>George Mampillil</b> Director & CFO (DIN 01976386)
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**Place:** Kochi  
**Date:** 27<sup>th</sup> July, 2022



## MANAGEMENT DISCUSSION AND ANALYSIS

Annexure A

**Indian Economy Overview**

After the pandemic, Indian economy showed quick significant recovery. However, repeated COVID-19 variant outbreaks, disruptions in the supply chain, and, more recently, persistent inflation may affect the economic growth. Various Government initiatives such as supply-side reforms, regulatory relaxation, export growth, and budgetary headroom to boost capital spending will all contribute to growth in FY 2022-23. According to an RBI study, the growth rate is projected to moderate to 7.2% in FY 2022-23. The Reserve Bank of India estimated headline Consumer Price Index (CPI) inflation at 5.4% in FY 2021-22 and estimate it at 6.7% in FY 2022-23. The inflation was mostly due to a significant increase in food and energy prices and the rise in international commodity prices resulting in increased trade and current account deficits. Improving infrastructure, ensuring low and stable inflation, and sustaining macroeconomic stability are crucial for boosting economic growth in India. With digitalisation accelerating, India's unicorn ecosystem is developing, reflecting a fast-changing economy.

**Industry Overview**

The Indian BSFI sector is showing robust growth led by various factors such as improving business fundamentals, product and services innovation, policy support and target reach to under-penetrated markets. Enhanced Plan outlays, strong economic growth, higher spending on infrastructure, rising income levels and continuation of reforms are expected to provide further impetus to growth in the banking sector. In March 2022 the credit growth to industry was at 7.4% as compared to marginal degrowth last year. The growth in Retail and SME sectors was substantial. There has been tremendous growth in number of digital transactions over last few years and RBI estimates to increase it multi-fold in the coming years.

**Equity**

During the year the Indian equity market marked a robust recovery following a post-pandemic economic rebound, surplus liquidity and supportive policy measures. However, the market was impacted in last quarter due to faster monetary tightening in the US, geo-political tensions due to Russia-Ukraine war and increase in crude oil and commodity prices. Strong domestic Institutional investment and direct investor buying have, however, mitigated the impact of outflow of foreign capital from equity market.

**Commodity**

For an emerging market like India, commodities are an important driver of the capital market and commodity derivatives have a

huge potential in such a market. Multi Commodity Exchange (MCX) is the first and the largest commodity trading exchange in India. As per MCX, the commodity market is categorised into four types, such as bullion, base metals, energy products and agri commodities market. Today, six national level commodity derivative exchanges are functioning. The diligent regulatory system and exchange trading mechanism has helped the recovery. However, the average daily turnover (ADT) and aggregate value of commodity futures on Indian exchanges has remained somewhat low as compared to previous year.

**Derivatives**

The National Stock Exchange of India Ltd (NSE) remained the largest derivatives exchange. Volume in Options has steadily increased over the last decade and presently it contributes more than 90% of derivative turnover while rest is contributed by Futures and Cash segment. During the year, the ADT (Average daily turnover) in equity derivatives showed a robust growth of 20% over the previous year.

**Opportunities and Threats****Opportunities:**

- Long-term economic outlook positive, will lead to opportunity for financial services
- Leveraging technology to enable best practices and processes
- Licensed Merchant Banking activities
- Wealth management opportunities, particularly with growing retail participation
- Distribution of various financial products

**Threats:**

- Geopolitical tensions affecting the world economy
- Monetary tightening by Fed affecting the capital flows
- Exposed to systemic risks and economic risks
- Fierce competition from discount brokers

**Segment-wise or Product wise performance**

The Company has only one segment of activity namely, stock broking



## Review of Operations

The Company currently provides brokerage services in equity, equity derivatives and currency derivative segments through its network of branches and franchisees. The Company also provides commodity broking services through its subsidiary company, Vertex Commodities And Finpro Pvt. Ltd. The Company has successfully executed Merchant Banking valuation assignments during the year.

On standalone basis, revenue of the company increased from ₹ 832.17 Lakhs in the previous year to ₹ 899.16 Lakhs during the year under review. This was mainly attributable to substantial upgradation of technology with launch of mobile App for trading including e-kyc, reorganization of branches & franchisee network and aggressive business development efforts.

The Company along with its subsidiary company achieved consolidated revenue of ₹ 955.85 Lakhs compared to ₹ 932.19 Lakhs in the previous year.

On standalone basis, Vertex Commodities And Finpro Pvt. Ltd achieved total revenue of ₹ 56.68 lakhs and net profit of ₹ 5.54 lakhs as against the total revenue of ₹ 100.01 lakhs and net profit of ₹ 26.84 lakhs in the previous year. Consequent to substantial increase in the margins from the exchanges, broking in commodity business has been reduced drastically. This has resulted in reduction in profits as well. The Company has surrendered licenses of two exchanges out of three exchanges.

## Business Outlook

The Company expects the growth at a gradual pace to continue in the financial year 2022-23. The revenue from broking business is expected to maintain a normal steady pace. The retail participation, client acquisition and daily volume across all the branches as well as Franchisees are increasing. The introduction of mobile application, e-KYC and technology upgradation has helped in increasing the volume of business. The distribution business of Third-Party Products including Mutual Funds, NCDs and insurance products launched earlier should begin to see results in the current year. The Company also expects increased revenue from Merchant Banking activities. With this promising trend the Company expects to achieve a modest profit for the year.

## Risks & Concerns

The company is primarily exposed to credit risk, liquidity risk and operational risks. Risk management and regulatory compliance are an integral part of the business model due to the nature of the industry. We have dedicated risk management

& compliance teams to ensure that we conform to all the applicable regulations.

## Internal Control systems

The Company maintains adequate internal control systems commensurate with the nature of business, size, and complexity of its operations. The Company has a system of continuous review of internal control policies and systems. The Internal Auditor's reports are reviewed regularly by the Audit Committee and the Board.

## Human Resources

Human resources are a focus area for the Company. Effective utilization of the human resources is done through reward and recognition of talent and rationalization of non-performers. Our employee strength was 69 as on 31<sup>st</sup> March, 2022.

## Key Ratios

Key Indicators	2021-22	2020-21
PBT/Total Income	2.5%	4.6%
PBT/Total Assets	0.5%	1.0%
RONW (Avg. Net Worth)	2.1%	3.8%
Debt/Equity	0.34:1	0.37:1
Interest Coverage Ratio	1.2	1.5
Current Ratio	1.3	1.22

During the current year all the ratios have been marginally affected due to low profitability.

## Cautionary Note

Statements in this Report describing the Company's objectives, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. These statements are subject to risks & uncertainties. Actual results could differ materially from those expressed or implied since there could be many factors which are beyond the control of the management. The Company assumes no responsibility in respect of forward-looking statements that may change due to subsequent developments.

## For and On behalf of the Board of Directors

<b>Ramachandran Unnikrishnan</b> Managing Director (DIN 00493707)	<b>George Mampillil</b> Director & CFO (DIN 01976386)
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**Place:** Kochi  
**Date:** 27<sup>th</sup> July, 2022

## REPORT ON CORPORATE GOVERNANCE

Annexure B

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

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the Company continuously endeavors to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward.

Corporate Governance is about promoting corporate fairness, transparency, accountability and integrity of the management. It also aims to align as nearly as possible the interests of individuals, corporate and society and enhancing the stakeholders' value. Best results are achieved when companies begin to treat the Corporate Governance system not as a mere structure but as a way of corporate life. A good Corporate Governance practice have always been an integral part of your Company's philosophy and is committed to achieving and maintaining the highest standards of Corporate Governance.

## BOARD OF DIRECTORS

## a) Composition of the Board:

As on 31<sup>st</sup> March, 2022, the Company's Board consisted of six Directors including one woman director having considerable professional experience in their respective fields. Out of the six Directors, one is a Managing Director, two are Executive Directors and three are Independent Directors.

None of the Directors are related to each other.

All the Directors possess the requisite qualifications and experience in general corporate management, audit, finance, banking, legal and other allied fields enabling them to contribute effectively in their capacity as Directors of the Company.

## b) Board Meetings:

The Board of Directors met four times during the financial year 2021-22. The meetings were held on 8<sup>th</sup> June, 2021, 10<sup>th</sup> August, 2021, 9<sup>th</sup> November, 2021 and 14<sup>th</sup> February, 2022. The gap between these meetings was within the prescribed period under the Act and Listing Regulations, 2015.

Pursuant to Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act and Regulation 25 of the SEBI (Listing Obligations And Disclosure Requirements), Regulations, 2015, a separate meeting of the Independent Directors of the Company was held on 14<sup>th</sup> February, 2022 to review the performance of Non-Independent Directors of the Company and the Board as a whole.

## c) Record of Attendance of Directors and other details:

Name of the Director	Category/ Designation	Board Meeting Attended	Whether attended last AGM	No. of Directorships in other Boards <sup>#</sup>	Chairmanship/ Membership of other Board Committees <sup>@</sup>
Kumar Nair	Chairman-Executive Director	4	Yes	4	2
Ramachandran Unnikrishnan	Managing Director	4	Yes	4	Nil
James Pothen	Independent Director	4	Yes	1	Nil
Jose Thomas Polachira	Independent Director	4	Yes	0	Nil
Latha Anand	Independent Director	4	Yes	1	Nil
George Mampillil	Director & CFO	4	Yes	0	Nil

<sup>#</sup>No. of Directorship in other Boards includes Directorship (other than the Company) in Public Companies, Private Companies and Section 8 Companies but excludes Foreign Companies.

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

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

The necessary disclosure regarding Directorships and Committee positions have been made by the Directors who are on the Board of the Company as on 31<sup>st</sup> March, 2022.



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

None of the directors are related to each other.

## Directorship in equity listed companies:

Name of equity listed entities where directors of the Company held directorships as on 31<sup>st</sup> March 2022:

Name of the director	Name of the listed entity	Category
Kumar Nair	Transwarranty Finance Limited	Chairman, Managing Director & CEO- Executive
	Vertex Securities Limited	Chairman – Executive Director
Ramachandran Unnikrishnan	Transwarranty Finance Limited	Director & CFO-Executive
	Vertex Securities Limited	Managing Director & CEO- Executive
James Pothen	Vertex Securities Limited	Independent Director- Non-executive
Jose Thomas Polachira	Vertex Securities Limited	Independent Director- Non-executive
Latha Anand	Vertex Securities Limited	Independent Director- Non-executive
George Mampillil	Vertex Securities Limited	Executive Director & CFO

## d) Details of equity shares held by the Directors as on 31<sup>st</sup> March, 2022 are as given below:

Name	Category	Number of equity shares
Mr. Kumar Nair	Executive Director	1,41,77,543
Mr. Ramachandran Unnikrishnan	Executive Director	12,500
Mr. James Pothen	Non-Executive – Independent Director	10,000
Mr. Jose Thomas Polachira	Non-Executive – Independent Director	Nil
Mrs. Latha Anand	Non-Executive– Independent Director	Nil
Mr. George Mampillil	Executive Director	5,50,000

## e) Re-appointment of Directors:

Mr. George Mampillil, Director (DIN: 01976386) shall retire by rotation at the ensuing Annual General Meeting pursuant to Section 152 of Companies Act, 2013 and being eligible offers himself for reappointment.

The brief resume and information relating to Mr. George Mampillil is furnished as part of the Notice convening the Annual General Meeting.

## f) Meeting of Independent Directors:

During the year under review the Independent Directors met on 14<sup>th</sup> February, 2022 to discuss inter alia:

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

The details of the familiarisation programme of the Independent Directors are available on the website of the Company (<https://www.vertexbroking.com/Vertex/CompanyPolicy>).

## g) A Chart/Matrix setting out the skills/expertise/competence of the Board of Directors:

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

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

Sr. No.	List of skills/expertise/competencies	Name of Directors having the identified skills/expertise/competencies
1.	Management and strategy	Mr. Kumar Nair, Mr. Ramachandran Unnikrishnan and Mr. George Mampillil
2.	Human Resources and Industrial Relations	Mr. Jose Thomas Polachira and Mr. James Pothen
3.	Banking, Investment, Treasury and Forex Management	Mr. Jose Thomas Polachira and Mr. James Pothen
4.	Insurance, Mutual Fund and Financial Services	Mr. George Mampillil, Mr. Kumar Nair, Mr. Ramachandran Unnikrishnan, Mr. James Pothen, Mr. Jose Thomas Polachira and Mrs. Latha Anand
5.	Audit and Risk Management	Mr. James Pothen, Mr. Ramachandran Unnikrishnan and Mr. George Mampillil
6.	Corporate Governance and Ethics	Mr. James Pothen and Mr. Kumar Nair
7.	Global Business Leadership	Mr. Kumar Nair and Mr. Ramachandran Unnikrishnan.
8.	Law	Mrs. Latha Anand
9.	Economics and Statistics	Mr. James Pothen and Mr. Kumar Nair
10.	Regulatory, Government and Security matters	Mrs. Latha Anand, Mr. Ramachandran Unnikrishnan, Mr. George Mampillil, Mr. James Pothen, Mr. Jose Thomas Polachira and Mr. Kumar Nair
11.	Academics, Education and Authorship	Mr. Jose Thomas Polachira, Mr. Ramachandran Unnikrishnan, Mr. James Pothen, Mr. Kumar Nair and Mrs. Latha Anand

#### h) Confirmation regarding independence of Independent Directors:

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

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

## COMMITTEES OF THE BOARD

The Board Committees focus on certain specific areas and make informed decisions within the delegated authority. Each Committee of the Board functions according to its scope that defines its composition, power and role in accordance with the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 [Listing Regulations].

### a) Audit Committee

In compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations, the Board has constituted an Audit Committee with majority of the members being the Independent Directors of the Company. The members of the committee possess sound knowledge and experience in the fields of Audit, Accounts, Finance, Taxation and Internal Controls.

During the financial year 2021-22, Audit Committee met four times on 8<sup>th</sup> June, 2021, 10<sup>th</sup> August, 2021, 9<sup>th</sup> November, 2021 and 14<sup>th</sup> February, 2022.

### Composition and Attendance:

Name	Category	Membership in Committee	No. of Meetings held/attended
James Pothen	Independent Director	Chairman	4/4
Jose Thomas Polachira	Independent Director	Member	4/4
Ramachandran Unnikrishnan	Executive Director	Member	4/4

### Terms of Reference:

The Audit Committee, inter alia, reviews and reports to the Board on the following:

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (2) Recommending the Board, the appointment, re-appointment, terms of appointment and if required replacement or removal of Auditors and fixation of Audit Fees;
- (3) Approval of payment to Statutory Auditors for any other services rendered by Statutory Auditors;





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

## Whistle Blower Policy

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



## b) Nomination, Remuneration and Compensation Committee:

In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations, the Board has constituted the Nomination, Remuneration and Compensation Committee with three members.

The Committee acts as a Nomination and Remuneration Committee under Section 178(1) of the Companies Act, 2013 and as Compensation Committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

During the financial year 2021-22, the Committee met once i.e. on 8<sup>th</sup> June, 2021.

### Composition and Attendance:

Name	Category	Membership in Committee	No. of Meeting held/ attended
Jose Thomas Polachira	Independent Director	Chairman	1/1
James Pothen	Independent Director	Member	1/1
Kumar Nair	Chairman & Executive Director	Member	1/1

### Terms of Reference:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy relating to the Remuneration of the Directors, Key Managerial Personnel and other senior employees.
- To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors
- To devise a policy on Board Diversity
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- To recommend to the Board, all remuneration, in whatever form, payable to senior management.

## Remuneration of Directors:

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

The Remuneration paid to Mr. Ramachandran Unnikrishnan, Managing Director and Mr. George Mampillil, Director & CFO is subject to the limit laid down under Section 197 and Schedule V to the Companies Act, 2013, and in accordance with the terms of appointment approved by the Shareholders of the Company. The remuneration of the Executive Directors is determined by the Nomination, Remuneration and Compensation Committee based on factors such as the Company's performance and performance/track record of the Executive Directors. The remuneration consists of Salary, Company's contribution to Provident Fund, House Rent Allowance (HRA), Leave Travel Allowance (LTA) and other perquisites and allowances in accordance with the rules of the Company, applicable from time to time.

Mr. Kumar Nair, Chairman is not paid any remuneration.

The Executive Directors are not paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

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

The details of payments made during the year ended 31<sup>st</sup> March, 2022 is as follows:

Name of the Director	Salary (including allowances)	Performance Linked Incentive	Perquisites	Contribution to P.F., Superannuation and Gratuity	Sitting Fees
Mr. Kumar Nair	Nil	Nil	Nil	Nil	Nil
Mr. Ramachandran Unnikrishnan	₹11,12,061	Nil	Nil	Nil	Nil
Mr. James Pothen	Nil	Nil	Nil	Nil	₹ 1,10,000
Mr. Jose Polachira	Nil	Nil	Nil	Nil	₹ 1,10,000
Mrs. Latha Anand	Nil	Nil	Nil	Nil	₹ 80,000
Mr. George Mampillil	₹ 9,79,650	Nil	Nil	Nil	Nil

No stock options have been granted or vested during the year to any of the Directors.



## Performance evaluation criteria for Independent Directors

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

### c) Stakeholders' Relationship Committee:

The Board has constituted a Stakeholders' Relationship Committee which is in line with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of SEBI Listing Regulations.

The Committee consists of three members. The Committee considers and resolves the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.

During the year under review, one meeting of the Committee was held on 9<sup>th</sup> November, 2021.

### Composition and Attendance:

Name	Category	Membership in Committee
James Pothan	Independent Director	Chairman
Jose Thomas Polachira	Independent Director	Member
Ramachandran Unnikrishnan	Executive Director- Managing Director	Member

Ms. Pranali Kadam, Company Secretary of the Company acts as the Secretary to the Committee and has been designated as Compliance Officer. The investors may register their complaints at the email-id :[secretarial@vertexbroking.com](mailto:secretarial@vertexbroking.com).

### Terms of reference:

The terms of reference of the Stakeholders' Relationship Committee, in accordance with the SEBI Listing Regulations, are:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission

of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company.

The Stakeholders' Relationship Committee reviews and redresses shareholder grievances / complaints and oversees the performance of the Registrars and Share Transfer Agents and recommends measures for overall improvement of the quality of investor services. The Committee also keeps a close watch on the performance of Link Intime India Private Limited, the Registrar & Share Transfer Agents (RTA) of the Company.

### Number of Complaints:

Details of investor complaints received and redressed during the year 2021- 22 are as follows:

Opening Balance	Received	Resolved	Pending
Nil	Nil	Nil	Nil

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS FROM PRACTICING COMPANY SECRETARY

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

**GENERAL BODY MEETINGS:****a) Annual General Meetings:**

Details of Annual General Meetings during the last three (3) years:

Financial year	Day, Date and Time	Venue	Special Resolutions Passed, if any
2018-19	Wednesday 25/09/2019 At 4.00 p.m.	Conference Hall, Third Floor, Thotatthil Towers, Kombara Junction, Market Road, Ernakulam Kochi 682018	Yes. 1. Re-appointment of Mr. James Pothan as an independent director for a second term of five consecutive years w.e.f. 20 <sup>th</sup> September, 2019 2. Re-appointment of Mr. Jose Thomas Polachira as an independent director for a second term of five consecutive years w.e.f. 20 <sup>th</sup> September, 2019 3. Re-appointment of Mrs. Latha Anand as an independent director for a second term of five consecutive years w.e.f. 12 <sup>th</sup> May, 2020
2019-20	Monday 28/09/2020 At 4.00 p.m.	Through Video Conference/ Other Audio Visual Means (Deemed Venue): Registered Office: 2 <sup>nd</sup> Floor, Thotatthil Towers, Market Road, Ernakulam Kochi 682018	Yes. 1. Re-appointment of Mr. Ramachandran Unnikrishnan as a Managing Director & CEO for three years w.e.f. 21 <sup>st</sup> May, 2021.
2020-21	Monday 27/09/2021 At 4.00 p.m.	Through Video Conference/ Other Audio Visual Means (Deemed Venue): Registered Office: 2 <sup>nd</sup> Floor, Thotatthil Towers, Market Road, Ernakulam Kochi 682018	Yes. 2. Re-appointment of Mr. George Mampillil, Executive Director & CFO as a Director for a period of three years w.e.f. 13 <sup>th</sup> August, 2021.

**b) Extra Ordinary General Body Meetings:**

No Extra Ordinary General Body Meeting was held during the financial year ended 31<sup>st</sup> March, 2022.

**c) Postal Ballot:**

During the financial year ended 31<sup>st</sup> March, 2022, no resolution was passed through postal ballot.

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

Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of Companies (Management and Administration) Rules, 2014, including any amendment thereof.

**MEANS OF COMMUNICATION****1. Quarterly Results**

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

**2. Website, where displayed:**

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

**GENERAL SHAREHOLDERS INFORMATION****a) Annual General Meeting:**

Date	:	26 <sup>th</sup> September, 2022
Day	:	Monday
Time	:	4.00 p.m.
Venue	:	Deemed to be held at the Registered Office of the Company at Thotatthil Towers, 2 <sup>nd</sup> Floor, Kombara Junction, Market Road, Ernakulam, Kochi-682 018, Kerala.
Book closure Dates	:	20 <sup>th</sup> September, 2022 to 26 <sup>th</sup> September, 2022


**b) Financial Year:**

The Financial Year of the Company covers the financial period from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022.

During the financial year under review, the Board Meetings for the approval of the Quarterly and Annual Financial Results were held on the following dates:

1 <sup>st</sup> Quarter Results	:	10 <sup>th</sup> August, 2021
2 <sup>nd</sup> Quarter Results	:	9 <sup>th</sup> November, 2021
3 <sup>rd</sup> Quarter Results	:	14 <sup>th</sup> February, 2022
4 <sup>th</sup> Quarter/Annual Results	:	24 <sup>th</sup> May, 2022

For the Financial Year 2022-23, the Board Meeting for the approval of the Quarterly and Annual Financial Results will be held on the following dates:

1 <sup>st</sup> Quarter Results	:	July-August 2022
2 <sup>nd</sup> Quarter Results	:	October –November 2022
3 <sup>rd</sup> Quarter Results	:	January-February 2023
4 <sup>th</sup> Quarter /Annual Results	:	April- May 2023
Tentative Date for the Annual General Meeting for the year ended 31 <sup>st</sup> March, 2023	:	August/September 2023

**c) Dividend Payment Date:**

No dividend was declared during the financial year 2021-22.

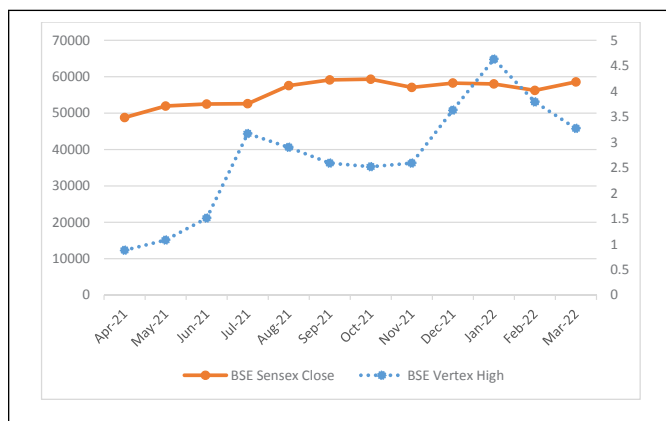
**d) Listing:**

Stock Exchange Address	:	The BSE Limited Phirozee Jeejeeboy Towers, Dalal Street, Mumbai 400 001
Stock Code	:	531950
Payment of Listing Fees	:	Paid for the year
Demat ISIN for NSDL & CDSL	:	INE316D01024

**e) Stock Performance:**

Market Price Data –BSE during the year ended 31<sup>st</sup> March, 2022:

Month	High	Low	Volume of shares	BSE Sensex Close
April-21	0.88	0.73	60,689	48782.36
May-21	1.08	0.74	165307	51937.44
June-21	1.51	1.00	378553	52482.71
July-21	3.17	1.58	1132366	52586.84
August-21	2.90	2.31	700991	57552.39
September-21	2.59	2.16	566218	59126.36
October-21	2.52	2.05	988843	59306.93
November-21	2.59	2.05	790815	57064.87
December-21	3.63	2.41	1551349	58253.82
January-22	4.63	3.81	262212	58014.17
February-22	3.79	2.42	2937	56247.28
March-22	3.27	1.81	573340	58568.51


**f) Registrars & Transfer Agents:**

<b>M/S. LINK INTIME INDIA PRIVATE LIMITED</b> C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai- 400 083	
<b>Contact person</b>	: Ms. Lochan Chavan
<b>Contact No.</b>	: +91 22-49186270
<b>Fax No.</b>	: +91 22-49186060
<b>E-Mail Id</b>	: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
<b>Website</b>	: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>

**Share Transfer System:**

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

In terms of the provisions of Regulation 40 of SEBI Listing Regulations and various notifications issued in that regard, requests for effecting transfer of securities (except in case of transmission or transposition of securities) are not to be processed from 1<sup>st</sup> April, 2019 unless the securities are held in the dematerialized form with the depositories.

Further, SEBI vide its Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated 2<sup>nd</sup> December, 2020 read with Circular No. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated 7<sup>th</sup> September, 2020 had fixed 31<sup>st</sup> March, 2021 as the cut-off date for re-lodgement of physical shares for transfer and the share that are re-lodged for transfer shall be issued only in demat mode. In view of the same, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly

The requests for transmission or transposition of securities held in physical form are registered and returned within a period of 15 days from the date of receipt in case the documents are complete in all respects. The same are placed for consideration of the Stakeholders' Relationship Committee. Further, particulars of movement of shares in the dematerialized form are also placed before the Stakeholders' Relationship Committee.

Members holding shares in physical form are requested to get their shares dematerialised at the earliest to avoid any inconvenience in future while transferring the shares. Members are accordingly requested to get in touch with any Depository Participant having registration with SEBI to open a Demat account and get their shares dematerialised or alternatively, contact the nearest office of Link Intime India Pvt. Ltd. to seek guidance about the dematerialization procedure. The Members may also visit the website of the Depositories viz. (i) National Securities Depository Limited at the web-link: <https://nsdl.co.in/faqs/faq.php> or (ii) Central Depository Services (India) Limited at the web-link: <https://www.cdslindia.com/investors/open-demat.aspx>, for further understanding about the dematerialisation process.

Pursuant to Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialization of the shares of the Company and for conducting a Secretarial

Audit on a quarterly basis for reconciliation of the Share Capital of the Company. Members holding shares in Demat mode should address all their correspondence to their respective Depository Participant.

<b>Dematerialization of Shares</b>	:	More than 99% of the Shares are dematerialized
<b>Outstanding GDRs/ ADRs/Warrants or any convertible/instruments, conversion data and likely impact on equity</b>	:	No convertible shares are outstanding.
<b>Plant location</b>	:	Not applicable
<b>Address for Correspondence</b>	:	VERTEX SECURITIES LIMITED Thottathil Towers, 2 <sup>nd</sup> Floor, Market Road, Kochi, Kerala – 682 018. Phone: 91-484-2384848
<b>Contact Person</b>	:	Ms. Pranali Kadam, Email Id: secretarial@ vertexbroking.com

**DETAILS OF UNCLAIMED SHARES IN TERMS OF REGULATION 39 OF LISTING REGULATIONS, 2015**

Regulation 39(4) of the Listing Regulations, 2015 read with Schedule VI pertaining to "Manner of dealing with Unclaimed Shares," which came into effect from 1<sup>st</sup> December, 2015, has directed companies to dematerialize such shares which have been returned as "Undelivered" by the postal authorities and hold these shares in an "Unclaimed Suspense Account" to be opened with either one of the Depositories viz. National Securities Depository Limited (NSDL) or Central Depository Services Limited (CDSL).

All corporate benefits on such shares viz. bonus, etc. shall be credited to the Unclaimed Suspense Account as applicable for a period of seven years and will thereafter be transferred to the Investor Education and Protection Fund in accordance with the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016 (IEPF Rules) read with Section 124(6) of the Act.

The Company has not transferred any shares to the Unclaimed Suspense Account during the year under review.

**RECONCILIATION OF SHARE CAPITAL AUDIT:**

Pursuant to Regulation 40(9) of the Listing Regulations certificates have been issued on a half-yearly basis, by a



qualified Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.

A qualified practicing Company Secretary has carried out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) and the total issued and listed capital. The Audit confirms that total issued / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

#### ANNUAL SECRETARIAL COMPLIANCE REPORT:

Pursuant to SEBI Circular dated 8<sup>th</sup> February, 2019, the Annual Secretarial Compliance Report for the financial year 2021-22 issued by Yogesh Sharma & Co., Company Secretaries, confirming compliance with all applicable SEBI Regulations and Circulars/Guidelines issued thereunder, has been submitted to the Stock Exchanges within the prescribed timeline.

#### TOTAL FEES PAID TO THE STATUTORY AUDITORS AND ALL ENTITIES IN THE NETWORK FIRM/ ENTITIES

S.S.Khan & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company at the previous AGM for a period of five years from the conclusion of the 26<sup>th</sup> AGM till the conclusion of the 31<sup>st</sup> AGM.

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

Payment Details	FY 2021-22
Statutory Audit	₹ 3,51,000
Quarterly Review Audit fees	₹ 70,000
Certification charges	₹ 72,000
<b>Total</b>	<b>₹ 4,93,000</b>

#### Shareholding:

The Equity Shareholding pattern as on 31<sup>st</sup> March, 2022 is as follows:

Category	No. of Shares	%
Promoters and Promoter Group	5,43,31,503	73.41
Public	1,96,80,686	26.59
<b>Total</b>	<b>7,40,12,189</b>	<b>100.00</b>

#### Distribution of Shareholding as on 31.03.2022:

No. of Equity Shares held		No. of Share-holders	Percentage of Share-holders	Total No. of shares held	Percentage of Shares held
1	500	2515	55.5678	368910	0.4984
501	1000	729	16.1069	635984	0.8593
1001	2000	386	8.5285	630008	0.8512
2001	3000	230	5.0817	601003	0.8120
3001	4000	80	1.7676	286240	0.3867
4001	5000	139	3.0711	675051	0.9121
5001	10000	199	4.3968	1615325	2.1825
10001	and above	248	5.4795	69199668	93.4977
Total		4526	100	74012189	100.0000

**Commodity price risk or foreign exchange risk and hedging activities :** Not applicable

#### CODE OF CONDUCT

The Board of Directors of the Company has laid down a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. All the Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as on 31<sup>st</sup> March, 2022 and a declaration to this effect signed by the Managing Director forms part of this report.

#### DISCLOSURES

i. All Related Party Transactions attracting compliance under Section 188 of the Companies Act are within Arm's Length and in the ordinary course of business and are placed before the Audit Committee as well as the Board for approval. The Board approved policy for related party transactions has been uploaded on the website of the Company and can be accessed at <https://www.vertexbroking.com/Vertex/CompanyPolicy>.

The transactions have no potential conflict with the interest of the Company. The disclosures on the Related Party Transactions are provided in the Financial Statements and Note No. 31 in the Notes to Financial Statements of the Company.

ii. The Board has adopted a Vigil mechanism and Whistle Blower Policy and no personnel have been denied access to the Audit Committee.



- iii. The Company has complied with the applicable mandatory requirements. Non-mandatory requirements as stipulated in Part E of Schedule II of the SEBI Listing Regulations have been adopted to the extent as applicable and possible.
- iv. The policy for determining material subsidiary has been disclosed on the website of the Company at <https://www.vertexbroking.com/Vertex/CompanyPolicy>.
- v. The policy on related party transactions has been placed on the Company's website at <https://www.vertexbroking.com/Vertex/CompanyPolicy>.
- vi. The Board has adopted a Code of conduct for Directors and senior management. It is available on the Company's website <https://www.vertexbroking.com/Vertex/InvestorRelations>.
- vii. Disclosure of commodity price risks and commodity hedging activities is not applicable to the Company.
- viii. Directors would like to state that the provisions of Section 135 of the Companies Act, 2013 is at present not applicable to the Company. Therefore, Corporate Social Responsibility (CSR) Committee has not been formed.
- ix. The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed by Accounting Standard.
- x. During the year under review, your Company has not raised funds through any Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32 (7A) of the Listing Regulations.
- xi. The Company has duly fulfilled the following discretionary requirements as prescribed in Part E of Schedule II of the SEBI Listing Regulations:
  - a. Shareholder Right – The Company has not sent half yearly financial performance including summary of the significant events to each household of the shareholders, since the results were published in 2 newspapers, one in Vernacular and one in English newspaper.
  - b. Chairman of the Board- The Company does not maintain separate office for Chairman at the Company's expenses.
  - c. Reporting of Internal Auditor- The Internal Auditor attends Audit Committee meeting every quarter and reports to Audit Committee.

**For and On behalf of the Board of Directors**

<b>Ramachandran Unnikrishnan</b> Managing Director (DIN 00493707)	<b>George Mampillil</b> Director & CFO (DIN 01976386)
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**Place:** Kochi  
**Date:** 27<sup>th</sup> July, 2022



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

In terms of Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct and Ethics during the financial year ended March 31, 2022.

**For VERTEX SECURITIES LIMITED**

**Ramachandran Unnikrishnan**  
Managing Director

Place: Kochi  
Date: 24<sup>th</sup> May, 2022

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## CEO/CFO CERTIFICATION

We hereby certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2022 and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee -
  - Significant changes in internal control over the financial reporting during the year;
  - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

**For VERTEX SECURITIES LIMITED**

**Ramachandran Unnikrishnan**  
Chief Executive Officer

**For VERTEX SECURITIES LIMITED**

**George Mampillil**  
Chief Financial Officer

Place: Kochi  
Date: 24<sup>th</sup> May, 2022

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To,  
The Members  
Vertex Securities Limited  
Thottathil Towers 41/3522 D  
2<sup>nd</sup> Floor Market Road  
Ernakulam, Kerala 682014

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **VERTEX SECURITIES LIMITED** having **CIN L67120KL1993PLC007349** and having registered office at Thottathil Towers 41/3522 D, II Floor Market Road Ernakulam Kerala 682014 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or by any other regulatory authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Mr. Kumar Nair	00320541	31/07/2008
2	Mr. Ramachandran Unnikrishnan	00493707	10/01/2009
3	Mr. James Pothen	02492330	10/01/2009
4	Mr. Jose Thomas Polachira	01049189	10/01/2009
5	Mrs. Latha Anand	06404421	12/05/2015
6	Mr. George Mampillil	01976386	13/08/2018

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

For YOGESH SHARMA & CO.

Place: Mumbai  
Date: 06<sup>th</sup> August, 2022  
UDIN: F011305D000754729  
Peer Review Certificate No.: 1583/2021

Yogesh M. Sharma  
FCS 11305 C.P. 12366



## **INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of

**VERTEX SECURITIES LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by Vertex Securities Limited ("the Company") for the year ended on March 31, 2022, as stipulated in the relevant provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

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

**For S S KHAN & CO**  
**Chartered Accountants**  
**ICAI Firm Registration No. 133324W**

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

**Place:** Mumbai  
**Date:** July 27, 2022  
**UDIN:** 22144212APQPTE1089

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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

To,  
The Members,  
**VERTEX SECURITIES LIMITED**  
Thottathil Tower, 41/3522 D,  
2<sup>nd</sup> Floor, Market Road,  
Ernakulam, Kerala 682014

We, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VERTEX SECURITIES LIMITED (CIN - L67120KL1993PLC007349)**, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and scanned copies of the documents provided by the company through e-mail, and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 ('Audit Period') has generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (**Overseas Direct Investment and External Commercial Borrowings- Not applicable to the Company during the Audit period**);

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**Not applicable to the Company during the Audit period**);
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & The Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021;
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (**Not applicable to the Company during the Audit period**);
- (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (**Not applicable to the Company during the Audit period**);
- (i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**Not applicable to the Company during the Audit period**);
- (j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (k) Securities and Exchange Board of India (Stock Brokers) Regulations, 1992



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

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

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No change has taken place in the composition of the Board of Directors during the period under review.

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

All the decisions at Board Meetings and Committee Meetings are carried out by requisite majority as recorded in the minutes of the meetings of the Board of Directors or committee of the Board as the case may be.

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

We further report that during the period there were no specific action/events having a major bearing on the company's affairs in above referred laws, rules, regulations, guidelines, standards, etc.

**For YOGESH SHARMA & CO.**

**Yogesh M. Sharma**  
FCS: 11305 C.P:12366

**Place:** Mumbai

**Date:** 27<sup>th</sup> July, 2022

**UDIN:** F011305D000691127

**Peer Review Certificate no.:** 1583/2021

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

## APPENDIX A

To,  
The Members,  
**VERTEX SECURITIES LIMITED,**

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the Secretarial records. The verification was one on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, which we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.

4. Where ever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happenings of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of the management. Our examination was limited to the verification of procedure on the test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For YOGESH SHARMA & CO.**

**Yogesh M. Sharma**  
FCS: 11305 C.P:12366

**Place:** Mumbai

**Date:** 27<sup>th</sup> July, 2022



## Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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

To,  
The Members,  
**VERTEX COMMODITIES AND FINPRO PRIVATE LIMITED**  
Thottathil Towers 41/3522 D  
2ndFloor,MarketRoad,  
Ernakulam,Kerala 682014

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VERTEX COMMODITIES AND FINPRO PRIVATE LIMITED (CIN - U67120KL1995PTC008610)**, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and scanned copies of the documents provided by the company through e-mail, and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 ('Audit Period') has generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. Securities and Exchange Board of India (Stock Brokers) Regulations, 1992

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that,

The Board of Directors of the Company is duly constituted. There was no change in the Composition of Board of Directors during the audit period.

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

All the decisions at Board Meetings and Committee Meetings are carried out by requisite majority as recorded in the minutes of the meetings of the Board of Directors or committee of the Board as the case may be.

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

We further report that during the period there were no specific action/events having a major bearing on the company's affairs in above referred laws, rules, regulations, guidelines, standards, etc.

**For Yogesh Sharma & Co.**

**Yogesh M. Sharma**  
FCS: 11305 C.P: 12366

**Place:** Mumbai  
**Date:** 27/07/2022  
**UDIN:** F011305D000754731  
**Peer review Certificate No.:** 1583/2021

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



## APPENDIX A

To,  
The Members,  
**VERTEX COMMODITIES AND FINPRO PRIVATE LIMITED**

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the Secretarial records. The verification was one on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, which we have followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.

4. Whenever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happenings of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of the management. Our examination was limited to the verification of procedure on the test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For YOGESH SHARMA & CO.**

**Yogesh M. Sharma**  
FCS: 11305 C.P: 12366

**Place: Mumbai**

**FORM NO. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

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

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

Sl. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Transwarranty Finance Limited, Holding Company
b)	Nature of contracts/arrangements/transactions	Inter Corporate Transactions
c)	Duration of the contracts / arrangements/transactions	FY 2021-22
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Transactions for an amount of ₹ 14.63 Cr
e)	Date(s) of approval by the Board	08.06.2021 10.08.2021 09.11.2021 14.02.2022
f)	Amount paid as advances, if any	Transactions for an amount of ₹14.63 Cr

Sl. No.	Particulars	Details
a)	Name(s) of the related party and nature of relationship	Vertex Commodities and Finpro Pvt. Ltd., Subsidiary Company
b)	Nature of contracts/arrangements/transactions	Inter Corporate Transactions
c)	Duration of the contracts / arrangements/transactions	FY 2021-22
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Transactions for an amount of ₹ 1.16 Cr
e)	Date(s) of approval by the Board	08.06.2021 10.08.2021 09.11.2021 14.02.2022
f)	Amount paid as advances, if any	Transactions for an amount of ₹ 1.16 Cr

**For and On behalf of the Board of Directors**

**Ramachandran Unnikrishnan**  
Managing Director  
(DIN 00493707)

**George Mampillil**  
Director & CFO  
(DIN 01976386)

**Place:** Kochi

**Date:** 27<sup>th</sup> July, 2022



**DISCLOSURE IN BOARD'S REPORT UNDER RULE 5 OF COMPANIES  
(APPOINTMENT AND REMUNERATION) RULES, 2014**

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2021-22:

<b>Name of the Director</b>	<b>Ratio</b>
Mr. Ramachandran Unnikrishnan (Managing Director & CEO)	6.48:1
Mr. Kumar Nair (Executive Director)	NA
Mr. George Mampillil (Director & CFO)	4.54:1

Mr. Kumar Nair, Executive Director is not paid any remuneration. Other Non-executive Directors of the Company are paid only sitting fees which are not considered as remuneration

- ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the Financial Year 2021-22

<b>Sr. No.</b>	<b>Name of Director, CFO, CEO, Company Secretary or Manager</b>	<b>% Increase / (Decrease) over last F.Y</b>
1.	Mr. Ramachandran Unnikrishnan (Managing Director & CEO)	(27%)
2.	Mr. Kumar Nair (Executive Director)	NA
3.	Mr. George Mampillil (Director & Chief Financial Officer)	(20%)
4.	Ms. Pranali Kadam (Company Secretary)	10%

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

- iii. The percentage increase in median remuneration of employees in the Financial Year 2021-22: Nil
- iv. The number of permanent employees in the rolls of the Company as on 31<sup>st</sup> March, 2022: 69
- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was Nil.
- vi. Affirmation that the remuneration is as per the Remuneration Policy of the Company: The Company affirms that the remuneration is as per the Remuneration Policy of the Company.
- vii. The names of the top ten employees in terms of remuneration drawn and the name of every employee who :
- If employed throughout the financial year, was in receipt of remuneration for that year in which, in the aggregate, was not less than one crore and two lakhs rupees- Not applicable
  - If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month- Not applicable
  - If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or alongwith his spouse and dependent children, not less than two percent of the equity shares of the company - Not applicable

**For and On behalf of the Board of Directors**

**Ramachandran Unnikrishnan**  
Managing Director  
(DIN 00493707)

**George Mampillil**  
Director & CFO  
(DIN 01976386)

**Place:** Kochi

**Date:** 27<sup>th</sup> July, 2022

## INDEPENDENT AUDITORS' REPORT

To the Members of  
**VERTEX SECURITIES LIMITED**

### Report on the Audit of the Standalone Ind AS Financial Statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of Vertex Securities Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone Ind AS financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, of the state of affairs of the Company as at March 31, 2022, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
<b>Impairment of financial assets as at balance sheet date (expected credit losses) (Refer Note No. 5 to the standalone financial statements)</b>	
<p>Ind AS 109 requires the Company to provide for impairment of its financial assets using the expected credit loss (ECL) approach.</p> <p>The Company recognizes lifetime ECL from initial recognition of trade receivables by using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.</p> <p>In the process, a significant degree of judgment has been applied by the Management for:</p> <ul style="list-style-type: none"> <li>Staging of Trade Receivables [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories];</li> </ul>	<ul style="list-style-type: none"> <li>Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109.</li> <li>Evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.</li> <li>Assessed the criteria for staging of receivables based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) receivables to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3.</li> <li>Evaluated the completeness, accuracy and relevance of data used in the expected credit loss model and checked the mathematical accuracy of the calculations.</li> </ul>



Key Audit Matter	How our audit addressed the key audit matter
<b>Impairment of financial assets as at balance sheet date (expected credit losses) (Refer Note No. 5 to the standalone financial statements)</b>	
<ul style="list-style-type: none"> <li>Grouping of receivables based on homogeneity by using appropriate statistical techniques;</li> <li>Determining macro-economic factors impacting credit quality of receivables;</li> </ul> <p>In view of the high degree of Management's judgment involved in estimation of ECL it is a key audit matter.</p>	<ul style="list-style-type: none"> <li>Obtained an ageing report of trade receivables and tested the accuracy by checking the ageing of select invoices on a sample basis</li> <li>Assessed the additional considerations applied by the Management for staging of receivables as SICR or default categories in view of Company's policy on receivables.</li> <li>Tested assumptions used by the Management in determining the overlay for macro-economic factors.</li> </ul>

### Emphasis of Matter

We draw attention to Note No. 5 to the standalone financial statements wherein the Company has provided for impairment losses of ₹ 19,550,624/- on trade receivables as on 31<sup>st</sup> March 2022. Our opinion is not modified in respect of the above matter.

### Other Information

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

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements

that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or



error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this standalone Ind AS financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act read with the



Companies (Indian Accounting Standards) Rules, 2015, as amended;

- e. On the basis of the written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
- g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act; In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 30 on Contingent Liabilities to the standalone Ind AS financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S S KHAN & CO**  
Chartered Accountant  
ICAI Firm Registration No. 133324W

**SARFARAZ KHAN**  
Proprietor  
Membership No.: 144212  
UDIN: 22144212AJRDXK2604

Place: Mumbai  
Date: May 24, 2022

## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

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

- (i) (a) In our opinion, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, some of the fixed assets have been physically verified by the management according to a programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The Company is a service company. Accordingly, it does not hold any physical inventory. Thus, paragraph 3 (ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit attracting the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Companies Act, 2013, and the rules framed thereunder. Thus, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) In our opinion and according to the information and explanation given to us, pursuant to the Rules made by the Central Government, the maintenance of cost records as prescribed under Section 148 (1) of the Companies Act, 2013, is not applicable to the Company for the year under report.
- (vii) (a) According to the records of the Company and the information and explanations given to us, the Company has been regularly depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Service tax, Customs Duty, Excise Duty, Value added Tax, Cess and any other statutory dues applicable to it. There are no undisputed statutory dues as referred to above as at 31<sup>st</sup> March, 2022 outstanding for a period of more than six months from the date they become payable.
- (b) The disputed statutory dues aggregating to ₹ 8,60,261/- that have not been deposited on account of matters pending before the appropriate authority are as under:

Sr. No.	Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
1	Finance Act	Tax/ Penalty	622,000	2006-07 to 2009-10	The Customs, Excise and Service Tax Appellate Tribunal.
2	Income Tax Act	Tax/ Penalty	127,290	2013-14	Commissioner of Income tax (Appeals).
3	Finance Act	Tax/ Penalty	110,971	2014-15	The Customs, Excise and Service Tax Appellate Tribunal.

- (viii) According to the information and explanations given to us, there are no transactions which have not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.



- c) Term loans were applied for the purpose for which the loans were obtained.
- d) On an overall examination of the standalone financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company
- e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Hence, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.
- x) a) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.
- b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- xi) a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, no fraud by the Company or no material fraud on the Company has been noticed or reported during the year
- b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a),(b) and (c) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has an internal audit system commensurate with the size and nature of its business.
- b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) a) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- d) As represented by the management, the Group does not have more than one Core Investment Company (CIC) as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016.

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

xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

xix) On the basis of the financial ratios to the standalone financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due

within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx) a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act.

b) There are no ongoing projects and accordingly, there are no unspent amounts that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act.

**For S S KHAN & CO**

Chartered Accountant

ICAI Firm Registration No. 133324W

**SARFARAZ KHAN**

Proprietor

Membership No.: 144212

UDIN: 22144212AJRDXK2604

Place: Mumbai

Date: May 24, 2022



## **ANNEXURE 'B' TO INDEPENDENT AUDITORS' REPORT**

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

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

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

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

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

#### **Auditors' Responsibility**

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

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

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are



subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022. However, the Company is in the process of establishing the internal control over financial reporting criteria considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial

Reporting issued by the Institute of Chartered Accountants of India.

**For S S KHAN & CO**  
Chartered Accountant  
ICAI Firm Registration No. 133324W

**SARFARAZ KHAN**  
Proprietor  
Membership No.: 144212  
UDIN: 22144212AJRDXK2604

Place: Mumbai  
Date: May 24, 2022


**Standalone Balance Sheet as at March 31, 2022**

Particulars	Note No.	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	3	89,384,204	56,453,773
Bank Balance other than (a) above	4	158,375,000	82,375,000
Receivables	5		
(I) Trade Receivables		56,823,555	41,064,332
Loans	6	48,088,357	48,042,659
Investments	7	38,852,082	38,828,911
Other Financial assets	8	54,761,147	81,978,009
		<b>446,284,344</b>	<b>348,742,684</b>
<b>Non-financial Assets</b>			
Current tax Asset (Net)	9	4,976,589	4,390,882
Deferred tax Assets (Net)	10	599,717	599,716
Property, Plant and Equipment	11	5,687,059	6,778,227
Other Intangible assets	11	2,109,706	3,833,903
Other non-financial assets	12	7,459,093	6,732,007
		<b>20,832,163</b>	<b>22,334,735</b>
<b>Total Assets</b>		<b>467,116,510</b>	<b>371,077,420</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
Payables	13		
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and smal enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		308,074,453	217,237,624
(II) Other Payables	14		
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	33,166
Borrowings (Other than Debt Securities)	15A	38,569,990	35,265,424
Subordinated Liabilities	15B	2,775,800	2,775,800
Other financial liabilities	16	5,748,144	6,777,491
		<b>355,168,386</b>	<b>262,089,505</b>
<b>Non-Financial Liabilities</b>			
Provisions	17	749,830	832,119
Other non-financial liabilities	18	5,386,973	4,392,487
		<b>6,136,803</b>	<b>5,224,606</b>
<b>EQUITY</b>			
Equity Share capital	19	148,024,378	148,024,378
Other Equity	20	(42,213,057)	(44,261,070)
		<b>105,811,321</b>	<b>103,763,308</b>
<b>Total Liabilities and Equity</b>		<b>467,116,510</b>	<b>371,077,420</b>

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

**Sarfaraz khan**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: May 24, 2022

**For and on Behalf of Board of Directors**

**Kumar Nair**  
Chairmen  
DIN 00320541

**George Mampillil**  
Director & CFO  
DIN.01976386

Place: Kochi  
Date: May 24, 2022

**U. Ramachandran**  
Managing Director  
DIN 00493707

**Pranali Kadam**  
Company Secretary

## Standalone Statement of Profit and Loss for the year ended March 31, 2022

Particulars	Note no.	Year ended March 31, 2022	Year ended March 31, 2021
<b>Revenue from operations</b>			
Sale of services	21	79,170,804	69,230,364
<b>Total Revenue from operations</b>		<b>79,170,804</b>	<b>69,230,364</b>
Other Income	22	10,745,505	13,986,953
<b>Total Income</b>		<b>89,916,309</b>	<b>83,217,317</b>
<b>Expenses</b>			
Finance Costs	23	10,856,121	7,703,706
Employee Benefits Expenses	24	26,631,915	22,688,185
Depreciation and amortization	25	3,367,938	3,389,202
Others expenses	26	46,841,853	45,379,784
<b>Total Expenses</b>		<b>87,697,826</b>	<b>79,160,877</b>
Profit / (loss) before exceptional items and tax		2,218,482	4,056,440
Exceptional items		-	-
Profit/(loss) before tax		<b>2,218,482</b>	<b>4,056,440</b>
Tax Expense:			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
Profit / (loss) for the period from continuing operations		<b>2,218,482</b>	<b>4,056,440</b>
Profit/(loss) from discontinued operations			
Tax Expense of discontinued operations		-	-
Profit/(loss) from discontinued operations (After tax)		-	-
<b>Profit/(loss) for the period</b>		<b>2,218,482</b>	<b>4,056,440</b>
<b>Other Comprehensive Income</b>			
(A) Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit obligation gain / (loss)		(193,641)	(222,169)
Fair valuation on Equity instrument		23,171	(9,470)
<b>Other Comprehensive Income (A)</b>		<b>(170,470)</b>	<b>(231,639)</b>
<b>Total Comprehensive Income for the period</b>		<b>2,048,013</b>	<b>3,824,802</b>
Earnings per equity share			
Basic (₹)	27	0.03	0.05
Diluted (₹)	27	0.03	0.05

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

**Sarfaraz khan**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: May 24, 2022

### For and on Behalf of Board of Directors

**Kumar Nair**  
Chairmen  
DIN 00320541

**George Mampillil**  
Director & CFO  
DIN.01976386

Place: Kochi  
Date: May 24, 2022

**U. Ramachandran**  
Managing Director  
DIN 00493707

**Pranali Kadam**  
Company Secretary


**Standalone Cash Flow Statement for the year ended March 31, 2022**

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>I. Cash Flows from Operating Activities:</b>		
Net Profit Before Tax and Extraordinary Items	2,218,482	4,056,440
<u>Adjustments for:</u>		
Depreciation	3,367,938	3,389,202
Reversal of rent expense on lease liability	(1,497,804)	(1,636,404)
Remeasurement of the net defined benefit obligation gain / (loss)	(193,641)	(222,169)
Interest Income	(7,467,744)	(7,053,653)
Bad Debts written off	18,330	199,161
Impairment Allowance	35,138	32,066
Interest Expense	10,856,121	7,703,706
<u>Adjustments for Changes in Working Capital:</u>		
(Increase) / Decrease in Trade Receivables	(15,812,691)	(33,179,958)
Increase / (Decrease) in Trade & Other Payables	90,803,663	122,146,378
(Increase)/decrease in other financial assets	28,967,534	(44,686,501)
(Increase)/decrease in other non-financial assets	(727,086)	(2,440,844)
Increase / (Decrease) in other financial Liabilities	(1,029,347)	1,347,071
Increase/(decrease) in provisions	(82,289)	107,551
Increase / (Decrease) in non- financial Liabilities	1,952,016	(887,005)
Income tax paid (net of refunds)	(585,707)	(893,292)
<b>Net Cash Flows from Operating Activities</b>	<b>110,822,913</b>	<b>47,981,749</b>
<b>II. Cash Flows from Investing Activities:</b>		
(Purchase)/ Sale of Fixed Deposits	(76,000,000)	(64,475,000)
Loans - (Given)/ Received back	(45,698)	6,486,500
Cash inflow from interest on loans	6,267,072	18,413,169
Purchase of Property Plant and Equipment	(913,070)	(967,124)
Sale of Investments	(0)	20,000,000
<b>Net Cash Flows from Investing Activities</b>	<b>(70,691,697)</b>	<b>(20,542,455)</b>

### Standalone Cash Flow Statement for the year ended March 31, 2022

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
III. Cash Flows from Financing Activities:		
Borrowings other than debt securities issued/ (Redeemed) (net)	3,304,565	2,707,844
Finance cost paid	(10,505,351)	(7,221,369)
<b>Net Cash Flows from Financing Activities</b>	<b>(7,200,786)</b>	<b>(4,513,525)</b>
<b>Net Increase or (Decrease) in Cash and Cash Equivalents (I + II + III)</b>	<b>32,930,431</b>	<b>22,925,769</b>
- Add: Cash and Cash Equivalents at Beginning of the year	56,453,773	33,528,005
<b>Cash and Cash Equivalents at End of the Year</b>	<b>89,384,204</b>	<b>56,453,773</b>
Note:		
<b>Cash and Cash Equivalents</b>		
- Cash in Hand	222,830	209,113
- Balances with Banks		
- In Current Accounts	89,161,374	56,244,660
<b>Total</b>	<b>89,384,204</b>	<b>56,453,773</b>

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

**Sarfaraz khan**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: May 24, 2022

#### For and on Behalf of Board of Directors

**Kumar Nair**  
Chairmen  
DIN 00320541

**George Mampillil**  
Director & CFO  
DIN.01976386

Place: Kochi  
Date: May 24, 2022

**U. Ramachandran**  
Managing Director  
DIN 00493707

**Pranali Kadam**  
Company Secretary



## Statement of Changes in Equity

**EQUITY SHARE CAPITAL**

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Balance at the beginning of the year	148,024,378	148,024,378
Changes in equity share capital during the year	-	-
<b>Balance at the end of the year</b>	<b>148,024,378</b>	<b>148,024,378</b>

**Other equity**
**For the year ended 31 March 2022**

Particulars	Note No.	Retained earnings	Securities premium	Other reserves	Other Comprehensive Income - Equity Instruments	Total other equity
<b>Balance as at 31 March 2021</b>	<b>20</b>	<b>(64,479,874)</b>	<b>18,248,790</b>	<b>4,264,133</b>	<b>(2,294,119)</b>	<b>(44,261,069)</b>
Profit after tax		2,218,482			-	2,218,482
Other comprehensive income		(193,641)	-	-	23,171	(170,470)
		<b>(62,455,033)</b>	<b>18,248,790</b>	<b>4,264,133</b>	<b>(2,270,948)</b>	<b>(42,213,057)</b>
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	-	-		-
<b>Balance as at 31 March 2022</b>		<b>(62,455,033)</b>	<b>18,248,790</b>	<b>4,264,133</b>	<b>(2,270,948)</b>	<b>(42,213,057)</b>

**For the year ended 31 March 2021**

Particulars	Note No.	Retained earnings	Securities premium	Other reserves	Other Comprehensive Income - Equity Instruments	Total other equity
<b>Balance as at 31 March 2021</b>	<b>20</b>	<b>(68,314,145)</b>	<b>18,248,790</b>	<b>4,264,133</b>	<b>(2,284,650)</b>	<b>(48,085,871)</b>
Profit after tax		4,056,440				4,056,440
Other comprehensive income		(222,169)	-	-	(9,470)	(231,639)
		<b>(64,479,874)</b>	<b>18,248,790</b>	<b>4,264,133</b>	<b>(2,294,119)</b>	<b>(44,261,069)</b>
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	-	-		-
<b>Balance as at 31 March 2021</b>		<b>(64,479,874)</b>	<b>18,248,790</b>	<b>4,264,133</b>	<b>(2,294,119)</b>	<b>(44,261,069)</b>

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

**Sarfaraz khan**  
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**For and on Behalf of Board of Directors**

**Kumar Nair**  
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Place: Kochi  
Date: May 24, 2022

**U. Ramachandran**  
Managing Director  
DIN 00493707

**Pranali Kadam**  
Company Secretary



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### 1 CORPORATE INFORMATION

VERTEX, is a premier brokerage house in India on the fast growth track. In the last one-decade, we have emerged as a powerhouse in the financial services industry. We started functioning in the stock market in 1993.

The Company's registered office is at 2<sup>nd</sup> Floor ,Thottathil Towers , Market Road Cochin - 682018.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

These standalone or separate financial statements were approved by the Company's Board of Directors and authorised for issue on 24 May 2022.

#### 2.2 Functional and presentation currency

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

#### 2.3 Basis of measurement

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

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

#### 2.4 Measurement of fair values

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

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

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

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

**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022****2.5 Use of estimates and judgements and Estimation uncertainty**

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

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

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

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

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

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

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

Subsequent expenditure related to the asset are added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

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

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

Assets	Useful Life
Computers and Data processing units	3 to 6 years
Furniture and fixtures	10 years
Plant & Machinery	15 years
Office equipments	5 years
Vehicles	8 to 10 years

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

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### 2.8 Intangible assets

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

Intangible assets comprises of Membership rights of Stock Exchanges, Computer software and Software licences which is amortized over the estimated useful life. The amortization period of Stock exchange license and membership right is 10 years and computer software is 3 years which is based on management's estimates of useful life. Amortisation is calculated using the straight line method to write down the cost of intangible assets over their estimated useful lives.

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

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit or Loss when the asset is derecognised.

### 2.9 Investments in subsidiaries and associates

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

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

### 2.10 Foreign exchange transactions and translations

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

#### a) Initial recognition

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

#### b) Conversion

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

#### c) Exchange difference

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

**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022****2.11 Financial instruments****a) Recognition and initial measurement**

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

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

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

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

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

**Amortised cost -**

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

**FVOCI - equity instruments -**

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

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

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

**Subsequent measurement of financial assets**

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

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

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

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

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

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

### c) Financial liabilities and equity instruments:

#### Classification as debt or equity -

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

#### Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

#### Financial liabilities -

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

### d) Derecognition

#### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### Financial liabilities

A financial liability is derecognised when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

### e) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### f) Impairment of financial instruments

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

The Company recognises lifetime ECL for trade and other receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that may result from all possible default events over the expected life of a financial assets. (refer Schedule on Receivables Note No 6)

For all other financial assets, the Company recognizes lifetime expected credit losses (ECL) based on the months past due when there has been a significant increase in credit risk since initial recognition and when the financial asset is credit impaired. Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which no ECL is recognized. Financial assets where there has been significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognized for stage 2 and stage 3 financial assets.

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

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

Financial assets (and the related impairment loss allowances) are written off either partially or in their entirety, when there is no realistic prospect of recovery and the company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss.



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### Without significant increase in credit risk since initial recognition (stage 1)

No ECL allowance is recognized for stage 1 financial asset as based on company's assessment there is no significant increase in credit risk. The Company has ascertained default possibilities on past behavioral trends and other performance indicators.

### Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage 90 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk.

### Credit impaired (stage 3)

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

Contractual payments of either principal or interest are past due for more than 365 days;

The loan is otherwise considered to be in default.

### Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. The Company has calculated ECL using three components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money as necessary.

\* Determination of PD is covered above for each stages of ECL.

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

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

## 2.12 Impairment of assets other than financial assets

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.



## **Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of profit and loss.

### **2.13 Provisions**

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate..

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### **2.14 Leases**

With effect from 1 April 2019, the Company has applied Ind AS 116 'Leases' for all long term and material lease contracts covered by the Ind AS. The Company has adopted modified retrospective approach as stated in Ind AS 116 for all applicable leases on the date of adoption.

#### **Measurement of Lease Liability**

At the time of initial recognition, the Company measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is –

- 1) increased by interest on lease liability;
- 2) reduced by lease payments made; and
- 3) remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases,' or to reflect revised fixed lease payments.

#### **Measurement of Right-of-use assets**

At the time of initial recognition, the Company measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'.

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

The exception permitted in Ind AS 116 for low value assets and short term leases has been adopted by Company.

### 2.15 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

### 2.16 Revenue recognition :

#### a) Fee and commission income

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

#### b) Recognition of interest income

##### Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### c) Dividend Income

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

The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

### 2.17 Employee benefits

#### a) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### b) Contribution to provident fund and ESIC

Company's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss

### c) Gratuity

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/ termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

### Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in Statement of profit and loss.

### d) Leave encashment / compensated absences / sick leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

### e) Employee shared based payments

Equity-settled share-based payments to employees are recognised as an expense at the fair value of stock options at the grant date. The fair value determined at the grant date of the Equity-settled share-based payments is expensed on a straightline basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

## 2.18 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans and overdraft facility. Finance costs are charged to the Statement of profit and loss.

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### 2.19 Taxation - Current and deferred tax

Income tax expense comprises of current tax and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

#### a) Current tax

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### b) Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are generally recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Deferred tax liabilities are generally recognised for all taxable temporary differences. However, deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### 2.20 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

### 2.21 Contingent Liabilities and assets

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



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

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

### 2.22 Cash Flow statement

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

### 2.23 Borrowing Cost

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised, if any. All other borrowing costs are expensed in the period in which they occur.



Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

Particulars	As at 31 <sup>st</sup> March 2022 (₹)	As at 31 <sup>st</sup> March 2021 (₹)
<b>NOTE '3'</b>		
<b>Cash and Cash Equivalent</b>		
Cash on Hand	222,830	209,113
Balance with Banks		
In Current Account	89,161,374	56,244,660
<b>Total</b>	<b>89,384,204</b>	<b>56,453,774</b>
<b>NOTE '4'</b>		
<b>Bank balances other than cash and cash equivalents</b>		
Balance with Banks		
In Fixed Deposit*	158,375,000	82,375,000
<b>Total</b>	<b>158,375,000</b>	<b>82,375,000</b>
<b>NOTE '5'</b>		
<b>Receivables</b>		
<b>(i) Trade receivables</b>		
Trade Receivables	56,177,559	40,436,690
Trade Receivables from related parties	-	-
Trade receivable which have significant increase in credit risk	1,868,504	2,227,273
Trade receivables - credit impaired	18,328,116	17,915,855
	<b>76,374,179</b>	<b>60,579,818</b>
Less: Loss Allowances	(19,550,624)	(19,515,486)
<b>Total</b>	<b>56,823,555</b>	<b>41,064,332</b>

## Trade receivables ageing schedule as at 31 March, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 -2 years	2-3 years	More than 3 years	
<b>Considered good</b>						
(i) Undisputed Trade receivables	55,236,312	-	-	-	-	55,236,312
(ii) Disputed Trade receivables	1,656,728	-	-	-	-	1,656,728
<b>Considered doubtful</b>						
(iii) Undisputed Trade Receivables	-	1,153,023	2,110,561	2,483,886	8,657,401	14,404,871
(iv) Disputed Trade Receivables	-	-	323,191	929,819	3,823,259	5,076,269
<b>Total</b>	<b>56,893,040</b>	<b>1,153,023</b>	<b>2,433,752</b>	<b>3,413,705</b>	<b>12,480,660</b>	<b>76,374,179</b>


**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**
**Trade receivables ageing schedule as at 31 March, 2021**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 -2 years	2-3 years	More than 3 years	
<b>Considered good</b>						
(i) Undisputed Trade receivables	40,719,986	-	-	-	-	40,719,986
(ii) Disputed Trade receivables	-	-	-	-	-	-
<b>Considered doubtful</b>						
(iii) Undisputed Trade Receivables	-	1,457,795	2,672,235	792,192	8,204,614	13,126,836
(iv) Disputed Trade Receivables	-	486,183	1,210,220	-	5,036,594	6,732,997
<b>Total</b>	<b>40,719,986</b>	<b>1,943,978</b>	<b>3,882,455</b>	<b>792,192</b>	<b>13,241,207</b>	<b>60,579,818</b>

**NOTE '7'**
**Investments**

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>(A) At cost</b>		
Investment in subsidiaries		
Equity shares	38,615,330	38,615,330
Preference shares	-	-
<b>Total (A)</b>	<b>38,615,330</b>	<b>38,615,330</b>
<b>(B) At fair value through other comprehensive income</b>		
(i) In equity instruments		
Equity shares	213,581	223,051
Add: Fair value gain/(losses)	23,171	(9,470)
<b>Sub-total (i)</b>	<b>236,752</b>	<b>213,581</b>
<b>Total (B)</b>	<b>236,752</b>	<b>213,581</b>
<b>Total (A+B)</b>	<b>38,852,082</b>	<b>38,828,911</b>
<b>Out of the above</b>		
<b>In India</b>	<b>38,852,082</b>	<b>38,828,911</b>
<b>Outside India</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>38,852,082</b>	<b>38,828,911</b>

Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

## Detail of investments as follows:

Particulars	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021	
	Units	Amount	Units	Amount
<b>Equity Instruments</b>				
<b>Subsidiaries</b>				
Vertex Commodities & Finpro Pvt Ltd	3,861,493	38,615,330	3,861,493	38,615,330
<b>Others</b>				
Un-quoted				
Cochin Stock Exchange Ltd	905	236,752	905	213,581
<b>Sub total (i)</b>	<b>3,862,398</b>	<b>38,852,082</b>	<b>3,862,398</b>	<b>38,828,911</b>
<b>Preference shares</b>				
Vertex Commodities & Finpro Pvt Ltd	-	-	200,000	20,000,000
<b>Sub total (ii)</b>	<b>-</b>	<b>-</b>	<b>200,000</b>	<b>20,000,000</b>
<b>Total (i+ii)</b>	<b>3,862,398</b>	<b>38,852,082</b>	<b>4,062,398</b>	<b>58,828,911</b>

Particulars	As at	As at
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>NOTE '8'</b>		
<b>Other Financial assets</b>		
Rent Deposit	2,102,190	2,001,848
Advance Rental	50,102	93,451
Security Deposit	26,066,409	55,315,174
Accured interest receivable	5,404,113	4,203,441
Advance to creditors	211,332	364,095
Unbilled Revenue	927,000	550,000
Other Receivables	20,000,000	20,000,000
<b>Total</b>	<b>54,761,147</b>	<b>82,528,009</b>
<b>NOTE '9'</b>		
Current tax assets (NET)		
Advance Payment of Income Tax (Including TDS) (Net of Provisions)	4,976,589	4,390,882
<b>Total</b>	<b>4,976,589</b>	<b>4,390,882</b>
<b>NOTE '10'</b>		
Deferred tax Assets (Net)		
Deferred tax Assets	599,716	599,716
<b>Total</b>	<b>599,716</b>	<b>599,716</b>


**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>Deferred tax relates to the following:</b>		
Deferred tax assets		
Present Value of Security Deposit	646,821	646,821
<b>Gross deferred tax assets</b>	<b>646,821</b>	<b>646,820</b>
Deferred tax liabilities		
Other timing differences	47,104	47,104
<b>Gross deferred tax liabilities</b>	<b>47,104</b>	<b>47,104</b>
<b>Deferred tax assets/(liabilities), net</b>	<b>599,717</b>	<b>599,716</b>

**NOTE '11'**
**Property, plant and equipment and intangible assets**
**For the financial Period Ended 31.03.2022**

Particulars	Gross Block				Depreciation and amortisation			Net Block	
	As at April 01, 2021	Additions	Deductions/ Adjustments	As at March 31, 2022	As at April 01, 2021	Deductions/ Adjustments	For the Year	As at March 31, 2022	As at March 31, 2022
Property, plant and equipment									
Plant & Equipments	12,685,735	321,653		13,007,387	10,505,447		1,029,434	11,534,882	1,472,506
Furniture & Fittings	14,080,668	477,925		14,558,593	10,422,037		493,115	10,915,151	3,643,442
Vehicles	2,788,707	-		2,788,707	2,549,237		111,683	2,660,920	127,787
Computer	18,982,797	113,494		19,096,291	18,282,960		370,007	18,652,967	443,324
Sub-Total	48,537,907	913,071	-	49,450,978	41,759,681	-	2,004,239	43,763,919	5,687,059
Intangible Asset									
Computer Software	6,324,833			6,324,833	6,247,688		77,143	6,324,831	2
Licence	8,081,512	-		8,081,512	7,609,487		57,642	7,667,129	414,383
Mumbai Stock Exchange	1,000,000			1,000,000	1,000,000			1,000,000	-
Right of Use Asset (refer note a)	5,688,567	-	538,474	5,150,093	2,403,836	177,978	1,228,914	3,454,772	1,695,321
Sub-Total	21,094,912	-	538,474	20,556,438	17,261,011	177,978	1,363,699	18,446,732	2,109,706
Total	69,632,818	913,071	538,474	70,007,416	59,020,692	177,978	3,367,938	62,210,651	7,796,764

Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

## Notes

a. Represents Right-of-use assets recognised on application of Ind AS 116 'Leases' w.e.f 1 April 2019.

Particulars	Gross Block			Depreciation and amortisation				Net Block	
	As at April 01, 2020	Additions	Deductions/ Adjustments	As at March 31, 2021	As at April 01, 2021	Deductions/ Adjustments	For the Year	As at March 31, 2021	As at March 31, 2021
<b>Property, plant and equipment</b>									
Plant & Equipments	12,626,639	156,741		12,685,735	9,858,069		647,378	10,505,447	2,180,288
Furniture & Fittings	13,402,768	677,900		14,080,668	9,452,051		969,985	10,422,037	3,658,632
Vehicles ( refer note a)	2,788,707	-		2,788,707	2,486,510		62,727	2,549,237	239,470
Computer	18,752,669	132,483		18,982,797	17,896,178		386,782	18,282,960	699,837
<b>Sub-Total</b>	<b>47,570,783</b>	<b>967,124</b>	<b>-</b>	<b>48,537,907</b>	<b>39,692,808</b>	<b>-</b>	<b>2,066,873</b>	<b>41,759,681</b>	<b>6,778,226</b>
<b>Intangible Asset</b>									
Computer Software	6,324,833			6,324,833	6,144,868		102,820	6,247,688	77,145
Licence	8,081,512	-		8,081,512	7,577,083		32,404	7,609,487	472,025
Mumbai Stock Exchange	1,000,000			1,000,000	1,000,000			1,000,000	-
Right of Use Asset (refer note b)	6,281,168	-	592,601	5,688,567	1,472,425	255,696	1,187,106	2,403,836	3,284,731
<b>Sub-Total</b>	<b>21,687,513</b>	<b>-</b>	<b>592,601</b>	<b>21,094,912</b>	<b>16,194,376</b>	<b>255,696</b>	<b>1,322,331</b>	<b>17,261,011</b>	<b>3,833,901</b>
<b>Total</b>	<b>69,258,295</b>	<b>967,124</b>	<b>592,601</b>	<b>69,632,818</b>	<b>55,887,184</b>	<b>255,696</b>	<b>3,389,203</b>	<b>59,020,692</b>	<b>10,612,127</b>

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE '12'</b>		
<b>Other non-financial assets</b>		
Capital Advances	31,489	69,898
Prepaid expense	4,394,326	3,710,034
Plan asset - Gratuity	177,979	327,373
Other advances	2,855,299	2,624,702
<b>Total</b>	<b>7,459,093</b>	<b>6,732,007</b>
<b>NOTE '13'</b>		
<b>Payables</b>		
(I) Trade Payables		
(i) total outstanding dues of micro enterprises and smal enterprises	-	4,660
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	308,074,453	217,232,964
<b>Total (I)</b>	<b>308,074,453</b>	<b>217,237,624</b>


**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE '14'</b>		
(II) Other Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises"	-	33,166
<b>Total (II)</b>	-	<b>33,166</b>
<b>Total (I)+(II)</b>	<b>308,074,453</b>	<b>217,270,790</b>

**Trade Payables ageing schedule as at 31 March, 2022**

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 -2 years	2-3 years	More than 3 years	Total
(i) MSME - undisputed	-	-	-	-	-
(ii) Others - undisputed	273,035,471	32,232,786	928,016	1,878,181	308,074,453
<b>Total</b>	<b>273,035,471</b>	<b>32,232,786</b>	<b>928,016</b>	<b>1,878,181</b>	<b>308,074,453</b>

**Trade Payables ageing schedule as at 31 March, 2021**

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1 -2 years	2-3 years	More than 3 years	Total
(i) MSME - undisputed	-	-	-	-	-
(ii) Others - undisputed	213,928,168	979,546	607,991	1,721,919	217,237,624
<b>Total</b>	<b>213,928,168</b>	<b>979,546</b>	<b>607,991</b>	<b>1,721,919</b>	<b>217,237,624</b>

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE '15' Borrowings (other than debt securities) and Subordinated Liabilities</b>		
<b>Note 15A: Borrowings (other than debt securities)</b>		
<b>At Amortised Cost:</b>		
<b>(I) In India</b>		
<b>(A) Term loans</b>		
(i) from banks (refer note a)	4,875,000	-
<b>(B) Loans repayable on demand</b>		
<b>(a) Overdraft Facility</b>		
(i) from banks (refer note b)	33,694,989	35,265,424
(ii) from other parties	-	-
<b>Total</b>	<b>38,569,990</b>	<b>35,265,424</b>



Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>(II) Out of above</b>		
In India	38,569,990	35,265,424
Outside India	-	-
<b>Total</b>	<b>38,569,990</b>	<b>35,265,424</b>
<b>(III) Out of above</b>		
Secured	38,569,990	35,265,424
Unsecured	-	-
<b>Total</b>	<b>38,569,990</b>	<b>35,265,424</b>

**Notes:**

- a Term Loan taken from South Indian Bank is under the 'Emergency Credit Line Guarantee Scheme' (ECLGS) floated by GOI in the wake of COVID-19 pandemic, repayable in 36 months.  
Hypothecated against the entire current assets of the Company as primary security and property owned by Transwarranty Finance Limited as a collateral security.
- b Overdraft from South Indian Bank is Working Capital Facility secured against mortgage of property owned by Transwarranty Finance Limited, Corporate Guarantee of Holding Company and Personal Guarantee of the Chariman. The total limit allowed is 3.5 crores and the interest rate on the overdraft facility is 10.75% pa.

**(IV) Terms of repayment of term loans and overdraft facility**

Original Maturity of loan (In no. of days)	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021	
	Interest range	Amount (₹)	Interest range	Amount (₹)
<b>On maturity</b>				
Maturity between 3 to 5 years		-		-
Maturity between 1 to 3 years	9.00%	2,708,334		-
Maturity within 1 year		-	10.75%	-
Term Loan	9.00%	2,166,666		-
Overdraft facility	10.75%	33,694,989		-
<b>Total</b>		<b>38,569,990</b>		-

**NOTE '15B': Subordinated Liabilities**

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>At Amortised Cost:</b>		
<b>(I) In India</b>		
Preference Shares other than those that qualify as Equity (Refer note a)	2,775,800	2,775,800
<b>Total</b>	<b>2,775,800</b>	<b>2,775,800</b>
<b>Out of above</b>		
Secured	-	-
Unsecured	2,775,800	2,775,800

**Note:**

- a) Each Non - Cumulative Redeemable Preference Share shall be redeemable with in a period of 1 to 8 years from the date of issue i.e. 05/05/2014 as may be determined by the Board of Directors of the company at their absolute discretion. Preference share holders are entitled to get dividend only when the company has distributable profits. In the event of winding up or repayment of capital, Preference share holders have the preferential right to be repaid the amount of capital paid up.


**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

The Company is in the process of redeeming its Non-Cumulative Redeemable Preference Share Capital as at the year end, out of such profits for previous years and accordingly a sum equal to the nominal amount of the shares to be redeemed have been transferred to Capital Redemption Reserve.

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE '16'</b>		
<b>Other financial Liabilities</b>		
Employee benefits payable	294,905	1,493,402
Security Deposit from Franchises & Advances	5,453,239	5,284,089
<b>Total</b>	<b>5,748,144</b>	<b>6,777,491</b>
<b>NOTE '17'</b>		
<b>Provision</b>		
Leave encasement	749,830	832,119
<b>Total</b>	<b>749,830</b>	<b>832,119</b>
<b>NOTE '18'</b>		
<b>Other non financial Liabilities</b>		
Statutory dues	1,557,026	79,484
Lease liability	2,062,858	3,570,388
Others	1,767,089	1,292,615
<b>Total</b>	<b>5,386,973</b>	<b>4,942,487</b>
<b>NOTE '19'</b>		
<b>Equity Share capital</b>		
<b>Authorised</b>		
1) 127,274,600 Equity Shares of ₹ 2/- each (P.Y. 127,274,600 Equity Shares of ₹ 2/- each )	254,549,200	254,549,200
2) 27,758 15% Non-Cumulative Redeemable Preference shares of ₹100/- each (P.Y. 27,758 15% Non-Cumulative Redeemable Preference shares of ₹ 100/- each)	2,775,800	2,775,800
	<b>257,325,000</b>	<b>257,325,000</b>
<b>Issued, Subscribed and Paid Up</b>		
7,40,12,189 (P.Y 7,40,12,189 ) Equity Shares of ₹ 2/- each fully paid up	148,024,378	148,024,378
<b>Total</b>	<b>148,024,378</b>	<b>148,024,378</b>

**1) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**
**A) Equity shares**

Particulars	Nos.	Amount (₹)
Equity share capital issued, subscribed and fully paid up	74,012,189	148,024,378
<b>As at 01<sup>st</sup> April 2020</b>	<b>74,012,189</b>	<b>148,024,378</b>
Issued during the year	-	-
<b>Outstanding as at 31<sup>st</sup> March 2021</b>	<b>74,012,189</b>	<b>148,024,378</b>
Issued during the year	-	-
<b>Outstanding as at 31<sup>st</sup> March 2022</b>	<b>74,012,189</b>	<b>148,024,378</b>

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### 2) Terms and rights attached to Shares.

- 1) The company has only one class of Equity share having a Par Value of ₹2/- each. Each holder of equity share is entitled for one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the share holders in the ensuing Annual General Meeting.
- 2) In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 3) Shares held by Holding Company- Transwarranty Finance Limited

Particulars	As at 31 March 2022		As at 31 March 2021	
	Nos.	% of Holding	Nos.	% of Holding
Transwarranty Finance Limited	39,253,950	53.04	39,253,950	53.04

### 4) Details of shareholders holding equity shares more than 5% shares in the Company

Particulars	As at 31 March 2022		As at 31 March 2021	
	Nos.	% of Holding	Nos.	% of Holding
Transwarranty Finance Limited	39,253,950	53.04	39,253,950	53.04
Kumar Nair	14,177,543	19.16	14,177,543	19.16

### 5) Details of shares held by promoters/promoter group as at 31 March, 2022

Promoter Name	Number of Shares	% of Total Shares	% Change during the year
Transwarranty Finance Limited	39,253,950	53.04%	-
Kumar Nair	14,177,543	19.16%	-
Nair Leena Kumar	650,010	0.88%	-
C. D. Padmini Devi	250,000	0.34%	-

### Details of shares held by promoters/promoter group as at 31 March, 2021

Promoter Name	Number of Shares	% of Total Shares	% Change during the year
Transwarranty Finance Limited	39,253,950	53.04%	
Kumar Nair	14,177,543	19.16%	
Nair Leena Kumar	650,010	0.88%	
C. D. Padmini Devi	250,000	0.34%	


**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE '20'</b>		
<b>Other equity</b>		
<b>Securities Premium</b>		
Balance at the beginning of the year	18,248,790	18,248,790
Add: Received during the year		
Less: Share issue expense		
Balance at the end of the year	<b>18,248,790</b>	<b>18,248,790</b>
<b>Capital Redemption Reserve</b>		
Balance as at the beginning of the year	-	-
Add: Transferred during the year	2,775,800	-
Balance as at the end of the year	<b>2,775,800</b>	-
<b>Reserve under Amalgamation account</b>		
Balance as at the beginning of the year	4,264,133	4,264,133
Add: Transferred during the year		
Balance as at the end of the year	<b>4,264,133</b>	<b>4,264,133</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year	(64,479,875)	(68,314,145)
Profit for the year	2,218,482	4,056,439
Other Comprehensive Income	(193,641)	(222,169)
Less: Transfer to Capital Redemption Reserve	(2,775,800)	-
Balance at the end of the year	<b>(65,230,833)</b>	<b>(64,479,875)</b>
<b>Other Comprehensive Income - fair value on equity instruments</b>		
Balance at the beginning of the year	(2,294,119)	(2,284,650)
Gain / (Loss) on fair valuation on equity instruments	23,171	(9,470)
Balance at the end of the year	<b>(2,270,948)</b>	<b>(2,294,119)</b>
<b>Total</b>	<b>(42,213,057)</b>	<b>(44,261,070)</b>

**Nature and purpose of other equity**
**1) Securities Premium**

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

**2) Reserve under amalgamation**

The company acquired another broking company in the year 2010. The amalgamation reserve was created by virtue of merging of books of accounts of the transferor / acquiree company into the company.

Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**3) Retained earnings**

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

**4) Capital Redemption Reserve**

The Company is in the process of redeeming its Non-Cumulative Redeemable Preference Share Capital as at the year end, out of such profits for previous years and accordingly a sum equal to the nominal amount of the shares to be redeemed have been transferred to Capital Redemption Reserve.

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>NOTE 21'</b>		
<b>REVENUE FROM OPERATIONS</b>		
<b>Sale Of Services</b>		
Fees and commission income		
- Brokerage & related income	64,602,824	60,561,289
- Other Fees	3,329,923	3,622,707
Income from DP operation	3,561,393	2,828,418
<b>On financial assets measured at Amortised cost</b>		
Interest on deposits with banks*	7,676,665	2,217,950
<b>Total</b>	<b>79,170,804</b>	<b>69,230,364</b>
* interest received on fixed deposit with bank which are pledged with exchange for margin purpose.		
<b>Revenue from contract with customers</b>		
<b>Type of Service</b>		
Fees and commission income		
- Brokerage & related income	64,602,824	60,561,289
- Other Fees	3,329,923	3,622,707
Income from DP operation	3,561,393	2,828,418
	<b>71,494,139</b>	<b>67,012,414</b>
<b>Geographical market</b>		
India	71,494,139	67,012,414
Outside India	-	-
	<b>71,494,139</b>	<b>67,012,414</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	71,494,139	67,012,414
Services transferred over time	-	-
	<b>71,494,139</b>	<b>67,012,414</b>
<b>Contract Balances</b>		
Gross Trade receivables ( refer note 6)	76,374,179	60,579,818
	<b>76,374,179</b>	<b>60,579,818</b>


**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
<b>NOTE '22'</b>		
<b>Other Income</b>		
Interest on Inter Corporate Deposits	7,467,744	7,053,653
Unwinding of discounting of deposits	45,342	47,305
Miscellaneous income	3,232,418	6,885,995
<b>Total</b>	<b>10,745,505</b>	<b>13,986,953</b>
<b>NOTE '23'</b>		
<b>Finance Cost</b>		
<b>On financial liabilities measured at Amortised cost</b>		
Interest on borrowings	10,505,351	7,221,369
Interest expense on lease liability	350,769	482,337
<b>Total</b>	<b>10,856,121</b>	<b>7,703,706</b>
<b>NOTE '24'</b>		
<b>Employee Benefits Expenses</b>		
Salaries and wages	24,953,467	21,370,787
Contribution to provident fund and other funds	1,466,905	1,111,038
Staff welfare expense	211,543	206,360
<b>Total</b>	<b>26,631,915</b>	<b>22,688,185</b>
<b>NOTE '25'</b>		
<b>Depreciation and amortisation</b>		
Depreciation on tangible assets	2,004,239	2,066,873
Amortisation on Intangible assets	134,785	135,224
Depreciation on Right of Use assets	1,228,914	1,187,106
<b>Total</b>	<b>3,367,938</b>	<b>3,389,203</b>
<b>NOTE '26'</b>		
<b>Other Expense</b>		
AMC Charges	654,231	588,538
Connectivity Charges	1,099,131	1,608,206
Software connectivity license/maintenance expenses	4,612,466	4,403,444
Marketing fee/Commission paid	6,523,988	6,381,185
Sub Brokerage	24,842,040	24,261,436
Demat & other charges	1,104,334	1,013,463
Advertisement & Publicity Expenses	128,956	225,586
Auditors fees and expense	180,000	205,000
Communication Expenses	647,340	634,027
Office Maintenance	522,096	367,294
Bank Charges	357,968	259,639

Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

Particulars	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2021
Fees to Exchanges	562,536	450,950
Insurance	8,628	17,437
Rent	1,092,081	566,627
Rates, taxes and energy cost	870,648	881,472
Printing & Stationery	182,712	185,790
Legal and professional charges	1,271,394	525,000
Repairs and maintainance	70,174	108,565
Directors fees	300,000	80,000
Travelling and Conveyance Expenses	289,114	133,009
Impairment Allowance	35,138	32,066
Bad Debts written off	18,330	199,161
Other miscellaneous expense	1,468,547	2,251,888
	<b>46,841,853</b>	<b>45,379,784</b>

**Note '27'****Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 <sup>st</sup> March	
	2022	2021
(A) Net profit attributable to equity shareholders	2,048,013	3,824,802
(B) Weighted average number of equity shares for basic and diluted earnings per share	74,012,189	74,012,189
Basic earning price per share (₹) (A/B)	0.03	0.05
Diluted earning price per share (₹) (A/C)	0.03	0.05

**Note '28'****Segment Information**

Disclosure under Indian Accounting Standard 108 – 'Operating Segments' is not given as, in the opinion of the management, the entire business activity falls under one segment, viz., primarily engaged as stock and securities broker and providing the financial services. The Company conducts its business only in one Geographical Segment, viz., India. Also there are no revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in the year ended 31 March 2022 or 31 March 2021.




**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**
**Note '29'**
**Employee benefits plan**
**Defined benefit plans**
**(A) Gratuity**

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age. The disclosures of employee benefits as defined in the Ind AS 19 "Employee Benefits" are given below:

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Defined benefit obligation as at the opening of the year	2,509,235	2,395,420
Current service cost	306,297	282,781
Interest on defined benefit obligation	167,531	158,799
Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(121,790)	(11,607)
Actuarial loss/(gain) arising from change in demographic assumptions	-	-
Actuarial loss/(gain) arising on account of experience changes	295,493	20,851
Benefits paid	(508,832)	(337,009)
<b>Defined benefit obligation as at the end of the year</b>	<b>2,647,934</b>	<b>2,509,235</b>

**Movement in Plan Assets**

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Fair value of plan asset as at the beginning of the year	2,836,608	3,166,473
Adjustment to opening Fair Value of Plan Asset	190,778	-
Employer contributions	41,915	501
Interest on plan assets	212,576	219,568
Remeasurements due to:	-	
Actual return on plan assets less interest on plan assets	(19,938)	(212,925)
Benefits paid	(508,832)	(337,009)
<b>Fair value of plan asset as at the end of the year</b>	<b>2,753,108</b>	<b>2,836,608</b>

**Reconciliation of net liability/asset**

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Net defined benefit liability/(asset) as at the beginning of the year	(327,373)	(771,053)
Adjustment to opening balance	(190,778)	-
Expense charged to Statement of Profit and Loss	261,252	222,012
Amount recognised in other comprehensive income	193,641	222,169
Contributions Paid	(41,915)	(501)
<b>Net defined benefit liability/(asset) as at the end of the year</b>	<b>(105,174)</b>	<b>(327,373)</b>

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### Expenses charged to the Statement of Profit and Loss

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Current service Cost	306,297	282,781
Net Interest Cost	(45,045)	(60,769)
<b>Total</b>	<b>261,252</b>	<b>222,012</b>

### Remeasurement (gains)/losses in other comprehensive income

Particulars	For the year ended	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Opening amount recognised in other comprehensive income	-	-
Changes in financial assumptions	(121,790)	(11,607)
Changes in demographic assumptions	-	-
Experience adjustments	295,493	20,851
Actual return on plan assets less interest on plan assets	19,938	212,925
Adjustment to recognise the effect of asset ceiling	-	-
Closing amount recognised outside profit or loss in other comprehensive income	193,641	222,169

### Amount recognised in Balance Sheet

Particulars	As At		
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021	01 <sup>st</sup> April 2020
Present value of funded defined benefit obligation	2,647,934	2,509,235	2,395,420
Fair value of plan assets	2,753,108	2,836,608	3,166,473
Net funded obligation	(105,174)	(327,373)	(771,053)
Amount not recognised due to asset limit	-	-	-
Net defined benefit liability/(assets) recognised in Balance Sheet	(105,174)	(327,373)	(771,053)

### Key actuarial assumptions

Particulars	As At		
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021	01 <sup>st</sup> April 2020
Discount rate (p.a.)	7.28%	6.71%	6.66%
Salary escalation rate (p.a.)	3%	3%	3%
<b>Category of plan assets</b>			
Insurer managed funds	100%	100%	100%


**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**
**Expected Payout:**

Year	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
	PVO Payout	PVO Payout
Expected Outgo First	30,497	24,986
Expected Outgo Second	209,199	40,395
Expected Outgo Third	373,983	187,361
Expected Outgo Fourth	430,646	350,383
Expected Outgo Fifth	244,400	399,110
Expected Outgo Sixth to Tenth Years	1,096,199	791,946

**Sensitivity analysis for significant assumptions is as shown below**

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Impact of increase in 100 bps on discount rate	2,454,933	2,293,660
Impact of decrease in 100 bps on discount rate	2,867,950	2,758,420
Impact of increase in 100 bps on salary escalation rate	2,874,414	2,764,404
Impact of decrease in 100 bps on salary escalation rate	2,446,481	2,285,331

**(B) Compensated Absence**
**Movement in defined benefit obligations**

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Defined benefit obligations as the beginning of the year	832,119	724,568
Current service cost	116,638	189,304
Interest on defined benefit obligation	48,736	43,819
Remeasurement due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(31,752)	(3,329)
Actuarial loss/(gain) arising on account of experience changes	(60,613)	294,642
Actuarial loss/(gain) arising on due to Demographic Assumption	-	
Employees contribution	-	
Benefits paid	(227,434)	(416,885)
<b>Defined benefit obligation as at the end of the year</b>	<b>677,694</b>	<b>832,119</b>

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### Movement in Plan Assets

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Fair value of plan asset as at the beginning of the year		-
Interest on plan assets		-
Remeasurements due to:		
Actual return on plan assets less interest on plan assets		-
Employer contribution	227,434	416,885
Employees contribution		-
Benefits paid	(227,434)	(416,885)
<b>Fair value of plan asset as at the end of the year</b>	<b>-</b>	<b>-</b>

### Reconciliation of net liability/asset

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Net defined benefit liability/(asset) as at the beginning of the year	832,119	724,568
Expense charged to Statement of Profit and Loss	73,009	524,436
Employer contributions	(227,434)	(416,885)
Net defined benefit liability/(asset) as at the end of the year	<b>677,694</b>	<b>832,119</b>

### Expenses charged to the Statement of Profit and Loss

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Current service Cost	116,638	189,304
Interest Cost	48,736	43,819
Actuarial (Gain)/ Loss recognized for the period	(92,365)	291,313
<b>Total</b>	<b>73,009</b>	<b>524,436</b>

### Remeasurement (gains)/losses in other comprehensive income

Particulars	For the year ended	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Opening amount recognised in other comprehensive income	-	-
Experience adjustments	-	-
Actual return on plan assets less interest on plan assets	-	-
Closing amount recognised outside profit or loss in other comprehensive income	-	-


**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**
**Amount recognised in Balance Sheet**

Particulars	As At		
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Present value of funded defined benefit obligation	677,694	832,119	724,568
Fair value of plan assets	-	-	
Net funded obligation	677,694	832,119	724,568
Amount not recognised due to asset limit		-	
Net defined benefit liability recognised in Balance Sheet	677,694	832,119	724,568

**Key actuarial assumptions**

Particulars	As At		
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021	31 <sup>st</sup> March, 2020
Discount rate (p.a.)	7.26%	6.71%	6.66%
Rate of increase in compensation	3.00%	3.00%	3.00%

**Expected Payout:**

Year	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
	PVO Payout	PVO Payout
Expected Outgo First	136,512	211,610
Expected Outgo Second	48,137	45,941
Expected Outgo Third	78,042	49,563
Expected Outgo Fourth	27,624	68,669
Expected Outgo Fifth	40,101	74,789
Expected Outgo Sixth to Tenth Years	198,401	142,115

**Sensitivity analysis for significant assumptions is as shown below**

Particulars	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Impact of increase in 100 bps on discount rate	626,674	771,113
Impact of decrease in 100 bps on discount rate	737,658	904,369
Impact of increase in 100 bps on salary escalation rate	739,117	905,769
Impact of decrease in 100 bps on salary escalation rate	624,815	769,142

Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

## Note '30'

## Contingent liabilities and commitments

## (a) Contingent liabilities not provided for in respect of

Particulars	As At	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Claims against the Company not acknowledged as debts		
a. Tax demand in respect of:-		
Income Tax demand order for FY 2013-14	127,290	127,290
Service Tax orders for FY 2006-07 to 2009-10	622,000	622,000
Service Tax orders for FY 2009-10 to 2013-14	-	-
Service Tax orders for FY 2011-12 to 2013-14	-	-
Service Tax orders for FY 2014-15	110,971	110,971
<b>Total</b>	<b>860,261</b>	<b>860,261</b>

## (b) Capital and other commitments

Particulars	As At	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>(i) Capital Commitments</b>		
Capital expenditure contracted at the end of reporting period but not recognised as liabilities is as follows:		
Gross Capital Commitment	-	
Less: Capital Advance	-	
<b>Net Capital Commitments</b>	-	-
Counter guarantee issued in favour of the banker for guarantee given by them to NSE for margin requirement for ₹ 52.80 Mn and to BSE ₹ 2.57 Mn for Margin requirement	-	5,53,75,000
Corporate Guarantee given to bank on behalf of subsidiary company Vertex Commodities & Finpro (P) Limited	-	2,00,00,000

## (c) Lease commitments

The Company has obtained office premises under operating lease. These leases are for a period ranging from 11 to 60 months and are renewable as may be mutually decided. These are generally cancellable lease. Lease payments recognised in the Statement of Profit and Loss as 'Rent' under Note No. 26 is ₹ 7,60,174/- (P.Y. 22,12,959/-). Future minimum lease rent payable are as follows:

Particulars	As at	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Minimum lease obligations:		
Not later than one year	649,450	432,290
Later than one year but not later than five years	1,505,250	-
Later than five years	-	-


**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**
**Note '31'**
**Related Parties Disclosure**

**31.1 Names of Related Parties & Nature of Relationship with whom the company have transaction during the year, as required by the Ind AS 24 "Related Party Disclosures" and Companies Act, 2013.**

Sr.No.	Name of Related Party	Relationship
1	Transwarranty Finance Limited	Holding
2	Vertex Commodities and Finpro (P) Ltd. (VCFPL)	Subsidiary
3	Mr. Kumar Nair (Managing Director)	Key Management Personnel's
4	Mr. U. Ramachandran (Director & Chief Executive officer)	Key Management Personnel's
5	Mr. Goerge Mampilly ( Executive Director & Chief Financial Officer)	Key Management Personnel's

**31.2 Transactions with Related Parties**

Name of Related Party and Nature of relationship		Nature of Transaction	2022 Transactional Value (₹)	2021 Transactional Value (₹)
<b>A) Holding Company</b>				
1	Transwarranty Finance Limited	Inter corporate deposit received	73,144,085	73,605,476
		Inter corporate deposit repaid	73,144,085	73,605,476
		Current account debit	5,398,512	1,926,844
		Current account Credit	5,398,512	1,926,844
		Interest received on ICD	2,133,238	849,569
		Brokerage incentive received on share trading	17,274	26,369
		Incentive received	142	22,024
<b>B) Subsidiary Company</b>				
1	Vertex Commodities and Finpro (P) Ltd. (VCFPL)	Inter corporate deposit given	5,797,108	55,241,805
		Inter corporate deposit received back	5,797,108	55,241,805
		Expense incurred on behalf of Company	568,412	2,050,225
<b>C) Key Management Personnel's</b>				
1	Mr. U. Ramachandran ( Director & Chief Executive officer )	Remuneration paid	1,112,061	1,401,250
2	Mr. Goerge Mampilly ( Executive Director & Chief Financial Officer)	Remuneration paid	779,650	936,741



## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### 31.3 Balances as at the end of the year:

Name of Related Party and Nature of relationship	Nature of Transaction	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021	01 <sup>st</sup> April, 2020
<b>Receivable</b>				
<b>A) Holding Company</b>				
Transwarranty Finance Limited	Trading account	144,176	173,195	

### Note 32

#### Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, loans, trade payables, borrowings other than debt securities and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

#### Fair value hierarchy

The Company determines fair values of its financial instruments according to the following hierarchy:

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

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

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

#### Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2022

Particulars	FVTPL	FVOCI	Amortised Cost	Fair value measurement using			
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial Asset</b>							
Cash and cash equivalents			89,384,204	-	-	-	-
Bank balances other than cash and cash equivalents			158,375,000	-	-	-	-
Trade receivables			56,823,555	-	-	-	-
Loans			48,088,357	-	-	-	-
Investments		236,752	38,615,330	-	-	236,752	236,752
Other financial assets			54,761,147	-	-	-	-
<b>Total</b>	-	<b>236,752</b>	<b>446,047,592</b>	-	-	<b>236,752</b>	<b>236,752</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	308,074,453	-	-	-	-
Other payables	-	-	-	-	-	-	-
Borrowings (other than debt securities)	-	-	38,569,990	-	-	-	-
Subordinated Liabilities	-	-	2,775,800	-	-	-	-
Other financial liabilities	-	-	5,748,144	-	-	-	-
<b>Total</b>	-	-	<b>355,168,386</b>	-	-	-	-


**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**
**Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2021**

Particulars	FVTPL	FVOCI	Amortised Cost	Fair value measurement using			
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial Asset</b>							
Cash and cash equivalents			56,453,774	-	-	-	-
Bank balances other than cash and cash equivalents			82,375,000	-	-	-	-
Trade receivables			41,064,332	-	-	-	-
Loans			48,042,659	-	-	-	-
Investments		213,581	38,615,330	-	-	213,581	213,581
Other financial assets			82,528,009	-	-	-	-
<b>Total</b>	<b>-</b>	<b>213,581</b>	<b>349,079,104</b>	<b>-</b>	<b>-</b>	<b>213,581</b>	<b>213,581</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	217,237,624	-	-	-	-
Other payables	-	-	33,166	-	-	-	-
Borrowings (other than debt securities)	-	-	35,265,424	-	-	-	-
Subordinated Liabilities			2,775,800				
Other financial liabilities	-	-	6,777,491	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>262,089,505</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note '33'**
**Risk management**
**Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also has Inter corporate deposits line available from holding company & fellow subsidiary companies within its group to meet any short term fund requirements.

## Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled.

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
<b>Assets</b>						
<b>Financial assets</b>						
Cash and cash equivalents	89,384,204		89,384,204	56,453,774		56,453,774
Bank balances other than cash and cash equivalents	-	158,375,000	158,375,000	-	82,375,000	82,375,000
Trade receivables	56,823,555	-	56,823,555	41,064,332	-	41,064,332
Loans	48,088,357		48,088,357	48,042,659	-	48,042,659
Other financial assets	6,542,445	28,218,702	34,761,147	5,117,536	57,410,473	62,528,009
Other Receivables	20,000,000	-	20,000,000	20,000,000	-	20,000,000
<b>Non-financial assets</b>						
Current tax assets (net)	4,976,589	-	4,976,589	4,390,882		4,390,882
Deferred tax assets (net)	-	599,717	599,717	-	599,716	599,716
Property, plant and equipment	-	5,687,059	5,687,059	-	6,778,226	6,778,226
Other intangible assets	-	2,109,706	2,109,706	-	3,833,901	3,833,901
Other non-financial assets	7,249,625	209,468	7,459,093	6,334,736	397,271	6,732,007
<b>Total</b>	<b>233,064,775</b>	<b>195,199,650</b>	<b>428,264,426</b>	<b>181,403,920</b>	<b>151,394,587</b>	<b>332,798,507</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Trade payables	308,074,453	-	308,074,453	217,237,624	-	217,237,624
Other payables	-		-	33,166	-	33,166
Borrowings (other than debt securities)	33,694,989	4,875,000	38,569,990	35,265,424	-	35,265,424
Other financial liabilities	2,775,800	-	2,775,800	-	2,775,800	2,775,800
<b>Non-financial liabilities</b>	294,905	5,453,239	5,748,144	1,493,402	5,284,089	6,777,491
Provisions						
Other non-financial liabilities	208,648	541,182	749,830	211,610	620,509	832,119
<b>Total</b>	<b>4,506,973</b>	<b>880,000</b>	<b>5,386,973</b>	<b>3,127,903</b>	<b>1,814,584</b>	<b>4,942,487</b>
	<b>349,555,768</b>	<b>11,749,421</b>	<b>361,305,189</b>	<b>257,369,129</b>	<b>10,494,982</b>	<b>267,864,111</b>

### Market risk

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

### Interest rate risk

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day to- day operations. Further, certain interest bearing liabilities carry variable interest rates

The sensitivity analyses below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows


**Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**
**Average Exposure to interest rate risk**

Particulars	As at 31 March 2020	As at 31 March 2019
Floating rate borrowings	33,694,989	30,048,843
Total Borrowings	33,694,989	30,048,843

**A change of 50bps in interest rates would have following impact on profit before tax**

Particulars	As at 31 March 2020	As at 31 March 2019
Interest rates - increase by 50 basis point (50 bps)	(168,475)	(150,244)
Interest rates - decrease by 50 basis point (50 bps)	168,475	150,244

**Credit risk**

Credit risk is the risk of financial loss the Company may face due to current/potential inability or unwillingness of a customer or counterparty to meet financial/ contractual obligations. Credit risk also covers the possibility of losses associated with diminution in the credit quality of counterparties. Inadequate collateral may also lead to financial losses in the event of default. The company has adopted a policy of dealing with creditworthy counterparties and obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented in the financial statements.

The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:

**As at 31 March 2022**

Particulars	Stage 1	Stage 2		Stage 3
Days past due (DPD)	0 -90 DPD	90-180 DPD	180 -365 DPD	365 DPD or more
Gross Carrying Value	56,177,559	715,481	1,153,023	18,328,116
Allowance for ECL	-	357,740	864,767	18,328,116
ECL Coverage ratio	-	50	75	100

**Note 34: Change in liabilities arising from financing activities disclosed as per Ind AS 7, Cash flow statement**

Particulars	01 <sup>st</sup> April 2021	Cash Flows	Changes in fair value	Others	31 <sup>st</sup> March 2022
Borrowings other than debt securities	35,265,424	3,304,565	-	-	38,569,989
<b>Total liabilities from financing activities</b>	<b>35,265,424</b>	<b>3,304,565</b>	<b>-</b>	<b>-</b>	<b>38,569,989</b>

Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

Particulars	01 <sup>st</sup> April 2021	Cash Flows	Changes in fair value	Others	31 <sup>st</sup> March 2022
Borrowings other than debt securities	32,557,580	2,707,844	-	-	35,265,424
<b>Total liabilities from financing activities</b>	<b>32,557,580</b>	<b>2,707,844</b>	<b>-</b>	<b>-</b>	<b>35,265,424</b>

**Note '35'****Capital Management**

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or preference and/or combination of short term /long term debt as may be appropriate.

**Note '36'****Ratios**

Additional regulatory information required under (WB) (xiv) of Division III of Schedule III amendment, disclosure of ratios, is not applicable to the Company as it is in broking business and not an NBFC registered under Section 45-IA of Reserve Bank of India Act, 1934.

**Note '37'****Events after reporting date**

The Company has redeemed 27,758 Non-Cumulative Redeemable Preference Share Capital post year end, out of such profits for previous years and accordingly a sum equal to the nominal amount of the shares to be redeemed have been transferred to Capital Redemption Reserve.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September, 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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

**Sarfaraz khan**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: May 24, 2022

**For and on Behalf of Board of Directors**

**Kumar Nair**  
Chairmen  
DIN 00320541

**George Mampillil**  
Director & CFO  
DIN.01976386

Place: Kochi  
Date: May 24, 2022

**U. Ramachandran**  
Managing Director  
DIN 00493707

**Pranali Kadam**  
Company Secretary



## INDEPENDENT AUDITORS' REPORT

To the Members of  
**VERTEX SECURITIES LIMITED**

### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Opinion

We have audited the accompanying consolidated Ind AS financial statements of Vertex Securities Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated Ind AS financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, of the consolidated state of affairs of the Group, as at March 31, 2022, their consolidated profit (including other comprehensive income), their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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

Key audit matter(s)	How our audit addressed the key audit matter
<b>Impairment of financial assets as at balance sheet date (expected credit losses) (Refer Note No. 5 to the consolidated financial statements)</b>	
<p>Ind AS 109 requires the Company to provide for impairment of its financial assets using the expected credit loss (ECL) approach.</p> <p>The Company recognises lifetime ECL from initial recognition of trade receivables by using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.</p> <p>In the process, a significant degree of judgment has been applied by the Management for:</p>	<ul style="list-style-type: none"> <li>Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109.</li> <li>Evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.</li> <li>Assessed the criteria for staging of receivables based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) receivables to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3.</li> </ul>

Key audit matter(s)	How our audit addressed the key audit matter
<b>Impairment of financial assets as at balance sheet date (expected credit losses) (Refer Note No. 5 to the consolidated financial statements)</b>	
<ul style="list-style-type: none"> <li>Staging of Trade Receivables [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories];</li> <li>Grouping of receivables based on homogeneity by using appropriate statistical techniques;</li> <li>Determining macro-economic factors impacting credit quality of receivables;</li> </ul> <p>In view of the high degree of Management's judgment involved in estimation of ECL it is a key audit matter.</p>	<ul style="list-style-type: none"> <li>Evaluated the completeness, accuracy and relevance of data used in the expected credit loss model and checked the mathematical accuracy of the calculations.</li> <li>Obtained an ageing report of trade receivables and tested the accuracy by checking the ageing of select invoices on a sample basis</li> <li>Assessed the additional considerations applied by the Management for staging of receivables as SICR or default categories in view of Company's policy on receivables.</li> <li>Tested assumptions used by the Management in determining the overlay for macro-economic factors.</li> </ul>

### Emphasis of Matter

We draw attention to Note No. 5 to the consolidated financial statements wherein the Group has provided for impairment losses of ₹ 29,440,521/- on trade receivables as on 31<sup>st</sup> March 2022. Our opinion is not modified in respect of this matter.

### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Holding Company's Board's Report, but does not include the standalone Ind AS financial statements, consolidated Ind AS financial statements and our auditor's report thereon.

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

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

### Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the





Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

## Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company, its subsidiary companies, which are companies incorporated in India, have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind AS financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and its subsidiary company, incorporated in India, none of the directors of the Group companies, is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act;

- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A";
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us by the Holding Company and its subsidiary company, incorporated in India, the remuneration paid to their directors during the year by the Holding Company and its subsidiary company is in accordance with the provisions of section 197 of the Act;

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 29 to the consolidated Ind AS financial statements;
  - (ii) The Group did not have any material foreseeable losses on long term contracts including derivative contracts;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

**For S S KHAN & CO**  
Chartered Accountant  
ICAI Firm Registration No. 133324W

**SARFARAZ KHAN**  
Proprietor  
Membership No.: 144212  
UDIN: 22144212AJRDXX2604

Place: Mumbai  
Date: May 24, 2022



## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

[Referred to in paragraph 2(i) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Vertex Securities Limited on the consolidated Ind AS financial statements for the year ended March 31, 2022]

### **Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of Vertex Securities Limited ("Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the Holding Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of Holding Company and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to

financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of Holding Company and its subsidiary company.

### **Meaning of Internal Financial Controls with reference to Financial Statements**

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

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria

established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For S S KHAN & CO**

Chartered Accountant

ICAI Firm Registration No. 133324W

**SARFARAZ KHAN**

Proprietor

Membership No.: 144212

UDIN: 22144212AJRELX2447

Place: Mumbai

Date: May 24, 2022


**Consolidated Balance sheet as at 31<sup>st</sup> March, 2022**

Particulars	Note No.	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	3	90,220,153	59,923,044
Bank Balance other than (a) above	4	158,375,000	82,375,000
Receivables			
(I) Trade Receivables	5	62,591,373	47,367,493
Loans	6	82,238,357	82,192,659
Investments	7	236,752	213,580
Other Financial assets	8	66,258,164	97,181,442
		<b>459,919,799</b>	<b>369,253,218</b>
<b>Non-financial Assets</b>			
Current tax Asset (Net)	9	6,678,040	5,688,422
Deferred tax Assets	10	513,283	513,283
Property, Plant and Equipment	11	6,059,555	7,404,350
Goodwill On consolidation		8,154,986	8,154,986
Other Intangible assets	11	2,129,278	3,868,974
Other non-financial assets	12	8,732,361	7,901,200
		32,267,503	33,531,214
<b>Total Assets</b>		<b>492,187,302</b>	<b>402,784,431</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
Payables	13		
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		318,529,509	233,112,991
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		98,594	138,015
Borrowings (Other than Debt Securities)	14	38,569,989	35,265,424
Subordinated Liabilities	15	22,775,800	22,775,800
Other financial liabilities	16	9,523,595	11,772,058
		<b>389,497,487</b>	<b>303,064,288</b>
<b>Non-Financial Liabilities</b>			
Provisions	17	886,268	1,073,195
Other non-financial liabilities	18	5,420,274	4,979,120
		<b>6,306,542</b>	<b>6,052,315</b>
<b>EQUITY</b>			
Equity Share capital	19	148,024,378	148,024,378
Other Equity	20	(51,641,106)	(54,356,548)
<b>Total Equity attributable to owners of company</b>		<b>96,383,272</b>	<b>93,667,830</b>
Non Controlling interest		-	-
<b>Total Equity</b>		<b>96,383,272</b>	<b>93,667,830</b>
<b>Total Liabilities and Equity</b>		<b>492,187,302</b>	<b>402,784,432</b>

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

**Sarfaraz khan**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: May 24, 2022

**For and on Behalf of Board of Directors**

**Kumar Nair**  
Chairmen  
DIN 00320541

**George Mampillil**  
Director & CFO  
DIN.01976386

Place: Kochi  
Date: May 24, 2022

**U. Ramachandran**  
Managing Director  
DIN 00493707

**Pranali Kadam**  
Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2022

Particulars	Note no.	Year ended March 31, 2022	Year ended March 31, 2021
<b>Revenue from operations</b>			
Sale of services	21	80,692,841	74,833,788
<b>Total Revenue from operations</b>		<b>80,692,841</b>	<b>74,833,788</b>
Other Income	22	14,891,835	18,384,965
<b>Total Income</b>		<b>95,584,676</b>	<b>93,218,753</b>
<b>Expenses</b>			
Finance Costs	23	10,856,120	7,703,706
Employee Benefits Expenses	24	28,354,203	24,575,243
Depreciation and amortization	25	3,637,067	3,776,007
Others expenses	26	49,964,708	50,423,274
<b>Total Expenses</b>		<b>92,812,099</b>	<b>86,478,230</b>
Profit / (loss) before exceptional items and tax		2,772,577	6,740,523
Exceptional items		-	-
Profit/(loss) before tax		<b>2,772,577</b>	<b>6,740,523</b>
Tax Expense:			
(1) Current Tax		-	-
(2) Deferred Tax		-	-
Profit/(loss) for the period from continuing operations (VII-VIII)		<b>2,772,577</b>	<b>6,740,523</b>
Profit/(loss) from discontinued operations(After tax) (X-XI)		2,772,577	6,740,523
<b>Profit/(loss) for the period</b>		<b>2,772,577</b>	<b>6,740,523</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to profit or \loss			
Remeasurement of the net defined benefit obligation gain / (loss)		(80,306)	(222,169)
Fair valuation on Equity instrument		23,171	(9,470)
<b>Other Comprehensive Income</b>		<b>(57,135)</b>	<b>(231,639)</b>
<b>Total Comprehensive Income for the period</b>		<b>2,715,442</b>	<b>6,508,884</b>
<b>Net Profit attributable to :</b>			
Owners of equity		2,772,577	6,740,523
Non-controlling interest		-	-
<b>Other Comprehensive Income attributable to:</b>			
Owners of equity		(57,135)	(231,639)
Non-controlling interest		-	-
<b>Total Comprehensive Income attributable to:</b>			
Owners of equity		<b>2,715,442</b>	<b>6,508,884</b>
Non-controlling interest		-	-
<b>Earnings per equity share</b>	27		
Basic (₹)		0.04	0.09
Diluted (₹)		0.04	0.09

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

**Sarfaraz khan**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: May 24, 2022

## For and on Behalf of Board of Directors

**Kumar Nair**  
Chairmen  
DIN 00320541

**George Mampillil**  
Director & CFO  
DIN.01976386

Place: Kochi  
Date: May 24, 2022

**U. Ramachandran**  
Managing Director  
DIN 00493707

**Pranali Kadam**  
Company Secretary


**Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2022**

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>I. Cash Flows from Operating Activities:</b>		
Net Profit Before Tax and Extraordinary Items	2,772,577	6,740,522
<u>Adjustments for:</u>		
Reversal of Rent Expense on Lease Liability	(1,497,804)	(1,634,996)
Depreciation	3,637,067	3,776,007
Remeasurement of the net defined benefit obligation gain / (loss)	(80,306)	(231,639)
Interest Income	(19,119,806)	(13,385,172)
Bad Debts written off	20,730	207,201
Impairment Allowance	39,188	35,933
Interest Expense	10,856,120	7,703,706
<u>Adjustments for Changes in Working Capital:</u>		
(Increase) / Decrease in Trade Receivables	(15,283,799)	(38,290,902)
Increase / (Decrease) in Trade & Other Payables	85,377,098	120,461,294
(Increase)/decrease in other financial assets	32,100,796	(47,718,625)
(Increase)/decrease in other non-financial assets	(831,161)	(3,101,203)
Increase / (Decrease) in other financial Liabilities	(2,248,463)	2,774,564
Increase/(decrease) in provisions	(186,927)	135,998
Increase / (Decrease) in non- financial Liabilities	1,948,685	(1,100,961)
Income tax paid (net of refunds)	(989,618)	(1,139,169)
<b>Net Cash Flows from Operating Activities</b>	<b>96,514,378</b>	<b>35,232,561</b>
<b>II. Cash Flows from Investing Activities:</b>		
(Purchase)/ Sale of Fixed Deposits	(76,000,000)	(56,975,000)
Loans - (Given)/ Received back	(45,698)	4,986,500
Cash inflow from interest on loans	17,942,289	27,575,795
Purchase of Property Plant and Equipment	(913,072)	(967,124)
Purchase of Intangible Asset	-	-
Sale of investment	-	20,000,000
<b>Net Cash Flows from Investing Activities</b>	<b>(59,016,482)</b>	<b>(5,379,829)</b>



Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2022

Particulars	For the year ended 31 <sup>st</sup> March, 2022	For the year ended 31 <sup>st</sup> March, 2021
<b>III. Cash Flows from Financing Activities:</b>		
Borrowings other than debt securities issued/ (Redeemed) (net)	3,304,566	2,707,844
Finance cost paid	(10,505,350)	(7,221,369)
<b>Net Cash Flows from Financing Activities</b>	<b>(7,200,784)</b>	<b>(4,513,525)</b>
<b>Net Increase or (Decrease) in Cash and Cash Equivalents (I + II + III)</b>	<b>30,297,109</b>	<b>25,339,207</b>
- Add: Cash and Cash Equivalents at Beginning of the year (Refer Note)	59,923,044	34,583,817
<b>Cash and Cash Equivalents at End of the Year</b>	<b>90,220,153</b>	<b>59,923,044</b>
<i>Note:</i>		
<b>Cash and Cash Equivalents</b>		
- Cash in Hand	224,022	210,305
- Balances with Banks		
- In Current Accounts	89,996,131	59,712,739
<b>Total</b>	<b>90,220,153</b>	<b>59,923,044</b>

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

**Sarfaraz khan**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: May 24, 2022

**For and on Behalf of Board of Directors**

**Kumar Nair**  
Chairmen  
DIN 00320541

**George Mampillil**  
Director & CFO  
DIN.01976386

Place: Kochi  
Date: May 24, 2022

**U. Ramachandran**  
Managing Director  
DIN 00493707

**Pranali Kadam**  
Company Secretary



## Consolidated Statement of Changes in Equity

**EQUITY SHARE CAPITAL**

Particulars	Note No.	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
Balance at the beginning of the year	19	148,024,378	148,024,378
Changes in equity share capital during the year		-	-
<b>Balance at the end of the year</b>		<b>148,024,378</b>	<b>148,024,378</b>

**Other equity**
**For the year ended 31<sup>st</sup> March 2022**

Particulars	Note No.	Retained earnings	Securities premium	Other reserves	Other Comprehensive Income - Equity Instruments	Attributable to owner of equity	Non Controlling Interest	Total
<b>Balance as at 31 March 2021</b>	20	(74,575,353)	18,248,790	4,264,133	(2,294,120)	(54,356,549)	(205)	(54,356,549)
Profit / (Loss) after tax		2,772,577				2,772,577	-	2,772,577
<b>Less: Transfer for the year</b>		<b>(2,775,800)</b>		-		-		-
Other comprehensive income		(80,306)	-	-	23,171	(57,135)	-	(57,135)
		<b>(74,658,881)</b>	<b>18,248,790</b>	<b>4,264,133</b>	<b>(2,270,949)</b>	<b>(51,641,107)</b>	<b>(205)</b>	<b>(51,641,107)</b>
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	-	-		-		-
<b>Balance as at 31 March 2022</b>		<b>(74,658,881)</b>	<b>18,248,790</b>	<b>4,264,133</b>	<b>(2,270,949)</b>	<b>(51,641,107)</b>	<b>(205)</b>	<b>(5,16,41,107)</b>

**Other equity**
**For the year ended 31 March 2021**

Particulars	Note No.	Retained earnings	Securities premium	Other reserves	Other Comprehensive Income - Equity Instrument	Attributable to owner of equity	Non Controlling Interest	Total
<b>Balance as at 31 March 2020</b>	20	(81,093,706)	18,248,790	4,264,133	(2,284,650)	(60,865,432)	-	(60,865,432)
Profit / (Loss) after tax		6,740,522				6,740,522	-	6,740,522
Other comprehensive income		(222,169)	-	-	(9,470)	(231,639)	-	(231,639)
Change in Non Controlling interest		-	-	-	-	-	(205)	-
		(74,575,353)	18,248,790	4,264,133	(2,294,120)	(54,356,549)	(205)	(54,356,549)
<b>Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 March 2021</b>		<b>(74,575,353)</b>	<b>18,248,790</b>	<b>4,264,133</b>	<b>(2,294,120)</b>	<b>(54,356,549)</b>	<b>(205)</b>	<b>(54,356,549)</b>

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

**Sarfaraz khan**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
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Place: Kochi  
Date: May 24, 2022

**U. Ramachandran**  
Managing Director  
DIN 00493707

**Pranali Kadam**  
Company Secretary

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### NOTE 1 CORPORATE INFORMATION

Vertex Securities Limited ('the Parent Company') is a company limited by shares, incorporated on 25 March 1987 and domiciled in India. The Parent Company together with its subsidiary (hereinafter collectively referred to as the 'Group') is a premier brokerage house in India on the fast growth track. In the last one-decade, we have emerged as a powerhouse in the financial services industry. We started functioning in the stock market in 1993.

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

These Consolidated financial statements were approved by the Company's Board of Directors and authorised for issue on 24<sup>th</sup> May 2022.

#### 2.2 Functional and presentation currency

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

#### 2.3 Basis of measurement

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

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

#### 2.4 Measurement of fair values

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

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

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

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



## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

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

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

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

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

### 2.7 Principles of consolidation

#### (i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

The list of Subsidiaries considered for consolidation, and the Company's holdings therein are as under:

Name of the Entity	Country of Incorporation	Consolidated as	Percentage of Voting Power as at 31 <sup>st</sup> March, 2022	Percentage of Voting Power as at 31 <sup>st</sup> March, 2021
Vertex Commodities and Finpro (P) Limited	India	Subsidiary	100%	100%

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

- (ii) Additional information as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries.

Name of the Entities	31 <sup>st</sup> March, 2022							
	Net Assets (Total Assets - Total Liabilities)		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount
<b>Parent</b>								
Vertex Securities Limited	119.93	105,811,320	80.02	2,218,482	298.36	(170,470)	75.42	2,048,012
<b>Subsidiaries</b>								
Vertex Commodities and Finpro (P) Limited	(19.93)	(17,583,035)	19.98	554,094	(198.36)	113,335	24.58	667,429
Minority Interest	-	-	-	-	-	-		-
<b>Total</b>	<b>100.00</b>	<b>88,228,285</b>	<b>100.00</b>	<b>2,772,576</b>	<b>100.00</b>	<b>(57,135)</b>	<b>100.00</b>	<b>2,715,441</b>

Name of the Entities	31 <sup>st</sup> March, 2021							
	Net Assets (Total Assets - Total Liabilities)		Share in profit/(loss)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount
<b>Parent</b>								
Vertex Securities Limited	121.34	103,763,308	60.18	4,056,439	100.00	(231,639)	58.76	3,824,800
<b>Subsidiaries</b>								
Vertex Commodities and Finpro (P) Limited	(21.34)	(18,250,134)	39.82	2,684,083	-	-	41.24	2,684,083
Minority Interest	-	-	-	-	-	-		-
<b>Total</b>	<b>100.00</b>	<b>85,513,174</b>	<b>100.00</b>	<b>6,740,522</b>	<b>100.00</b>	<b>(231,639)</b>	<b>100.00</b>	<b>6,508,883</b>

**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022****2.8 Property, Plant and Equipments (PPE)**

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

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

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

Subsequent expenditure related to the asset are added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

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

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

Assets	Useful Life
Computers and Data processing units	3 to 6 years
Furniture and fixtures	10 years
Plant & Machinery	15 years
Office equipments	5 years
Vehicles	8 to 10 years

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

**2.9 Intangible assets**

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

Intangible assets comprises of Membership rights of Stock Exchanges, Computer software and Software licences which is amortized over the estimated useful life. The amortization period of Stock exchange license and membership right is 10 years and computer software is 3 years which is based on management's estimates of useful life. Amortisation is calculated using the straight line method to write down the cost of intangible assets over their estimated useful lives.

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

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit or Loss when the asset is derecognised.

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### 2.10 Investments in subsidiaries and associates

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

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

### 2.11 Foreign exchange transactions and translations

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

#### a) Initial recognition

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

#### b) Conversion

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

#### c) Exchange difference

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

### 2.12 Financial instruments

#### a) Recognition and initial measurement

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

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

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

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

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





## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### **Amortised cost -**

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

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

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

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

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

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

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

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

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

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

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

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### c) Financial liabilities and equity instruments:

#### Classification as debt or equity -

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

#### Equity instruments -

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

#### Financial liabilities -

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

### d) Derecognition

#### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### Financial liabilities

A financial liability is derecognised when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

### e) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### f) Impairment of financial instruments

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

**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

The Company recognises lifetime ECL for trade and other receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that may result from all possible default events over the expected life of a financial assets.( refer Note No 5 on "Receivables " )

For all other financial assets, the Company recognizes lifetime expected credit losses (ECL) based on the months past due when there has been a significant increase in credit risk since initial recognition and when the financial asset is credit impaired. Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which no ECL is recognized. Financial assets where there has been significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognized for stage 2 and stage 3 financial assets.

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

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

Financial assets (and the related impairment loss allowances) are written off either partially or in their entirety, when there is no realistic prospect of recovery and the company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss.

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

No ECL allowance is recognized for stage 1 financial asset as based on company's assessment there is no significant increase in credit risk. The Company has ascertained default possibilities on past behavioral trends and other performance indicators.

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

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage 90 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk.

**Credit impaired (stage 3)**

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

Contractual payments of either principal or interest are past due for more than 365 days;

The loan is otherwise considered to be in default.

**Measurement of ECL**

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

of future events and economic conditions at the reporting date. The Company has calculated ECL using three components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money as necessary.

\* Determination of PD is covered above for each stages of ECL.

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

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

### 2.13 Impairment of assets other than financial assets

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of profit and loss.

### 2.14 Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022****2.15 Leases**

With effect from 1 April 2019, the Company has applied Ind AS 116 'Leases' for all long term and material lease contracts covered by the Ind AS. The Company has adopted modified retrospective approach as stated in Ind AS 116 for all applicable leases on the date of adoption.

**Measurement of Lease Liability**

At the time of initial recognition, the Company measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is –

- 1) increased by interest on lease liability;
- 2) reduced by lease payments made; and
- 3) remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases,' or to reflect revised fixed lease payments.

**Measurement of Right-of-use assets**

At the time of initial recognition, the Company measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

The exception permitted in Ind AS 116 for low value assets and short term leases has been adopted by Company.

**2.16 Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

**2.17 Revenue recognition :****a) Fee and commission income**

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

**b) Recognition of interest income****Interest Income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### c) Dividend Income

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

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

### 2.18 Employee benefits

#### a) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### b) Contribution to provident fund and ESIC

Company's contribution paid/payable during the year to provident fund and ESIC is recognised in the Statement of profit and loss

#### c) Gratuity

The Company's liability towards gratuity scheme is determined by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/ termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of profit and loss.

#### Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains / losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to Statement of profit and loss in the subsequent period.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in Statement of profit and loss.

#### d) Leave encashment / compensated absences / sick leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided



## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

### e) Employee shared based payments

Equity-settled share-based payments to employees are recognised as an expense at the fair value of stock options at the grant date. The fair value determined at the grant date of the Equity-settled share-based payments is expensed on a straightline basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

## 2.19 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans and overdraft facility. Finance costs are charged to the Statement of profit and loss.

## 2.20 Taxation - Current and deferred tax

Income tax expense comprises of current tax and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

### a) Current tax

Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### b) Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are generally recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Deferred tax liabilities are generally recognised for all taxable temporary differences. However, deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## 2.21 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax



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**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**2.22 Contingent Liabilities and assets**

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

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

**2.23 Cash Flow statement**

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

**2.24 Borrowing Cost**

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised, if any. All other borrowing costs are expensed in the period in which they occur.


**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE 3</b>		
<b>Cash and Cash Equivalent</b>		
Cash on Hand	224,022	210,305
Balance with Banks		
In Current Account	89,996,131	59,712,739
<b>Total</b>	<b>90,220,153</b>	<b>59,923,044</b>
<b>NOTE '4'</b>		
<b>Bank balances other than cash and cash equivalents</b>		
Balance with Banks		
In Fixed Deposit	158,375,000	82,375,000
<b>Total</b>	<b>158,375,000</b>	<b>82,375,000</b>
<b>NOTE 5</b>		
<b>Receivables</b>		
<b>(i) Trade receivables</b>		
Trade Receivables	57,095,691	41,813,000
Trade Receivables from related parties	-	-
Trade receivable which have significant increase in credit risk	1,932,278	7,533,070
Trade receivables - credit impaired	33,003,925	27,422,756
	<b>92,031,894</b>	<b>76,768,826</b>
Less: Impairment Allowance	(29,440,521)	(29,401,333)
<b>Total (i)</b>	<b>62,591,373</b>	<b>47,367,493</b>

**Trade receivables ageing schedule as at 31 March, 2022**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 -2 years	2-3 years	More than 3 years	
<b>Considered good</b>						
(i) Undisputed Trade receivables	56,165,168	30,212	-	-	-	56,195,380
(ii) Disputed Trade receivables	1,668,726	10,840	292,280	4,535,779	-	6,507,625
<b>Considered doubtful</b>						
(iii) Undisputed Trade Receivables	-	1,153,023	2,235,762	2,698,249	10,437,577	16,524,611
(iv) Disputed Trade Receivables	-	-	508,754	1,138,391	11,157,133	12,804,278
<b>Total</b>	<b>57,833,894</b>	<b>1,194,075</b>	<b>3,036,796</b>	<b>8,372,419</b>	<b>21,594,710</b>	<b>92,031,894</b>

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### Trade receivables ageing schedule as at 31 March, 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1 -2 years	2-3 years	More than 3 years	
<b>Considered good</b>						
(i) Undisputed Trade receivables	41,522,900	229,700	-	-	-	41,752,600
(ii) Disputed Trade receivables	9,586	4,764,284	54,189	-	-	4,828,059
<b>Considered doubtful</b>	-	-	-	-	-	-
(iii) Undisputed Trade Receivables	-	1,457,795	3,108,244	907,766	10,253,356	15,727,161
(iv) Disputed Trade Receivables	711,212	650,593	1,214,804	537	11,883,860	14,461,006
<b>Total</b>	<b>42,243,699</b>	<b>7,102,371</b>	<b>4,377,237</b>	<b>908,303</b>	<b>22,137,216</b>	<b>76,768,826</b>

### NOTE '6'

#### Loans

Particulars	As at 31 <sup>st</sup> March 2022			As at 31 <sup>st</sup> March 2021		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
<b>(A) Loans</b>						
<b>Others</b>			-			-
Loan repayable on demand	82,150,000		82,150,000	82,150,000		82,150,000
Loans to Related Parties	-		-	-		-
Loans to Employee	88,357		88,357	42,659		42,659
<b>Total (A) - Gross</b>	<b>82,238,357</b>	<b>-</b>	<b>82,238,357</b>	<b>82,192,659</b>	<b>-</b>	<b>82,192,659</b>
Less: Impairment loss allowance	-	-	-	-	-	-
<b>Total (A) - Net</b>	<b>82,238,357</b>	<b>-</b>	<b>82,238,357</b>	<b>82,192,659</b>	<b>-</b>	<b>82,192,659</b>
<b>(B) Out of above</b>						
<b>(i) Secured</b>	-	-	-	-	-	-
Less: Impairment loss allowance			-			-
<b>Total (i)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(ii) Unsecured</b>	82,238,357	-	82,238,357	82,192,659	-	82,192,659
Less: Impairment loss allowance			-			-
<b>Total (ii)</b>	<b>82,238,357</b>	<b>-</b>	<b>82,238,357</b>	<b>82,192,659</b>	<b>-</b>	<b>82,192,659</b>
<b>Total (B) = (i) + (ii)</b>	<b>82,238,357</b>	<b>-</b>	<b>82,238,357</b>	<b>82,192,659</b>	<b>-</b>	<b>82,192,659</b>


**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

Particulars	As at 31 <sup>st</sup> March 2022			As at 31 <sup>st</sup> March 2021		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
<b>(C) Out of above</b>						
<b>(I) Loans in India</b>						
(i) Public Sector			-			-
Less: Impairment loss allowance			-			-
<b>Subtotal (i)</b>	-	-	-	-	-	-
(ii) Others	82,238,357	-	82,238,357	82,192,659	-	82,192,659
Less: Impairment loss allowance			-			-
<b>Subtotal (ii)</b>	<b>82,238,357</b>	<b>-</b>	<b>82,238,357</b>	<b>82,192,659</b>	<b>-</b>	<b>82,192,659</b>
<b>Total (I)</b>	<b>82,238,357</b>	<b>-</b>	<b>82,238,357</b>	<b>82,192,659</b>	<b>-</b>	<b>82,192,659</b>
<b>(II) Loans outside India</b>						
Less: Impairment loss allowance			-			-
<b>Total (II)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total C(I) and C(II)</b>	<b>82,238,357</b>	<b>-</b>	<b>82,238,357</b>	<b>82,192,659</b>	<b>-</b>	<b>82,192,659</b>

**NOTE '7'**
**Investments**

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>At fair value through other comprehensive income</b>		
(i) In equity instruments		
Investment in others	213,581	223,050
Add:- Fair Value Gain / (Loss)	23,171	(9,470)
<b>Sub-total (i)</b>	<b>236,752</b>	<b>213,580</b>
Total (B) = (i + ii + iii)	236,752	213,580
<b>Total</b>	<b>236,752</b>	<b>213,580</b>

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>Out of the above</b>		
In India	236,752	213,580
Outside India	-	-
<b>Total</b>	<b>236,752</b>	<b>213,580</b>

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

Detail of investments as follows:

Particulars	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021	
	Units	Amount	Units	Amount
<b>Other Financial assets</b>				
Security Deposit				
Accrued interest receivable	905	236,752	905	213,580
<b>Total</b>	<b>905</b>	<b>236,752</b>	<b>905</b>	<b>213,580</b>

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE 8</b>		
<b>Other Financial assets</b>		
Rent Deposit	2,102,190	2,001,848
Security Deposit	36,464,144	68,853,119
Advance Rental	50,102	93,451
Accrued interest receivable	6,237,634	5,060,117
Advance to creditors	477,094	622,907
Unbilled Revenue	927,000	550,000
Other Receivables	20,000,000	20,000,000
<b>Total</b>	<b>66,258,164</b>	<b>97,181,442</b>
<b>NOTE 9</b>		
<b>Current tax assets (NET)</b>		
Advance Payment of Income Tax (Including TDS)(Net of Provisions)	6,678,040	5,688,422
<b>Total</b>	<b>6,678,040</b>	<b>5,688,422</b>

### NOTE '10'

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
	Units	Units
<b>Deferred tax Asset/Deferred tax liabilities</b>		
Depreciation and Amortisation	513,284	513,283
<b>Total</b>	<b>513,284</b>	<b>513,283</b>


**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>Deferred tax assets recorded in Balance Sheet</b>		
Deferred tax relates to the following:		
Deferred tax assets		
Present Value of Security Deposit	646,821	646,820
Provision of Employee benefits	43,102	43,102
<b>Gross deferred tax assets</b>	<b>689,923</b>	<b>689,922</b>
<b>Deferred tax liabilities</b>	47,104	47,104
Other timing differences	129,535	129,535
Depreciation and amortisation on Property, Plant & Equipment	176,640	176,640
<b>Gross deferred tax liabilities</b>	<b>513,283</b>	<b>513,283</b>
<b>Deferred tax assets/(liabilities), net</b>	<b>6,678,040</b>	<b>5,688,422</b>

**NOTE '11'**
**Property, plant and equipment and intangible assets**
**For the financial year 2021-22**

Particulars	Gross Block			Depreciation and amortisation				Net Block	
	As at 1 <sup>st</sup> April, 2021	Additions	Deductions/ Adjustments	As at March 31, 2022	As at 1 <sup>st</sup> April, 2021	Deductions/ Adjustments	For the Year	As at March 31, 2022	As at 31 <sup>st</sup> March, 2022
<b>Property, plant and equipment</b>									
Plant & Equipments	14,715,069	321,653	-	14,939,077	12,143,621	-	1,250,530	13,394,151	1,544,926
Furniture & Fittings	14,650,825	477,925	-	15,128,750	10,757,230	-	525,647	11,282,877	3,845,873
Vehicles (refer note a)	2,788,707	-	-	2,788,707	2,549,237	-	111,683	2,660,920	127,787
Computer	21,961,110	113,494	-	22,172,249	21,261,273	-	370,007	21,631,280	540,969
<b>Sub-Total</b>	<b>54,115,711</b>	<b>913,072</b>	<b>-</b>	<b>55,028,783</b>	<b>46,711,361</b>	<b>-</b>	<b>2,257,867</b>	<b>48,969,228</b>	<b>6,059,555</b>
<b>Intangible Asset</b>									
Computer Software	6,324,833	-	-	6,324,833	6,247,688	-	77,143	6,324,831	2
Licence	12,326,335	-	-	12,326,335	11,819,237	-	73,143	11,892,380	433,955
Right of Use Asset (refer note b)	5,688,567	-	538,474	5,150,093	2,403,836	177,978	1,228,914	3,454,772	1,695,321
<b>Membership in NMCE</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>-</b>
<b>Membership in MCX</b>	<b>251,000</b>	<b>-</b>	<b>-</b>	<b>251,000</b>	<b>251,000</b>	<b>-</b>	<b>-</b>	<b>251,000</b>	<b>-</b>
<b>Membership in NCDEX</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>-</b>
<b>Membership in NSEL</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>250,000</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>250,000</b>	<b>-</b>
Mumbai Stock Exchange	1,000,000	-	-	1,000,000	1,000,000	-	-	1,000,000	-
<b>Sub-Total</b>	<b>26,440,735</b>	<b>-</b>	<b>538,474</b>	<b>25,902,261</b>	<b>22,571,761</b>	<b>177,978</b>	<b>1,379,200</b>	<b>23,772,983</b>	<b>2,129,278</b>
<b>Total</b>	<b>80,556,446</b>	<b>913,072</b>	<b>538,474</b>	<b>80,931,044</b>	<b>69,283,122</b>	<b>177,978</b>	<b>3,637,067</b>	<b>72,742,211</b>	<b>8,188,833</b>

Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

## For the financial year 2020-21

Particulars	Gross Block			Depreciation and amortisation				Net Block	
	As at 1 <sup>st</sup> April, 2020	Additions	Deductions/ Adjustments	As at March 31, 2021	As at 1 <sup>st</sup> April, 2020	Deductions/ Adjustments	For the Year	As at March 31, 2021	As at 31 <sup>st</sup> March, 2021
<b>Property, plant and equipment</b>									
Plant & Equipments	14,655,973	156,741		14,715,069	11,393,242	-	750,380	12,143,621	2,571,448
Furniture & Fittings	13,972,926	677,900		14,650,826	9,717,449	-	1,039,781	10,757,230	3,893,595
Vehicles (refer note a)	2,788,707	-		2,788,707	2,486,510	-	62,727	2,549,237	239,470
Computer	21,730,981	132,483		21,961,109	20,871,511	-	389,761	21,261,273	699,837
<b>Sub-Total</b>	<b>53,148,587</b>	<b>967,124</b>	<b>-</b>	<b>54,115,711</b>	<b>44,468,712</b>	<b>-</b>	<b>2,242,648</b>	<b>46,711,361</b>	<b>7,404,350</b>
<b>Intangible Asset</b>									
Computer Software	6,324,833			6,324,833	6,144,868		102,820	6,247,688	77,145
Licence	12,326,335			12,326,335	11,597,927		221,309	11,819,237	507,098
Right of Use Asset (refer note b)	6,281,168		592,601	5,688,567	1,472,425	255,696	1,187,106	2,403,836	3,284,731
<b>Membership in NMCE</b>	<b>100,000</b>			<b>100,000</b>	<b>100,000</b>		<b>-</b>	<b>100,000</b>	<b>-</b>
<b>Membership in MCX</b>	<b>251,000</b>			<b>251,000</b>	<b>251,000</b>		<b>-</b>	<b>251,000</b>	<b>-</b>
<b>Membership in NCDEX</b>	<b>500,000</b>			<b>500,000</b>	<b>500,000</b>		<b>-</b>	<b>500,000</b>	<b>-</b>
<b>Membership in NSEL</b>	<b>250,000</b>			<b>250,000</b>	<b>227,877</b>		<b>22,123</b>	<b>250,000</b>	<b>-</b>
Mumbai Stock Exchange	1,000,000			1,000,000	1,000,000		-	1,000,000	-
<b>Sub-Total</b>	<b>27,033,336</b>	<b>-</b>	<b>592,601</b>	<b>26,440,735</b>	<b>21,294,097</b>	<b>255,696</b>	<b>1,533,359</b>	<b>22,571,761</b>	<b>3,868,974</b>
<b>Total</b>	<b>80,181,923</b>	<b>967,124</b>	<b>592,601</b>	<b>80,556,446</b>	<b>65,762,809</b>	<b>255,696</b>	<b>3,776,007</b>	<b>69,283,122</b>	<b>11,273,323</b>

## Notes

a. Carrying amount of Vehicles amounting to ₹ 3,51,594 has been pledged as a security by the Company.

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE 12</b>		
<b>Other non-financial assets</b>		
<b>Capital Advances</b>	31,489	69,898
Balance with tax authorities	355,251	214,478
Prepaid expense	5,260,222	4,661,230
Plan asset - Gratuity	177,979	327,373
Other advances	2,907,420	2,628,221
<b>Total</b>	<b>8,732,361</b>	<b>7,901,200</b>




**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE 13</b>		
<b>Payables</b>		
(I) Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	318,529,509	233,112,991
<b>Total (I)</b>	<b>318,529,509</b>	<b>233,112,991</b>
(II) Other Payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	98,594	138,015
<b>Total (II)</b>	<b>98,594</b>	<b>138,015</b>
<b>Total (I)+(II)</b>	<b>318,628,103</b>	<b>233,251,006</b>

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE 14</b>		
<b>Borrowings (other than debt securities)</b>		
<b>At Amortised Cost:</b>		
<b>(I) In India</b>		
(A) Term loans		
(i) from banks	4,875,000	-
(B) Loans repayable on demand		
(a) Overdraft Facility		
(i) from banks	33,694,989	35,265,424
<b>Total</b>	<b>38,569,989</b>	<b>35,265,424</b>
<b>(II) Outside India</b>		
In India	38,569,989	35,265,424
Outside India		
<b>Total (I)</b>	<b>38,569,989</b>	<b>35,265,424</b>
(III) Out of above		
Secured		
Unsecured	38,569,989	35,265,424
<b>Total (II)</b>	<b>-</b>	<b>-</b>
<b>Total (I)+(II)</b>	<b>38,569,989</b>	<b>35,265,424</b>

**Note**

- a Term Loan taken from South Indian Bank is under the 'Emergency Credit Line Guarantee Scheme' (ECLGS) floated by GOI in the wake of COVID-19 pandemic, repayable in 36 months.

Hypothecated against the entire current assets of the Company as primary security and property owned by Transwarranty Finance Limited as a collateral security.

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

- b Overdraft from South Indian Bank is Working Capital Facility secured against mortgage of property owned by Transwarranty Finance Limited, Corporate Guarantee of Holding Company and Personal Guarantee of the Chairman. The total limit allowed is 3.5 crores and the interest rate on the overdraft facility is 10.75% pa.

### (IV) Terms of repayment of term loans and overdraft facility

Particulars	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021	
	Interest range	Amount (₹)	Interest range	Amount (₹)
<b>On maturity</b>				
Maturity between 3 to 5 years		-		-
<b>Maturity between 1 to 3 years</b>	<b>9.00%</b>	<b>2,708,334</b>		-
Maturity within 1 year		-	<b>10.75%</b>	-
Term Loan	<b>9.00%</b>	2,166,666		-
<b>Overdraft facility</b>	<b>10.75%</b>	<b>33,694,989</b>		<b>35,265,424</b>
<b>Total</b>		<b>38,569,990</b>		<b>35,265,424</b>

### NOTE '15': Subordinated Liabilities

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>At Amortised Cost:</b>		
<b>(I) In India</b>		
Preference Shares other than those that qualify as Equity (Refer note a)	22,775,800	22,775,800
<b>Total</b>	<b>22,775,800</b>	<b>22,775,800</b>
<b>Out of above</b>		
Secured	22,775,800	22,775,800
Unsecured		
<b>Total</b>	<b>22,775,800</b>	<b>22,775,800</b>

#### Note:

- a Each Non - Cumulative Redeemable Preference Share shall be redeemable with in a period of 1 to 8 years from the date of issue i.e. 05/05/2014 as may be determined by the Board of Directors of the company at their absolute discretion. Preference share holders are entitled to get dividend only when the company has distributable profits. In the event of winding up or repayment of capital, Preference share holders have the preferential right to be repaid the amount of capital paid up.

The Company is in the process of redeeming its Non-Cumulative Redeemable Preference Share Capital as at the year end, out of such profits for previous years and accordingly a sum equal to the nominal amount of the shares to be redeemed have been transferred to Capital Redemption Reserve.


**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE 16</b>		
<b>Other financial Liabilities</b>		
Employee benefits payable	294,905	1,493,401
Security Deposit from Franchises & Advances	6,827,914	6,728,764
Book Overdraft	2,383,811	3,422,691
Others	16,965	127,202
<b>Total</b>	<b>9,523,595</b>	<b>11,772,058</b>
<b>NOTE 17</b>		
<b>Provisions</b>		
Leave encasement	783,642	893,145
Gratuity	102,626	180,050
<b>Total</b>	<b>886,268</b>	<b>1,073,195</b>
<b>NOTE 18</b>		
<b>Other non financial Liabilities</b>		
Statutory dues	1,590,327	116,117
Lease liability	2,062,858	3,570,388
Others	1,767,089	1,292,615
<b>Total</b>	<b>5,420,274</b>	<b>4,979,120</b>
<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2022</b>	<b>As at 31<sup>st</sup> March 2021</b>
<b>NOTE 19</b>		
<b>Equity Share capital</b>		
<b>Authorised</b>		
1) 127,274,600 Equity Shares of ₹ 2/- each (P.Y. 127,274,600 Equity Shares of ₹ 2/- each )	254,549,200	254,549,200
2) 27,758 15% Non-Cumulative Redeemable Preference shares of ₹100/- each (P.Y. 27,758 15% Non-Cumulative Redeemable Preference shares of ₹ 100/- each)	2,775,800	2,775,800
	<b>257,325,000</b>	<b>257,325,000</b>
<b>Issued, Subscribed and Paid Up</b>		
7,40,12,189 (P.Y 7,40,12,189 ) Equity Shares of ₹ 2/- each fully paid up	148,024,378	148,024,378
<b>Total</b>	<b>148,024,378</b>	<b>148,024,378</b>

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

1) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

A) Equity shares

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>As at 1 April 2020</b>		
Equity share capital issued, subscribed and fully paid up	74,012,189	148,024,378
As at 31 <sup>st</sup> March 2021	74,012,189	148,024,378
<b>As at 1 April 2021</b>		
Equity share capital issued, subscribed and fully paid up	74,012,189	148,024,378
As at 31 <sup>st</sup> March 2022	<b>74,012,189</b>	<b>148,024,378</b>

2) **Terms and rights attached to Shares.**

- 1) The company has only one class of Equity share having a Par Value of ₹ 2/- each. Each holder of equity share is entitled for one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the share holders in the ensuing Annual General Meeting.
- 2) In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3) **Shares held by Holding Company- Transwarranty Finance Limited**

Particulars	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021	
	Nos.	% of Holding	Nos.	% of Holding
Transwarranty Finance Limited	39,253,950	53.04	39,253,950	53.04

4) **Details of shareholders holding equity shares more than 5% shares in the Company**

Particulars	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021	
	Nos.	% of Holding	Nos.	% of Holding
<b>Transwarranty Finance Limited</b>	<b>39,253,950</b>	<b>53.04</b>	<b>39,253,950</b>	<b>53.04</b>
Kumar Nair	14,177,543	19.16	14,177,543	19.16


**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE '20'</b>		
<b>Other equity</b>		
<b>Securities Premium</b>		
Balance at the beginning of the year	18,248,790	18,248,790
Add: Received during the year	-	-
Less: Share issue expense	-	-
<b>Balance at the end of the year</b>	<b>18,248,790</b>	<b>18,248,790</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year	(74,575,353)	(81,093,706)
Profit / (Loss) for the year	2,772,577	6,740,522
Other comprehensive income	(80,306)	(222,169)
Less:-Transfer to Capital Redemption Reserve	(2,775,800)	
Change in Non Controlling interest		
<b>Balance at the end of the year</b>	<b>(74,658,881)</b>	<b>(74,575,353)</b>
<b>Other Comprehensive Income - fair value on equity instruments</b>		
<b>Balance at the beginning of the year</b>	(2,294,120)	(2,284,650)
Gain / (Loss) on fair valuation on equity instruments	23,171	(9,470)
Effects of first time adoption of Ind AS	-	-
<b>Balance at the end of the year</b>	<b>(2,270,949)</b>	<b>(2,294,120)</b>
<b>Capital Redemption Reserve</b>		
Balance at the beginning of the year		
Add:- Transferred During the Year	2,775,800	
<b>Balance at the end of the year</b>	<b>2,775,800</b>	<b>-</b>
<b>Reserve under Amalgamation account</b>		
Balance as at the beginning of the year	4,264,133	4,264,133
Add: Transferred during the year	-	-
<b>Balance as at the end of the year</b>	<b>4,264,133</b>	<b>4,264,133</b>
<b>NOTE '21'</b>		
<b>REVENUE FROM OPERATIONS</b>		
Sale Of Services		
Fees and commission income		
- Brokerage & related income	66,027,582	65,713,345
- Other Fees	3,427,201	3,940,943
Interest on deposits with banks*	3,561,393	2,828,418
<b>On financial assets measured at Amortised cost</b>		
Interest on Fixed Deposits & Others*	7,676,665	2,351,082
<b>Total</b>	<b>80,692,841</b>	<b>74,833,788</b>

Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

Particulars	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>NOTE '21.1'</b>		
<b>Revenue from contract with customers</b>		
<b>Type of Service</b>		
Fees and commission income		
- Brokerage & related income	66,027,582	65,713,345
- <b>Other Fees</b>	3,427,201	3,940,943
Income from DP operation	3,561,393	2,828,418
	<b>73,016,176</b>	<b>49,615,218</b>
<b>Geographical market</b>		
India	73,016,176	72,482,706
Outside India	-	-
	<b>73,016,176</b>	<b>49,615,218</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	73,016,176	72,482,706
Services transferred over time	-	-
	<b>73,016,176</b>	<b>49,615,218</b>
<b>Contract Balances</b>		
Gross Trade receivables ( refer note 5)	76,374,179	76,768,827
	<b>76,374,179</b>	<b>38,677,084</b>
<b>NOTE '22'</b>		
<b>Other Income</b>		
Interest on Inter Corporate Deposits	7,467,744	7,053,653
Unwinding of discounting of deposits	45,342	47,305
Other interest income	3,975,397	3,980,437
Miscellaneous income	3,403,352	7,303,570
<b>Total</b>	<b>14,891,835</b>	<b>18,384,965</b>
<b>NOTE '23'</b>		
<b>Finance Cost</b>		
Interest expense on lease liability	350,769	482,337
Interest on borrowings	10,505,351	7,221,369
<b>Total</b>	<b>10,856,120</b>	<b>7,703,706</b>
<b>NOTE '24'</b>		
<b>Employee Benefits Expenses</b>		
Salaries and wages	26,613,581	23,081,071
Contribution to provident fund and other funds	1,529,079	1,287,812
Staff welfare expense	211,543	206,360
<b>Total</b>	<b>28,354,203</b>	<b>24,575,243</b>


**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2022</b>	<b>As at 31<sup>st</sup> March 2021</b>
<b>NOTE '25'</b>		
<b>Depreciation and amortisation</b>		
Depreciation on tangible assets	2,257,867	2,242,648
Amortisation on Intangible assets	150,286	346,252
Depreciation on Right of Use assets	1,228,914	1,187,106
	<b>3,637,067</b>	<b>3,776,007</b>
<b>NOTE '26'</b>		
<b>Other Expense</b>		
AMC Charges	654,231	588,538
Connectivity Charges	1,392,295	1,620,289
Software connectivity license/maintenance expenses	4,612,466	4,403,444
Marketing fee/Commission paid	7,116,724	9,102,920
Sub Brokerage	24,842,040	24,261,436
Demat & Other Charges	1,104,334	1,013,463
Advertisement & Publicity Expenses	128,956	225,586
Auditors fees and expense	205,000	205,000
Communication Expenses	647,340	634,027
Office Maintenance	522,096	367,294
Bank Charges	357,968	259,639
Fees to Exchanges	562,536	450,950
Insurance	8,628	17,437
Rent	1,092,081	566,627
Rates, taxes and energy cost	870,648	881,472
Annual Subscription	1,190,202	1,120,769
Client Meeting Expenses and Business Promotion	135,376	145,727
Stock Exchange Charges	340,683	192,046
Printing & Stationery	182,712	185,790
Legal and professional charges	1,625,717	943,111
Repairs and maintenance	70,174	108,565
Directors fees	300,000	80,000
Travelling and Conveyance Expenses	339,711	163,009
Impairment Allowance	39,188	35,933
Bad debts written off	20,730	207,201
Other miscellaneous expense	1,602,872	2,643,001
	<b>49,964,708</b>	<b>50,423,274</b>

<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2022</b>	<b>As at 31<sup>st</sup> March 2021</b>
(i) Payments to the auditors comprises of		
For Statutory audit	175,000	175,000
Other Services	30,000	30,000



## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### Note '27'

#### Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 <sup>st</sup> March	
	2022	2021
(A) Net profit attributable to equity shareholders	2,715,442	6,508,884
(B) Weighted average number of equity shares for basic and diluted earnings per share	74,012,189	74,012,189
Basic earning price per share (₹) (A/B)	0.04	0.09
Diluted earning price per share (₹) (A/B)	0.04	0.09

### Note '28'

#### Segment Information

Disclosure under Indian Accounting Standard 108 – 'Operating Segments' is not given as, in the opinion of the management, the entire business activity falls under one segment, viz., primarily engaged as stock and securities broker and providing the financial services. The Company conducts its business only in one Geographical Segment, viz., India. Also there are no revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in the year ended 31 March 2022 or 31 March 2021.

### Note '29'

#### Contingent liabilities and commitments

##### (a) Contingent liabilities not provided for in respect of

Particulars	As At	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Claims against the Company not acknowledged as debts		
a. Tax demand in respect of:-		
Income Tax demand order for FY 2013-14	127,290	127,290
Service Tax orders for FY 2006-07 to 2009-10	622,000	622,000
Service Tax orders for FY 2008-09 to 2012-13	882,042	882,042
Service Tax orders for FY 2009-10 to 2013-14	-	-
Service Tax orders for FY 2011-12 to 2013-14	-	-
Service Tax orders for FY 2013-14	54,560	54,560
Service Tax orders for FY 2014-15	110,971	110,971
<b>Total</b>	<b>1,796,863</b>	<b>1,796,863</b>


**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**
**(b) Capital and other commitments**

Particulars	As At	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
(i) Capital Commitments		
Counter guarantee issued in favour of the banker for guarantee given by them to NSE for margin requirement for ` 52.80 Mn and to BSE ` 2.57 Mn for Margin requirement	-	55,375,000
Corporate Guarantee given to bank on behalf of subsidiary company Vertex Commodities & Finpro (P) Limited	-	20,000,000
Counter guarantee issues in favour of the banker for guarantee given by them to MCX for margin requirement	-	-

**(C) Lease commitments**

The Company has obtained office premises under operating lease. These leases are for a period ranging from 11 to 36 months and are renewable as may be mutually decided. These are generally cancellable in nature. Lease payments recognised in the Statement of Profit and Loss as 'Rent' under Note No. 26 is ₹ 10,92,081 (P.Y.: ₹ 5,66,627).

Particulars	As At	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Minimum lease obligations:		
Not later than one year	649,450	432,290
Later than one year but not later than five years	1,505,250	-
Later than five years	-	-

**Note '30'**
**Related Parties Disclosure**

**29.1 Names of Related Parties & Nature of Relationship with whom the company have transaction during the year, as required by the Ind AS 24 "Related Party Disclosures" and Companies Act, 2013.**

Sr. No.	Name of Related Party	Relationship
1	Transwarranty Finance Limited	Holding
2	Vertex Commodities and Finpro (P) Ltd. (VCFPL)	Subsidiary
3	Mr. Kumar Nair (Managing Director)	Key Management Personnel's
4	Mr. U. Ramachandran ( Director & Chief Executive officer )	Key Management Personnel's
5	Mr. George Mampilly ( Executive Director & Chief Financial Officer)	Key Management Personnel's

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### 29.2 Transactions with Related Parties

Name of Related Party and Nature of relationship		Nature of Transaction	2022 Transactional Value (₹)	2021 Transactional Value (₹)
<b>A) Holding Company of Vertex Securities Limited</b>				
1	Transwarranty Finance Limited	Inter corporate deposit received	73,144,085	73,605,476
		Inter corporate deposit repaid	73,144,085	73,605,476
		Current account debit	5,398,512	1,926,844
		Current account Credit	5,398,512	1,926,844
		Interest received on ICD	2,133,238	849,569
		Brokerage incentive received on share trading	17,274	26,369
		Incentive received	142	22,024
<b>B) Subsidiary Company</b>				
1	Vertex Commodities and Finpro (P) Ltd. (VCFPL)	Inter corporate deposit given	5,797,108	55,241,805
		Inter corporate deposit received back	5,797,108	55,241,805
		Expense incurred on behalf of Company	568,412	2,050,225
<b>C) Key Management Personnel's</b>				
1	Mr. U. Ramachandran (Director & Chief Executive officer)	Remuneration paid	1,112,061	1,416,250
2	Mr. George Mampilly (Executive Director & Chief Financial Officer)	Remuneration paid	779,650	936,741

### 29.3 Balances as at the end of the year:

Name of Related Party and Nature of relationship		Nature of Transaction	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>Receivable</b>				
<b>A) Holding Company</b>				
	Transwarranty Finance Limited	Current account	-	-
		Trading account	144,176	173,195



## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### Note 31

#### Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, loans, trade payables, borrowings other than debt securities and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

#### Fair value hierarchy

The Company determines fair values of its financial instruments according to the following hierarchy:

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

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

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

#### Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2022

Particulars	FVTPL	FVOCI	Amortised Cost	Fair value measurement using			Total
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial Asset</b>							
Cash and cash equivalents			90,220,153	-	-	-	-
Bank balances other than cash and cash equivalents			158,375,000	-	-	-	-
Trade receivables			62,591,373	-	-	-	-
Loans			82,238,357	-	-	-	-
Investments		236,752	-	-	-	236,752	236,752
Other financial assets			66,258,164	-	-	-	-
<b>Total</b>	<b>-</b>	<b>236,752</b>	<b>459,683,047</b>	<b>-</b>	<b>-</b>	<b>236,752</b>	<b>236,752</b>
<b>Financial Liabilities</b>							
Trade payables	-	-	318,529,509	-	-	-	-
Other payables	-	-	98,594	-	-	-	-
Borrowings (other than debt securities)	-	-	38,569,989	-	-	-	-
Subordinated Liabilities	-	-	22,775,800	-	-	-	-
Other financial liabilities	-	-	9,523,595	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>389,497,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### Quantitative disclosures of fair value measurement hierarchy for assets as at 31 March 2021

Particulars	FVTPL	FVOCI	Amortised Cost	Fair value measurement using			
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial Asset</b>							
Cash and cash equivalents			59,923,044	-	-	-	-
Bank balances other than cash and cash equivalents			82,375,000	-	-	-	-
Trade receivables			47,367,493	-	-	-	-
Loans			82,192,659	-	-	-	-
Investments		213,580		-	-	213,580	213,580
Other financial assets			97,181,442	-	-	-	-
<b>Total</b>	-	213,580	369,039,638	-	-	213,580	213,580
<b>Financial Liabilities</b>							
Trade payables	-	-	233,112,991	-	-	-	-
Other payables	-	-	138,015	-	-	-	-
Borrowings (other than debt securities)	-	-	35,265,424	-	-	-	-
Subordinated Liabilities	-	-	22,775,800				
Other financial liabilities	-	-	11,772,058	-	-	-	-
<b>Total</b>	-	-	303,064,288	-	-	-	-

### Note 32: Change in liabilities arising from financing activities disclosed as per Ind AS 7, Cash flow statement

Particulars	01 <sup>st</sup> April 2021	Cash Flows	Changes in fair value	Others	31 <sup>st</sup> March 2022
Borrowings other than debt securities	35,265,425	3,304,566	-	-	38,569,991
<b>Total liabilities from financing activities</b>	35,265,425	3,304,566	-	-	38,569,991

Particulars	01 <sup>st</sup> April 2020	Cash Flows	Changes in fair value	Others	31 <sup>st</sup> March 2021
Borrowings other than debt securities	32,557,581	2,707,844	-	-	35,265,425
<b>Total liabilities from financing activities</b>	32,557,581	2,707,844	-	-	35,265,425


**Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022**
**Note '33'**
**Risk management**
**Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also has Inter corporate deposits line available from holding company & fellow subsidiary companies within its group to meet any short term fund requirements.

**The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled.**

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
<b>Assets</b>						
<b>Financial assets</b>						
Cash and cash equivalents	90,220,153	-	90,220,153	59,923,044		59,923,044
Bank balances other than cash and cash equivalents		158,375,000	158,375,000		82,375,000	82,375,000
Trade receivables	62,591,373		62,591,373	47,367,493		47,367,493
Loans	82,238,357		82,238,357	82,192,659		82,192,659
Other financial assets	7,641,728	38,616,436	46,258,164	6,233,024	70,948,418	77,181,442
<b>Other Receivables</b>	-	20,000,000	20,000,000	20,000,000	-	20,000,000
Non-financial assets						
Current tax assets (net)	6,678,040		6,678,040	5,688,422		5,688,422
Deferred tax assets		513,283	513,283		513,283	513,283
Property, plant and equipment		6,059,555	6,059,555		7,404,350	7,404,350
Other intangible assets		2,129,278	2,129,278		3,868,974	3,868,974
Other non-financial assets	8,522,893	209,468	8,732,361	7,503,929	397,271	7,901,200
<b>Total</b>	<b>257,892,544</b>	<b>225,903,021</b>	<b>483,795,564</b>	<b>228,908,570</b>	<b>165,507,295</b>	<b>394,415,868</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
Trade payables	318,529,509		318,529,509	233,112,991		233,112,991
Other payables	98,594		98,594	138,015		138,015
Borrowings (other than debt securities)	33,694,989	4,875,000	38,569,989	35,265,424	-	35,265,424
Subordinated Liabilities		22,775,800	22,775,800	-	22,775,800	22,775,800
<b>Other financial liabilities</b>	2,695,681	6,827,914	9,523,595	5,043,294	6,728,764	11,772,058
Non-financial liabilities						
Provisions	211,726	674,542	886,268	212,978	860,218	1,073,196
Other non-financial liabilities	4,540,274	880,000	5,420,274	3,164,536	1,814,584	4,979,120
<b>Total</b>	<b>359,770,774</b>	<b>36,033,256</b>	<b>395,804,030</b>	<b>276,937,237</b>	<b>32,179,366</b>	<b>309,116,603</b>

## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

### Market risk

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

### Interest rate risk

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day to- day operations. Further, certain interest bearing liabilities carry variable interest rates.

The sensitivity analyses below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows.

#### Average Exposure to interest rate risk

Particulars	As At	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Floating rate borrowings	33,694,989	35,265,424
<b>Total Borrowings</b>	<b>33,694,989</b>	<b>35,265,424</b>

#### A change of 50bps in interest rates would have following impact on profit before tax

Particulars	As At	
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Interest rates - increase by 50 basis point (50 bps)	(168,475)	(176,327)
<b>Interest rates - decrease by 50 basis point (50 bps)</b>	<b>168,475</b>	<b>176,327</b>

### Credit risk

Credit risk is the risk of financial loss the Company may face due to current/potential inability or unwillingness of a customer or counterparty to meet financial/ contractual obligations. Credit risk also covers the possibility of losses associated with diminution in the credit quality of counterparties. Inadequate collateral may also lead to financial losses in the event of default. The company has adopted a policy of dealing with creditworthy counterparties and obtain sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented in the financial statements.





## Consolidated Notes to Financial Statement for the year ended 31<sup>st</sup> March 2022

The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:

### As at 31 March 2022

Particulars	Stage 1	Stage 2		Stage 3
Days past due (DPD)	0 -90 DPD	90-180 DPD	180 -365 DPD	365 DPD or more
Gross Carrying Value	57,095,691	738,203	1,194,075	33,003,925
Allowance for ECL	-	369,101	895,556	28,175,865
ECL Coverage ratio	-	50%	75%	85%

### As at 31 March 2021

Particulars	Stage 1	Stage 2		Stage 3
Days past due (DPD)	0 -90 DPD	90-180 DPD	180 -365 DPD	365 DPD or more
Gross Carrying Value	41,812,999	430,699	7,102,371	27,422,756
Allowance for ECL	-	215,349	1,763,228	27,422,756
ECL Coverage ratio	-	50%	25%	100%

### Note '34'

#### Capital Management

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or preference and/or combination of short term /long term debt as may be appropriate.

### Note '35'

#### Events after reporting date

The Company has redeemed 27,758 Non-Cumulative Redeemable Preference Share Capital post year end, out of such profits for previous years and accordingly a sum equal to the nominal amount of the shares to be redeemed have been transferred to Capital Redemption Reserve.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September, 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

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

**Sarfaraz Khan**  
Proprietor  
Membership No.: 144212

Place: Mumbai  
Date: May 24, 2022

#### For and on Behalf of Board of Directors

**Kumar Nair**  
Chairmen  
DIN 00320541

**George Mampillil**  
Director & CFO  
DIN.01976386

Place: Kochi  
Date: May 24, 2022

**U. Ramachandran**  
Managing Director  
DIN 00493707

**Pranali Kadam**  
Company Secretary

**FORM NO. AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/ Associate companies/ Joint ventures.

**Part- A Subsidiaries**

		(Amount in ₹ )
<b>S. No.</b>	<b>Particulars</b>	
1	Serial Number	1
2	Name of the Subsidiary	Vertex Commodities And Finpro Private Limited
3	The date since when subsidiary was acquired	18.07.2008
4	Reporting Period for the subsidiary concerned, if different from the Holding Company's reporting period	01/04/2021 to 31/03/2022
5	Reporting Currency & Exchange Rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA
6	Share Capital	38,615,000
7	Reserves & Surplus	(17,582,705)
7	Total Assets	55,617,568
8	Total Liabilities	55,617,568
9	Investments	-
10	Turnover	5,668,367
11	Profit/(Loss) before Taxation	554,094
12	Provision For Taxation	-
13	Profit / (Loss) after Taxation	554,094
14	Proposed Dividend	Nil
15	% of Share Holding	100%

Notes:-

- 1) There are no subsidiaries which are yet to commence operations
- 2) There are no subsidiaries which have been liquidated or sold during the Year
- 3) The company has no Associates Companies and Joint Ventures.

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

For **S S KHAN & CO**  
Chartered Accountants

**Sarfaraz khan**  
Partner

Place: Mumbai  
Date: May 24, 2022

**For and on behalf of Board of Directors**

**Kumar Nair**  
Chairmen  
DIN 00320541

**George Mampillil**  
Director & CFO  
DIN.01976386

Place: Kochi  
Date: May 24, 2022

**U. Ramachandran**  
Managing Director  
DIN 00493707

**Pranali Kadam**  
Company Secretary



## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## **TRANSWARRANTY FINANCE LIMITED (Holding Company)**

Transwarranty Finance Limited (TFL) is a RBI registered full service Investment Bank providing a wide range of Financial Services to over 1000 large and mid cap companies and thousands of retail clients all over India since 1994.

### **Investment Banking**

- Mergers and Acquisitions
- Venture Capital
- Private Equity
- International Capital Markets through FCCB / ADR / GDR / AIM listing
- Joint Ventures (Indian / International)
- Corporate Advisory Services
- Business Re-Structuring

### **Corporate Finance**

- Structured Finance
- Rupee / Foreign Currency Loans
- External Commercial Borrowing (ECB)
- Working Capital Facilities from Banks
- Acquisition Finance both in India and abroad
- Stressed Assets Finance
- Debt Re-structuring

### **Trade Finance**

- LC Bills Discounting
- Clean Bills Discounting
- Inter Corporate Deposits
- Unsecured Working Capital Loan
- Import and Export Finance (Supplier's / Buyer's Credit)

### **Project Finance**

- Financial Structuring
- Project Report and Financial Feasibility Study
- Raising Project Equity
- Raising Project Loans both in Rupee and Foreign Currency

### **Gold Loan**

### **Online Personal Loans**

### **Online Consumer Loans**

## VERTEX SECURITIES LIMITED

Vertex Securities Limited is national level retail broking company with around 200 branch / franchise offices across India having membership in National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE), and depository services (NSDL).

The Company is also a SEBI registered full service Merchant Bank.

- Retail Stock Broking
- Mutual Funds, IPO and other retail investment advisory services
- Depository Participant
- Institutional Broking
- Arbitrage
- AMFI certified corporate Agent/distributor for various Mutual Funds

### Merchant Banking

- Management of Initial Public Offers/Follow on Offers/Rights Issue
- Management of debt (Bond) issues for Companies / Institutions / Corporations / Government Undertakings / Any other entity eligible to make a bond issue
- Placement of Equity Shares with QIP/Private Equity Funds
- Placement of Preference Shares
- Corporate Restructuring
- Valuations of Companies/Enterprises/Shares
- Listing services on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)
- Buy Back of Shares
- Take Over & Offer for Sale
- ESOPs
- Certifications

## VERTEX COMMODITIES AND FINPRO PRIVATE LIMITED

Vertex Commodities & Finpro Private Limited, a subsidiary of Vertex Securities Limited is also a national level retail broking company with around 200 branch/franchise offices across India having membership in the National Commodities & Derivatives Exchange (NCDEX) and Multi Commodity Exchange (MCX)

- Retail Commodities Broking
- Corporate Agency for comprehensive insurance products

### MEMBERSHIP AND LICENSES

- Reserve Bank of India (RBI) Registration for Financial Services
- Securities and Exchange Board of India (SEBI) Registration for Merchant Banking
- SEBI Registration for Securities Broking
- Association of Mutual Funds of India (AMFI) Registration for Mutual Funds Distribution
- Forward Market Commission (FMC) registration for Commodities Broking
- Member of the Association of Merchant Bankers of India (AMBI)
- Membership of the National Stock Exchange (NSE) for broking in Equities, Derivatives and Currency Segments
- Membership of the Bombay Stock Exchange (BSE) for Broking in Equities Segment

#### Regd. Office:

CIN: L67120KL1993PLC007349

Thottathil Towers, 2nd Floor, Market Road, Ernakulam, Kochi - 682 018.

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Website:www.vertexbroking.com•Email:secretarial@vertexbroking.com

#### Corporate Office:

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Website:www.vertexbroking.com•Email:vsl@vertexbroking.com