FINQUEST
YOUR FINANCIAL GOAL. OUR QUEST

FINQUEST FINANCIAL SOLUTIONS PRIVATE LIMITED

17TH ANNUAL REPORT 2020-21

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of **FINQUEST FINANCIAL SOLUTIONS PRIVATE LIMITED** will be held on Tuesday, 30th November, 2021 at 9.30. a.m. at the registered office of the Company situated at 602, Boston House, Suren Road, Next to Cinemax, Andheri (E), Mumbai 400093 to transact the following business:

ORDINARY BUSINESS:

1. TO CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENT OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021 INCLUDING CONSOLIDATED FINANCIAL STATEMENT TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON.

2. APPOINTMENT AS STATUTORY AUDITOR OF THE COMPANY:

By order of the Board of Directors
For FINQUEST FINANCIAL SOLUTIONS PRIVATE LIMITED

Place: Mumbai
Date: 18/11/2021

HARDIK BHARAT PATEL
DIRECTOR
DIN: 00590663

Registered office:
602, Boston House, Suren Road
Next to Cinemax, Andheri (E),
Mumbai 400093

Notes:

1. A Member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy(s) to attend and vote instead of himself/herself and the proxy need not be a member of the company. The proxy form in order to be effective and valid should be duly stamped and signed and must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.

2. Members/proxies should bring the duly filled Attendance Slip enclosed herewith, to attend the meeting.

3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. The Register of Directors and their shareholding, maintained u/s 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which Directors are interested maintained u/s 189 of the Companies Act, 2013 and all other documents referred to in the notice and explanatory statement, will be available for inspection by the members of the Company at Registered office of the Company during business hours 10:00 A.M. to 06:00 P.M. (except Saturday and Sunday) up to the date of Annual General Meeting and will also be available during the Annual General Meeting.

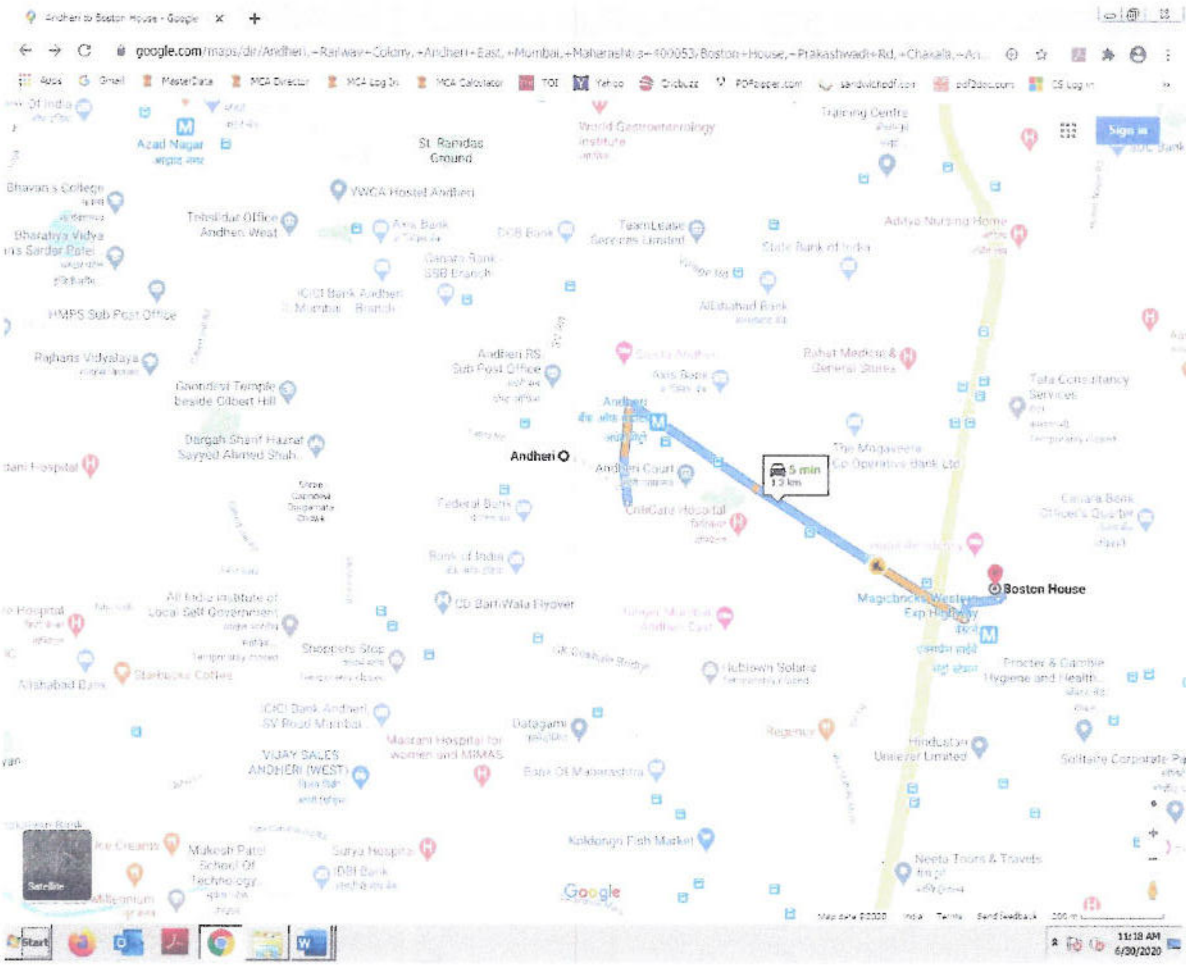
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

6. A Route Map along with Prominent Landmark for easy location to reach the venue of Annual General Meeting is annexed with the notice of Annual General Meeting.

7. Members/proxies attending the meeting are requested to bring their duly filled admission/ attendance slips sent along with the notice of annual general meeting at the meeting.

8. Corporate members intending to send their authorised representatives to attend the meeting are advised to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the meeting.

Route Map:



Andheri O
Boston House
5 min
1.2 km
St. Ramdas Ground
Azad Nagar
Google

DIRECTORS' REPORT

To

The Members,

FINQUEST FINANCIAL SOLUTIONS PRIVATE LIMITED

Your Directors have pleasure in presenting their Directors Report on the business and operations of your company together with Audited Accounts for the year ended 31st March 2021.

1. *FINANCIAL RESULTS:*

The Company's financial performance, for the year ended 31st March, 2021 is summarized below:

	(Amount in Rs.)	(Amount in Rs.)
Particulars	**For the year ended 31st March, 2021**	**For the year ended 31st March, 2020**
Total Revenue	1,46,77,59,987	35,47,53,564
Total Expenses	1,47,43,32,506	72,39,77,956
Profit/(Loss) Before Tax	(65,72,519)	(36,92,24,392)
Less: Tax Expenses	-	-
1. Current Tax	-	55,19,638
2. Earlier Year's Tax	-	-
3. Provision for Tax	-	-
4. Deferred Tax	(81,80,823)	17,57,748
Total Tax Expense	(81,80,823)	72,77,386
Net Profit/ (Loss) after Tax	**16,08,305**	**(37,65,01,778)**

2. *RESULTS OF OPERATIONS AND THE STATE OF THE COMPANY'S AFFAIRS:*

Your Company has reported total revenue of Rs. 1,46,77,59,987/- (Rupees One Hundred Forty Six Crore Seventy Seven Lakh Fifty Nine Thousand Nine Hundred and Eighty Seven Only) for the financial year 2020-21 as compared to the total revenue of Rs. 35,47,53,564/- (Rupees Thirty Five Crore Forty Seven Lakh Fifty Three Thousand Five Hundred and Sixty Four Only) for the financial year 2019-20.

Your Company has reported a Net Profit of Rs. 16,08,305/- (Rupees Sixteen Lakh Eight Thousand Three Hundred and Five Only) for the financial year 2020-21 as compared to net loss of Rs. 37,65,01,778/- (Thirty Seven Crore Sixty Five Lakh One Thousand Seven Hundred and Seventy Eight Only) for the financial year 2019-20.

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602, Boston House, Next to Cinemax, Suren Road, Andheri (East) Mumbai 400 093. Phone : 91 22 4000 2600 Fax : 91 22 4000 2605
Email : cs@finquestonline.com CIN NO. U74140MH2004PTC146715

3. ***RESERVE & SURPLUS:***

During the year under review, no amount was transferred to General Reserve.

4. ***DIVIDEND:***

The Directors do not recommend any dividend for the Financial Year 2020-21.

5. ***SHARE CAPITAL:***

The Authorized Share Capital of the Company is Rs. 42,00,00,000/- (Rupees Forty Two Crores Only) divided into 4,20,00,000 (Four Crore Twenty Lakhs) Equity Shares of Rs.10/- each.

The paid-up share capital of the Company is Rs. 31,90,00,000/- (Rupees Thirty One Crore and Ninety Lakhs Only) divided into 3,19,00,000 (Three Crore Nineteen Lakhs) Equity Shares of Rs.10/- each.

There was no change in share capital of the Company during the year under review.

6. ***INTERNAL FINANCIAL CONTROLS AND RISK MANAGEMENT:***

The Company has in place adequate internal financial controls with reference to financial statement. The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is also supported by an internal audit process.

Risk management is an integral part of the Company's business strategy that seeks to minimize adverse impact on business objectives and capitalise on opportunities. The Risk Committee oversees the risk management framework of the Company through regular and proactive intervention by identifying risks and formulating mitigation plans.

7. ***BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL:***

Sri Bharat J. Patel, Director of the Company from 20th December,2007 till he breathed his last on May 29, 2021.

Sri. Bharat Patel, during his term as a Director of the Company, performed his duties diligently and conscientiously, fulfilled his duties and obligations with lofty professionalism and made outstanding contributions in ensuring compliant decision-making of the board of directors of the Company, promoting standardized corporate governance and protecting the interest of the Company. The Board would like to express its sincere gratitude to Sri. Bharat Patel for his dedications and contributions to the Company during his tenure. We express our deepest sorrow regarding his departure and convey our condolences to his family. It has been an honor working with Sri. Bharat Patel and he will be sorely missed.

The Board will continue to take his legacy forward.

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The Board of Directors of the Company comprises of 6 Directors as on 31/03/2021

During the Year following 2 (Two) directors resigned from the post of directorship w.e.f. from 13/08/2021.

1. Bharat Jamnadas Dattani - Independent Director
2. Sudha Bhushan - Independent Director

It is further confirmed that none of the above directors are disqualified under section 164(2) of the Companies Act, 2013.

8. ***DECLARATION BY INDEPENDENT DIRECTORS:***

The Company have received declaration/confirmation from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and that there is no change in the circumstances which may affect their status as Independent Director during the year under review.

The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

9. ***NOMINATION & REMUNERATION POLICY***

The Nomination & Remuneration Committee in compliance with the provision of Section 178 of the Companies Act, 2013.

For the purpose of selection of any Director, the Nomination & Remuneration Committee identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position. The Committee also ensures that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Act.

The Company has laid down a policy for selection, appointment and remuneration of Directors & Senior Management. The details of the Policy are disclosed in the Corporate Governance Report.

10. ***AUDIT COMMITTEE***

The composition of the Audit Committee of the Company is in compliance with the provisions of Section 177(8) of the Act.

The functions performed by the Audit Committee, The Board have accepted all the recommendations made by the Audit Committee.

Composition of Audit Committee:

Sr. No	Name of the Member	Designation	Position
1	Mr. Bharat Jamnadas Dattani	Independent Director	Chairman
2	Ms. Sudha Bhushan	Independent Director	Member
3	Mr. Hardik Bharat Patel	Director	Member

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11. *BOARD MEETINGS AND ANNUAL GENERAL MEETING:*

During the year under review 10 (Ten) Board meetings were held:

The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

The Annual General Meeting (AGM) of the Company was held on 31st December 2020.

12. *MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:*

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate and the date of this report.

13. *CHANGE IN NATURE OF THE BUSINESS:*

During the year under review, there was no change in Nature of the Business of the Company.

14. *SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY:*

No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's Operations in future.

15. *EXTRACT OF ANNUAL RETURN:*

An extract of the Annual Return in Form MGT-9 pursuant to Section 92(3) of the Act and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed as Annexure-I to this Report.

16. *PUBLIC DEPOSITS:*

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

17. *PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS:*

The Company has not made any investment, given guarantee and securities under Section 186 of the Companies Act, 2013.

18. *PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:*

During the year under review, the Company did not enter into any agreements/contracts with related parties. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013, in Form AOC-2 is not applicable as all the transactions have been made on the arm's length basis in the ordinary course of the business of the company.

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19. *AUDITORS AND THEIR REPORT:*

a) Statutory Auditor

M/s. R. C. Jain & Associates LLP (FRN: 103952W/W100156), Chartered Accountants, were appointed as Statutory Auditors of the Company for a period of five years by the shareholders at the Annual General Meeting (AGM) held on September 30, 2016. The Statutory Auditors are eligible and not disqualified to continue as Statutory Auditors of the Company.

The Report given by the Auditors on the financial statement of the Company forms a part of this Report.

The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

b) Internal Auditor

The Board of Directors of the Company had appointed Ms. Vikas N Jain & Associates, Chartered Accountants as the Internal Auditor of the Company for the financial year 2020-21.

Significant audit observations and corrective actions by the Internal Auditor thereon are presented to the Audit Committee of the Board and reviewed on quarterly basis.

20. *CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (CSR):*

The Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee in accordance with the provisions of the Companies Act, 2013.

The Company is not obligated to spend and amount on the CSR Activities for the financial year 2020-21.

Composition of the CSR committee :

Sr. No	Name of the Director	Designation	Position
1	Mr. Hardik B. Patel	Director	Chairperson
2	Mr. Saurabh Ashwin Patel	Director	Member
3	Mrs. Sudha Bhushan	Independent Director	Member

21. *DIRECTORS RESPONSIBILITY STATEMENT:*

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had 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 the profit and loss of the company for the year under review;

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

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(d) the directors have prepared the annual accounts on a going concern basis; and

(e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

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

19. ***SUBSIDIARIES COMPANIES:***

M/s. Krihaan Texchem Private Limited & M/s. Digjam Limited is a Wholly Owned Subsidiary of the Company.

20. ***CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & RESEARCH & DEVELOPMENT:***

During the period under review, there was no activity, hence this clause is not applicable.

21. ***REPORTING OF FRAUD BY AUDITORS:***

There are no instances of fraud reported by the Auditors during the financial year 2020-21.

22. ***FOREIGN EXCHANGE EARNINGS AND OUTGO:***

During the year, the foreign exchange earned was Rs. Nil and the foreign exchange expenditure was Rs. NIL.

23. ***COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES:***

The provisions of Section 178(1) relating to constitution of Nomination & Remuneration Committee are not applicable to the Company.

24. ***DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:***

Your Company strive to keep the work environment free from any prejudice, bias, physical or mental harassment and the Company has a zero tolerance approach towards discrimination on any ground. Your Company has formulated policy on prevention, prohibition and redressal of sexual harassment of women at workplaces in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder. The policy has set guidelines on the redressal and enquiry process that is to be followed by complainants and the ICC, whilst dealing with issues related to sexual harassment at the work place. All women employees (permanent, temporary, contractual and trainees) are covered under this policy. An Internal Complaints Committee (ICC) has been duly constituted by the Company for the employees of the Company at its Corporate office situated at Mumbai, Maharashtra in compliance with the said Act to redress complaints regarding sexual harassment. During the year under review, no complaints pertaining to sexual harassment was received by the Company. The Company has submitted the Annual Returns to the local authorities, as required under the above mentioned Act.

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25. *SECRETARIAL STANDARDS:*

During the year under review, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

26. *ACKNOWLEDGEMENTS:*

Your Directors would like to express their appreciation to the Central, State & Local Government, Authorities, Regulatory bodies, Financial Institutions, Banks, Customers and the Shareholders of the Company for their continued support and co-operation.

FOR AND BEHALF OF THE BOARD OF DIRECTORS

HARDIK BHARAT PATEL	**SAURABH ASHWIN PATEL**
DIRECTOR	**DIRECTOR**
DIN: 00590663	**DIN: 02148559**

DATE: 17/11/2021
PLACE: MUMBAI

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Annexure-I

Form No. MGT-9
Extract of Annual Return as on the financial year ended on 31st March 2021
[Pursuant to section 92(3) and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

III. REGISTRATION AND OTHER DETAILS

i.	CIN	U74140MH2004PTC146715
ii.	Registration Date	03/06/2004
iii.	Name of the Company	FINQUEST FINANCIAL SOLUTIONS PRIVATE LIMITED
iv.	Category / Sub-Category of the Company	Private Limited Company, Limited by Shares, Indian Non-Government Company
v.	Address of the Registered office and contact details	602, Boston House, 6th Floor, Suren Road, Andheri €, Mumbai 400093
vi.	Whether listed company (Yes / No)	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company, on standalone basis, are as under:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Interest Income/other operating income	6492	79.17%
2	Other income	-	20.83%

iii. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	**KRIHAAN TEXCHEM PRIVATE LIMITED** Reg Address: 602, Boston House, Suren Road, Next to Cinemax, Andheri (East), Mumbai 400093	U74999MH2019PTC321644	Subsidiary	100%	Section 2(87)
2	**DIGJAM LIMITED Aerodrome Road, Jamnagar GJ 361006**	L17123GJ2015PLC083569	Subsidiary	90%	Section 2(87)

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

i) **Category-wise Share Holding**

Category of shareholders	No. of Shares held at the beginning of the year (As on 01.04.2020)				No. of Shares held at the end of the year (As on 31.03.2021)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters & Promoter Group									
(1) Indian									
Individual/HUF	0	3,09,38,132	3,09,38,132	96.98	0	3,09,38,132	3,09,38,132	96.98	0.00
Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corp.	0	9,05,960	9,05,960	2.84	0	9,05,960	9,05,960	2.84	0.00
Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(1)	**0**	**3,18,44,092**	**3,18,44,092**	**99.82**	**0**	**3,18,44,092**	**3,18,44,092**	**99.82**	**0.00**
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**3,18,44,092**	**3,18,44,092**	**99.82**	**0**	**3,18,44,092**	**3,18,44,092**	**99.82**	**0.00**
B. Public Shareholding									
1. Institutions	0	0	0	0.00	0	0	0	0.00	0.00
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00

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Category of shareholders	No. of Shares held at the beginning of the year (As on 01.04.2020)				No. of Shares held at the end of the year (As on 31.03.2021)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others - Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)	0	0	0	0.00	0	0	0	0.00	0.00
2. Non-Institutions									
a) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	0	0	0	0.00	0	0	0	0.00	0.00
c) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Non-Resident Individuals	0	55,908	55,908	0.18	0	55,908	55,908	0.18	0.00
Clearing Members	0	0	0	0.00	0	0	0	0.00	0.00
Trust	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Public Shareholding (B) = (B)(1)+(B)(2)	0	55,908	55,908	0.18	0	55,908	55,908	0.18	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00

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Category of shareholders	No. of Shares held at the beginning of the year (As on 01.04.2020)				No. of Shares held at the end of the year (As on 31.03.2021)				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Grand Total (A+B+C)	0	3,19,00,000	3,19,00,000	100.00	0	3,19,00,000	3,19,00,000	100.00	0.00

(ii) **Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2020)			Shareholding at the end of the year (As on 31.03.2021)			% change in share-holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Mr. Bharat Jayantilal Patel	98,84,132	30.98%	0.00	98,84,132	30.98%	0.00	0.00
2	Mr. Hardik Bharat Patel	70,18,000	22%	0.00	70,18,000	22%	0.00	0.00
3	Mrs. Minal Bharat Patel	70,18,000	22%	0.00	70,18,000	22%	0.00	0.00
4	Mr. Ruchit Bharat Patel	70,18,000	22%	0.00	70,18,000	22%	0.00	0.00
5	Finquest Securities Private Limited	9,05,960	2.84%	0.00	9,05,960	2.84%	0.00	0.00
	TOTAL	3,18,44,092	100%	0.00	3,18,44,092	100%	0.00	0.00

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(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year (As on 01.04.2020)		Cumulative Shareholding during the year (As on 31.03.2021)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company*
	NO CHANGE				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	NOT APPLICABLE				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 01.04.2020)		Cumulative Shareholding during the year (As on 31.03.2021)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Mr. Hardik Bharat Patel	70,18,000	22%	70,18,000	22%
2	Mr. Bharat Jayantilal Patel	98,84,132	30.98%	98,84,132	30.98%
3	Mr. Saurabh Ashwin Patel	Nil	Nil	Nil	Nil

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V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

Particulars	Secured Loans excluding deposits (Rs.)	Unsecured Loans (Rs.)	Deposits (Rs.)	Total Indebtedness (Rs.)
Indebtedness at the beginning of the financial year				
i) Principal Amount	**11,58,50,437**	**8,17,23,69,030**	**00**	**8,28,82,19,467**
ii) Interest due but not paid	00	00	00	00
iii) Interest accrued but not due	00	00	00	00
Total (i+ii+iii)	**11,58,50,437**	**8,17,23,69,030**	**00**	**8,28,82,19,467**
Change in Indebtedness during the financial year	00	00	00	00
Addition	8,19,43,479	00	00	8,19,43,479
Reduction	00	(4,36,80,48,334)	00	(4,36,80,48,334)
Net Change	**8,19,43,479**	**(4,36,80,48,334)**		**(4,28,61,04,855)**
Indebtedness at the end of the financial year	00	00	00	00
i) Principal Amount	19,77,93,916	3,80,43,20,696	00	4,00,21,14,612
ii) Interest due but not paid	00	00	00	00
iii) Interest accrued but not due	00	00	00	00
Total (i+ii+iii)	**19,77,93,916**	**3,80,43,20,696**	**00**	**4,00,21,14,612**

Finquest Financial Solutions Pvt. Ltd. * Mumbai

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sr. No.	Particulars of Remuneration	**MD / WTD / MANAGER**		**Total Amount**
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	00	00	00
2.	Stock Option	00	00	00
3.	Sweat Equity	00	00	00
4.	Commission - as % of profit - others, specify...	00	00	00
5.	Others, please specify (Reimbursement of Expenses)	00	00	00
	Total (A)	00	00	00

Finquest Financial Solutions Pvt. Ltd. * Mumbai

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Chief Executive Officer	Company Secretary	CFO	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	00	1,89,000	00	1,89,000
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission - as % of profit - others, specify...	0	0	0	0
5.	Others, please specify (Reimbursement of Expenses)	0	0	0	0
	Total	0	1,89,000	0	1,89,000

Finquest Financial Solutions Pvt. Ltd. * Mumbai

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A.	COMPANY				
Penalty	**0.00**	0.00	0.00	0.00	0.00
Punishment	0.00	0.00	0.00	0.00	0.00
Compounding	0.00	0.00	0.00	0.00	0.00
B.	DIRECTORS				
Penalty	0.00	0.00	0.00	0.00	0.00
Punishment	0.00	0.00	0.00	0.00	0.00
Compounding	0.00	0.00	0.00	0.00	0.00
C.	OTHER OFFICERS IN DEFAULT				
Penalty	0.00	0.00	0.00	0.00	0.00
Punishment	0.00	0.00	0.00	0.00	0.00
Compounding	0.00	0.00	0.00	0.00	0.00

FOR AND BEHALF OF THE BOARD OF DIRECTORS

HARDIK BHARAT PATEL
DIRECTOR
DIN: 00590663

SAURABH ASHWIN PATEL
DIRECTOR
DIN: 02148559

DATE: 17/11/2021
PLACE: MUMBAI

Finquest Financial Solutions Pvt. Ltd. Mumbai

LIST OF SHAREHOLDERS AS ON 31/03/2021

Face Value Rs.10/- each

Sr No.	Name of Shareholder	Address	Type of Share	No. of shares	%
1	Bharat Jayantilal Patel	Divya Darshan, N.S. Road No. 5, JVPD Scheme, Vile Parle (West), Mumbai – 400056.	Equity	98,84,132	30.98%
2	Minal Bharat Patel	Divya Darshan, N.S. Road No. 5, JVPD Scheme, Vile Parle (West), Mumbai – 400056.	Equity	70,18,000	22.00%
3	Hardik Bharat Patel	Divya Darshan, N.S. Road No. 5, JVPD Scheme, Vile Parle (West), Mumbai – 400056.	Equity	70,18,000	22.00%
4	Finquest Securities Private Limited	602, Boston House, Suren Road, Next to Cine Max, Andheri (East), Mumbai – 400093	Equity	9,05,960	2.84%
5	Ruchit Bharat Patel	Divya Darshan, N.S. Road No. 5, JVPD Scheme, Vile Parle (West), Mumbai – 400056.	Equity	70,18,000	22.00%
6	Yogesh Khimchand Depala	P.O. Box 46156, Abu Dhabi, UAE, 3rd Floor, Mohd Bin Abdulla Building, Behind National Cinema, Abu Dhabi, UAE	Equity	44,608	0.14%
7	Harendra Muljee Depala	99, Chaisworth Cresent, Hounslow, Middlesex, TW32PF	Equity	11,300	0.04%
		Total		**3,19,00,000**	**100.00%**

FOR FINQUEST FINANCIAL SOLUTIONS PRIVATE LIMITED

HARDIK BHARAT PATEL
DIRECTOR
DIN: 00590663

Finquest Financial Solutions Pvt. Ltd. * Mumbai

FINQUEST
YOUR FINANCIAL GOAL. OUR QUEST

LIST OF DEBENTURE HOLDERS AS ON 31/03/2021

Unsecured Rated Listed Redeemable Non-Convertible Debentures of Face Value Rs.1 Crores/- each

SR NO.	NAME OF DEBENTURE HOLDERS	ADDRESS	NO. OF DEBENTURES
1	Hypnos Fund Limited	C/o SBI-Global Securities Services Private Limited Jeevan Seva Extension Building, Ground Floor, S.V. Road, Santacruz (West), Mumbai – 400054	71
2	Minal Bharat Patel	Divya Darshan, N.S. Road No. 5, JVPD Scheme, Vile Parle (West), Mumbai – 400056	51
3	Ruchit Bharat Patel	Divya Darshan, N.S. Road No. 5, JVPD Scheme, Vile Parle (West), Mumbai – 400056	38
4	Finquest Securities Private Limited-Proprietary Account	602-Boston House, Suren Road, Next to Cine Max, Andheri (E), Mumbai 400093	73
5	Bharat Jayantilal Patel	Divya Darshan, N.S. Road No. 5, JVPD Scheme, Vile Parle (West), Mumbai – 400056	10
6	Vibgyor Investors and Developers Pvt Ltd	404, Pragati Deep Laxmi Nagar, District Centre, Delhi 110092	28
7	Sree Ganesh Caplease Service Pvt. Ltd.	5/7 Oak Lane Office No. 1, Kothari House 2 Nd Floor, Fort Mumbai 400023	1
8	Smita Anil Shah	1504 A Wing 15th Floor Shripathi Tower T.G Marg Near Pimpalwadi Girgaon, Mumbai 400004	1
9	Atul Kantilal Shah	5/7 Oak Lane Office No. 1, Kothari House 2 Nd Floor, Fort Mumbai 400023	1
10	Prarambh Securities Pvt Ltd	Office No 1401 14th Flr Excel Plaza Bldg No 7 Pant Nagar 90 Feet Rd Ghatkopar E Mumbai 400075	1
		TOTAL	**275**

FOR FINQUEST FINANCIAL SOLUTIONS PRIVATE LIMITED

HARDIK BHARAT PATEL
DIRECTOR
DIN: 00590663

Finquest Financial Solutions Pvt. Ltd. Mumbai

INDEPENDENT AUDITORS' REPORT

To the Members of Finquest Financial Solutions Private Limited

Report on the Ind AS Standalone Financial Statements

1. We have audited the accompanying Ind AS Standalone financial statements of Finquest Financial Solutions Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Opinion

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by 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 Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2021, and its Profit (financial performance including other comprehensive income), its Cash Flows and the Changes in Equity for the year ended on that date other than the fact that company has recognized the loss allowance on Non-Performing assets as per RBI prescribed norms for NON-BANKING FINANCIAL COMPANIES instead of expected credit loss allowance as given under Indian Accounting Standard 109, (IND AS 109) "Classification and measurement of Financial Assets and Financial Liabilities" and Indian Accounting Standard 107 "Financial Instruments : Disclosures ".

Emphasis of matter :

We observed that financial statements of last year were restated due to non-provision of Debenture Redemption Reserve. The restated statements were prepared in accordance with IND AS 8.

Basis for Opinion

3. We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's

Responsibilities for the Audit of the 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 independence requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the 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:

   a. Impact of COVID-19 on Preparation of Financial Statements:
   Attention is drawn to notes in the Financial statements.

   b. Impairment of Financial & Non – Financial Assets as per Ind AS : Impairment on loans are not provided where borrowers have provided enough security which can cover principal and interest amount till date.

   c. The Company has acquired 90% of the Stake of Digjam Limited Listed and Admitted on BSE limited and National Stock Exchange of India Ltd. at the Meeting of the Board of Directors ("The Board") of Digjam Limited ("The Company") held on Friday , March 19,2021. The Resolution Plan has been approved by hon'ble national company Law Tribunal, Ahmedabad

Other Matters

5. The audit of the Financial Statements has been conducted after considering the impact of COVID-19 on the business and appropriate disclosures, wherever applicable, have been made in the Notes annexed to the Financial Statements.

Management's Responsibility for the Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the State of Affairs

(financial position), Profit or Loss (financial performance including other comprehensive income), Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the relevant rules issued thereunder.

7. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, 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.

Auditor's Responsibility

8. Our responsibility is to express an opinion on these Ind AS Standalone financial statements based on our audit.

9. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

11. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

12. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Report on Other Legal and Regulatory Requirements

13. 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.

14. 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, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder.

    e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure-B"**.

    g. With respect to the other matters to be included in the Auditor's Report in accordance with 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 does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For R.C. Jain & Associates LLP
Chartered Accountants
(FRN: 103952W/W100156)

R.C. JAIN & ASSOCIATES LLP
M. No.
38096

(CA Ratneshchand Jain)
Partner
Membership No. 038096

PLACE: MUMBAI
DATE: 1st November, 2021
UDIN: 22038096AAAAAO5509

ANNEXURE-A

Referred to in paragraph 10 of our Independent Auditors' Report of even date

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

(b) As presented to us, these fixed assets have been physically verified by the management at reasonable intervals, including soon after the year end, at best possible in line of the lockdown situation from the month of March 2021. No material discrepancies have been noticed by the management on such physical verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in tangible assets are held in the name of the Company.

ii) The inventories have been physically verified by the management at reasonable intervals during the year. The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of it's business. As per the information and explanations given to us, no material discrepancies were noticed on physical verification of inventories as compared to book records.

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 Act. Accordingly, the clauses (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the Order are not applicable to the company.

iv) The Company is registered as Non banking financial company hence provision of section 185 and 186 of the Companies Act,2013 in respect of investment made are not applicable to the company.

v) As explained to us, the Company has not accepted any deposits to which directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed there under are applicable. Accordingly, clause (v) of paragraph 3 of the Order is not applicable to the Company.

vi) The Provisions of clause 3(vi) of the order are not applicable to the company as the company is not covered by the companies (Cost Records and Audit) Rules, 2014

vii) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and any other statutory dues, applicable to it with the appropriate authorities. According to the information and explanations given to us there were no arrears of outstanding statutory dues as at the last day of the financial year which have remained outstanding as at 31st March, 2021 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax or Goods and Service Tax or Cess as at 31st March, 2021 which have not been deposited on account of any dispute except for the following :

Sr. No.	*Name of Statute*	*Nature of Dues*	*Assessment Year*	*Amount in Rs.*
1	*Income Tax*	*IT*	*2012*	*2,61,481*
2	*Income Tax*	*IT*	*2014*	*10,34,423*
3	*Income Tax*	*IT*	*2015*	*71,26,780*
4	*Income Tax*	*IT*	*2017*	*68,89,150*
5	*Income Tax*	*IT*	*2018*	*40,18,590*

viii) In our opinion & according to the information & explanation given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, Government & dues to Debenture holders.

ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the company for the purposes for which the same were obtained. The company has not raised any moneys by way of initial public offer or further public offer in the current year (including debt instruments).

x) On the basis of our examination and according to the information and explanations given to us, no fraud, by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.

xi) Based upon the audit procedure performed and the information and explanation given by the management, no managerial remuneration has been paid or provided.

xii) The Company is not a Nidhi company. Accordingly, the clause (xii) of paragraph 3 of the Order is not applicable to the Company.

xiii) According to the information and explanations given to us and the records of the company examined by us, all transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements as required by the applicable Indian accounting Standards.

(xiv) According to the information and explanations given to us and the records of the Company examined by us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the clause (xiv) of paragraph 3 of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and the records of the Company examined by us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the clause (xv) of paragraph 3 of the Order relating to the compliance to the provisions of section 192 of the Act is not applicable to the Company.

(xvi) The Company has been registered under section 45-IA of the Reserve Bank of India Act, 1934.

For R.C. Jain & Associates LLP,
Chartered Accountant,
(FRN: 103952W/W100156)

R.C. JAIN & ASSOCIATES LLP
M. No. 38096

(CA Ratneshchand Jain)
Partner
Membership No. 038096

PLACE: MUMBAI.

DATE: 17th November, 2021
UDIN: 22038096AAAAAO5509

ANNEXURE-B

Report on the Internal Financial Controls under Clause i of Sub-section 3 of Section 143 of the Companies Act, 2013("the Act") referred to in paragraph 11(f) of our Independent Auditors' Report of even date

1. We have audited the internal financial controls over financial reporting of **Finquest Financial Solutions Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 Act.

Auditor's Responsibility

3. 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 Act, 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 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. 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.

5. 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

6. 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

7. 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

8. 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For R.C. Jain & Associates LLP,
Chartered Accountant,
(FRN: 103952W/W100156)

R.C. JAIN & ASSOCIATES LLP
M. No.
38096

(CA Ratneshchand Jain)
Partner
Membership No. 038096

PLACE: MUMBAI.

DATE: 17th November, 2021
UDIN: 22038096AAAAAO5509

Finquest Financial Solutions Private Limited
Standalone Audited Balance Sheet as on 31st March 2021

(All amounts are INR, unless expressed otherwise)

Particulars	Refer Note No.	31st March 2021	31st March 2020 Restated
I ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	2	17,13,73,058	1,71,92,586
(b) Receivables			
(I) Trade Receivables	3	-	-
(c) Loans	4	2,89,38,33,841	7,64,32,30,788
(d) Investments	5	2,91,82,24,042	85,39,27,032
(e) Other financial assets	6	10,00,00,000	1,30,36,81,232
2 Non-financial assets			
(a) Current tax assets (net)	7	11,56,09,165	9,72,07,073
(b) Deferred tax assets (net)	8	3,36,76,849	2,56,80,332
(c) Investment property	9	24,11,64,339	19,73,41,000
(d) Property, plant and equipment	10	24,54,136	86,53,243
(e) Other non-financial assets	11	67,67,805	10,70,791
Total Assests		**6,48,31,03,235**	**10,14,79,84,078**
II Liabilities and Equity			
Liabilities			
A Financial liabilities			
(a) Payables			
(I) Trade Payables		26,97,64,118	2,86,62,573
(i) Total outstanding dues of micro enterprises and small enterprises		1,78,062	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	12	26,95,86,057	2,86,62,573
(b) Debt securities	13	2,75,00,00,000	2,75,00,00,000
(c) Borrowings (other than debt securities)	14	1,25,21,14,612	5,53,82,19,467
B Non-financial liabilities			
(a) Current tax liabilities (Net)	15	15,86,502	2,07,24,060
(b) Provisions	16	87,84,27,140	48,00,23,507
(c) Other non-financial liabilities	17	-	26,700
C Equity			
(b) Equity share capital	18	31,90,00,000	31,90,00,000
(a) Other equity	19	1,01,22,10,865	1,01,13,27,773
Total Liabilities and Equity		**6,48,31,03,235**	**10,14,79,84,078**

For R C Jain and Associates LLP
Chartered Accountants
FRN : 103952W/W100156

CA Ratneshchand Jain
Partner
M No. : 038096
Place : Mumbai
Date : 17-11-2021
UDIN:22038096AAAAAO5509

Finquest Financial Solutions Pvt. Ltd. Mumbai

For and on behalf of Board of Directors

Saurabh A. Patel	Hardik B. Patel	CS Akash T. Pandey
CEO & MD	Director	Comapany Secretary
DIN: 02148559	DIN: 00590663	M. No. A61112

Finquest Financial Solutions Private Limited
Statement of Profit and Loss for the period ended on 31st March 2021

(All amounts are INR, unless expressed otherwise)

Particulars	Notes	31st March 2021	31st March 2020 Restated
Revenue from operations			
(i) Interest income	20	48,12,90,194	1,03,20,24,626
(ii) Net gain on fair value changes		(14,58,480)	
(iii) Other operating income	21	68,21,60,668	(1,29,73,54,801)
(I) Total Revenue from operations		**1,16,19,92,382**	**(26,53,30,175)**
(II) Other income	22	30,57,67,605	62,00,83,739
(III) Total Income (I+II)		**1,46,77,59,987**	**35,47,53,564**
Expenses			
(i) Finance cost	23	56,80,41,227	53,86,32,863
(ii) Impairment on financial instruments	24	9,12,43,551	9,96,61,556
(iii) Employee benefit expenses	25	70,73,667	3,49,07,193
(iv) Depreciation, amortisation and impairment	10	11,99,106	31,16,054
(v) Other expenses	26	80,67,74,954	4,76,60,290
(IV) Total expenses		**1,47,43,32,506**	**72,39,77,956**
(V) Profit/(loss) before exceptional items and tax		(65,72,519)	(36,92,24,392)
(V) Profit before tax		(65,72,519)	(36,92,24,392)
(VI) Tax expense			
1. Current tax			55,19,638
2. Deferred tax	27	(81,80,823)	17,57,748
Total tax expense		**(81,80,823)**	**72,77,386**
(IX) Profit/(loss) for the period from continuing operations (VII-VIII)		**16,08,305**	**(37,65,01,778)**
(X) Profit/(loss) for the period from discontinued operations			
(XI) Tax expense of discontinued operations			
(XII) Profit/(loss) for the period from discontinued operations (After			
(VII) Profit for the period (V-VI)		**16,08,305**	**(37,65,01,778)**
(VIII) Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
i. Remeasurements gain/ (losses) of the defined benefit plans	28	(5,40,906)	1,91,339
ii. Income tax relating to items that will not be reclassified to profit or loss	9	(1,84,307)	(62,763)
Other Comprehensive Income		**(7,25,213)**	**1,28,576**
(IX) Total Comprehensive Income for the period (VII+VIII)		**8,83,092**	**(37,63,73,202)**
(XVI) Earnings for equity share			
Basic		0.05	(11.80)
Diluted			
Significant Accounting Policies	1		

For R C Jain and Associates LLP
Chartered Accountants
FRN : 103952W/W100156

CA Ratneshchand Jain
M No.: 038096
Place : Mumbai
Date : 17-11-2021
UDIN:22038096AAAAAO5509

For and on behalf of Board of Directors

Saurabh A. Patel	Hardik B. Patel	CS Akash T. Pandey
CEO & MD	Director	Comapany Secretary
DIN: 02148559	DIN: 00590663	M. No. A61112

Finquest Financial Solutions Private Limited

Cash Flow Statement For the period ending on 31st March 2021

Particulars	31st March 2021	31st March 2020 Restated
A. Cash flow from operating activities		
Net Profit before taxation	(72,97,732)	(17,44,66,405)
Adjustments for :		
Depreciation / amortisation	11,99,106	31,16,054
Lease Equalisation Account	-	-
(Profit) / Loss on write off of Fixed Assets (net)	-	-
Interest on borrowings, NCDs and commercial papers	25,59,06,639	53,81,22,071
Operating profit before working capital changes	**24,98,08,014**	**36,67,71,720**
Changes in working capital :		
Increase / (decrease) in Trade Payables	24,11,01,545	30,10,139
Increase / (decrease) in Other Financial Liabilities		0
Increase / (decrease) in Other Non-Financial Liabilities	-26,700	-1,70,400
Increase / (decrease) in Provisions	39,84,03,633	-7,55,29,911
(Increase) / decrease in Current Liabilities	(1,91,37,558)	-3,86,56,970
(Increase) / decrease in Loans	4,74,93,96,947	78,72,94,275
(Increase) / decrease in Trade Receivables	-	20,526
(Increase) / decrease in Other Financial Assets	1,20,36,81,232	-1,30,36,81,232
(Increase) / decrease in Other Non-Financial Assets	(56,97,014)	28,65,611
(Increase) / decrease in Current Assets	(1,84,02,092)	15,04,83,227
Cash used in Operations	**6,79,91,28,007**	**-10,75,93,015**
Taxes paid (including tax deducted at source) (Net of refund received)	1,84,307	-55,82,401
Net Cash (used in) operating activities	**6,79,93,12,314**	**(11,31,75,416)**
B. Cash flow from Investing Activities		
Purchase of tangible/intangible assets	-3,88,23,339.00	-50,00,000.00
Sale of tangible/intangible assets		-
(Increase) / decrease in Investments	-2,06,42,97,010	1,45,11,04,548.00
Net cash (used in)/ generated from investing activities	**(2,10,31,20,349)**	**1,44,61,04,548**
C. Cash flow from Financing Activities		
Proceeds from issue of equity share capital (Inclusive of share premium)		
Borrowings made during the year - Debentures/Deep Discount Bonds	-	1,00,00,00,000
Repayment of borrowings made during the year - Debentures		
Borrowings made during the year - Commercial papers		
Repayment of borrowings made during the year - Commercial papers		
Borrowings during the year - Other than debt Securities		
Repayment of borrowings during the year - Other than debt securities	-4,28,61,04,855	-1,86,07,96,453
Interest Paid	-25,59,06,639	-53,81,22,073
Net cash flow from financing activity	**-4,54,20,11,494**	**-1,39,89,18,526**
Net Increases/(Decrease) in Cash and cash equivalents (A)+(B)+(C)	**15,41,80,471**	**-6,59,89,394**
Cash and cash equivalents, beginning of the year	**1,71,92,584**	**8,31,81,978**
Cash and cash equivalents, end of the year	**17,13,73,056**	**1,71,92,584**
Notes to the statement of cash flow :		
1) Cash and cash equivalents comprise of:		
Cash on hand	12,90,013	10,45,436
Balances with banks		
In current accounts	17,00,83,045	1,61,47,149
Demand deposits (less than 3 months maturity)		
Bank overdraft		
TOTAL	**17,13,73,057**	**1,71,92,585**

Notes to the statement of cash flow (cont'd) :

2) Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the company's cash management

3) The above statement of cash flow has been prepared under the indirect method set out in IND AS 7 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013.

4) Figures in bracket indicate cash outflow.

The accompanying notes form an integral part of the financial statements

For R C Jain and Associates LLP
Chartered Accountants
FRN : 103952W/W100156

R. C. JAIN & ASSOCIATES LLP M. No. 38096

CA Ratneshchand Jain
Partner
M No. : 038096
Place : Mumbai
Date : 17-11-2021

For and on behalf of Board of Directors

Saurabh A. Patel
CEO & MD
DIN: 02148559

Hardik B. Patel
Director
DIN: 00590663

CS Akash T. Pandey
Comapany Secretary
M. No. A61112

Finquest Financial Solutions Pvt. Ltd. Mumbai

Finquest Financial Solutions Private Limited

Notes to the financial statements for Year Ended 31st March 2021

(All amounts are INR, unless expressed otherwise)

Note No	Particulars	31st March 2021	31st March 2020 Restated
2	**Cash and cash equivalents**		
	Cash on hand	12,90,013	10,45,436
	Balances with banks in current accounts	17,00,83,045	1,61,47,149
		17,13,73,058	**1,71,92,585**
3	**Receivables**		
	Trade Receivables		
	(i) Secured, considered good		
	Less : Impairment loss allowance		
			-
	(ii) Unsecured, considered good		
	(a) Due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a	-	-
	(b) Other than (a)		-
	Less : Impairment loss allowance		
		-	-
	(iii) Credit impaired:		
	Less : Impairment loss allowance		
			-
		-	-
4	**Loans (at amortised cost)**		
	(A)		
	(i) Term Loans	1,35,32,91,074	5,29,85,97,801
	(ii) Others	1,54,05,42,767	2,34,46,32,987
	Total (A) - Gross	**2,89,38,33,841**	**7,64,32,30,788**
	Less: Impairment loss allowance		
	Less: Interest income under NPA		-
	Total (A) - Net	**2,89,38,33,841**	**7,64,32,30,788**
	(B)		
	(i) Secured by tangible assets	1,10,44,62,209	5,40,25,68,825
	(ii) Unsecured	1,78,93,71,632	2,24,06,61,963
	Total (B) - Gross	**2,89,38,33,841**	**7,64,32,30,788**
	Less: Impairment loss allowance		
	Total (B) - Net	**2,89,38,33,841**	**7,64,32,30,788**
	(C)		
	(i) Loans in India		
	(a) Public sector		-
	(b) Others	2,89,38,33,841	7,64,32,30,788
	Total (C)- Gross	**2,89,38,33,841**	**7,64,32,30,788**
	Less: Impairment loss allowance		
	Total(C)-Net	**2,89,38,33,841**	**7,64,32,30,788**

Mumbai

Notes to the financial statemens for the Period Ended 31st March 2021

(All amounts are INR, unless expressed otherwise)

/estments

Particulars	31st March 2021	At Fair Value			31st March 2020 (Restated)	At Fair Value		
	Amortised Cost	Through OCI	Through P&L	Others (At Cost)	Amortised Cost	Through OCI	Through P&L	Others (At Cost)
/estment in preference shares of Vocon Engg Pvt 1								
ening			72,78,098				72,78,098	
ss on Valuation			-14,58,480				-	
tal			**58,19,618**				**72,78,098**	
'estment in equity shares of Ballarpur Industries Ltd								
/estment in equity share of Deserve Exim								
ening	1,27,28,784				59,30,795			
erest Income	3,27,25,716				67,97,989			
osing	**4,54,54,500**				**1,27,28,784**			
vestment in Subsidiary - Krihaan Texchem Pvt Ltd (000 shares)				**1,00,000**				1,00,000
vestment - MBL			**2,50,00,000**				2,50,00,000	
ading in equity shares								
ening			80,88,20,150				2,29,52,20,382	
rchase			1180175660				64,09,89,611	
st of sale			932226490				2,12,73,89,843	
osing			**1,05,67,69,320**				**80,88,20,150**	
TI STRUCTURED DEBT OPPORTUNITIES FUND 'ANI				**48,65,69,603**				
vestment in Digjam Equity Shares				**18,00,00,000**				
vestment in Digjam Preference Shares				**27,00,00,000**				
vestment in Nirmal Realty Private Limited				**10,11,000**				
vestment in Suraksha Asset Reconstruction Pvt Ltd				**84,75,00,000**				
ıtal	**4,54,54,500**		**1,08,75,88,939**	**1,78,51,80,603**	**1,27,28,784**		**84,10,98,248**	**1,00,000**
ıt of above								
In India	4,54,54,500		1,08,75,88,939	1,78,51,80,603	1,27,28,784	-	84,10,98,248	1,00,000
Outside India								
	4,54,54,500	-	1,08,75,88,939	1,78,51,80,603	1,27,28,784		**84,10,98,248**	**1,00,000**
ıtal			2,91,82,24,042				**85,39,27,032**	

Finquest Financial Solutions Pvt. Ltd. Mumbai

	Note: There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL		
6	**Other financial assets**		
	Unsecured, considered good		
	Loans to employees	-	-
	Interest Accrued not paid on NCD	-	-
	Asset acquired in partial satisfaction of debt claim	-	1,20,26,81,232
	Other advances	10,00,00,000	10,10,00,000
		10,00,00,000	**1,30,36,81,232**
7	**Current tax assets (net)**		
	TDS Receivable	-	
	Income Tax Advance	11,56,09,165	9,72,07,073
		11,56,09,165	**9,72,07,073**
11	**Other non-financial assets**		
	Deposit for rent		
	GST on Reverse Charge	19,31,872	1,44,000
	GST Credit on Input Services	8,01,000	8,01,000
	Prepaid Employee Benefit Expenses	0	1,02,366
	Prepaid Vehicle Insurance Expenses	-	23,425
	Professional Tax Excess Paid	400	
	Accrued Interest on FD	40,34,533	
		67,67,805	**10,70,791**
12.	**Payables**		
	Trade Payables		
	- Total outstanding dues of micro enterprises and small enterprises	1,78,062	-
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	26,95,86,057	2,86,62,573
	Profession Tax Payable		
		26,97,64,118	**2,86,62,573**

Finquest Financial Solutions Pvt. Ltd. * Mumbai

Finquest Financial Solutions Private Limited

Notes to the financial statements for the year period ended 31st March 2021

8 Deferred tax assets

	Net balance on 30th Sept 2020	Recognized in profit or loss	Recognized in OCI	31st March 2021 Net Deferred tax asset		Deferred tax liability
Deferred tax asset						
- On Depreciation	4,39,007		-	4,39,007	4,39,007	-
- On Provision for compensated absences	1,38,354	(4,13,787)		(2,75,433)	-	2,75,433
- On Provision for Gratuity	71,970	(8,093)		63,877	63,877	-
- On Remeasurements of the defined benefit plans	48,160		(1,84,306)	(1,36,146)	-	1,36,146
- On Speculation Loss	5,227		-	5,227	5,227	-
- On Long term capital loss	29,57,060		-	29,57,060	29,57,060	-
- On Fair value of investments	2,20,19,095	86,04,162	-	3,06,23,257	3,06,23,257	-
- On Fair value of staff loan	1,458	(1,458.74)	-	(0)	-	0
Tax assets (Liabilities)	**2,56,80,332**	**81,80,823**	**(1,84,306)**	**3,36,76,849**	**3,40,88,428**	**4,11,579**
					3,36,76,849	

	Net balance 1 April 2019	Recognized in profit or loss	Recognized in OCI	31 March 2020 (Restated) Net Deferred tax asset		Deferred tax liability
Deferred tax asset						
- On Depreciation	4,39,007		-	4,39,007	4,39,007	-
- On Provision for compensated absences	1,59,924	(21,570)		1,38,354	1,38,354	-
- On Provision for Gratuity	58,009	13,961		71,970	71,970	-
- On Remeasurements of the defined benefit plans	(14,603)		62,763	48,160	48,160	-
- On Speculation Loss	5,227		-	5,227	5,227	-
- On Long term capital loss	29,57,060		-	29,57,060	29,57,060	-
- On Fair value of investments	2,37,30,149	(17,11,054)	-	2,20,19,095	2,20,19,095	-
- On Fair value of staff loan	40,544	(39,085.57)	-	1,458	1,458	-
Tax assets (Liabilities)	**2,73,75,317**	**(17,57,748)**	**62,763**	**2,56,80,332**	**2,56,80,332**	-
					2,56,80,332	

Finquest Financial Solutions Pvt. Ltd. * Mumbai

Notes to the financial statements for the period ended 31st March 2021
(All amounts are INR, unless expressed otherwise)

stment property

-21

Amount in INR

PARTICULARS	Gross Block					Accumulated Depreciation				Net Block	
	Balance as at 01 April 2020	Ind AS adjustments	Additions	Deductions	Balance as at 31 March 2021	Balance as at 01 April 2020	Ind AS adjustments	Deductions	Balance as at 31 March 2021	Balance as at 31 March 2021	Balance as at 01 April 2020
l	1,23,41,000				1,23,41,000					1,23,41,000	1,23,41,000
at Prasadam	18,50,00,000	-			18,50,00,000				-	18,50,00,000	18,50,00,000
l & Bldg	50,00,000		3,88,23,339		4,38,23,339					4,38,23,339	
TOTAL	20,23,41,000	-	3,88,23,339	-	24,11,64,339	-	-	-	-	24,11,64,339	19,73,41,000

-20 (Restated)

Amount in INR

PARTICULARS	Gross Block					Accumulated Depreciation				Net Block	
	Balance as at 01 March 2019	Ind AS adjustments	Additions	Deductions	Balance as at 31 March 2020	Balance as at 01 March 2019	Ind AS adjustments	Deductions	Balance as at 31 March 2020	Balance as at 31 March 2020	Balance as at 01 March 2019
l	1,23,41,000				1,23,41,000					1,23,41,000	1,23,41,000
at Prasadam	18,50,00,000				18,50,00,000				-	18,50,00,000	18,50,00,000
TOTAL	19,73,41,000	-	-	-	19,73,41,000	-	-	-	-	19,73,41,000	19,73,41,000

Finquest Financial Solutions Pvt. Ltd. * Mumbai

Notes to the financial statements as at 31st March 2021
(All amounts are INR, unless expressed otherwise)

ıerty Plant and Equipment

-21

Amount in INR

PARTICULARS	Gross Block					Accumulated Depreciation					Net Block	
	Balance as at 31st March 2020	Ind AS adjustments	Additions	Deductions	Balance as at 31st March 2021	Balance as at 31st March 2020	Ind AS adjustments	Charge for the year	Deductions	Balance as at 31st March 2021	Balance as at 31st March 2021	Balance as at 31st March 2020
t and Machinery	95,499				95,499	70,070		4,952		75,022	20,477	25,429
puters & Servers	80,746				80,746	80,746		-		80,746	-	-
cles	1,09,92,212				1,09,92,212	73,64,398		11,94,155		85,58,553	24,33,659	36,27,814
					-	-				-	-	50,00,000
TOTAL	1,11,68,457	-	-	-	1,11,68,457	2,23,36,914	-	11,99,107	-	87,14,321	24,54,136	86,53,243

-20 (Restated)

Amount in INR

PARTICULARS	Gross Block					Accumulated Depreciation					Net Block	
	Balance as at 30 Sept 2019	Ind AS adjustments	Additions	Deductions	Balance as at 31 March 2020	Balance as at 30 Sept 2019	Ind AS adjustments	Charge for the year	Deductions	Balance as at 31 March 2020	Balance as at 31 March 2020	Balance as at 30 Sept 2019
t and Machinery	95,499				95,499	66,996		3,074		70,070	25,429	28,503
puters & Servers	80,746				80,746	80,746		-		80,746	-	-
icles	1,09,92,212				1,09,92,212	64,74,664		8,89,734		73,64,398	36,27,814	45,17,548
l & Building			50,00,000		50,00,000	-				-	50,00,000	-
TOTAL	1,11,68,457	-	50,00,000	-	1,61,68,457	3,23,36,914	-	8,92,807	-	75,15,214	86,53,243	45,46,050

Finquest Financial Solutions Pvt. Ltd. Mumbai

Notes to the financial statements for the period ended 31st March 2021

(All amounts are INR, unless expressed otherwise)

13. Debt Securities (at amortised cost)

Particulars	31st March 2021	31st March 2020 Restated
Non Convertible debentures (Unsecured)	2,75,00,00,000	2,75,00,00,000
Total (A)	**2,75,00,00,000**	**2,75,00,00,000**
Debt securities in India	2,75,00,00,000	2,75,00,00,000
Debt securities outside India		
Total (B)	**2,75,00,00,000**	**2,75,00,00,000**

14.	**Borrowings** (Other than Debt Securities - at amortised cost)	31st March 2021	31st March 2020 Restated
	(a) Term loans		
	Secured		
	(i) from banks		
	(ii) from other parties	19,77,93,916	11,58,50,437
	Unsecured		
	(i) from banks		
	(ii) from other parties (unsecured)	37,36,34,549	2,24,47,85,700
	(b) Loans from related parties (unsecured)	68,06,86,148	3,17,75,83,330
	(c) Loans repayable on demand (Unsecured)		
	(i) from banks		
	(ii) from other parties		
	(d) Other loans (Unsecured)		
	Total (A)	**1,25,21,14,612**	**5,53,82,19,467**
	Borrowings in India	1,25,21,14,612	5,53,82,19,467
	Borrowings outside India		
	Total (B)	**1,25,21,14,612**	**5,53,82,19,467**
	Total B to tally with A		-

Finquest Financial Solutions Pvt. Ltd.
Mumbai

Notes to the financial statemens for the period ended 31st March 2021

(All amounts are INR, unless expressed otherwise)

Note No	Particulars	31st March 2021	31st March 2020 Restated
16	**Provisions**		
	- Provision for employee benefits		
	- Gratuity	6,26,789	23,42,819
	- Compensated absences	1,23,347	31,56,098
	Provisions for taxation		-
	NPA Provisions	36,44,86,319	25,41,58,499
	Standard Assets	66,52,411	2,57,36,680
	Provisioin for TDS On Interest		
	Debenture Premium Provision	50,65,38,274	19,46,29,411
		87,84,27,140	**48,00,23,507**
15	**Current tax liabilities (net)**		
	Provision-Income Tax		
	TDS Payable	15,86,502	
		15,86,502	
17	**Other non- financial liabilities**		
	Statutory liabilities	-	
		-	

’inquest Financial Solutions Private Limited

lotes to the financial statements as at 31st March 2021

(All amounts are INR, unless expressed otherwise)

.quity share capital

'articulars	31/3/2021	31/3/2020
.uthorized Equity shares		
2,000,000 (31 March 2019: 32,000,000) Equity Shares of Rs.10 each	32,00,00,000	32,00,00,000
% Redeemable Optionally Convertible Cumulative Preference Shares of Rs.100000/- Each	10,00,00,000	10,00,00,000
	42,00,00,000	**42,00,00,000**
ssued, Subscribed and fully Paid up Equity Shares		
1,900,000 (31 March 2019: 31,900,000) Equity Shares of Rs.10 each	31,90,00,000	31,90,00,000
	31,90,00,000	**31,90,00,000**

a) Reconciliation of number of shares	31/3/2021		31 March 2020	
'articulars	No of shares	Rupees	No of shares	Rupees
3alance at the beginning of the year				
:quity Shares	3,19,00,000	31,90,00,000	3,19,00,000	31,90,00,000
\dd: Shares Issued during the year				
:quity Shares	-	-	-	-
3alance at the end of the year				
:quity Shares	3,19,00,000	31,90,00,000	3,19,00,000	31,90,00,000

Finquest Financial Solutions Pvt. Ltd. * Mumbai

) Rights, preferences and restrictions attached to shares

juity Shares: The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the areholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, proportion to their shareholding.

:) Shares held by holding company and its nominees

ırticulars	**31 March 2021**	**31 March 2020**
ıares held by holding / ultimate holding company / or their subsidiaries / associates	1,00,000	1,00,000

I) Details of Shares held by shareholders holding in the company

articulars	**31 March 2021**		**31 March 2020**	
quity Shares:	**No. of shares held**	**% of holding**	**No. of shares held**	**% of holding**
1r. Bharat Jayantilal Patel	98,84,132	31	98,84,132.00	31
1rs. Minal Bharat Patel	70,18,000	22	70,18,000.00	22
1r. Hardik Bharat Patel	70,18,000	22	70,18,000.00	22
1/s Finquest Securities Private Limited	9,05,960	3	9,05,960	3
1r. Ruchit B. Patel	70,18,000	22	70,18,000	22

Finquest Financial Solutions Pvt. Ltd. * Mumbai

Statement of Changes in Equity (SOCIE) for the year ended
(All amounts are INR, unless expressed otherwise)

19 (a) Equity share capital

Balance at the 01 April 2020	Changes in equity share capital during the year	Balance at 31st March 2021
31,90,00,000	-	31,90,00,000

(b) Other equity

			Reserves and Surplus		
Particulars	**Securities Premium (Note 2)**	**Statutory Reserve (Note 1) (Other Reserves)**	**Retained Earnings (Note 3)**	**Other Comprehensive Income (Note 4)**	**Total**
Balance as the beginning of the reporting period					-
Transfer from Surplus in the Statement of Profit and Loss					-
Total Comprehensive Income for the year					-
Dividends					-
Statutory Reserve					-
Transfer to general reserve					-
Balance at the end of the reporting period (IGAAP)					-
Balance as at 1 April, 2018	1,33,49,59,712	3,91,39,504	8,83,83,961		1,46,24,83,177
Add: Profit or loss for the period					-
Add: Other comprehensive income (net of taxes)					-
Total comprehensive income	1,33,49,59,712	3,91,39,504	8,83,83,961	-	1,46,24,83,177
Add : Securities premium on equity shares issued during the year					-
Transfer to Special Reserve under section 45-IC of RBI Act, 1934					-
Transfer from Surplus in the Statement of Profit and Loss / Other comprehemsive income			(7,48,23,763.25)	41,562.10	(7,47,82,201)
Balance as at 31 March 2019	1,33,49,59,712	3,91,39,504	1,35,60,197	41,562	1,38,77,00,975
Total comprehensive income	1,33,49,59,712.00	3,91,39,504.00	(16,83,12,169.93)	1,70,138.07	1,20,59,57,184.14
					-
Add : Securities premium on equity shares issued during the year					-
Transfer to Special Reserve under section 45-IC of RBI Act, 1934					
Transfer from Surplus in the Statement of Profit and Loss / Other comprehemsive income			(37,65,01,778)	1,28,576	(37,63,73,202)
Balance as at 31 March 2020 (Restated)	1,33,49,59,712	3,91,39,504	(36,29,41,581)	1,70,138	1,01,13,27,773.14
Total comprehensive income	1,33,49,59,712.00	3,91,39,504.00	49,68,61,688.24	(8,93,747.19)	2,06,48,66,706.12
					-
Add : Securities premium on equity shares issued during the year					-
Transfer to Special Reserve under section 45-IC of RBI Act, 1934					-
Transfer from Surplus in the Statement of Profit and Loss / Other comprehemsive income			16,08,305	(7,25,213)	8,83,092
Balance as at 31 March 2021	1,33,49,59,712	3,91,39,504	(36,13,33,276.35)	(5,55,074.97)	#

Note :

Nature and Purpose of Reserves

1. Statutory Reserve
In terms of Section 45-IC of the RBI Act, NBFCs are required to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year. The above requirement is to give intrinsic strength to the balance sheets of the companies. This reserve could be used for purposes as stipulated by the Reserve Bank of India from time to time.

2. Securities Premium
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013

3. Retained Earnings
Retained earnings are the profits that a company has earned to date, less any dividends or other distributions paid to investors.

4. Other Comprehensive Income (OCI)
Other Comprehensive Income refers to items of income and expenses that are not recognised as a part of the profit and loss account. However, the entity may transfer those amounts recognised in other comprehensive income within equity. The gain/loss on actuarial valuation of gratuity liability is considered in other comprehensive income.

For R C Jain and Associates LLP
Chartered Accountants
FRN : 103952W/W100156

CA Ratneshchand Jain
Partner
M No : 038096
Place : Mumbai
Date : 17-11-2021
UDIN:22038096AAAAAO5509

Place:Mumbai
Date: 17/11/2021

For and on behalf of Board of Directors

Saurabh A. Patel
CEO & MD
DIN: 02148559

Hardik Bharat Patel
Director
DIN : 00590663

CS Akash T. Pandey
Comapany Secretary
M. No. A61112

Finquest Financial Solutions Private Limited
Notes to the financial statemens for the period ended 31st March 2021

(All amounts are INR, unless expressed otherwise)

	Particulars	31 March 2021	31-03-2020 Restated
20.	**Interest Income**		
	Interest on loans	47,49,31,414	1,03,10,45,841
	Less : Interest Income against NPA		
	Interest on Bank Guarantee		
	Interest on FDR	63,58,780	9,78,785
		48,12,90,194	1,03,20,24,626
21.	**Other Operating Income**		
	Sale of Shares and Securities	68,21,60,668	(1,29,73,54,801)
		68,21,60,668	**(1,29,73,54,801)**
22.	**Other Income**		
	Dividend on Investment	47,20,904	2,66,27,685
	Consultation & Advisory Fees		28,36,307
	Income From Share in Jobbing-F&O		
	Gain in part on realisation of Stressed asset	30,09,38,540	58,75,81,232
	Interest Income (IND AS)	1,08,161	30,38,515
		30,57,67,605	**62,00,83,739**
23.	**Finance Costs**		
	Interest on (other than debt securities)	25,59,06,639	26,97,28,962
	Interest on debt securities	-	7,37,63,698
	Bank charges	2,25,725	5,10,792
	Debenture Premium Cost	31,19,08,863	19,46,29,411
		56,80,41,227	**53,86,32,863**
24	**Impairment on financial instruments**		
	Loans	**9,12,43,551**	**9,96,61,556**
	'Provision against non-performing assets (net)	11,03,27,820	9,42,53,952
	'Bad Debts	-	1,18,33,082
	'Contingent Provision against Standard Assets	(1,90,84,269)	(64,25,477)
	Investments	-	
	Others	-	
		9,12,43,551	**9,96,61,556**
25.	**Employee benefit expenses**		
	Salaries, bonus and commission	69,64,396	3,20,49,906
	Contribution to Provident and other funds	-	
	Staff welfare expenses	1,09,271	28,57,287
		70,73,667	**3,49,07,193**
26.	**Other expenses**		
	Audit Fees	1,47,000	3,31,600
	Franking/ Stamping Charges	-	1,52,400
	Legal & Professional Fees	2,22,11,637	3,24,21,286
	Loan Syndication fees	-	-
	Printing & Stationery	1,574	3,088
	Business Development Expenses	-	45,857
	ROC Filing fees	26,000	31,000
	Conveyance Expenses	4,26,252	10,64,428
	Donations	1,60,00,000	32,60,000
	Office Expenses	18,81,847	30,68,832
	Rent		
	NCD Issuance and Listing Charges	63,130	1,18,000
	Membership and Subscription fee	5,900	30,680
	Other Expenses	18,92,113	4,67,596
	Interest on Profession Tax	-	-
	Provision for Doubtful Debts	-	-
	Profession Tax	2,500	-
	Stamp Duty and registration	-	-
	Gratuity and Leave Encashmemt Provision	(39,08,272)	35,58,705
	GST credit on RCM	-	31,06,818
	Bad Debt	76,80,25,273	
		80,67,74,954	**4,76,60,290**

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27.	**Deferred Taxes**	81,80,823	(17,57,748)
		81,80,823	**(17,57,748)**
28.	**Statement of other comprehensive income**		
	(i) Items that will not be reclassified to profit or loss		
	Remeasurements of the defined benefit plans	(5,40,906)	1,91,339
	Equity Instruments through Other Comprehensive Income		
	Others (Specify nature)		
		(5,40,906)	**1,91,339**
	(ii) Income tax relating to items that will not be reclassified to profit or loss		
	(i) Items that will be reclassified to profit or loss		
	Other Comprehensive Income	**(5,40,906)**	

Consequent to restatement the annual results of the previous year is restated. Reconciliation of the Net Profit/Other Equity reported in accordance with previous audited financials for the year ended 31.03.2020.

Profit Reconciliation

Sr No	Particulars	Amount
1	Profit after tax as per audited accounts	(18,18,72,367)
2	Less: Debenture Premium Provision	19,46,29,411
3	Profit as per restated accounts	(37,65,01,778)

Reserve Reconciliation

Sr No	Particulars	Amount
1	Opening Balance as on 1.04.2019	1,38,77,00,975
2	Add: Profit as per restated accounts	(37,65,01,778)
3	Add:Other Comphrensive Income	1,28,576
5	Closing Balance as on 31.03.2020 (Restated)	1,01,13,27,773

29 As per the agreement between the Company and Surksha Asset Reconstruction Pvt. Ltd. ('Suraksha'), return on certain credit Facility extended by the Company to Suraksha ('transaction') is linked to Suraksha's internal rate of return ('IRR') from realisation of Yamuna Expressway Tolling Ltd. account ('Yamuna Account'), i.e., the Financial Asset. acquired by Suraksha from Bank for asset reconstruction. Consequently, the Company's income from this transaction is ascertainable only upon the final outcome of the resolution of Yamuna Account and the resultant IRR yield of Surkasha from realisation of the Financial Asset. Accordingly, pending the resolution of Yamuna Account, the Company cannot recognise any income from the transaction during the FY 2020-2021, there being significant uncertainty.

32. Contingent Liabilities

Particulars	Amount	AY
Income tax	2,61,481	2012
Income tax	1,29,054	2014
Income tax	9,05,369	2014
Income tax	71,26,780	2015
Income tax	68,89,150	2017
Income tax	40,18,590	2018

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Employee benefits plans

A. Gratuity

Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement whichever is earlier. The benefits vest after five years of continuous service.

The Company has a defined benefit plan for post-employment benefits in the form of Gratuity. Gratuity Benefits liabilities of the company are Unfunded.The Company accounts for gratuity based on an actuarial valuation which is carried out by an independent actuary as at the year end. The actuarial valuation method used by the independent actuary for measuring the liability is the Projected Unit Credit Method. Since the liabilities are unfunded, there is no Asset-Liability Matching strategy deviced for plan.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amount recognised in the Company's financial statement as at the balance sheet date :

Particulars	31 March 2021	31 March 2020 (Restated)
A. Change in present value of obligations		
Liability at the beginning of the year	9,13,914	4,36,639
Adjusted through retained earnings		-
Transfer in/ (out) obligation		-
Current service cost	197947	2,56,057
Interest cost	55834	29,879
Actuarial losses / (gain)	-540906	1,91,339
Past service cost		
Benefits paid		
Liability at the end of the year	**6,26,789**	**9,13,914**

D. Expense recognized in the statement of profit and loss		
Current service cost	1,97,947	2,56,057
Interest cost	55,834	29,879
Past Service Cost		
Net gratuity expense	**2,53,781**	**2,85,936**
E. Remeasurements recognized in the OCI		
Actuarial (gain) / loss arising from	(5,40,906)	1,91,339
- experience adjustments	(5,52,554)	1,61,750
- actuarial assumptions	11648	29,589

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F. Actuarial Assumptions

Particulars	31 March 2021	31 March 2020 (Restated)
Discount Rate	5.75%	6.25%
Salary escalation rate	7.00%	7.00%
Attrition Rate - Age (Years)		
25 & below	20.00%	20.00%
25-35	20.00%	20.00%
35-45	20.00%	20.00%
45-55	20.00%	20.00%
55 & above	20.00%	20.00%
Mortality rate	Indian Assured Life Mortality (2012-14) Ultimate	Indian Assured Life Mortality (2012-14) Ultimate
Retirement Age	60 Years	60 Years

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables. The defined benefit plan expose the company to actuarial risks, such as longevity and Interest rate risk. The weighted average duration of the defined benefit

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion

The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in weighted principal assumption are as below :

Gratuity

Particulars	31 March 2021		31 March 2020 (Restated)	
	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	-1.86%	1.94%	-2.39%	2.50%
Salary escalation rate (50 bps movement)	1.86%	-1.84%	1.04%	1.02%

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligations by 50 basis points,
keeping all the other actuarial assumptions constant. Although the analysis does not take into account of the full distribution of cash flows

B. Compensated absences

Particulars	31 March 2021	31 March 2020 (Restated)
A. Change in present value of obligations		
Liability at the beginning of the year	12,17,637	6,67,958
Adjusted through retained earnings		
Transfer in/ (out) obligation		
Current service cost	172477	408366
Interest cost	68081	41429
Actuarial losses / (gain)	-1334848	145584
Past service cost		
Benefits paid		-45700
Liability at the end of the year	1,23,347	12,17,637

Financial Solutions Pvt. Ltd. * Mumbai

Notes to the financial statements for the period ended 31st March 2021

(All amounts are INR, unless expressed otherwise)

30 Financial instruments-fair value and risk management

Accounting classification and fair values

The following table shows the carrying amount and fair value of financial assets and financial liabilities:

Fair value hierarchy

Financial instruments measured at amortised cost for which fair values are disclosed

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented at fair value compared to carrying amounts shown in the financial statement.

As at 31 March 2021	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets					
Cash and cash equivalents	-	-	17,13,73,058	17,13,73,058	17,13,73,058
Loans and advances					2,89,38,33,841
Investments					2,91,82,24,042
Trade receivables	-	-	-	-	-
Other financial assets	-	-	-	-	10,00,00,000
Liabilities					
Payables	-	-	-	-	-
Borrowings (other than debt securities)	-	-			1,25,21,14,612
Debt securities	-	-			
- Non-Convertible Debentures	-	-			2,75,00,00,000
Other financial liabilities	-	-			

As at 31 March 2020	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets					
Cash and cash equivalents	-	-	1,71,92,586	1,71,92,586	1,71,92,586
Loans and advances					7,64,32,30,788
Investments					85,39,27,032
Trade receivables	-	-	-	-	-
Other financial assets	-	-	-	-	1,30,36,81,232
Liabilities					
Payables	-	-	2,86,62,573	2,86,62,573	2,86,62,573
Borrowings (other than debt securities)	-	-			5,53,82,19,467
Debt securities	-	-			
- Non-Convertible Debentures	-	-			2,75,00,00,000
Other financial liabilities	-	-			

Short-term financial assets and liabilities

Short-term financial assets and liabilities For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the fair value are a reasonable approximation of their carrying cost. Such instruments include: cash & bank balances, short term borrowings and trade receivables & trade payables without a specific maturity. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances

The fair values of loans and advances are estimated by discounted cash flow models. For fixed rate loans, the fair value represents the discounted value of the expected future cashflow. For floating rate interest loans, the discounted value of the expected cash flows represents the carrying amount of the loans.

Borrowing & Debt Securities

Non-convertible debentures have been valued based on Corporate bond spread matrix methodology prescribed by FIMDA under "guidelines / clarification for valuation of investments".

31 Financial Risk Management

The Company has exposure to the following risks from financial instruments:
- Credit risk
- Liquidity risk
- Market risk (currency risk)

This note presents information about the Company's objectives, policies and processes for measuring and managing risk.

Risk management framework:

The Board has the overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities

A. Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers. The carrying amounts of financial assets represent the maximum credit risk exposure.

i) Credit risk management approach

The Company performs necessary due diligence on dealers viz. financial analysis, background checks, CIBIL, grading etc to arrive at sanctioning of limit. The Company follows the grading tool used by the group globally where certain qualitative and quantitative factors are considered to arrive at grading which helps in ascertaining the probability of default 'PD' of a particular client. This is used for decision making on limit sanction and precautions to be undertaken for a said client.

ii) Expected credit loss

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The Company measures ECL based out of a probability based outcome using a multiple scenario approach such as Best Case, Base Case & Worst Case and assigning weightages to each of the scenario.

Definition of Default

The Company's definition of default is aligned with regulatory guidelines issued by RBI and internal credit risk management practices.
The Company considers a financial asset to be in default when:
-the borrower is unlikely to pay its credit obligations to the company in full, without recourse to actions such as realising security (if any is held); or
-the financial asset is 90 days or more past due
-identified by the management as such

Finquest Financial Solutions Pvt. Ltd. * Mumbai

The Company's internal rating and PD estimation process

Probability of default (PD) is a key risk parameter in the ECL calculations. It is defined as the likelihood that a counterparty will not be able to meet its debt obligations in the future. A 12 months marginal PD is applied for all Stage 1 assets and a lifetime PD is applied for all Stage 2 and Stage 3 assets.

The company uses historical data to arrive at PDs which is based on rating Internal Rating Transition matrix and Roll Rate Estimation basis for its loans portfolios.

For arriving at PDs the company also takes into account relevant macro-economic factors both current and forecasted and use statistical model to arrive at the forecasted PDs.

The Company combines exposures that exhibit similar behaviour into pools based on identified risk drivers so that counterparties are behaviourally homogenous within pools and heterogeneous across pools. To do so, the Company relies on industry practices and expert judgement.

Exposure at Default

Exposure at default (EAD) is estimation of the extent that the Company is exposed to borrower in the event of default. EAD is arrived at take into account any expected changes in the exposure after the assessment date.

EAD in the case of facilities with no limits will be the outstanding exposure which will be calculated as principal + Due interest + Interest accrued but not due (as on reporting date). To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of Company's models.

Loss Given Default (LGD)

Loss given default (LGD) is defined as the forecasted economic loss in case of default. LGD computation is based on the Company's losses on defaulted accounts after consideration of recovery percentages. LGD computation is independent of the assessment of credit quality and thus applied uniformly across all stages.

The company computes LGD taking into account the value of collaterals and experience of past recovery from the defaulted cases. The recoveries are adjusted with time period delay and direct cost involved. Under Ind AS 109, LGD rates are estimated for the Stage 1, Stage 2 and Stage 3 segment of each asset class. These are repeated for each economic scenario as appropriate.

When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, payment status or other factors that are indicative of losses.

Significant in Credit Risk (SICR)

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. At each reporting date, the company assesses whether the credit risk on a financial instrument has increased significantly since its initial recognition. To make the assessment, Company considers available quantitative and qualitative information and also considers the company's historical experience and expert credit assessment.

Besides, the company also recognized SICR based on factors such as internal rating of borrowers, ssector or segment collectively assessed to have SICR, high risk events/attributes of client (bankruptcy etc.)

The below table shows the gross carrying amount of financial assets by credit ratings along with corresponding expected credit losses and the net carrying amount:

Year ended 31 March 2021

Particulars	Asset group	Credit rating	Estimated gross carrying amount at default	Loss Rate	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	**Loans at Amortized cost**					
Loss allowance measured at life-time expected credit losses, not credit impaired	**Loans at Amortized cost**					
Loss allowance measured at life-time expected credit losses, credit impaired	**Loans at Amortized cost**					

Year ended 31 March 2020

Particulars	Asset group	Credit rating	Estimated gross carrying amount at default	Loss Rate	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	**Loans at Amortized cost**					
Loss allowance measured at life-time expected credit losses, not credit impaired	**Loans at Amortized cost**					
Loss allowance measured at life-time expected credit losses, credit impaired	**Loans at Amortized cost**					

The movement in the allowance for impairment for loans at amortised cost is as follows:

	12 month ECL	Lifetime ECL - not credit impaired	Lifetime ECL- credit impaired	Total
Balance as at 31 March 2020	-	-	-	-
Net remeasurement of loss allowance				-
Transfer to 12 Month ECL from lifetime				-
Transfer to lifetime ECL-not credit-impaired				-
Transfer to lifetime ECL-credit impaired				-
Financial assets derecognised				-
New financial assets acquired				-
Balance as at 31 March 2021	-	-	-	-

The below table shows the maximum exposure to credit risk by class of financial assets. It also shows the financial effect of the collateral held as security (quantification of the extent to which collaterals mitigate credit risk), and the net exposure to credit risk.

Year ended 31 March 2021

		Fair value of the collateral		
Financial assets	**Maximum exposure to credit risk**	**Vehicles**	**Land and buildings**	**Net Exposure**
Cash and cash equivalents	17,13,73,058	-	-	17,13,73,058
Trade Receivables	-	-	-	-
Loans	2,89,38,33,841			2,89,38,33,841
Investments	2,91,82,24,042			2,91,82,24,042
Other financial assets	10,00,00,000	-	-	10,00,00,000
Total financial assets	**6,08,34,30,941**	-	-	**6,08,34,30,941**

Year ended 31 March 2020

		Fair value of the collateral		
Financial assets	**Maximum exposure to credit risk**	**Vehicles**	**Land and buildings**	**Net Exposure**
Cash and cash equivalents	1,71,92,586	-	-	1,71,92,586
Trade Receivables	-	-	-	-
Loans	7,64,32,30,788			7,64,32,30,788
Investments	85,39,27,032			85,39,27,032
Other financial assets	1,30,36,81,232	-	-	1,30,36,81,232
Total financial assets	**9,81,80,31,638**	-	-	**9,81,80,31,638**

Write off

Financial assets are written off when there is no realistic prospect of recovery. This is generally the case when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Company's procedures for recovery of amounts due.

Below is the details of the financial assets that were written off during the reporting period and are still subject to enforcement activity.

	Year ended 31 March 2021
Contractual outstanding	
Amount written off during the year	

Finquest Financial Solutions Pvt. Ltd. * Mumbai

Notes to the financial statements as at 31st March 2021
(All amounts are INR, unless expressed otherwise)

31 Financial Risk Management (continued)

Financial instruments – Financial risk management (continued)

D. Interest rate risk

Interest rate risk is defined as the adverse impact of the interest rates movements on the financial condition of the company. The immediate impact of changes in interest rates is on the company earnings by changing its Net Interest Income (NII). A long-term impact of changing interest rates is on company's Market Value of Equity (MVE) or Net Worth as the economic value of the assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates. The interest rate risk when viewed from these two perspectives is known as 'earnings perspective' and 'economic value perspective', respectively.

Sources of Risk

a. Repricing risk: The Company encounters interest rate risk in several ways, the primary form of interest rate risk arises from timing differences in the maturity (for fixed rate) and repricing (for floating rate) of the company's assets, liabilities positions.

b. Yield curve risk: Repricing mismatches can also expose the company to changes in the slope and shape of the yield curve. Yield curve risk arises when unanticipated shifts of the yield curve have adverse effects on the company's income or underlying economic value.

c. Basis risk: Basis risk arises from imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar repricing characteristics.

i. Interest rate risk management

The GAP Analysis approach is be followed to measure the interest rate risk:

The GAP or mismatch risk is measured by calculating gaps over different time intervals as at a given date. Gap analysis measures mismatches between rate sensitive liabilities and rate sensitive assets. An asset or liability is normally classified as rate sensitive if:

– within the time interval under consideration, there is a cash flow;
– the interest rate resets/reprices contractually during the interval;
– it is contractually pre-payable or withdrawable before the stated maturities;
– It is dependent on the changes in the Bank Rate by RBI or market products.

The Gap report is be generated by grouping rate sensitive liabilities, assets and off-balance sheet positions into time buckets according to residual maturity or next re-pricing period, whichever is earlier. All investments, advances, deposits, borrowings, purchased funds, etc. that mature/re-price within a specified time-frame are interest rate sensitive. Similarly, any principal repayment of loan is also rate sensitive if the company expects to receive it within the time horizon. This includes final principal repayment and interim instalments. Certain assets and liabilities carry floating rates of interest that vary with a reference rate and hence, these items get re-priced at pre-determined intervals. Such assets and liabilities are rate sensitive at the time of re-pricing.

The Company measures its interest rate exposure to reduce the risk of loss due to interest rate exposure through the following:

1. Set and monitor the threshold levels of KRI on monthly basis
2. Monitor Interest rate sensitivity as prescribed by RBI under IRS return
3. Analyze earnings at risk caused by an upward shift in the yield curve (100 bps parallel shift)
4. Computes and monitors Square hedge rate

Management draws comfort from the fact that most of the assets and liabilities of the company create natural interest rate hedge for the company to an extent.

ii. Exposure to interest rate risk

The exposure of the Company to interest rate risk as at 31 March 2020, 31 March 2019 and 1 April 2018 are as below:

	31 March 2021	31 March 2020
Interest bearing assets		
Loans (A)		
Interest bearing liabilities		
Borrowings (B)		
Net exposure (A-B)	-	-

b) Sensitivity

Profit or loss is sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Impact on profit after tax			Impact on other components of equity	
	31 March 2021	31 March 2020	1 April 2019	31 March 2021	31 March 2020
100bps upward shift in yield curve				-	-

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Financial Risk Management (continued)

Financial instruments – Financial risk management (continued)

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing of amounts of cash flows, which is inherent to the nature of Company's operations. Liquidity risk could lead to situations where the Company needs to raise funds and/or assets need to be liquidated under unfavorable market conditions. Measuring and managing liquidity needs are vital for effective operation of the Company by assuring the ability to meet its liabilities as they become due.
The liquidity risk can be either (I) institution specific or (ii) market specific.

i. Liquidity risk management

Liquidity has to be tracked through maturity or cash flow mismatches. For measuring and managing net funding requirements, the use of a maturity ladder and calculation of cumulative surplus or deficit of funds at selected maturity dates is adopted as a standard tool commonly referred to as Structural Liquidity. The Maturity Profile, are used for measuring the future cash flows of the company in different time buckets. The time buckets distributed considered are as per RBI guidelines and monitored by Asset Liability management Committee (ALCO) .

- The Statement of Structural Liquidity is prepared by placing all cash inflows and outflows in the maturity ladder according to the expected timing of cash flows. A maturing liability will be a cash outflow while a maturing asset will be a cash inflow.
- The Company strives to manage the negative gap (i.e. where outflows exceed inflows) in the particular time-bucket and cumulative gap up to selected maturity period should not exceed the prudential limits approved by the Board . The prudential limits for individual time buckets are based on a percentage of outflows of each time-bucket and the limit for the cumulative gaps are based on the percentage of cumulative gap to cumulative cash outflows up to the period.
- To manage the liquidity risk the company also has lines of credit from various banks including backstop facilities in the form of committed lines measured in the form of "no of day these back stop lines will fund the unforeseen liquidity event" of potential and unexpected business disruption due to unforeseen liquidity distress and cover debt capital market exposure. This is monitored as "Days until alternative funding" by the company.
- In order to enable the company to monitor its short-term liquidity on a dynamic basis over a time horizon spanning from 1 day to 6 months, short-term liquidity profiles is estimated on the basis of business projections and other commitments for planning purposes which is effectively used as a predictive tool for its future ALM requirements.

ii. Maturity of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments.

As at 31 March 2021

	Note No	Contractual cash flows								
		Up to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Financial liabilities										
Trade Payables										-
Borrowings										-
Debt securities										-
Financial Assets										-
Cash and cash equivalents										-
Trade receivables										-
Loans										-
Investments										-
Other financial assets										-

Finquest Financial Solutions Pvt. Ltd. * Mumbai

31 March 2020

	Note No	Contractual cash flows Up to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years & up to 5 years	Over 5 years	Total
cial liabilities										
Payables										-
vings										-
ecurities										-
cial Assets										-
nd cash equivalents										-
receivables										-
										-
nents										-
financial assets										-

31 March 2019

	Note No	Contractual cash flows Up to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years & up to 5 years	Over 5 years	Total
cial liabilities										
Payables										-
vings										-
ecurities										-
cial Assets										-
nd cash equivalents										-
receivables										-
										-
nents										-
financial assets										-

1 April 2018

	Note No	Contractual cash flows Up to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years & up to 5 years	Over 5 years	Total
cial liabilities										
Payables										-
vings										-
ecurities										-
										-
nents										-
financial assets										-
										-
financial assets										-

Notes to the financial statements as at 31st March 2021
(All amounts are INR, unless expressed otherwise)

31 **Financial Risk Management (continued)**

Financial instruments – Financial risk management (continued)

C. Foreign currency risk
Currency risk is the risk that the value of an receivable/ payable will fluctuate due to changes in foreign exchange rates. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

i. Currency risk management
The company does not have any material foreign currency transactions that would significantly impact the profitability of the company.

ii. Exposure to currency risk
There is no exposure to currency risk

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"FINQUEST FINANCIAL SOLUTIONS LIMITED

Notes forming part of the Standalone Financial Statements For the Year Ended 31st March 2021

1. CORPORATE INFORMATION

Finquest Financial Solutions Pvt. Ltd. ('the Company') is registered as a Non-Banking Financial Company ('NBFC) as defined under section 45-IA of the Reserve Bank of India Act, 1934. The Company is principally engaged in lending and investing activities, holding a Certificate of Registration from the Reserve Bank of India ("RBI")

2. SIGNIFICANT ACCOUNTING POLICIES

i. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. The Company has adopted Ind AS from April 1, 2019 with effective transition date as April 1, 2018. These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act"). The transition was carried out from Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note no 32.

ii. Presentation of financial statements

The Balance Sheet, Statement of Profit and Loss and Statement of changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Companies Act, 2013 ("the Act")-. The Statement of Cash Flows has been prepared and "

"presented as per the requirements of Ind AS. Amounts in the financial statements are

presented in Indian Rupees .

iii. Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of entering into the transaction.

Measurement of fair values:

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value for measurement and/or disclosure purposes for certain items in these financial statements is determined considering following methods:"

Items	**Measurement basis**
Certain financial assets and liabilities (including derivatives instruments)	Fair value
Net defined benefit (asset)/liability	Fair value of planned assets less present value of defined benefit obligations
Property plant and equipment	Value in use under Ind AS 36

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"Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the

degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:"

"a) Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or

liabilities that the Company can access at measurement date

b) Level 2: inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

c) Level 3: inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at measurement date.

iv. Principles of Consolidation

The consolidated financial statements relate to Finquest financial solutions Pvt Ltd (the ""Company"") and the Company's share of profit / loss in its subsidiary. The consolidated financial statements have been prepared on the following basis:

a) The financial statements of subsidiary used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2021 or upto the date on which it ceased to be an subsidiary of the Company whichever is earlier.

b) The consolidated financial statements include the share of profit/ (loss) of subsidiary company, which have been accounted for as per Ind AS 110 (Consolidated Financial Statements). "

"v. Use of estimates and judgements

The preparation of financial statements requires the management of the Company to make judgements, assumptions and estimates that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses for the reporting period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements have been disclosed as applicable in the respective notes to accounts. Accounting estimates could change from period to period. Future results could differ from these estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Judgements:

Information about judgements made in applying accounting policies that have a most significant effect on the amount recognised in the Standalone financial statements is included as follows:

Finquest Financial Solutions Pvt. Ltd. Mumbai *

- Note 11 - classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding."

"Note 24 : impairment of financial instruments: As per management decision for Loss allowance in case of Non performing assets RBI norms are followed instead of ECL Method

Note 14 : Determination of the fair value of financial instruments with significant unobservable inputs.

Note 16 : Measurement of defined benefit obligations: key actuarial assumptions.

Note 9 : Recognition of deferred tax assets: availability of future taxable profit against which carry forward deferred tax asset can be set off.

Notes 16 : recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Note 10 - useful life of property, plant, equipment and intangibles.

Interest

Interest income and expense are recognised using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability.

The calculation of the EIR includes all fees paid or received that are incremental and directly attributable to the acquisition or issue of a financial asset or liability."

"The interest income is calculated by applying the EIR to the gross carrying amount of

non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets {i.e. at the amortised cost of the financial asset after adjusting for any expected credit loss allowance (ECLs)}. The Company assesses the collectability of the interest on credit impaired assets at each reporting date. Based on the outcome of such assessment, the Interest income accrued on credit impaired financial assets are either accounted for as income or written off as per the write off policy of the Company.

The interest cost is calculated by applying the EIR to the amortised cost of the financial liability.

Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest

Mumbai

method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

vii. Income from services and distribution of financial products

"

"Revenue from brokerage is recognised when the service is performed. Trail brokerage is

recognised at the end of the measurement period when the pre-defined thresholds are met. Revenue is net of applicable indirect taxes and sub-brokerage.

viii.Dividend income

Income from dividend on investment in equity shares of corporate bodies and units of mutual funds is accounted when the Company's right to receive dividend is established.

x. Financial Instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet on

settlement date when the Company becomes a party to the contractual provisions of the instrument."

"Recognised financial assets and financial liabilities are initially measured at fair value.

Transaction costs and revenues 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 and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Statement of Profit or Loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

a) if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

b) in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial Solutions Pvt. Ltd. Mumbai

a) Financial assets Classification

On initial recognition, depending on the Company's business model for managing the financial assets and its contractual cash flow characteristics, a financial asset is classified as measured at;

1) amortised cost;

2) fair value through other comprehensive income (FVTOCI); or

3) fair value through profit and loss (FVTPL)."

"Initial recognition and measurement

Financial asset is recognised on trade date initially at cost of acquisition net of transaction cost and income that is attributable to the acquisition of the financial asset. Cost equates the fair value on acquisition. Financial asset measured at amortised cost and Financial measured at fair value through other comprehensive income is presented at gross carrying value in the Financial statements. Unamortised transaction cost and incomes and impairment allowance on Financial asset is shown separately under the heading ""Other non-financial asset"", Other non-financial liability"" and ""Provisions"" respectively.

Assessment of Business model

An assessment of the applicable business model for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company could have more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. The Company takes into account all relevant evidence available such as:

1) how the performance of the business model and the financial assets held within that

business model are evaluated and reported to the entity's key management personnel and board of directors;"

"2) the risks that affect the performance of the business model (and the financial assets held

within that business model) and, in particular, the way in which those risks are managed; and

3) how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

4) At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business models

each reporting period to determine whether the business model/(s) have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business model.

Based on the assessment of the business models, the Company has identified the three following choices of classification of financial assets:

a) Financial assets that are held within a business model whose objective is to collect the contractual cash flows (""Asset held to collect contractual cash-flows""), and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are measured at amortised cost;

b) Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, (""Contractual cash flows of Asset collected through hold and sell model"") and that have contractual cash flows that are SPPI, are measured at FVTOCI.

c) All other financial assets (e.g. managed on a fair value basis, or held for sale) and equity investments are measured at FVTPL.

Financial asset at amortised cost

Amortised cost of financial asset is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount"

"may change over the life of the financial asset (e.g. if there are repayments of principal).

Contractual cash flows that do not introduce exposure to risks or volatility in the contractual cash flows on account of changes such as equity prices or commodity prices and are related to a basic lending arrangement, do give rise to SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

The EIR amortisation is included in finance income in the profit and loss statement. The losses arising from impairment are recognised in the profit and loss statement.

Financial asset at fair value through Other Comprehensive Income (FVTOCI)

After initial measurement, basis assessment of the business model as ""Contractual cash flows of Asset collected through hold and sell model and SPPI"", such financial assets are classified to be measured at FVOCI. Contractual cash flows that do introduce exposure to risks or volatility in the contractual cash flows due to changes such as equity prices or commodity prices and are unrelated to a basic lending arrangement, do not give rise to SPPI.

The EIR amortisation is included in finance income in the profit and loss statement. The losses arising from impairment are recognised in the profit and loss statement. The carrying value of the financial asset is fair valued by discounting the contractual cash flows over contractual tenure basis the internal rate of return of a new similar asset originated in the month of reporting and such unrealised gain/loss is recorded in other comprehensive income (OCI). Where such a similar product is not originated in the month of reporting, the

Finquest Financial Solutions Pvt. Ltd. * Mumbai

closest product origination is used as a proxy. Upon sale of the financial asset, actual the gain/loss realised is recorded in the profit and loss statement and the unrealised/gain losses recorded in OCI are recycled to the statement of profit and loss.

Financial asset at fair value through profit and loss (FVTPL)

Financial asset, which does not meet the criteria for categorization at amortized cost or FVOCI, is classified as at FVTPL. In addition, the Company may elect to classify a financial asset, which otherwise meets amortized cost or FVOCI criteria, as FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to"

"as 'accounting mismatch'). Financial assets included within the FVTPL category are measured

at fair value with all changes recognized in the statement of profit and loss.

Investment in equity, security receipt, mutual fund, non-cumulative redeemable preference shares and cumulative compulsorily convertible preference shares

Investment in equity, security receipt, mutual fund, non-cumulative redeemable preference shares and cumulative compulsorily convertible preference shares are classified as FVTPL and measured at fair value with all changes recognised in the statement of profit and loss. Upon initial recognition, the Company, on an instrument-by-instrument basis, may elect to classify equity instruments other than held for trading either as FVTOCI or FVTPL. Such election is subsequently irrevocable. If FVTOCI is elected, all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the gains or losses from OCI to the statement of profit and loss, even upon sale of investment. However, the Company may transfer the cumulative gain or loss within other equity upon realisation.

Investment in associates:

The Company has elected to measure Investment in associates at cost.

Reclassifications within classes of financial assets

A change in the business model would lead to a prospective re-classification of the financial asset and accordingly the measurement principles applicable to the new classification will be applied. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment of Financial Asset Impairment approach"

"The Company is required to recognise expected credit losses (ECLs) based on forward-looking

information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. No impairment loss is applicable on equity investments.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month ECLs. If the credit risk has significantly

Financial Solutions Pvt. Ltd. Mumbai

increased since initial recognition (Stage 1), an allowance (or provision) should be recognised for the lifetime ECLs for financial instruments for which the credit risk has increased significantly since initial recognition (Stage 2) or which are credit impaired (Stage 3).

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The Company applies a three-stage approach to measure ECL on financial assets accounted for at amortised cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

1. Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is"

Fingest Financial Solutions Pvt. Ltd. * Mumbai "recognised. Exposures with days past due (DPD) less than or equal to 29 days are classified as

stage 1. The Company has identified zero bucket and bucket with DPD less than or equal to 29 days as two separate buckets.

2. Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Exposures with DPD equal to 30 days but less than or equal to 89 days are classified as stage 2. At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company has identified cases with DPD equal to or more than 30 days and less than or equal to 59 days and cases with DPD equal to or more than 60 days and less than or equal to 89 days as two separate buckets.

3. Stage 3: Lifetime ECL – credit impaired

Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial asset that have become credit impaired, a lifetime ECL is recognised on principal outstanding as at period end. Exposures with DPD equal to or more than 90 days are classified as stage 3.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. ECL is recognised on EAD as at period end. If the terms of a financial asset are renegotiated or modified due to financial difficulties of the borrower, then such asset is moved

to stage 3, lifetime ECL under stage 3 on the outstanding amount is applied."

"The Company assesses when a significant increase in credit risk has occurred based on

quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

1. Quantitative test: Accounts that are 30 calendar days or more past due move to Stage 2 automatically. Accounts that are 90 calendar days or more past due move to Stage 3 automatically.

2. Qualitative test: Accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring. High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress.

3. Reversal in Stages: Exposures will move back to Stage 2 or Stage 1 respectively, once they no longer meet the quantitative criteria set out above. For exposures classified using

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Mumbai

the qualitative test, when they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met

The definition of default for the purpose of determining ECLs has been aligned to the Reserve Bank of India definition of default, which considers indicators that the debtor is unlikely to pay and is no later than when the exposure is more than 90 days past due. The Company continues to incrementally provide for the asset post initial recognition in Stage 3, based on its estimate of the recovery.

Whereas the Management has provided for/ written off the entire receivables in the current financial year following RBI norms for non perfoming assets instead of ECL method :"

Product	Overdue criteria
Loan against property	15 months and above
Construction equipment, auto, commercial vehicles, two wheeler and personal loan	10 months and above
Tractor/agri products	6 months and above
Consumer durables	5 months and above

"The measurement of all expected credit losses for financial assets held at the reporting date

based on historical experience, current conditions and reasonable and supportable forecasts. The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives, and estimation of EAD and assessing significant increases in credit risk.

Impairment of Trade receivable and Operating lease receivable

Impairment allowance on trade receivables is made on the basis of life time credit loss method, in addition to specific provision considering the uncertainty of recoverability of certain receivables.

Modification and De-recognition of financial assets Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to

the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as

stage 3 immediately upon such modification in the terms of the contract.

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging"

".

De-recognition of financial assets

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A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

1) the rights to receive cash flows from the asset have expired, or

2) the Company has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Write-off

Impaired loans and receivables are written off, against the related allowance for loan impairment on completion of the Company's internal processes and when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write off is determined on a case by case basis. A write-off constitutes a de-recognition event. The Company has right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the income statement.

Presentation of ECL allowance for financial asset:"

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Type of Financial asset	Disclosure
Financial asset measured at amortised cost	shown separately under the head "provisions" and not as a deduction from the gross carrying amount of the assets
Financial assets measured at FVTOCI	
Loan commitments and financial guarantee contracts	shown separately under the head "provisions"

"Where a financial instrument includes both a drawn and an undrawn component and the

Company cannot identify the ECL on the loan commitment separately from those on the drawn component, the Company presents a combined loss allowance for both components under "provisions".

Financial liability, Equity and Compound Financial Instruments Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity

instruments."

"Classification

The Company classifies its financial liability as ""Financial liability at amortised cost"" except for financial liability at fair value through profit and loss (FVTPL).

Initial recognition and measurement

Financial liability is recognised initially at cost of acquisition net of transaction costs and incomes that is attributable to the acquisition of the financial liability. Cost equates the fair value on acquisition. Company may irrevocably designate a financial liability that meet the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity

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 the Company are recognised at the proceeds received, net of direct issue costs. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound instruments"

"The component parts of compound instruments (e.g. cumulative compulsorily convertible

preference shares CCCPS) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital and share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain/loss is recognised in profit or loss upon conversion or expiration of the conversion option.

A Cumulative Compulsorily Convertible Preference Shares (CCCPS), with an option to holder to convert the instrument in to variable number of equity shares of the entity upon redemption is classified as a financial liability and dividend including dividend distribution tax is accrued on such instruments and recorded as finance cost.

b) Cash, Cash equivalents and bank balances"

Finquest Financial Solutions Pvt. Ltd. * Mumbai

"Cash, Cash equivalents and bank balances include fixed deposits, margin money deposits, and

earmarked balances with banks are carried at amortised cost. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

xi. Property, plant and equipment

a. Tangible

Tangible property, plant and equipment (PPE) acquired by the Company are reported at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. The acquisition cost includes any cost attributable for bringing asset to its working condition net of tax/duty credits availed, which comprises of purchase consideration, other directly attributable costs of bringing the assets to their working condition for their intended use. PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

b. Capital work-in-progress

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress" and carried at cost, comprising direct cost, related incidental expenses and attributable interest.

c. Intangible

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are

allocated and capitalised as a part of the cost of the intangible assets. Expenses on software"

"support and maintenance are charged to the Statement of Profit and Loss during the year in

which such costs are incurred.

d. Intangible assets under development

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

e. Depreciation and Amortisation

Depreciable amount for tangible property, plant and equipment is the cost of an asset, or other amount substituted for cost, less its estimated residual value. The residual value of each asset given on Operating lease is determined at the time of recording of the lease asset. If the residual value of the Operating lease asset is higher than 5%, the Company has a justification in place for considering the same.

Depreciation on tangible property, plant and equipment deployed for own use has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Buildings, Computer Equipment networking assets, electrical installation and equipment and Vehicles, in whose case the life of the assets has been assessed based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, etc. Depreciation on tangible property, plant and equipment deployed on operating lease has been provided on the straight-line method over the primary lease period of the asset. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis. Depreciation for additions to/deductions from, owned assets is calculated pro rata to the remaining period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life. All capital assets with individual value less than Rs. 5,000 are depreciated fully in the year in which they are purchased."

"Purchased software / licenses are amortised over the estimated useful life during which the

benefits are expected to accrue, while Goodwill if any is tested for impairment at each Balance Sheet date. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis. Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

Estimated useful life considered by the Company are:"

Finquest Financial Solutions Pvt. Ltd. * Mumbai

Asset	Estimated Useful Life
Leasehold Improvements	As per lease period
Construction Equipment	2 to 13.5 years
Furniture and Fixtures	Owned: 10 years
	Leased: 3 to 7 years
Computer Equipment	Owned: 3 to 4 years
	Leased: 2 to 4 years
Office Equipment	Owned: 5 years
	Leased: 3 to 5 years
Vehicles	Owned: 4 years
	Leased: 1 to 5 years
Software Licenses	Owned: 1 to 10 years
	Leased: 1 to 3 years
Buildings	25 years
Plant & Machinery	Owned: 10 years
	Leased: 2 to 15 years
Railway Wagons	Leased: 6 years
Electrical Installation & Equipment	Leased: 3 to 6 years
Networking Assets	Leased: 2 to 4 years

"f. Reclassification to Investment property

Properties held to earn rentals and/or capital appreciation are classified as Investment properties and measured and reported at cost, including transaction costs. When the use of an existing property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

g. Impairment of assets

Upon an observed trigger or at the end of each accounting year, the Company reviews the carrying amounts of its PPE, investment property and intangible asset to determine whether there is any indication that the asset have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Finquest Financial Solutions Pvt. Ltd. Mumbai

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased

to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment"

"loss is recognised for the asset in prior years. A reversal of an impairment loss is recognised

immediately in the Statement of Profit and Loss.

h. De-recognition of property, plant and equipment and intangible asset

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

xii. Non-Current Assets held for sale: Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

The Company has a policy to make impairment provision at one third of the value of the Asset for each year upon completion of three years upto the end of five years."

"xiii.Employee Benefits

Defined Employee benefits include provident fund, superannuation fund, employee state insurance scheme,

Defined contribution benefits includes gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

Fingquest Financial Solutions Pvt. Ltd. * Mumbai

The eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss in the year in which they occur. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the Company. The Company is generally liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the employee provident scheme, 1952 is recognised as an expense in the year in which it is determined.

The Company's contribution to superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is

amortised on a straight-line basis over the average period until the benefits become vested."

"The retirement benefit obligation recognised in the Balance Sheet represents the present

value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

'The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long term service awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Share based payment transaction

The stock options of the Parent Company is granted to employees pursuant to the Company's

Stock Options Schemes, are measured at the fair value of the options at the grant date. The amount recognised as expense is based on the estimate of the number of options for which"

"the related service and non-market and non-market vesting conditions are expected to be

met, such that the amount ultimately recognised as an expense is based on the number of options that do meet the related service and non-market vesting conditions at the vesting date. For share-based options with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as an expense in respect of such grant is transferred to the general reserve within other equity, which a free reserve in nature.

xiv.Securities premium account

The Company records premium on account of

1. On issuance of new equity shares;

2. On conversion of CCCPS into equity shares

The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

xv. Foreign currencies transactions

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year end. Non-monetary items that are measured in terms of historical cost in foreign currency are not

retranslated."

Finquest Financial Solutions Pvt. Ltd. Mumbai

"Exchange differences that arise on settlement of monetary items or on reporting of monetary

items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

xvi.Operating Segments

The Company's main business is financing by way of loans for retail and corporate borrowers in India. The Company's operating segments consist of ""Financing Activity"", "" Investment Activity"" and ""Others"". All other activities of the Company revolve around the main businesses. This in the context of Ind AS 108 – operating segments reporting are considered to constitute reportable segment. The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors. Operating segment disclosures are consistent with the information reviewed by the CODM.

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components, and for which discrete financial information is available. Accordingly all operating segment's operating results of the Company are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance.

The ""Financing Activity"" segment consists of asset financing, term loans (corporate and retail), channel financing, credit substitutes, investments linked to/arising out of lending business and bill discounting. The ""Investment Activity"" segment includes corporate investments and ""Others"" segment primarily includes advisory services, wealth management, distribution of financial products and leasing.

Revenue and expense directly attributable to segments are reported under each operating segment. Expenses not directly identifiable to each of the segments have been allocated to each segment on the basis of associated revenues of each segment. All other expenses which

are not attributable or allocable to segments have been disclosed as un-allocable expenses."

"Assets and liabilities that are directly attributable to segments are disclosed under each

reportable segment. All other assets and liabilities are disclosed as un-allocable.

xvii. Investments in Associates

The Company is required to measure investment in associate at cost plus profit pick up in case of associates.

xviii. Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up.

Fincare Financial Solutions Pvt. Ltd. * Mumbai xix.Taxation Income Tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or"

"received after considering the uncertainty, if any, related to income taxes. It is measured using

tax rates (and tax law) enacted or substantively enacted by the reporting date.

Current tax asset and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

xix. Goods and Services Input Tax Credit

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits."

"xx. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

(i) an entity has a present obligation (legal or constructive) as a result of a past event; and

Fingquest Financial Solutions Pvt. Ltd. * Mumbai

(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

(i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

(ii) a present obligation arising from past events, when no reliable estimate is possible. Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent assets are not recognised in the financial statements

xxi. Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) estimated amount of contracts remaining to be executed on capital account and not provided for;"

"b) uncalled liability on shares and other investments partly paid;

c) funding related commitment to associate; and

d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

e) Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

f) Commitments under Loan agreement to disburse Loans

g) Lease agreements entered but not executed

xxii. Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i. changes during the period in operating receivables and payables transactions of a non-cash nature;

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and

iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

xxiii. Dividend payable (including dividend distribution tax)

Interim dividend declared to equity shareholders, if any, is recognised as liability in the period

in which the said dividend has been declared by the Directors. Final dividend declared, if any, is recognised in the period in which the said dividend has been approved by the Shareholders."

For R C Jain and Associates LLP

Chartered Accountants
FRN : 103952W/W100156

CA Ratneshchand Jain
Partner
M No.: 038096

Place: Mumbai
Date: 18/11/2021

For and on behalf of Board of Directors

Saurabh A. Patel
CEO & MD
DIN: 02148559

Hardik B. Patel
Director
DIN: 00590663

CS Akash Pandey
Company Secretary
Mem No. A 61112

INDEPENDENT AUDITORS' REPORT

To the Members of Finquest Financial Solutions Private Limited

Report on the Ind AS Consolidated Financial Statements

1. We have audited the accompanying Ind AS Consolidated financial statements of Finquest Financial Solutions Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Opinion

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by 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 Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2021, and its Profit (financial performance including other comprehensive income), its Cash Flows and the Changes in Equity for the year ended on that date other than the fact that company has recognized the loss allowance on Non-Performing assets as per RBI prescribed norms for NON-BANKING FINANCIAL COMPANIES instead of expected credit loss allowance as given under Indian Accounting Standard 109, (IND AS 109) "Classification and measurement of Financial Assets and Financial Liabilities" and Indian Accounting Standard 107 "Financial Instruments : Disclosures ".

Basis for Opinion

3. We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 independence requirements that are relevant to our audit of the Ind AS Financial

Statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the 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:

    a. Impact of COVID-19 on Preparation of Financial Statements:
    Attention is drawn to notes in the Financial statements.

    b. Impairment of Financial & Non – Financial Assets as per Ind AS : Impairment on loans are not provided where borrowers have provided enough security which can cover principal and interest amount till date.

    c. The Company has acquired 90% of the Stake of Digjam Limited Listed Listed and Admitted on BSE limited and National Stock Exchange of India Ltd. at the Meeting of the Board of Directors ("The Board") of Digjam Limited ("The Company") held on Friday , March 19,2021. The Resolution Plan has been approved by hon'ble national company Law Tribunal, Ahmedabad

Other Matters

5. The audit of the Financial Statements has been conducted after considering the impact of COVID-19 on the business and appropriate disclosures, wherever applicable, have been made in the Notes annexed to the Financial Statements.

Management's Responsibility for the Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the State of Affairs (financial position), Profit or Loss (financial performance including other comprehensive income), Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the

Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the relevant rules issued thereunder.

7. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, 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.

Auditor's Responsibility

8. Our responsibility is to express an opinion on these Ind AS Consolidated financial statements based on our audit.

9. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

11. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

12. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Report on Other Legal and Regulatory Requirements

13. 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.

14. 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, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder.

    e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure-B"**.

    g. With respect to the other matters to be included in the Auditor's Report in accordance with 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 does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For R.C. Jain & Associates LLP
Chartered Accountants
(FRN: 103952W/W100156)

R. C. JAIN & ASSOCIATES LLP
M. No. 38096

(CA Ratneshchand Jain)
Partner
Membership No. 038096

PLACE: MUMBAI
DATE: 1st November, 2021
UDIN :- 22038096AAAAAP9571

ANNEXURE-A

Referred to in paragraph 10 of our Independent Auditors' Report of even date

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

(b) According to the information and explanations given by the management, the title deeds of immovable properties included in tangible assets are held in the name of the Company.

ii) The inventories have been physically verified by the management at reasonable intervals during the year. The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of it's business. As per the information and explanations given to us, no material discrepancies were noticed on physical verification of inventories as compared to book records.

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 Act. Accordingly, the clauses (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the Order are not applicable to the company.

iv) The Company is registered as Non banking financial company hence provision of section 185 and 186 of the Companies Act,2013 in respect of investment made are not applicable to the company.

v) As explained to us, the Company has not accepted any deposits to which directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed there under are applicable. Accordingly, clause (v) of paragraph 3 of the Order is not applicable to the Company.

vi) The Provisions of clause 3(vi) of the order are not applicable to the company as the company is not covered by the companies (Cost Records and Audit) Rules, 2014

vii) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and any other statutory dues, applicable to it with the appropriate authorities. According to the information and explanations given to us there were no arrears of outstanding statutory dues as at the last day of the financial year which have remained outstanding as at 31st March, 2021 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax or Goods and Service Tax or Cess as at 31st March, 2021 which have not been deposited on account of any dispute except for the following :

viii) In our opinion & according to the information & explanation given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, Government & dues to Debenture holders.

ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the company for the purposes for which the same were obtained. The company has not raised any moneys by way of initial public offer or further public offer in the current year (including debt instruments).

x) On the basis of our examination and according to the information and explanations given to us, no fraud, by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.

xi) Based upon the audit procedure performed and the information and explanation given by the management, no managerial remuneration has been paid or provided.

xii) The Company is not a Nidhi company. Accordingly, the clause (xii) of paragraph 3 of the Order is not applicable to the Company.

xiii) According to the information and explanations given to us and the records of the company examined by us, all transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements as required by the applicable Indian accounting Standards.

(xiv) According to the information and explanations given to us and the records of the Company examined by us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the clause (xiv) of paragraph 3 of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and the records of the Company examined by us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the clause (xv) of paragraph 3 of the Order relating to the compliance to the provisions of section 192 of the Act is not applicable to the Company.

(xvi) The Company has been registered under section 45-IA of the Reserve Bank of India Act, 1934.

For R.C. Jain & Associates LLP,
Chartered Accountant,
(FRN: 103952W/W100156)

R. C. JAIN & ASSOCIATES LLP
M. No. 38096

(CA Ratneshchand Jain)
Partner
Membership No. 038096

PLACE: MUMBAI.

DATE: 1st November, 2021

UDIN :- 22038096AAAAAP9571

ANNEXURE-B

Report on the Internal Financial Controls under Clause i of Sub-section 3 of Section 143 of the Companies Act, 2013("the Act") referred to in paragraph 11(f) of our Independent Auditors' Report of even date

1. We have audited the internal financial controls over financial reporting of **Finquest Financial Solutions Private Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 Act.

Auditor's Responsibility

3. 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 Act, 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 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. 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.

5. 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

6. 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

7. 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

8. 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For R.C. Jain & Associates LLP,
Chartered Accountant,
(FRN: 103952W/W100156)

R.C. JAIN & ASSOCIATES LLP
M. No. 38096

(CA Ratneshchand Jain)
Partner
Membership No. 038096

PLACE: MUMBAI.

DATE: 1st November, 2021

UDIN :- 22038096AAAAAP9571

Finquest Financial Solutions Pvt Ltd
Consolidated Balance Sheet as on 31st March 2021
(All amounts are INR, unless expressed otherwise)

Particulars	Refer Note No.	31st March 2021	31 March 2020 Restated
I ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	2	20,28,47,008	1,73,87,586
(b) Receivables			
(I) Trade Receivables	3	1,60,56,201	-
(c) Loans	4	2,82,09,33,843	7,64,32,30,788
(d) Investments	5	2,46,81,24,042	85,38,27,032
(e) Other financial assets	6	11,79,88,994	1,30,36,81,232
(f) Inventories	7	14,88,17,371	-
2 Non-financial assets			
(a) Current tax assets (net)	8	11,97,75,746	9,72,07,073
(b) Deferred tax assets (net)	9	73,08,466	2,56,80,332
(c) Investment property	10	24,11,64,339	19,73,41,000
(d) Property, plant and equipment	11	2,86,50,45,255	86,53,243
(e) Intangible Assets	12	3,16,915	-
(f) Capital Work in Progress	13	28,94,161	-
(g) Other non-financial assets	14	4,05,37,018	10,70,791
Total Assests		**9,05,18,09,359**	**10,14,80,79,077**
II Liabilities and Equity			
Liabilities			
A Financial liabilities			
(a) Payables			
(I) Trade Payables		15,27,08,696	2,98,58,804
(i) Total outstanding dues of micro enterprises and small enterprises		1,78,062	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	15	15,25,30,634	2,98,58,804
(b) Debt securities	16	2,75,00,00,000	2,75,00,00,000
(c) Borrowings (other than debt securities)	17	3,77,67,88,134	5,53,82,19,467
(d) Other financial liabilities	18	4,03,11,627	
B Non-financial liabilities			
(a) Current tax liabilities (Net)	19	15,86,502	2,07,24,060
(b) Provisions	20	93,25,93,113	48,00,23,507
(c) Other non-financial liabilities	21	1,07,97,932	26,700
C Equity			
Equity attributable to owners of Parent			
(a) Equity share capital	22	31,90,00,000	31,90,00,000
(b) Other equity	23	1,02,95,66,133	1,01,02,26,542
Non Controlling Interest		3,84,57,224	-
Total Liabilities and Equity		**9,05,18,09,359**	**10,14,80,79,077**

For R C Jain and Associates LLP
Chartered Accountants
FRN : 103952W/W100156

R. C. JAIN & ASSOCIATES LLP M. No. 38096

CA Ratneshchand Jain
Partner
M. No. : 038096
Place : Mumbai
Date :18.11.2021
UDIN:22038096AAAAAP9571

For and on behalf of Board of Directors

Saurabh A. Patel
CEO & MD
DIN:02148559

Hardik B.Patel
Director
DIN : 00590663

CS Akash T. Pandey
Comapany Secretary
M. No. A61112

Finquest Financial Solutions Pvt. Ltd. Mumbai

Finquest Financial Solutions Pvt Ltd
Consolidated Statement of Profit and Loss for the year ended 31st March 2021
(All amounts are INR, unless expressed otherwise)

		Notes	31st March 2021	31st March 2020 Restated
	Revenue from operations			
(i)	Interest income	24	48,16,69,124	1,03,20,24,626
(ii)	Net gain on fair value changes		(14,58,480)	-
(iii)	Other operating income	25	83,45,94,495	(1,29,73,54,801)
(iv)	Sale of Goods	26	5,79,22,074	
(I)	**Total Revenue from operations**		**1,31,48,05,139**	(26,53,30,175)
(II)	Other income	27	30,65,32,360	62,00,83,739
(III)	**Total Income (I+II)**		**1,62,13,37,499**	35,47,53,564
	Expenses			
(i)	Purchases	28	8,09,43,413	
(ii)	Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	-3,13,36,556	
(iii)	Finance cost	30	57,04,07,391	53,86,32,863
(iv)	Impairment on financial instruments	29	9,12,43,551	9,96,61,556
(v)	Employee benefit expenses	30	18,16,14,772	3,49,07,193
(vi)	Depreciation, amortisation and impairment		13,30,73,191	31,16,054
(vii)	Other expenses	31	93,24,31,823	4,87,53,790
(IV)	**Total expenses**		1,95,83,77,585	72,50,71,456
(V)	**Profit/(loss) before exceptional items and tax**		-27,91,18,012	(37,03,17,892)
	Exceptional Items	32	24,06,41,864	
(V)	**Profit before tax**		-3,84,76,148	(37,03,17,892)
(VI)	Tax expense			
	1. Current tax			55,19,638
	2. Deferred tax	33	1,81,87,559	17,57,748
	Total tax expense		1,81,87,559	**72,77,386**
(IX)	Profit/(loss) for the period from continuing operations (VII-VIII)		(5,66,63,707)	**(37,75,95,278)**
(X)	Profit/(loss) for the period from discontinued operations			
(XI)	Tax expense of discontinued operations			
(XII)	XI)			
(VII)	**Profit for the period (V-VI)**		**(5,66,63,707)**	**(37,75,95,278)**
(VIII)	**Other Comprehensive Income**	34		
	Items that will not be reclassified to profit or loss			
i.	Remeasurements gain/ (losses) of the defined benefit plans		(5,40,906)	1,91,339
ii.	Income tax relating to items that will not be reclassified to profit or loss		(1,84,307)	(62,763)
	Other Comprehensive Income		**(7,25,213)**	**1,28,576**
(IX)	**Total Comprehensive Income for the period (VII+VIII)**		**(5,73,88,919)**	**(37,74,66,702)**
(XVI)	**Earnings for equity share**			
	Basic		-1.80	-11.84
	Diluted			
	Significant Accounting Policies	1		

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For R C Jain and Associates LLP
Chartered Accountants
FRN : 103952W/W100156

CA Ratneshchand Jain
Partner
M. No. : 038096
Place : Mumbai
Date :18.11.2021
UDIN:22038096AAAAAP9571

For and on behalf of Board of Directors

Saurabh A. Patel
CEO & MD
DIN:02148559

Hardik B. Patel
Director
DIN: 00590663

CS Akash T. Pandey
Comapany Secretary
M. No. A61112

atement of Changes in Equity (SOCIE) for the year ended
ll amounts are INR, unless expressed otherwise)

) Equity share capital

Balance at the 01 April 2020	Changes in equity share capital during the year	Balance at 31st March 2021
31,90,00,000	-	31,90,00,000

) Other equity

Particulars	Statutory Reserve (Note 1)	Securities Premium (Note 2)	Retained Earnings (Note 3)	Other Reserves	Other Comprehensive Income (Note 4)	Total
alance as the beginning of the reporting period						-
ansfer from Surplus in the Statement of Profit and Loss						-
otal Comprehensive Income for the year						-
ividends						-
atutory Reserve						-
ransfer to general reserve						-
alance at the end of the reporting period (IGAAP)						-
alance as at 1 April, 2018	3,91,39,504	1,33,49,59,712	8,83,83,961			1,46,24,83,177
dd: Profit or loss for the period						-
dd: Other comprehensive income (net of taxes)						-
otal comprehensive income	3,91,39,504	1,33,49,59,712	8,83,83,961	-	-	1,46,24,83,177
dd : Securities premium on equity shares issued during the year						-
ransfer to Special Reserve under section 45-IC of RBI Act, 1934						-
ransfer from Surplus in the Statement of Profit and Loss / Other omprehemsive income			(7,48,31,494.25)		41,562.10	(7,47,89,932)
alance as at 31 March 2019	3,91,39,504	1,33,49,59,712	1,35,52,466	-	41,562	1,38,76,93,244
otal comprehensive income	3,91,39,504.00	1,33,49,59,712.00	1,35,52,466	-	41,562.10	1,38,76,93,244.39
ransfer to Special Reserve under section 45-IC of RBI Act, 1934						-
ransfer from Surplus in the Statement of Profit and Loss / Other omprehemsive income			(37,75,95,278)		1,28,576	(37,74,66,702)
alance as at 31 March 2020 Restated	3,91,39,504	1,33,49,59,712	(36,40,42,812)	-	1,70,138	1,01,02,26,542
otal comprehensive income				-		
ransfer to Special Reserve under section 45-IC of RBI Act, 1934						-
ransfer from Surplus in the Statement of Profit and Loss / Other omprehemsive income (Finquest Financial Solutions Private Limited & rihaan Texchem Private Limited			(14,60,50,216)		(7,25,213)	(14,60,50,216) (7,25,213)
dd:Share in Post Profits of DIGJAM Ltd			59,16,425			59,16,425
dd:Gain on Bargain Purchase				16,01,98,593		16,01,98,593 -
Balance as at 31 March 2020 Restated	3,91,39,504	1,33,49,59,712	(50,41,76,603)	16,01,98,593	(5,55,075)	1,02,95,66,131

Finquest Financial Solutions Pvt. Ltd. * Mumbai

ìote :

ìature and Purpose of Reserves

. Statutory Reserve

ı terms of Section 45-IC of the RBI Act, NBFCs are required to create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year. The above requirement is to give intrinsic strength to the balance sheets of the companies. This eserve could be used for purposes as stipulated by the Reserve Bank of India from time to time.

. Securities Premium

ecurities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013

. Retained Earnings

Retained earnings are the profits that a company has earned to date, less any dividends or other distributions paid to investors.

. Other Comprehensive Income (OCI)

)ther Comprehensive Income refers to items of income and expenses that are not recognised as a part of the profit and loss account. However, the entity may transfer those amounts recognised in other comprehensive income within equity. The gain/loss on actuarial aluation of gratuity liability is considered in other comprehensive income.

or R C Jain and Associates LLP
hartered Accountants
RN : 103952W/W100156

CA Ratneshchand Jain
Partner
M. No. : 038096
Place : Mumbai
Date : 18.11.2021
UDIN:22038096AAAAAP9571

Financial Solutions Pvt. Ltd. * Mumbai

For and on behalf of Board of Directors

Saurabh A. Patel	Hardik B.Patel	CS Akash T. Pandey
CEO & MD	Director	Comapany Secretary
DIN:02148559	DIN : 00590663	M. No. A61112

Finquest Financial Solutions Pvt Ltd

Cash Flow Statement For the year ended 31st March 2021

Particulars	31st March 2021	31st March 2020 Restated
A. Cash flow from operating activities		
Profit after exceptional Items and tax	(3,92,01,360)	(37,01,89,316)
Adjustments for :	-	
Depreciation	13,30,73,191	31,16,054
Provision for Gratuity & Leave encashment	27,89,233	
Interest income	(3,78,930)	
Credit balances written back	(83,40,87,436)	0
(Profit)/Loss on Impairment of Property, Plant & Equipment (Net)	7,28,675	
Debit balances written off	59,34,45,570	
Net Unrealised foreign exchange loss/(gain)	(1,70,665)	
Interest on borrowings, NCDs and commercial papers	25,82,72,803	#
	-	
Operating profit before working capital changes	**11,44,71,081**	**17,10,48,809**
Changes in working capital :		
Increase / (decrease) in Trade Payables	25,22,99,360.45	41,98,639
Increase / (decrease) in Other Financial Liabilities	2,73,64,908.00	
Increase / (decrease) in Other Non-Financial Liabilities	(26,700.00)	-1,70,400
Increase / (decrease) in Provisions	9,34,52,879.78	-7,55,29,911
Increase / (decrease) in Current Liabilities	(95,35,857.00)	-3,86,56,970
(Increase) / decrease in Loans	4,67,64,96,947.00	78,72,94,275
(Increase) / decrease in Trade Receivables	(62,42,220.11)	20,526
(Increase) / decrease in Other Financial Assets	1,20,32,81,232.00	-1,30,36,81,232
(Increase) / decrease in Other Non-Financial Assets	(56,97,014.00)	28,65,611
(Increase) / decrease in Other Assets	(5,06,35,710.14)	15,04,83,227
(Increase) / decrease Inventories	7,28,25,975.76	
(Increase)/ Decrease in Current Tax Assets	(22,68,311.00)	
Cash used in Operations	**6,36,57,86,572**	**-30,21,27,426**
Adjusted exceptional items on Inventory, TradeReceivables and Liabilities	40,29,91,542	
Taxes paid (including tax deducted at source) (Net of refund received)	6,08,717	-55,82,401
Net Cash (used in) operating activities	**6,76,93,86,830**	**(30,77,09,827)**
B. Cash flow from Investing Activities		
Purchase of tangible/intangible assets	-1,81,37,22,017	-50,00,000.00
Interest received	3,78,930	
Capital Expenditure on property, plant and equipment and intangible assets	-15,84,533	
Capital Expenditure on CWIP	-10,54,161	
Proceeds from Earnest Money Deposit	-22,70,00,000	
Increase/(Decrease) in other balances with banks	29,99,750	
(Increase) / decrease in Investments	-1,88,42,97,010	1,45,11,04,548
Net cash (used in)/ generated from investing activities	**(3,92,42,79,041)**	**1,44,61,04,548**
C. Cash flow from Financing Activities		
Borrowings made during the year - Debentures/Deep Discount Bonds	-	1,00,00,00,000
Repayment of borrowings during the year - Other than debt securities	-4,01,61,04,855	-1,86,07,96,453
Proceeds from Short-term borrowings (Net)	1,85,97,01,312	
Changes in borrowings	-22,41,09,848	
Repayment of Long Term Borrowings	-25,09,96,560	
Adjusted exceptional items on Finance Cost	29,87,77,348	
Interest Paid	-32,88,87,767	-34,34,92,660
	-	
Net cash flow from financing activity	**-2,66,16,20,370**	**-1,20,42,89,113**
Net Increases/(Decrease) in Cash and cash equivalents (A)+(B)+(C)	**18,34,87,419**	**-6,58,94,392**
Cash and cash equivalents, beginning of the year	**1,93,59,583**	**8,32,81,978**
Cash and cash equivalents, end of the year	**20,28,47,002**	**1,73,87,586**
Notes to the statement of cash flow :		
1) Cash and cash equivalents comprise of:		
Cash on hand	14,01,336	10,45,436
Balances with banks		
In current accounts	20,14,45,666	1,63,42,149
Demand deposits (less than 3 months maturity)		
Bank overdraft		
TOTAL	**20,28,47,002**	**1,73,87,586**
	(0)	**(0)**

Notes to the statement of cash flow (cont'd) :

2) Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the company's

3) The above statement of cash flow has been prepared under the indirect method set out in IND AS 7 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013.

4) Figures in bracket indicate cash outflow.

The accompanying notes form an integral part of the financial statements

For R C Jain and Associates LLP
Chartered Accountants
FRN : 103952W/W100156

CA Ratneshchand Jain
Partner
M. No. : 038096
Place : Mumbai
Date : 18.11.2021
UDIN 22038096AAAAAP9571

R. C. JAIN & ASSOCIATES LLP
M. No. 38096

For and on behalf of Board of Directors

Saurabh A. Patel
CEO & MD
DIN:02148559

Hardik B. Patel
Director
DIN: 00590663

CS Akash T. Pandey
Comapany Secretary
M. No. A61112

Finquest Financial Solutions Pvt. Ltd.
Mumbai

Notes to the consolidated financial statements as at 31st March 2021
(All amounts are INR, unless expressed otherwise)

	Particulars	31st March 2021	31st March 2020 Restated
20.	**Interest Income**		
	Interest on loans	47,49,31,414	1,03,10,45,841
	Less : Interest Income against NPA	-	
	Interest on Bank Guarantee	-	-
	Interest on FDR	65,74,080	9,78,785
	Interest Income	1,63,630	
		48,16,69,124	1,03,20,24,626
21.	**Other Operating Income**		
	Sale of Shares and Securities	68,21,60,668	(1,29,73,54,801)
	Processing Charges	15,24,33,827	
		83,45,94,495	**(1,29,73,54,801)**
22	**Sale of Goods**		
	Sale of Goods	5,79,22,074	
		5,79,22,074	-
22.	**Other Income**		
	Dividend on Investment	47,20,904	2,66,27,685
	Consultation & Advisory Fees	-	28,36,307
	Income From Share in Jobbing-F&O	-	-
	Gain in part on realisation of Stressed asset	30,09,38,540	58,75,81,232
	Interest Income (IND AS)	1,08,161	30,38,515
	Miscellaneous Income	5,68,456	
	Others	25,634	
	Exchange Gain	1,70,665	
		30,65,32,360	**62,00,83,739**
23	**Purchase of Raw Materials**		
	Polyester Tow Purchases	70,12,674	
	Wool Tops Purchases	3,06,16,105	
	Viscose Yarn Purchase	5,62,537	
	Yarn P/V Purchase	8,460	
	Dyes & Chemicals	39,69,809	
	General Store Consumables	2,59,90,070	
	Packing Materials	35,60,139	-
	Cost of materials consumed	92,01,551	
	Others	22,068	
		8,09,43,413	-
24	**Changes in inventories**		
	Inventories at the beginning of the year		
	Polyester Tow Purchases	-	
	Wool Tops Purchases	-	
	Viscose Yarn Purchase	-	
	Yarn P/V Purchase	-	
	Dyes & Chemicals	-	
	General Store Consumables	-	
	Packing Materials	-	
	Finished Goods	13,36,86,508	
	Work-in-progress	8,40,24,920	
	Opening Inventory	**21,77,11,428**	
	Inventories at the end of the year		
	Polyester Tow Purchases	70,12,674	
	Wool Tops Purchases	3,06,16,105	
	Viscose Yarn Purchase	-	
	Yarn P/V Purchase	-	
	Dyes & Chemicals	-	
	General Store Consumables	1,74,20,245	
	Packing Materials	24,87,667	
	Finished Goods	5,92,17,398	
	Work-in-progress	91,94,447	
	Inventory written Off		
	Finished Goods	(7,42,48,722)	
	Work-in-progress	(4,88,50,726)	
		8,37,36,826	
	(Increase)/ decrease	**(3,13,36,556)**	
23.	**Finance Costs**		
	Interest on (other than debt securities)	25,82,11,508	26,97,28,962
	Interest on debt securities	-	7,37,63,698
	Bank charges	2,87,020	5,10,792
	Debenture Premium Cost	31,19,08,863	19,46,29,411
		57,04,07,391	**53,86,32,863**
24	**Impairment on financial instruments**		
	Loans	9,12,43,551	9,96,61,556
	'Provision against non-performing assets (net)	11,03,27,820	9,42,53,952
	'Bad Debts	-	1,18,33,082
	'Contingent Provision against Standard Assets	(1,90,84,269)	(64,25,477)
	Investments		
	Others		
		18,24,87,102	**9,96,61,556**
25.	**Employee benefit expenses**		
	Salaries, bonus and commission	14,47,94,414	3,20,49,906
	Contribution to Provident and other funds	1,81,03,345	-
	Staff welfare expenses	75,73,658	28,57,287
	Contribution to Provident and Other Funds	65,88,664	
	Gratuity Expense	12,39,203	
	Leave Encashment expenses	15,50,030	
	Exgratia	17,65,458	

Financial Solutions Pvt. Ltd. Mumbai

26.	**Other expenses**		
	Audit Fees	12,63,534	3,37,500
	Franking/ Stamping Charges	-	1,52,400
	Legal & Professional Fees	2,79,92,077	3,24,26,286
	Printing & Stationery	2,22,224	3,088
	Business Development Expenses	-	45,857
	ROC Filing fees	7,77,791	11,13,600
	Conveyance Expenses	10,25,576	10,64,428
	Donations	1,60,00,000	32,60,000
	Office Expenses	22,50,026	30,68,832
	NCD Issuance and Listing Charges	63,130	1,18,000
	Membership and Subscription fee	5,900	30,680
	Other Expenses	59,03,839	4,67,596
	Profession Tax	2,500	-
	Stamp Duty and registration	-	-
	Gratuity and Leave Encashmemt Provision	(39,08,272)	35,58,705
	GST credit on RCM	-	31,06,818
	Bad Debt	76,80,25,273	-
	Security Charges	36,54,590	
	Fuel Reimbursement expenses	9,14,000	
	Power & Fuel	5,70,42,692	
	Weaving Charges	48,32,249	
	Packing charges	5,15,566	
	Repairs and maintenance expenses:	1,30,10,003	
	Water Charges	5,01,355	
	Canteen expenses	13,45,632	
	Freight Charges	2,46,602	
	Rent	2,24,300	
	Guest House maintenace	5,99,647	
	House Keeping expenses	2,29,756	
	Insurance Expenses	34,99,691	
	Transportation for employees	26,40,634	
	Communication expenses	69,512	
	Recruitment expenses	43,241	
	Advertisement and publicity expenses	2,67,718	
	Loss on disposal of Fixed Assets	7,28,675	
	Freight & other Selling Expenses	-	
	Miscellaneous Expenses	48,00,065	
	Stores and Spares consumed	99,26,913	
	Processing Expenses	52,16,911	
	Directors Fees	1,40,000	
	Rates & Taxes	23,58,473	
		93,24,31,823	**4,87,53,790**
28	**Exceptional Items** **- Exceptional Items Net of -Write Off & Write Back / Restructuing Of Liabilities & Asset As Per Resolution Plan**	24,06,41,864	
		24,06,41,864	-
27.	**Deferred Taxes**	8180824	(17,57,748)
		81,80,824	(17,57,748)
28.	**Statement of other comprehensive income**		
	(i) Items that will not be reclassified to profit or loss		
	Remeasurements of the defined benefit plans	(5,40,906)	1,91,339
	Equity Instruments through Other Comprehensive Income		
	Others (Specify nature)	(5,40,906)	1,91,339
	(ii) Income tax relating to items that will not be reclassified to profit or loss		
	(i) Items that will be reclassified to profit or loss		
	Other Comprehensive Income		
29.	**Contingent Liabilities** Income Tax FY 2011-12	1,57,000	1,57,000

Consequent to restatement the annual results of the previous year is restated. Reconciliation of the Net Profit/Other Equity reported in accordance with previous audited financials for the year ended 31.03.2020.

Profit Reconciliation

Sr No	Particulars	Amount
1	Profit after tax as per audited accounts	(18,29,65,867)
2	Less: Debenture Premium Costs	19,46,29,411
3	Profit as per restated accounts	(37,75,95,278)

Reserve Reconciliation

Sr No	Particulars	Amount
1	Opening Balance as on 1.04.2019	1,38,76,93,244
2	Add: Profit as per restated accounts	(37,75,95,278)
3	Add:Other Comphrensive Income	1,28,576
5	Closing Balance as on 31.03.2020 (Restated)	1,01,02,26,542

Finquest Financial Solutions Pvt. Ltd. * Mumbai

Finquest Financial Solutions Pvt Ltd
Notes to the consolidated financial statements as at 31st March 2021
(All amounts are INR, unless expressed otherwise)

Note No	Particulars	31st March 2021	31st March 2020 Restated
2	**Cash and cash equivalents**		
	Cash on hand	14,01,336	10,45,436
	Balances with banks in current accounts	20,14,45,669	1,63,42,149
		20,28,47,005	**1,73,87,585**
3	**Receivables**		
	Trade Receivables	-	
	(i) Secured, considered good	-	
	Less : Impairment loss allowance	-	
		-	
	(ii) Unsecured, considered good	-	
	(a) Due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member	-	
	(b) Other than (a)	1,60,56,201	
	Less : Impairment loss allowance	-	
		-	
	(iii) Credit impaired:	-	
	Less : Impairment loss allowance	-	
		-	
		1,60,56,201	-
4	**Loans (at amortised cost)**		
	(A)		
	(i) Term Loans	46,75,26,953	4,15,96,26,364
	(ii) Others	2,35,34,06,890	3,48,36,04,424
	Total (A) - Gross	**2,82,09,33,843**	**7,64,32,30,788**
	Less: Impairment loss allowance		
	Less: Interest income under NPA		
	Total (A) - Net	**2,89,38,33,843**	**7,64,32,30,788**
	(B)		
	(i) Secured by tangible assets	1,10,44,62,210	5,40,25,68,825
	(ii) Unsecured	1,71,64,71,633	2,24,06,61,963
	Total (B) - Gross	**2,82,09,33,843**	**7,64,32,30,788**
	Less: Impairment loss allowance		
	Total (B) - Net	**2,82,09,33,843**	**7,64,32,30,788**
	(C)		
	(i) Loans in India		
	(a) Public sector		
	(b) Others		7,64,32,30,788
	Total (C)- Gross	-	**7,64,32,30,788**
	Less: Impairment loss allowance		
	Total(C)-Net	-	**7,64,32,30,788**
	Note: There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL		
6	**Other financial assets**		
	Unsecured, considered good		
	Loans to employees	-	
	Interest Accrued not paid on NCD	-	
	Asset acquired in partial satisfaction of debt claim	10,00,00,000	1,20,26,81,232
	Other advances	37,53,584	10,10,00,000
	Security Deposit	91,63,816	
	Balance with Government Authorities	34,14,261	
	Advance to Vendors	16,57,333	
	Others	-	
		11,79,88,994	**1,30,36,81,232**
7	**Inventories**		
	Raw Materials :	1,69,23,442	-
	Work in progress	91,94,447	-
	Finished Goods	5,92,17,398	-
	Stock-in-trade (trading goods)	-	-
	Stores and Spares	59,45,393	-
	Polyester Tow Purchases	70,12,674	-
	Wool Tops Purchases	3,06,16,105	-
	General Store Consumables	1,74,20,245	-
	Packing Materials	24,87,667	-
		14,88,17,371	
8	**Current tax assets (net)**		
	TDS Receivable	-	
	Income Tax Advance	11,97,75,746	9,72,07,073

Financial Solutions Pvt. Ltd.
Mumbai

12	**Intangible Assets**		
	Intangible Assets - Software	3,16,915	
		3,16,915	-
13	**Capital Work In Progress**		
	Capital Work In Progress (Including Pre-operative Expenditure Pending allocation / Capitalisation	10,54,161	
	Capital Work In Progress	18,40,000	
		28,94,161	-
14	**Other non-financial assets**		
	GST on Reverse Charge	19,31,872	1,44,000
	GST Credit on Input Services	8,01,000	8,01,000
	Prepaid Employee Benefit Expenses	-	1,02,366
	Prepaid Vehicle Insurance Expenses	-	23,425
	Professional Tax Excess Paid	400	
	Accrued Interest on FD	40,34,533	
	Deposits with Govt. Authorities	1,90,99,090	
	TCS on purchases	4,123	
	Prepaid expenses	24,61,801	
	Input Tax Receivable - GST	1,22,04,199	
		4,05,37,018	**10,70,791**
15	**Payables**		
	Trade Payables		
	- Total outstanding dues of micro enterprises and small enterprises	1,78,062	
	- Total outstanding dues of creditors other than micro enterprises and small enterprises	15,25,30,634	2,98,58,804
		15,27,08,696	**2,98,58,804**

Financial Solutions Pvt Ltd Mumbai

Finquest Financial Solutions Pvt Ltd

Notes to the consolidated financial statements as at 31st March 2021

9 Deferred tax assets

B. Movement in deferred tax balances

Finquest Financial Solutions Private Limited

				31 March 2021		
	Net balance 1 April 2020	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
- On Depreciation	4,39,007	-	-	4,39,007	4,39,007	-
- On Provision for compensated absences	1,38,354	(4,13,787)	-	(2,75,433)	-	2,75,433
- On Provision for Gratuity	71,970	(8,093)	-	63,877	63,877	-
- On Provisions		-	-	-		
- On Remeasurements of the defined benefit plans	48,160	-	(1,84,306)	(1,36,146)	-	1,36,146
- On Speculation Loss	5,227	-	-	5,227	5,227	-
- On Long term capital loss	29,57,060	-	-	29,57,060	29,57,060	-
- On Fair value of investments	2,20,19,095	86,04,162	-	3,06,23,257	3,06,23,257	-
- On Fair value of staff loan	1,458	(1,458)	-	-	-	-
- On Fixed Assets		-				
Tax assets (Liabilities)	**2,56,80,331**	**81,80,824**	**(1,84,306)**	**3,36,76,849**	**3,40,88,428**	**4,11,579**
					3,36,76,849	

Krihaan Texchem Private Limited

				31 March 2021		
	Net balance 1 April 2020	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
- On Provisions	27,89,233	7,01,994	-	20,87,239	7,01,994	-
- On Fixed Assets	10,75,58,714	(2,70,70,377)		8,04,88,337	-	2,70,70,377
Tax assets (Liabilities)	**11,03,47,947**	**(2,63,68,383)**	**-**	**8,25,75,576**	**7,01,994**	**2,70,70,377**
					(2,63,68,383)	

				31 March 2020		
	Net balance 1 April 2019	Recognized in profit or loss	Recognized in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
- On Depreciation	4,39,007		-	4,39,007	4,39,007	-
- On Provision for compensated absences	1,59,924	(21,570)		1,38,354	1,38,354	-
- On Provision for Gratuity	58,009	13,961		71,970	71,970	-
- On Remeasurements of the defined benefit plans	(14,603)		62,763	48,160	48,160	-
- On Speculation Loss	5,227		-	5,227	5,227	-
- On Long term capital loss	29,57,060		-	29,57,060	29,57,060	-
- On Fair value of investments	2,37,30,149	(17,11,054)	-	2,20,19,095	2,20,19,095	-
- On Fair value of staff loan	40,544	(39,085.57)	-	1,458	1,458	-
Tax assets (Liabilities)	**2,73,75,317**	**(17,57,748)**	**62,763**	**2,56,80,332**	**2,56,80,332**	**-**
					2,56,80,332	

Notes to the consolidated financial statements as at 31st March 2021

(All amounts are INR, unless expressed otherwise)

stments

Particulars	31st March 2021				31st March 2020 (Restated)			
		At Fair Value				At Fair Value		
	Amortised Cost	Through OCI	Through P&L	Others (At Cost)	Amortised Cost	Through OCI	Through P&L	Others (At Cost)
estment in preference shares of Vocon Engg Pvt Ltd								
ning			72,78,098				72,78,098	
s on Valuation			-1458479.604				-	
al			**58,19,618**				**72,78,098**	
estment in equity shares of Ballarpur Industries Ltd								
estment in equity share of Deserve Exim								
ning	1,27,28,784				59,30,795			
rest Income	32725716				67,97,989			
sing	**4,54,54,500**				**1,27,28,784**			
estment in Subsidiary - Krihaan Texchem Pvt Ltd (00 shares)								-
estment - MBL			**2,50,00,000**				2,50,00,000	
ding in equity shares								
ning			80,88,20,150				2,29,52,20,382	
chase			1,18,01,75,660				64,09,89,611	
t of sale			93,22,26,490				2,12,73,89,843	
sing			**1,05,67,69,320**				**80,88,20,150**	
I STRUCTURED DEBT OPPORTUNITIES FUND - NI				**48,65,69,603**				
estment in Digjam Equity Shares								
estment in Digjam Preference Shares								
estment in Nirmal Realty Private Limited				**10,11,000**				
estment in Suraksha Asset Reconstruction Pvt Ltd				**84,75,00,000**				
al	**4,54,54,500**		**1,08,75,88,939**	**1,33,50,80,603**	**1,27,28,784**		**84,10,98,248**	-
of above								
India	4,54,54,500	-	1,08,75,88,939	1,33,50,80,603	1,27,28,784	-	84,10,98,248	-
utside India								
	4,54,54,500	-	**1,08,75,88,939**	**1,33,50,80,603**	**1,27,28,784**	-	**84,10,98,248**	-
tal			**2,46,81,24,042**				**85,38,27,032**	

Notes to the consolidated financial statements as at 31st March 2021
(All amounts are INR, unless expressed otherwise)

stment property
-21

Amount in INR

PARTICULARS	Gross Block					Accumulated Depreciation				Net Block	
	Balance as at 1st April 2020	Ind AS adjustments	Additions	Deductions	Balance as at 31 March 2021	Balance as at 1st April 2020	Ind AS adjustments	Deductions	Balance as at 31 March 2021	Balance as at 31 March 2021	Balance as at 31 March 2020
l	1,23,41,000				1,23,41,000					1,23,41,000	1,23,41,000
at Prasadam	18,50,00,000				18,50,00,000				-	18,50,00,000	18,50,00,000
l & Bldg	50,00,000		3,88,23,339		4,38,23,339					4,38,23,339	
TOTAL	20,23,41,000	-	3,88,23,339	-	24,11,64,339	-	-	-	-	24,11,64,339	19,73,41,000

ch-20 (Restated)

Amount in INR

PARTICULARS	Gross Block					Accumulated Depreciation				Net Block	
	Balance as at 1 April 2019	Ind AS adjustments	Additions	Deductions	Balance as at 31 March 2020	Balance as at 1 April 2019	Ind AS adjustments	Deductions	Balance as at 31 March 2020	Balance as at 31 March 2020	Balances as 31st March 2019
l	1,23,41,000				1,23,41,000					1,23,41,000	1,23,41,000
at Prasadam	18,50,00,000				18,50,00,000				-	18,50,00,000	18,50,00,000
TOTAL	19,73,41,000	-	-	-	19,73,41,000	-	-	-	-	19,73,41,000	19,73,41,000

Notes to the consolidated financial statements as at 31st March 2021
(All amounts are INR, unless expressed otherwise)

ty Plant and Equipment

PARTICULARS	Gross Block						Accumulated Depreciation						Net Block	
	Balance as at 1st April 2020	Ind AS adjustments	Acquistion DIGJAM Ltd	Additions	Deductions	Balance as at 31st March 2021	Balance as at 1st April 2020	Ind AS adjustments	Acquistion DIGJAM Ltd	Charge for the year	Deductions	Balance as at 31st March 2021	Balance as at 31st March 2021	Balance as at 31st March 2020
ad Machinery	95,499	-		-	-	95,499	70,070	-		4,952	-	75,022	20,477	-
ters & Servers	80,746	-		-	-	80,746	80,746	-		-	-	80,746	-	36,27,814
es	1,09,92,212	-		-	-	1,09,92,212	73,64,398	-		11,94,155	-	85,58,553	24,33,659	50,00,000
incl. Revaluation)			1,49,86,18,134		46,11,27,024	1,03,74,91,110						-	1,03,74,91,110	-
gs (incl. Revaluation)			13,45,84,000			13,45,84,000			1,98,98,944	41,88,311		2,40,87,255	11,04,96,745	-
nd Equipment			16,74,58,402	6,90,653		16,81,49,055			10,09,35,340	1,96,65,538		12,06,00,878	4,75,48,177	-
re and Fixtures			15,09,694			15,09,694		13,26,348	7,67,318	50,088	6,83,091	14,60,663	49,031	-
es			19,17,852			19,17,852			14,45,916	1,43,115		15,89,031	3,28,821	-
Equipments			19,02,734	8,51,880		27,54,614		3,39,985	12,43,774	1,80,188	2,54,567	15,09,380	12,45,234	-
				25,99,05,990		25,99,05,990						-	25,99,05,990	-
ngs				21,68,91,503		21,68,91,503				68,51,788		68,51,788	21,00,39,715	-
& Machinery				1,27,24,21,845		1,27,24,21,845				9,54,59,026		9,54,59,026	1,17,69,62,819	-
ical Fittings				83,09,074		83,09,074				11,32,569		11,32,569	71,76,505	-
Equipment				17,01,220		17,01,220				9,28,360		9,28,360	7,72,860	-
ure and Fixtures				58,47,785		58,47,785				5,86,825		5,86,825	52,60,960	-
les				53,59,734		53,59,734				16,21,099		16,21,099	37,38,635	-
uter				26,21,526		26,21,526				10,47,010		10,47,010	15,74,516	-
TOTAL	1,11,68,457	-	1,80,59,90,816	1,77,46,01,211	46,11,27,024	3,13,06,33,460	75,15,214	16,66,333	12,42,91,292	13,30,53,024	9,37,658	26,55,88,205	2,86,50,45,255	86,27,814

Amount in INR

Net Block

Amount in INR

PARTICULARS	Gross Block					Accumulated Depreciation					Net Block	
	Balance as at 1st April 2019	Ind AS adjustments	Additions	Deductions	Balance as at 31 March 2020	Balance as at 1st April 2019	Ind AS adjustments	Charge for the year	Deductions	Balance as at 31 March 2020	Balance as at 31 March 2020	Balance as at 30 Sept 2019
nd Machinery	95,499				95,499	66,996		3,074		70,070	25,429	28,503
ters & Servers	80,746				80,746	80,746		-		80,746	-	-
es	1,09,92,212				1,09,92,212	64,74,664		8,89,734		73,64,398	36,27,814	45,17,548
Building			50,00,000		50,00,000	-				-	50,00,000	-
TOTAL	1,11,68,457	-	50,00,000	-	1,61,68,457	66,22,407	-	8,92,807	-	75,15,214	86,53,243	45,46,050

Finquest Financial Solutions Pvt Ltd

Notes to the consolidated financial statements as at 31st March 2021

(All amounts are INR, unless expressed otherwise)

16 **Debt Securities** (at amortised cost)

	31 March 2021	31 March 2020 (Restated)
Non Convertible debentures (Unsecured)	2,75,00,00,000	2,75,00,00,000
Total (A)	**2,75,00,00,000**	**2,75,00,00,000**
Debt securities in India	2,75,00,00,000	2,75,00,00,000
Debt securities outside India		
Total (B)	**2,75,00,00,000**	**2,75,00,00,000**

17 **Borrowings** (Other than Debt Securities - at amortised cost)	31 March 2021	31 March 2020 (Restated)
(a) Term loans		
Secured		
(i) from banks	34,67,62,055	
(ii) from other parties	19,77,93,916	23,67,57,279
Unsecured	-	
(i) from banks	-	
(ii) from other parties (unsecured)	38,44,49,249	2,45,70,55,917
(b) Loans from related parties (unsecured)	2,71,51,36,281	2,84,44,06,271
(c) Loans repayable on demand (Unsecured)	-	
(i) from banks	-	
(ii) from other parties	-	
(d) Other loans (Unsecured)	6,21,370	
(e) Working Capital Loans	13,20,25,263	
Total (A)	**3,77,67,88,134**	**5,53,82,19,467**
Borrowings in India	3,77,67,88,134	5,53,82,19,467
Borrowings outside India		
Total (B)	**3,77,67,88,134**	**5,53,82,19,467**
Total B to tally with A		-

18 **Other Financial Liabilities**

Particulars	31 March 2021	31 March 2020 (Restated)
Liability for expenses	2,73,64,908	
Advance from Customers	1,08,09,054	
Other payables	21,37,665	
	4,03,11,627	-

Financial Solutions Mumbai

Notes to the consolidated financial statements as at 31st March 2021

(All amounts are INR, unless expressed otherwise)

Note No	Particulars	31 March 2021	31-03-2020 Restated
20	**Provisions**		
	- Provision for employee benefits	-	
	- Gratuity	18,65,992	23,42,819
	- Compensated absences	16,73,377	31,56,098
	Provisions for taxation	-	-
	NPA Provisions	36,44,86,315	25,41,58,499
	Standard Assets	66,52,411	2,57,36,680
	Provisioin for TDS On Interest	-	
	Debenture Premium Provision	50,65,38,274	19,46,29,411
	Long Term Provisions	4,40,50,380	
	Short Term Provisions for Employees Benefits	73,26,364	
		93,25,93,113	**48,00,23,507**
19	**Current tax liabilities (net)**		
	Provision-Income Tax	-	
	TDS Payable	15,86,502	
		15,86,502	
21	**Other non- financial liabilities**		
	Statutory liabilities	1,07,97,932	
		1,07,97,932	

Financial Solutions Pvt. Ltd. Mumbai

es to the financial statements as at 31st March 2021

l amounts are INR, unless expressed otherwise)

ity share capital

ticulars	31/3/2021	31/3/2020
horized Equity shares		
00,000 (31 March 2019: 32,000,000) Equity Shares of Rs.10 each	32,00,00,000	32,00,00,000
Redeemable Optionally Convertible Cumulative Preference Shares of Rs.100000/- Each	10,00,00,000	10,00,00,000
	42,00,00,000	**42,00,00,000**
ed, Subscribed and fully Paid up Equity Shares		
00,000 (31 March 2019: 31,900,000) Equity Shares of Rs.10 each	31,90,00,000	31,90,00,000
	31,90,00,000	**31,90,00,000**

Reconciliation of number of shares	31/3/2021		31 March 2020	
ticulars	No of shares	Rupees	No of shares	Rupees
ance at the beginning of the year ity Shares	3,19,00,000	31,90,00,000	3,19,00,000	31,90,00,000
d: Shares Issued during the year ity Shares	-	-	-	-
ance at the end of the year ity Shares	3,19,00,000	31,90,00,000	3,19,00,000	31,90,00,000

ity Shares: The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual

Shares held by holding company and its nominees

rticulars	31 March 2021		31 March 2020	
ares held by holding / ultimate holding company / or their subsidiaries / associates	18,01,00,000		1,00,000	

) Details of Shares held by shareholders holding in the company

rticulars	31 March 2021		31 March 2020	
quity Shares:	No. of shares held	% of holding	No. of shares held	% of holding
r. Bharat Jayantilal Patel	98,84,132	31	98,84,132.00	31
rs. Minal Bharat Patel	70,18,000	22	70,18,000.00	22
r. Hardik Bharat Patel	70,18,000	22	70,18,000.00	22
/s Finquest Securities Private Limited	9,05,960	3	9,05,960	3
r. Ruchit B. Patel	70,18,000	22	70,18,000	22

Finquest Financial Solutions Pvt. Ltd. * Mumbai

Notes to the consolidated financial statements as at 31st March 2020
(All amounts are INR, unless expressed otherwise)

Employee benefits plans

A. **Gratuity**

Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement whichever is earlier. The benefits vest after five years of continuous service.

The Company has a defined benefit plan for post-employment benefits in the form of Gratuity. Gratuity Benefits liabilities of the company are Unfunded.The Company accounts for gratuity based on an actuarial valuation which is carried out by an independent actuary as at the year end. The actuarial valuation method used by the independent actuary for measuring the liability is the Projected Unit Credit Method. Since the liabilities are unfunded, there is no Asset-Liability Matching strategy deviced for plan.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amount recognised in the Company's financial statement as at the balance sheet date :

Particulars	31 March 2020	30 Sep 2019	31 March 2019	1 April 2018
A. Change in present value of obligations				
Liability at the beginning of the year	4,36,639	4,36,639	2,69,691	-
Adjusted through retained earnings	0			2,69,691
Transfer in/ (out) obligation	0	(99,522)		
Current service cost	256057	1,66,743	2,04,380	
Interest cost	29879	14,940	18,733	
Actuarial losses / (gain)	191339	1,26,852	(56,165)	
Past service cost				
Benefits paid				
Liability at the end of the year	**9,13,914**	**6,45,652**	**4,36,639**	**2,69,691**

D. Expense recognized in the statement of profit and loss				
Current service cost	256057	1,66,743	2,04,380	-
Interest cost	29879	14,940	18,733	-
Past Service Cost		-	-	-
Net gratuity expense	**2,85,936**	**1,81,683**	**2,23,113**	-
E. Remeasurements recognized in the OCI				
Actuarial (gain) / loss arising from	191339	1,26,852	(56,165)	
- experience adjustments	161750	1,18,596	(64,314)	
- actuarial assumptions	29589	8,256	8,149	

F. Actuarial Assumptions

Particulars	31 March 2020	30 Sep 2019	31 March 2019	1 April 2018
Discount Rate	6.25%	6.70%	6.95%	7.35%
Salary escalation rate	7.00%	7.00%	7.00%	7.00%
Attrition Rate - Age (Years)				
25 & below	20.00%	20.00%	20.00%	20.00%
25-35	20.00%	20.00%	20.00%	20.00%
35-45	20.00%	20.00%	20.00%	20.00%
45-55	20.00%	20.00%	20.00%	20.00%
55 & above	20.00%	20.00%	20.00%	20.00%
Mortality rate	Indian Assured Life Mortality (2012-14)	Indian Assured Life Mortality (2012-14) Ultimate	Indian Assured Life Mortality (2006-08) Ultimate	Indian Assured Life Mortality (2006-08) Ultimate
Retirement Age	60 Years	60 Years	60 Years	60 Years

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables. The defined benefit plan expose the company to actuarial risks, such as longevity and Interest rate risk. The weighted average duration of the defined benefit obligation was 4.69 years (31 March 2018: 4.73 years).

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in weighted principal assumption are as below :

Gratuity

Particulars	31 March 2020		30 Sep 2019		31 March 2019		1 April 2018	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	-2.39%	2.50%	-2.70%	2.82%	-2.32%	2.43%		
Salary escalation rate (50 bps movement)	1.04%	-1.02%	1.14%	-1.13%	0.76%	-0.73%		

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligations by 50 basis points, keeping all the other actuarial assumptions constant. Although the analysis does not take into account of the full distribution of cash flows expected under the plan, if does provide an appproximation of the sensitivity of the assumption shown.

B. **Compensated absences**

Particulars	31 March 2020	30 Sep 2019	31 March 2019	1 April 2018
A. Change in present value of obligations				
Liability at the beginning of the year	6,67,958	6,67,958	52,866	-
Adjusted through retained earnings				52,866
Transfer in/ (out) obligation		(7,131)		
Current service cost	408366	1,19,886	2,30,371	
Interest cost	41429	23,212	3,459	
Actuarial losses / (gain)	145584	86,735	3,81,262	
Past service cost				
Benefits paid	-45700	(45,700)		
Liability at the end of the year	12,17,637	8,44,960	6,67,958	52,866

F. Actuarial Assumptions

Particulars	31 March 2020	30 Sep 2019	31 March 2019	1 April 2018
Discount Rate	6.25%	6.70%	6.95%	7.35%
Salary escalation rate	7.00%	7.00%	7.00%	7.00%
Attrition Rate - Age (Years)				
25 & below	20.00%	20.00%	20.00%	20.00%
25-35	20.00%	20.00%	20.00%	20.00%
35-45	20.00%	20.00%	20.00%	20.00%
45-55	20.00%	20.00%	20.00%	20.00%
55 & above	20.00%	20.00%	20.00%	20.00%
Mortality rate	Indian Assured Life Mortality (2012-14)	Indian Assured Life Mortality (2012-14) Ultimate	Indian Assured Life Mortality (2006-08) Ultimate	Indian Assured Life Mortality (2006-08) Ultimate
Retirement Age	60 Years	60 Years	60 Years	60 Years

Assumptions regarding future mortality experience are set in accordance with published statistics and mortality tables. The defined benefit plan expose the company to actuarial risks, such as longevity and Interest rate risk. The weighted average duration of the defined benefit obligation was 4.69 years (31 March 2018: 4.73 years).

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in weighted principal assumption are as below :

Gratuity

Particulars	31 March 2020		30 Sep 2019		31 March 2019		1 April 2018	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (50 bps movement)	-2.39%	2.50%	-2.70%	2.82%	-2.32%	2.43%		
Salary escalation rate (50 bps movement)	1.04%	-1.02%	1.14%	-1.13%	0.76%	-0.73%		

Sensitivity of significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of defined benefit obligations by 50 basis points, keeping all the other actuarial assumptions constant. Although the analysis does not take into account of the full distribution of cash flows expected under the plan, if does provide an appproximation of the sensitivity of the assumption shown.

B. Compensated absences

Particulars	31 March 2020	30 Sep 2019	31 March 2019	1 April 2018
A. Change in present value of obligations				
Liability at the beginning of the year	6,67,958	6,67,958	52,866	-
Adjusted through retained earnings				52,866
Transfer in/ (out) obligation		(7,131)		
Current service cost	408366	1,19,886	2,30,371	
Interest cost	41429	23,212	3,459	
Actuarial losses / (gain)	145584	86,735	3,81,262	
Past service cost				
Benefits paid	-45700	(45,700)		
Liability at the end of the year	12,17,637	8,44,960	6,67,958	52,866

Notes to the consolidated financial statements as at 31st March 2020
(All amounts are INR, unless expressed otherwise)

30 Financial instruments-fair value and risk management

Accounting classification and fair values

The following table shows the carrying amount and fair value of financial assets and financial liabilities:

Fair value hierarchy

Financial instruments measured at amortised cost for which fair values are disclosed

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities not presented at fair value compared to carrying amounts shown in the financial statement.

As at 31 March 2021

	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets					
Cash and cash equivalents	-	-	20,28,47,008	20,28,47,008	20,28,47,008
Loans and advances					2,82,09,33,843
Investments					2,46,81,24,042
Trade receivables	-	-	1,60,56,201	1,60,56,201	1,60,56,201
Other financial assets	-	-	-	-	11,79,88,994
Liabilities					
Payables	-	-	15,25,30,634	15,25,30,634	15,25,30,634
Borrowings (other than debt securities)	-	-			3,77,67,88,134
Debt securities	-	-			
- Non-Convertible Debentures	-	-			2,75,00,00,000
Other financial liabilities	-	-			

As at 31 March 2020

	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets					
Cash and cash equivalents	-	-	1,73,87,586	1,73,87,586	1,73,87,586
Loans and advances					7,64,32,30,788
Investments					85,38,27,032
Trade receivables	-	-	-	-	-
Other financial assets	-	-	-	-	1,30,36,81,232
Liabilities					
Payables	-	-	2,98,58,804	2,98,58,804	2,98,58,804
Borrowings (other than debt securities)	-	-			5,53,82,19,467
Debt securities	-	-			
- Non-Convertible Debentures	-	-			2,75,00,00,000
Other financial liabilities	-	-			

As at 30th September 2019

	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets					
Cash and cash equivalents	-	-	24,46,183	24,46,183	24,46,183
Loans and advances					8,09,53,61,169
Investments					1,49,92,97,151
Trade receivables	-	-	91,71,521	91,71,521	91,71,521
Other financial assets	-	-	-	-	-
Liabilities					
Payables	-	-	2,39,90,697	2,39,90,697	2,39,90,697
Borrowings (other than debt securities)	-	-			5,72,77,10,093
Debt securities	-	-			
- Non-Convertible Debentures	-	-			2,75,00,00,000
Other financial liabilities	-	-			

As at 31 March 2019

	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets					
Cash and cash equivalents	-	-	8,32,81,978	8,32,81,978	8,32,81,978
Loans and advances	-	-			8,43,05,25,063
Investments	-	-			2,30,49,31,580
Trade receivables	-	-	20,526	20,526	20,526
Other financial assets	-	-	0	-	-
Liabilities					
Payables	-	-	2,55,61,830	2,55,61,830	2,55,61,830
Borrowings (other than debt securities)	-	-			7,39,90,15,920
Debt securities	-	-			
- Non-Convertible Debentures	-	-			1,75,00,00,000
Other financial liabilities	-	-	-	-	

As at 1 April 2018

	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Assets					
Cash and cash equivalents	-	-	3,74,10,027	3,74,10,027	3,74,10,027
Loans and advances	-	-			9,27,00,79,517
Investments	-	-			1,92,74,65,650
Trade receivables	-	-	3,29,70,680	3,29,70,680	3,29,70,680
Other financial assets	-	-	2,97,50,000	2,97,50,000	2,97,50,000
Liabilities					
Payables	-	-	2,50,11,295	2,50,11,295	2,50,11,295
Borrowings (other than debt securities)	-	-			7,77,14,31,988
Debt securities	-	-			
- Non-Convertible Debentures	-	-			1,75,00,00,000
Other financial liabilities	-	-			

Short-term financial assets and liabilities

Short-term financial assets and liabilities For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the fair value are a reasonable approximation of their carrying cost. Such instruments include: cash & bank balances, short term borrowings and trade receivables & trade payables without a specific maturity. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans and advances

The fair values of loans and advances are estimated by discounted cash flow models. For fixed rate loans, the fair value represents the discounted value of the expected future cashflow. For floating rate interest loans, the discounted value of the expected cash flows represents the carrying amount of the loans.

Borrowing & Debt Securities

Non-convertible debentures have been valued based on Corporate bond spread matrix methodology prescribed by FIMDA under "guidelines / clarification for valuation of investments".

Notes to the consolidated financial statements as at 31st March 2020
(All amounts are INR, unless expressed otherwise)

31 Financial Risk Management

The Company has exposure to the following risks from financial instruments:
- Credit risk
- Liquidity risk
- Market risk (currency risk)

This note presents information about the Company's objectives, policies and processes for measuring and managing risk.

Risk management framework:

The Board has the overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities

A. Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers. The carrying amounts of financial assets represent the maximum credit risk exposure.

i) Credit risk management approach

The Company performs necessary due diligence on dealers viz. financial analysis, background checks, CIBIL, grading etc to arrive at sanctioning of limit. The Company follows the grading tool used by the group globally where certain qualitative and quantitative factors are considered to arrive at grading which helps in ascertaining the probability of default 'PD' of a particular client. This is used for decision making on limit sanction and precautions to be undertaken for a said client.

ii) Expected credit loss

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The Company measures ECL based out of a probability based outcome using a multiple scenario approach such as Best Case, Base Case & Worst Case and assigning weightages to each of the scenario.

Definition of Default

The Company's definition of default is aligned with regulatory guidelines issued by RBI and internal credit risk management practices.
The Company considers a financial asset to be in default when:
-the borrower is unlikely to pay its credit obligations to the company in full, without recourse to actions such as realising security (if any is held); or
-the financial asset is 90 days or more past due
-identified by the management as such

The Company's internal rating and PD estimation process

Probability of default (PD) is a key risk parameter in the ECL calculations. It is defined as the likelihood that a counterparty will not be able to meet its debt obligations in the future. A 12 months marginal PD is applied for all Stage 1 assets and a lifetime PD is applied for all Stage 2 and Stage 3 assets.

The company uses historical data to arrive at PDs which is based on rating Internal Rating Transition matrix and Roll Rate Estimation basis for its loans portfolios.

For arriving at PDs the company also takes into account relevant macro-economic factors both current and forecasted and use statistical model to arrive at the forecasted PDs.

The Company combines exposures that exhibit similar behaviour into pools based on identified risk drivers so that counterparties are behaviourally homogenous within pools and heterogeneous across pools. To do so, the Company relies on industry practices and expert judgement.

Exposure at Default

Exposure at default (EAD) is estimation of the extent that the Company is exposed to borrower in the event of default. EAD is arrived at take into account any expected changes in the exposure after the assessment date.

EAD in the case of facilities with no limits will be the outstanding exposure which will be calculated as principal + Due interest + Interest accrued but not due (as on reporting date). To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of Company's models.

Loss Given Default (LGD)

Loss given default (LGD) is defined as the forecasted economic loss in case of default. LGD computation is based on the Company's losses on defaulted accounts after consideration of recovery percentages. LGD computation is independent of the assessment of credit quality and thus applied uniformly across all stages.

The company computes LGD taking into account the value of collaterals and experience of past recovery from the defaulted cases. The recoveries are adjusted with time period delay and direct cost involved. Under Ind AS 109, LGD rates are estimated for the Stage 1, Stage 2 and Stage 3 segment of each asset class. These are repeated for each economic scenario as appropriate.

When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in, collateral values including property prices for mortgages, payment status or other factors that are indicative of losses.

Significant in Credit Risk (SICR)

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. At each reporting date, the company assesses whether the credit risk on a financial instrument has increased significantly since its initial recognition. To make the assessment, Company considers available quantitative and qualitative information and also considers the company's historical experience and expert credit assessment.

Besides, the company also recognized SICR based on factors such as internal rating of borrowers, ssector or segment collectively assessed to have SICR, high risk events/attributes of client (bankruptcy etc.)

The below table shows the gross carrying amount of financial assets by credit ratings along with corresponding expected credit losses and the net carrying amount:

Financial Solutions Pvt. Ltd. Mumbai

Year ended 31 March 2020

Particulars	Asset group	Credit rating	Estimated gross carrying amount at default	Loss Rate	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	**Loans at Amortized cost**					
Loss allowance measured at life-time expected credit losses, not credit impaired	**Loans at Amortized cost**					
Loss allowance measured at life-time expected credit losses, credit impaired	**Loans at Amortized cost**					

Year ended 31 March 2019

Particulars	Asset group	Credit rating	Estimated gross carrying amount at default	Loss Rate	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	**Loans at Amortized cost**					
Loss allowance measured at life-time expected credit losses, not credit impaired	**Loans at Amortized cost**					
Loss allowance measured at life-time expected credit losses, credit impaired	**Loans at Amortized cost**					

Year ended 1 April 2018

Particulars	Asset group	Credit rating	Estimated gross carrying amount at default	Loss Rate	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	**Loans at Amortized cost**					
Loss allowance measured at life-time expected credit losses, not credit impaired	**Loans at Amortized cost**					
Loss allowance measured at life-time expected credit losses, credit impaired	**Loans at Amortized cost**					

The movement in the allowance for impairment for loans at amortised cost is as follows.

	12 month ECL	Lifetime ECL - not credit impaired	Lifetime ECL- credit impaired	Total
Balance as at 1 April 2018				-
Net remeasurement of loss allowance				-
Transfer to 12 Month ECL from lifetime				-
Transfer to lifetime ECL-not credit-impaired				-
Transfer to lifetime ECL-credit impaired				-
Financial assets derecognised				-
New financial assets acquired				-
Balance as at 31 March 2019	-	-	-	-
Net remeasurement of loss allowance				-
Transfer to 12 Month ECL from lifetime				-
Transfer to lifetime ECL-not credit-impaired				-
Transfer to lifetime ECL-credit impaired				-
Financial assets derecognised				-
New financial assets acquired				-
Balance as at 31 March 2020	-	-	-	-

The below table shows the maximum exposure to credit risk by class of financial assets. It also shows the financial effect of the collateral held as security (quantification of the extent to which collaterals mitigate credit risk), and the net exposure to credit risk.

Year ended 31 March 2021		Fair value of the collateral		
Financial assets	**Maximum exposure to credit risk**	**Vehicles**	**Land and buildings**	**Net Exposure**
Cash and cash equivalents	-	-	-	-
Trade Receivables	-	-	-	-
Loans	7,64,32,30,788			7,64,32,30,788
Investments	85,38,27,032			85,38,27,032
Other financial assets	1,30,36,81,232	-	-	1,30,36,81,232
Total financial assets	**9,80,07,39,052**	-	-	**9,80,07,39,052**

Year ended 31 March 2020		Fair value of the collateral		
Financial assets	**Maximum exposure to credit risk**	**Vehicles**	**Land and buildings**	**Net Exposure**
Cash and cash equivalents	1,73,87,586	-	-	1,73,87,586
Trade Receivables	-	-	-	-
Loans	7,64,32,30,788			7,64,32,30,788
Investments	85,38,27,032			85,38,27,032
Other financial assets	1,30,36,81,232	-	-	1,30,36,81,232
Total financial assets	**9,81,81,26,638**	-	-	**9,81,81,26,638**

Half Year ended 30 Sep 2019		Fair value of the collateral		
Financial assets	**Maximum exposure to credit risk**	**Vehicles**	**Land and buildings**	**Net Exposure**
Cash and cash equivalents	24,46,183	-	-	24,46,183
Trade Receivables	91,71,521		-	91,71,521
Loans	8,09,53,61,169			8,09,53,61,169
Investments	1,49,92,97,151			1,49,92,97,151
Other financial assets	-	-	-	-
Total financial assets	**9,60,62,76,024**	-	-	**9,60,62,76,024**

Year ended 31 March 2019	Fair value of the collateral			
Financial assets	Maximum exposure to credit risk	Vehicles	Land and buildings	Net Exposure
Cash and cash equivalents	8,32,81,978	-	-	8,32,81,978
Trade Receivables	20,526	-	-	20,526
Loans	8,43,05,25,063			8,43,05,25,063
Investments	2,30,49,31,580			2,30,49,31,580
Other financial assets	-	-	-	-
Total financial assets	**10,81,87,59,147**	**-**	**-**	**10,81,87,59,147**

Year ended 1 April 2018	Fair value of the collateral			
Financial assets	Maximum exposure to credit risk	Vehicles	Land and buildings	Net Exposure
Cash and cash equivalents	3,74,10,027	-	-	3,74,10,027
Trade Receivables	3,29,70,680	-	-	3,29,70,680
Loans	9,27,00,79,517			9,27,00,79,517
Investments	1,92,74,65,650			1,92,74,65,650
Other financial assets	2,97,50,000	-	-	2,97,50,000
Total financial assets	**11,29,76,75,874**	**-**	**-**	**11,29,76,75,874**

The below table provides description and quantitative information of the collateral held as security for credit-impaired financial assets.

Year ended 31 March 2020	Fair value of the collateral			
Type of collateral	Maximum exposure to credit risk	Vehicles	Land and buildings	Net Exposure
Loans	-			-
Total credit-impaired financial assets	**-**	**-**	**-**	**-**

Year ended 31 March 2019	Fair value of the collateral			
Type of collateral	Maximum exposure to credit risk	Vehicles	Land and buildings	Net Exposure
Loans	-			-
Total credit-impaired financial assets	**-**	**-**	**-**	**-**

Year ended 1 April 2018	Fair value of the collateral			
Type of collateral	Maximum exposure to credit risk	Vehicles	Land and buildings	Net Exposure
Loans	-			-
Total credit-impaired financial assets	**-**	**-**	**-**	**-**

Write off

Financial assets are written off when there is no realistic prospect of recovery. This is generally the case when the company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Company's procedures for recovery of amounts due.

Below is the details of the financial assets that were written off during the reporting period and are still subject to enforcement activity.

	Year ended 31 March 2021
Contractual outstanding	
Amount written off during the year	

Related Party Disclosure as per Indian Accounting Standard 24

Managerial personal	Nature of relationship	
Bharat B. Patel	Director	
Hardik B. Patel	Director	
Other Related Parties	**Nature of relationship**	
Ruchit Patel	Director's Relative	
Minal B Patel	Director's Relative	
Pasha Finance Pvt Ltd	Common Director	
Finquest Securities Pvt Ltd	Common Director	
Fidelity Multitrade Pvt Ltd	Common Director	
SUPERIOR FINANCIAL CONS.SERVICE P.LTD	Common Director	
PREMIER TISSUES INDIA LTD	Common Director	
Pasha Finance Pvt Ltd	Common Director	
SUPERIOR FINANCIAL CONS.SERVICE P.LTD	Common Director	
PREMIER TISSUES INDIA LTD	Common Director	
Fidelity Multitrade Pvt Ltd	Common Director	
Transactions with Related Parties of Revenue Nature		
Interest on Loan	**For the year ended 31st, March 2021**	
Pasha Finance Pvt Ltd	1,86,93,583	
SUPERIOR FINANCIAL CONS.SERVICE P.LTD	23,15,591	
PREMIER TISSUES INDIA LTD	2,42,192	
Fidelity Multitrade Pvt Ltd	76,79,724	
Total	**2,89,31,090**	
Transactions with Related Parties of Capital Nature	**Nature of transactions**	**Outstanding as on 31st, March 2021**
Loan From Directors		
Bharat J. Patel	Unsecured	1,03,70,478
Hardik B. Patel	Unsecured	3,02,35,462
Loan From Other Related Parties		
Ruchit Patel	Unsecured	30,08,737
Minal B Patel	Unsecured	9,94,92,939
Pasha Finance Pvt Ltd	Unsecured	33,70,96,880
Finquest Securities Pvt Ltd	Unsecured	0
Fidelity Multitrade Pvt Ltd	Unsecured	19,90,96,854
SUPERIOR FINANCIAL CONS.SERVICE P.LTD	Unsecured	-1,15,201
PREMIER TISSUES INDIA LTD	Unsecured	0
Loan outstanding as on the last day of the Financial Year		**67,91,86,148**

For R C Jain and Associates LLP
Chartered Accountants
FRN : 103952W/W100156

CA Ratneshchand Jain
Partner
M. No. : 038096
Place : Mumbai
Date : 18.11.2021
UDIN:22038096AAAAAP9571

For and on behalf of Board of Directors

Saurabh A. Patel
CEO & MD
DIN:02148559

Hardik B. Patel
Director
DIN: 00590663

CS Akash T. Pandey
Comapany Secretary
M. No. A61112

Notes forming part of the Consolidated Financial Statements

"1. CORPORATE INFORMATION

Finquest Financial Solutions Pvt. Ltd. ('the Company') is registered as a Non-Banking Financial Company ('NBFC) as defined under section 45-IA of the Reserve Bank of India Act, 1934. The Company is principally engaged in lending and investing activities.

2. SIGNIFICANT ACCOUNTING POLICIES

i. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015. The Company has adopted Ind AS from April 1, 2019 with effective transition date as April 1, 2018. These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act"). The transition was carried out from Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note no 32.

ii. Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in notes to the financial statements."

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances

" - The normal course of business

- The event of default

- The event of insolvency or bankruptcy of the Company and/or its counterparties"

"iii. Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below.

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Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of entering into the transaction.

Measurement of 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 between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value for measurement and/or disclosure purposes for certain items in these financial statements is determined considering following methods:"

Items	**Measurement basis**
Certain financial assets and liabilities (including derivatives instruments)	Fair value
Net defined benefit (asset)/liability	Fair value of planned assets less present value of defined benefit obligations
Property plant and equipment	Value in use under Ind AS 36

Finquest Financial Solutions Pvt. Ltd. Mumbai

Notes forming part of the Consolidated Financial Statements

"iv. Principles of Consolidation

The consolidated financial statements relate to Finquest financial solutions Pvt Ltd (the ""Company"") and the Company's share of profit / loss in its subsidiary. The consolidated financial statements have been prepared on the following basis:

a) The financial statements of subsidiary used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2021 or upto the date on which it ceased to be an subsidiary of the Company whichever is earlier.

b) The consolidated financial statements include the share of profit/ (loss) of subsidiary company, which have been accounted for as per Ind AS 110 (Consolidated Financial Statements)."

"The consolidated financial statements comprise the financial statements of the company, its subsidiaries (being the entity that it controls) and its Associate as at 31st March 2021. Control is evidenced when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee

- Rights arising from other contractual arrangements

- The Group's voting rights and potential voting rights

- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary."

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

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The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31st March.

"Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the

consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions"

"Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All

intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation."

"If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any noncontrolling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction."

Financial Solutions Pvt. Ltd. Mumbai

Particulars of consolidation

The financial statements of the following subsidiaries/ associates (all incorporated in India) have been considered for consolidation:

Name of the company	% of voting power as at 31-Mar-20	% of voting power as at 31-Mar-21
Krihaan Texchem Pvt Ltd	100	100
Digjam Private Limited	0	90

Investment in an Associate

"An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually."

"The statement of profit and loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If an entity's share of losses of an associate equals or exceeds its interest in the associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the

share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. "

"After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the impairment loss with respect to the Group's investment in an associate.

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Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss. "

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Notes forming part of the Consolidated Financial Statements

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

"a) Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date

b) Level 2: inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

c) Level 3: inputs are unobservable inputs for the valuation of assets or liabilities that the Company can access at measurement date."

"v. Use of estimates and judgements

The preparation of financial statements requires the management of the group to make judgements, assumptions and estimates that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses for the reporting period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements have been disclosed as applicable in the respective notes to accounts. Accounting estimates could change from period to period. Future results could differ from these estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Judgements:

Information about judgements made in applying accounting policies that have a most significant effect on the amount recognised in the consolidated financial statements is included following notes:

- Note ix - classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2021 is included in the following notes:"

"Note 9 – recognition of deferred tax assets: availability of future taxable profit against which carry forward deferred tax asset can be set off.'

Note 10 - useful life of property, plant, equipment and intangibles.

Notes 16 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Note – 25 impairment of financial instruments: key assumptions used in estimating recoverable cash flows.

Note 30 – determination of the fair value of financial instruments with significant unobservable inputs.

Note EMB – measurement of defined benefit obligations: key actuarial assumptions.

vi. Interest

Interest income and expense are recognised using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to the gross carrying amount of the financial asset or amortised cost of the financial liability.

The calculation of the EIR includes all fees paid or received that are incremental and directly attributable to the acquisition or issue of a financial asset or liability."

"The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets {i.e. at the amortised cost of the financial asset after adjusting for any expected credit loss allowance (ECLs)}. The Company assesses the collectability of the interest on credit impaired assets at each reporting date. Based on the outcome of such assessment, the Interest income accrued on credit impaired financial assets are either accounted for as income or written off as per the write off policy of the Company. The interest cost is calculated by applying the EIR to the amortised cost of the financial liability.

Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance."

"vii. Income from services and distribution of financial products

Revenue from brokerage is recognised when the service is performed. Revenue is net of applicable indirect taxes and sub-brokerage.

Finquest Financial Solutions Pvt. Ltd. Mumbai

viii. Dividend income

Income from dividend on investment in equity shares of corporate bodies and units of mutual funds is accounted when the group's right to receive dividend is established.

ix. Financial Instruments

Financial assets and financial liabilities are recognised in the group's balance sheet on settlement date when the group becomes a party to the contractual provisions of the instrument."

"Recognised financial assets and financial liabilities are initially measured at fair value.

Transaction costs and revenues 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 and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Statement of Profit or Loss.

If the transaction price differs from fair value at initial recognition, the group will account for such difference as follows:

a) if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

b) in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

a) Financial assets Classification

On initial recognition, depending on the group's business model for managing the financial assets and its contractual cash flow characteristics, a financial asset is classified as measured at;

1) amortised cost;

2) fair value through other comprehensive income (FVTOCI); or

3) fair value through profit and loss (FVTPL)."

Finquest Financial Solutions Pvt. Ltd. * Mumbai

"Initial recognition and measurement

Financial asset is recognised on settlement date initially at cost of acquisition net of transaction cost and income that is attributable to the acquisition of the financial asset. Cost equates the fair value on acquisition. Financial asset measured at amortised cost and Financial measured at fair value through other comprehensive income is presented at gross carrying value in the Financial statements. Unamortised transaction cost and incomes and impairment allowance on Financial asset is shown separately under the heading ""Other non-financial asset"", Other non-financial liability"" and ""Provisions"" respectively.

Assessment of Business model

An assessment of the applicable business model for managing financial assets is fundamental to the classification of a financial asset. The group determines the business models at a level that reflects how financial assets are managed together to achieve a particular business objective. The group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The group could have more than one business model for managing its financial instruments which reflect how the group manages its financial assets in order to generate cash flows. The group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The group considers all relevant information available when making the business model assessment. The group takes into account all relevant evidence available such as:

1) how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel and board of directors;"

"2) the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

3) how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

4) At initial recognition of a financial asset, the group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The group reassesses its business models each reporting period to determine whether the business model/(s) have changed since the preceding period. For the current and prior reporting period the group has not identified a change in its business model.

Based on the assessment of the business models, the group has identified the three following choices of classification of financial assets:

a) Financial assets that are held within a business model whose objective is to collect the contractual cash flows (""Asset held to collect contractual cash-flows""), and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are measured at amortised cost;

b) Financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the assets, (""Contractual cash flows of Asset collected through hold and sell model"") and that have contractual cash flows that are SPPI, are measured at FVTOCI.

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c) All other financial assets (e.g. managed on a fair value basis, or held for sale) and equity investments are measured at FVTPL.

Financial asset at amortised cost

Amortised cost of financial asset is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal)."

"Contractual cash flows that do not introduce exposure to risks or volatility in the contractual cash flows on account of changes such as equity prices or commodity prices and are related to a basic lending arrangement, do give rise to SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

The EIR amortisation is included in finance income in the profit and loss statement. The losses arising from impairment are recognised in the profit and loss statement.

Financial asset at fair value through Other Comprehensive Income (FVTOCI)

After initial measurement, basis assessment of the business model as ""Contractual cash flows of Asset collected through hold and sell model and SPPI"", such financial assets are classified to be measured at FVOCI. Contractual cash flows that do introduce exposure to risks or volatility in the contractual cash flows due to changes such as equity prices or commodity prices and are unrelated to a basic lending arrangement, do not give rise to SPPI.

The EIR amortisation is included in finance income in the profit and loss statement. The losses arising from impairment are recognised in the profit and loss statement. The carrying value of the financial asset is fair valued by discounting the contractual cash flows over contractual tenure basis the internal rate of return of a new similar asset originated in the month of reporting and such unrealised gain/loss is recorded in other comprehensive income (OCI). Where such a similar product is not originated in the month of reporting, the closest product origination is used as a proxy. Upon sale of the financial asset, actual the gain/loss realised is recorded in the profit and loss statement and the unrealised/gain losses recorded in OCI are recycled to the statement of profit and loss.

Financial asset at fair value through profit and loss (FVTPL)

Financial asset, which does not meet the criteria for categorization at amortized cost or FVOCI, is classified as at FVTPL. In addition, the group may elect to classify a financial asset, which otherwise meets amortized cost or FVOCI criteria, as FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss."

"Investment in equity, security receipt, mutual fund, non-cumulative redeemable preference shares and cumulative compulsorily convertible preference shares

Investment in equity, security receipt, mutual fund, non-cumulative redeemable preference shares and cumulative compulsorily convertible preference shares are classified as FVTPL and measured at fair value with all changes recognised in the statement of profit and loss. Upon initial recognition, the group, on an instrument-by-instrument basis, may elect to classify equity

Financial Solutions Pvt. Ltd. Mumbai *

instruments other than held for trading either as FVTOCI or FVTPL. Such election is subsequently irrevocable. If FVTOCI is elected, all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the gains or losses from OCI to the statement of profit and loss, even upon sale of investment. However, the group may transfer the cumulative gain or loss within other equity upon realisation.

Investment in associates:

The group has elected to measure Investment in associates at cost.

Reclassifications within classes of financial assets

A change in the business model would lead to a prospective re-classification of the financial asset and accordingly the measurement principles applicable to the new classification will be applied. During the current financial year and previous accounting period there was no change in the business model under which the group holds financial assets and therefore no reclassifications were made.

Impairment of Financial Assets

The group is required to recognise expected credit losses (ECLs) based on forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. No impairment loss is applicable on equity investments.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month ECLs. If the credit risk has significantly increased since initial recognition (Stage 1), an allowance (or provision) should be recognised for the lifetime ECLs for financial instruments for which the credit risk has increased significantly since initial recognition (Stage 2) or which are credit impaired (Stage 3).

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD). The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The group applies a three-stage approach to measure ECL on financial assets accounted for at amortised cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Finquest Financial Solutions Pvt. Ltd. * Mumbai

1. Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Exposures with days past due (DPD) less than or equal to 29 days are classified as

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Exposures with days past due (DPD) less than or equal to 29 days are classified as stage 1. The group has identified zero bucket and bucket with DPD less than or equal to 29 days as two separate buckets."

"2. Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Exposures with DPD equal to 30 days but less than or equal to 89 days are classified as stage 2. At each reporting date, the group assesses whether there has been a significant increase in credit risk for financial asset since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The group has identified cases with DPD equal to or more than 30 days and less than or equal to 59 days and cases with DPD equal to or more than 60 days and less than or equal to 89 days as two separate buckets.

3. Stage 3: Lifetime ECL – credit impaired

Financial asset is assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial asset that have become credit impaired, a lifetime ECL is recognised on principal outstanding as at period end. Exposures with DPD equal to or more than 90 days are classified as stage 3.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. ECL is recognised on EAD as at period end. If the terms of a financial asset are renegotiated or modified due to financial difficulties of the borrower, then such asset is moved to stage 3, lifetime ECL under stage 3 on the outstanding amount is applied."

"The group assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

1. Quantitative test: Accounts that are 30 calendar days or more past due move to Stage 2 automatically. Accounts that are 90 calendar days or more past due move to Stage 3 automatically.

2. Qualitative test: Accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring. High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress.

3. Reversal in Stages: Exposures will move back to Stage 2 or Stage 1 respectively, once they no longer meet the quantitative criteria set out above.

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For exposures classified using the qualitative test, when they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met.

The definition of default for the purpose of determining ECLs has been aligned to the Reserve Bank of India definition of default, which considers indicators that the debtor is unlikely to pay and is no later than when the exposure is more than 90 days past due. The group continues to incrementally provide for the asset post initial recognition in Stage 3, based on its estimate of the recovery.

In line with the above policy, the group has thus fully provided for/ written off the entire receivables in the current financial year as per table below:"

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Notes forming part of the Consolidated Financial Statements

Product	Overdue criteria
Loan against property	15 months and above
Construction equipment, auto, commercial vehicles, two wheeler and personal loan	10 months and above
Consumer durables	5 months and above

"The measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives, and estimation of EAD and assessing significant increases in credit risk.

Impairment of Trade receivable and Operating lease receivable

Impairment allowance on trade receivables is made on the basis of life time credit loss method, in addition to specific provision considering the uncertainty of recoverability of certain receivables.

Modification and De-recognition of financial assets Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as stage 3 immediately upon such modification in the terms of the contract. Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging."

Finquest Financial Solutions Pvt. Ltd. * Mumbai

"De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

1) the rights to receive cash flows from the asset have expired, or

2) the Company has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Write-off

Impaired loans and receivables are written off, against the related allowance for loan impairment on completion of the Company's internal processes and when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write off is determined on a case by case basis. A write-off constitutes a de-recognition event. The Company has right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the income statement.

Presentation of ECL allowance for financial asset:"

<table>
<tr><th>Type of Financial asset</th><th>Disclosure</th></tr>
<tr><td>Financial asset measured at amortised cost</td><td rowspan="2">shown separately under the head "provisions" and not as a deduction from the gross carrying amount of the assets</td></tr>
<tr><td>Financial assets measured at FVTOCI</td></tr>
<tr><td>Loan commitments and financial guarantee contracts</td><td>shown separately under the head "provisions"</td></tr>
</table>

Where a financial instrument includes both a drawn and an undrawn component and the Company cannot identify the ECL on the loan commitment separately from those on the drawn component, the Company presents a combined loss allowance for both components under "provisions".

Finquest Financial Solutions Pvt. Ltd. Mumbai

Notes forming part of the Consolidated Financial Statements

"Financial liability, Equity and Compound Financial Instruments Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the group or a contract that will or may be settled in the group's own equity instruments and is a non-derivative contract for which the group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the group's own equity instruments."

"Classification

The group classifies its financial liability as ""Financial liability at amortised cost"" except for financial liability at fair value through profit and loss (FVTPL).

Initial recognition and measurement

Financial liability is recognised initially at cost of acquisition net of transaction costs and incomes that is attributable to the acquisition of the financial liability. Cost equates the fair value on acquisition. group may irrevocably designate a financial liability that meet the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

De-recognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity

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 the group are recognised at the proceeds received, net of direct issue costs. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the group's own equity instruments is an equity instrument.

No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

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Compound instruments"

"The component parts of compound instruments (e.g. cumulative compulsorily convertible preference shares CCCPS) issued by the group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital and share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain/loss is recognised in profit or loss upon conversion or expiration of the conversion option.

A Cumulative Compulsorily Convertible Preference Shares (CCCPS), with an option to holder to convert the instrument in to variable number of equity shares of the entity upon redemption is classified as a financial liability and dividend including dividend distribution tax is accrued on such instruments and recorded as finance cost.

Cash, Cash equivalents and bank balances

Cash, Cash equivalents and bank balances include fixed deposits, margin money deposits, and earmarked balances with banks are carried at amortised cost. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents."

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Notes forming part of the Consolidated Financial Statements

"x. Property, plant and equipment

a. Tangible

Tangible property, plant and equipment (PPE) acquired by the Company are reported at acquisition cost less accumulated depreciation and accumulated impairment losses, if any. The acquisition cost includes any cost attributable for bringing asset to its working condition net of tax/duty credits availed, which comprises of purchase consideration, other directly attributable costs of bringing the assets to their working condition for their intended use. PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

b. Capital work-in-progress

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress" and carried at cost, comprising direct cost, related incidental expenses and attributable interest.

c. Intangible

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. Expenses on software support and maintenance are charged to the Statement of Profit and Loss during the year in which such costs are incurred."

"d. Depreciation and Amortisation

Depreciable amount for tangible property, plant and equipment is the cost of an asset, or other amount substituted for cost, less its estimated residual value. The residual value of each asset given on Operating lease is determined at the time of recording of the lease asset. If the residual value of the Operating lease asset is higher than 5%, the group has a justification in place for considering the same.

Depreciation on tangible property, plant and equipment deployed for own use has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of Buildings, Computer Equipment networking assets, electrical installation and equipment and Vehicles, in whose case the life of the assets has been assessed based on the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, etc. Depreciation on tangible property, plant and equipment deployed on operating lease has been provided on the straight-line method over the primary lease period of the asset. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in

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the estimates of useful life/residual value is accounted on prospective basis. Depreciation for additions to/deductions from, owned assets is calculated pro rata to the remaining period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life. All capital assets with individual value less than Rs. 5,000 are depreciated fully in the year in which they are purchased."

"Purchased software / licenses are amortised over the estimated useful life during which the benefits are expected to accrue, while Goodwill if any is tested for impairment at each Balance Sheet date. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis. Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

Estimated useful life considered by the group are:"

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Notes forming part of the Consolidated Financial Statements

Asset	Estimated Useful Life
Furniture and Fixtures	Owned: 10 years
Computer Equipment	Owned: 3 to 4 years
Office Equipment	Owned: 5 years
Vehicles	Owned: 4 years
Software Licenses	Owned: 1 to 10 years
Buildings	25 years
Plant & Machinery	Owned: 10 years

"f. Reclassification to Investment property

Properties held to earn rentals and/or capital appreciation are classified as Investment properties and measured and reported at cost, including transaction costs. When the use of an existing property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying amount on the date of reclassification.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

g. Impairment of assets

Upon an observed trigger or at the end of each accounting year, the group reviews the carrying amounts of its PPE, investment property and intangible asset to determine whether there is any indication that the asset have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss."

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"h. De-recognition of property, plant and equipment and intangible asset

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

xi. Non-Current Assets held for sale:

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

The group has a policy to make impairment provision at one third of the value of the Asset for each year upon completion of three years upto the end of five years."

"xii. Employee Benefits

Defined employee benefits include provident fund, superannuation fund, employee state insurance scheme.

Defined contribution benefits includes gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The eligible employees of the group are entitled to receive benefits under the provident fund, a defined contribution plan, in which both employees and the group make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary), which is recognised as an expense in the Statement of Profit and Loss in the year in which they occur. The contributions as specified under the law are paid to the provident fund set up as irrevocable trust by the group. The group is generally liable for annual contributions and any deficiency in interest cost compared to interest computed based on the rate of interest declared by the Central Government under the employee provident scheme, 1952 is recognised as an expense in the year in which it is determined.

The group's contribution to superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the Statement of Profit and Loss based on the amount of contribution required to be made and when services are rendered by the employees.

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Defined benefit plans

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested."

"The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long term service awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Share based payment transaction

The stock options of the Parent group is granted to employees pursuant to the group's Stock Options Schemes, are measured at the fair value of the options at the grant date. The amount recognised as expense is based on the estimate of the number of options for which he related service and non-market and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number "

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"of options that do meet the related service and non-market vesting conditions at the vesting date. For share-based options with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as an expense in respect of such grant is transferred to the general reserve within other equity, which a free reserve in nature.

xiii. Securities premium account

The group records premium on account of

1. On issuance of new equity shares;

2. On conversion of CCCPS into equity shares

The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

xiv. Foreign currencies transactions

Transactions in currencies other than the group's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated."

"Exchange differences that arise on settlement of monetary items or on reporting of monetary

items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

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xv. Operating Segments

The group's main business is financing by way of loans for retail and corporate borrowers in India. The group's operating segments consist of ""Financing Activity"", "" Investment Activity"" and ""Others"". All other activities of the group revolve around the main businesses. This in the context of Ind AS 108 – operating segments reporting are considered to constitute reportable segment. The Chief Operating Decision Maker (CODM) of the group is the Board of Directors. Operating segment disclosures are consistent with the information reviewed by the CODM.

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components, and for which discrete financial information is available. Accordingly all operating segment's operating results of the group are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance.

The ""Financing Activity"" segment consists of asset financing, term loans (corporate and retail), channel financing, credit substitutes, investments linked to/arising out of lending business and bill discounting. The ""Investment Activity"" segment includes corporate investments and ""Others"" segment primarily includes advisory services, wealth management, distribution of financial products and leasing.

Revenue and expense directly attributable to segments are reported under each operating segment. Expenses not directly identifiable to each of the segments have been allocated to each segment on the basis of associated revenues of each segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses. Assets and liabilities that are directly attributable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable."

"xvi. Investments in Associates

The group has elected to measure investment in associate at cost plus profit pick up.

xvii. Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up.

xviii. Taxation

Income Tax

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax law) enacted or substantively enacted by the reporting date."

"Current tax asset and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred Tax

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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, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Goods and Services Input Tax Credit

Goods and Services tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/utilising the credits."

"xix. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

(i) an entity has a present obligation (legal or constructive) as a result of a past event; and

(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

(i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

(ii) a present obligation arising from past events, when no reliable estimate is possible. Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

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Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent assets are not recognised in the financial statements.

xx. Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) estimated amount of contracts remaining to be executed on capital account and not provided for;"

"b) uncalled liability on shares and other investments partly paid;

c) funding related commitment to associate; and

d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

e) Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

f) Commitments under Loan agreement to disburse Loans

g) Lease agreements entered but not executed

xxi. Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i. changes during the period in operating receivables and payables transactions of a non-cash nature;

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and

iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

xxii. Dividend payable (including dividend distribution tax)

Interim dividend declared to equity shareholders, if any, is recognised as liability in the period in which the said dividend has been declared by the Directors. Final dividend declared, if any, is recognised in the period in which the said dividend has been approved by the Shareholders."

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For R C Jain and Associates LLP
Chartered Accountants
FRN : 103952W/W100156

CA Ratneshchand Jain
Partner
M No.: 038096

Place: Mumbai
Date: 18/11/2021

For and on behalf of Board of Directors

Saurabh A. Patel
CEO & MD
DIN: 02148559

Hardik B. Patel
Director
DIN: 00590663

CS Akash Pandey
Company Secretary
Mem No. A 61112