KLM AXIVA FINVEST LIMITED

*Our Company was incorporated on April 28, 1997, as 'Needs Finvest Limited', a public limited company under the Companies Act, 1956 with a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company also obtained the certificate of commencement of business dated May 6, 1997 from the Registrar of Companies, Andhra Pradesh at Hyderabad. The name of our Company was changed to 'KLM Axiva Finvest Limited' pursuant to a resolution passed by the shareholders of our Company at the EGM held on January 25, 2016 and a fresh certificate of incorporation dated February 29, 2016 was issued by the Registrar of Companies, Telangana at Hyderabad ("**RoC**"). Our Company has obtained a certificate of registration dated March 15, 2016 bearing registration no. 09.00006 issued by the Reserve Bank of India ("**RBI**") to carry on the activities of a non-banking financial company without accepting public deposits under Section 45 IA of the RBI Act, 1934. For details of changes in our name and registered office, see "History and Certain Other Corporate Matters" on page 125.*

Registered Office: Door No. 8-13, Plot No. 39, First Floor, Ashoka Complex, Above Indian Bank, Mythripuram Colony, Gayathrinagar X Road, Vaishalinagar P.O., Hyderabad, Telangana-500 079; **Telephone:** +91-40-3516 2071;
Corporate Office: 4th Floor, Door No.1871A24, VM Plaza, Palarivattom, Ernakulam- 682 025, Kerala, India; **Telephone**: +91 -484-4281 111;
Company Secretary and Compliance Officer/ Contact Person: Srikanth G. Menon; **E-mail:** cs@klmaxiva.com; **Telephone:** +91-484-4281118;
Chief Financial Officer: Thanish Dalee; **E-mail**: cfo@klmaxiva.com; **Telephone**: +91-484-281125;
Corporate Identity Number: U65910TG1997PLC026983; **Permanent Account Number**: AAACN7976P; **Website**: www.klmaxiva.com; Email: cs@klmaxiva.com

PUBLIC ISSUE BY KLM AXIVA FINVEST LIMITED, ("COMPANY" OR "ISSUER") OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹1,000 EACH ("NCDS"), AT PAR, AGGREGATING UP TO ₹7,500 LAKHS, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹7,500 LAKHS, AGGREGATING UP TO ₹15,000 LAKHS, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE" (THE "ISSUE"). THIS ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED, (THE "SEBI NCS REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER, EACH AS AMENDED (THE "COMPANIES ACT, 2013") AND THE SEBI MASTER CIRCULAR.

PROMOTER

Our Promoter is Biji Shibu; **Email:** bshibu@yahoo.co.in; **Telephone:** +91 94462 19666. For further details, see "*Our Promoter*" on page 143.

GENERAL RISKS

Investment in non-convertible securites is risky and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, the investors must rely on their own examination of our Company and the Issue, including the risks involved. Specific attention of the investors is invited to "*Risk Factors*" on page 17 and "*Material Developments*" on page 147, before making an investment in the Issue. These risks are not, are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities. This document has not been and will not be approved by any regulatory authority in India, including the RBI, the Securities and Exchange Board of India ("**SEBI**"), the RoC or any stock exchange in India.

COUPON RATE, COUPON PAYMENT FREQUENCY, MATURITY DATE, MATURITY AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Maturity Date and Maturity Amount of the NCDs, see "*Issue Structure*" on page 178. For details relating to eligible investors, see "*Issue Structure*" on page 178.

CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated "IND BBB-/Stable", by India Ratings & Research Private Limited ("**India Ratings**") for an amount up to ₹ 15,000 lakhs, *vide* its letter dated July 21, 2023 and press release for rating rationale dated July 21, 2023. The rating of NCDs by India Ratings indicates that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. This rating is not a recommendation or suggestion, directly or indirectly, to buy, sell, make or hold securities and investors should take their own decisions. The rating given by India Ratings is valid as on the date of this Prospectus and shall remain valid on date of the issue and allotment of NCDs and the listing of the NCDs on BSE. The rating provided by rating agency may be suspended, withdrawn or revised at any time by the assigning rating agency on the basis of new information etc., and should be evaluated accordingly. Please refer to page 294 for the rating rationale and press release for the above rating.

LISTING

The NCDs offered through this Prospectus are proposed to be listed on the BSE Limited ("**BSE**"). Our Company has obtained 'in-principle' approval for this Issue from BSE *vide* their letter dated August 22, 2023. BSE shall be the Designated Stock Exchange for this Issue.

PUBLIC COMMENTS

The Draft Prospectus dated August 10, 2023 was filed with BSE pursuant to Regulation 27 of the SEBI NCS Regulations and is open for public comments for a period of 7 (seven) Working Days i.e. until 5 p.m. on August 22, 2023

LEAD MANAGER TO THE ISSUE	DEBENTURE TRUSTEE*	REGISTRAR TO THE ISSUE
VIVRO FINANCIAL SERVICES PRIVATE LIMITED 607/608 Marathon Icon, Opp. Peninsula Corporate Park, Off. Ganpatrao Kadam Marg, Veer Santaji Lane, Lower Parel, Mumbai - 400 013, Maharashtra, India **Telephone:** +91 22 6666 8040/41/42 **Email:** investors@vivro.net **Website**: www.vivro.net **Contact Person:** Jay Shah/ Viral Shah	**VISTRA ITCL (INDIA) LIMITED** The IL&FS Financial Centre, Plot No. C – 22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra, India **Telephone:** +91 22 2659 3333 **Email:** itclcomplianceofficer@vistra.com **Website**: www.vistraitcl.com **Contact Person:** Jatin Chonani	**KFIN TECHNOLOGIES LIMITED** Selenium, Tower-B, Plot No – 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi –500 032, Telangana, India **Telephone:** +91 40 6716 2222 **Facsimile:** +91 40 2343 1551 **Email:** klmaxiva.ncdipo@kfintech.com **Investor Grievance Email:** einward.ris@kfintech.com **Website:** www.kfintech.com **Contact Person:** M Murali Krishna

CREDIT RATING AGENCY	STATUTORY AUDITOR
INDIA RATINGS & RESEARCH PRIVATE LIMITED Wockhardt Towers, 4th floor, West Wing, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051, Maharashtra, India **Telephone:** 022-4000 1700 **E-mail:** infogrp@indiaratings.co.in **Contact Person:** Shivangi Manjarekar	**RB JAIN AND ASSOCIATES, CHARTERED ACCOUNTANTS** Kosseril House, Civil Lane Road, Palarivattom, Kochi – 682 025 **Telephone:** +91 9349254789 **Email:** kjtassociates@gmail.com **Website:** www.rbjain.com **Contact Person:** K. J. Thomas

ISSUE PROGRAMME**

ISSUE OPENS ON THURSDAY, AUGUST 24, 2023	ISSUE CLOSES ON WEDNESDAY, SEPTEMBER 6, 2023 **

**Vistra ITCL (India) Limited, by its letter dated July 25, 2023, has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue. For further details, see "General Information – Debenture Trustee" on page 41.*

*** This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a minimum period of three Working Days and a maximum period of ten Working Days from the date of opening of the Issue and subject to not exceeding thirty days from filing the Prospectus with ROC) as may be decided by the Board of Directors of our Company ("**Board**") or Debenture Committee of the Board subject to compliance with Regulation 33A of the SEBI NCS Regulation. In the event of such early closure or extension to this Issue, our Company shall ensure that notice of the same is provided to the prospective investors through advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue Closure. Application Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, on Working Days during the Issue Period. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details, see "General Information – Issue Programme" on page 46.*

A copy of this Prospectus shall be delivered to the RoC, in terms of sub-section (4) of Section 26 of the Companies Act, 2013 along with the requisite endorsed/certified copies of all requisite documents. For further details, see "Material Contracts and Documents for Inspection" beginning on page 288.

CONTENTS

SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning ascribed to such definitions and abbreviations set forth. References to any legislation, act, regulation, rules, guidelines, clarifications or policies shall be to such legislation, act, regulation, rules, guidelines, clarifications or policies as amended, supplemented or re-enacted from time to time until the date of this Prospectus, and any reference to a statutory provision shall include any subordinate legislation notified from time to time pursuant to such provision.

The words and expressions used in this Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such words and expressions under the SEBI NCS Regulations, the Companies Act, 2013, the SCRA, the Depositories Act and the rules and regulations notified thereunder.

Notwithstanding the foregoing, the terms defined as part of "Our Business", "Risk Factors", "Industry Overview", "Key Regulations and Policies", and "Summary of Main Provisions of Articles of Association" beginning on pages 105, 17, 78, 255 and 276, respectively shall have the meaning ascribed to them as part of the aforementioned sections. Terms not defined as part of "Our Business", "Risk Factors", "Industry Overview" and "Key Regulations and Policies", beginning on pages 105, 17, 78 and 255, shall have the meaning ascribed to them hereunder.

General Terms

Term	Description
Company / Issuer/ KLM	KLM Axiva Finvest Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at Door No. 8-13, Plot No. 39, First Floor, Ashoka Complex, Above Indian Bank, Mythripuram Colony, Gayathrinagar X Road, Vaishalinagar P.O., Hyderabad, Telangana-500 079 and its Corporate Office at 4th Floor, Door No.1871A24, VM Plaza, Palarivattom, Ernakulam- 682 025, Kerala, India
We / us / our	Unless the context otherwise requires, KLM Axiva Finvest Limited for the relevant financial year/period as applicable.

Company Related Terms

Term	Description
AoA / Articles / Articles of Association	Articles of Association of our Company, as amended.
Audited Financial Statements/ Ind AS Financial Statements	Audited Consolidated Ind AS Financial Statements for Fiscal 2021, Audited Standalone Ind AS Financial Statements for Fiscal 2021 and Audited Ind AS Financial Statements for Fiscals 2022 and 2023.
Audited Ind AS Financial Statements	The Ind AS statement of Assets and Liabilities and for the years ended as on March 31, 2022 and March 31, 2023, the Ind AS Statement of Profit and Loss, the Ind AS Statement of cash flows and the Ind AS statement of Changes in Equity including the statement of significant accounting policies and other explanatory statements for the years then ended. Our audited Ind AS financial statements as at and for the years ended March 31, 2022 and March 31, 2023 are prepared in accordance with Ind AS.
Asset Under Management / AUM	For the quarter ended June 30, 2023 and the year ended March 31, 2023 and March 31, 2022 AUM represents gross loans including interest receivables without considering the impact of impairment loss allowance and impact of effective interest rate in accordance with IND AS. For the year ended March 31, 2021, AUM represents gross loans including interest receivables without considering the impact of impairment loss allowance and impact of effective interest rate in accordance with IND AS on consolidated basis.

Term	Description
Board / Board of Directors / BoD	The Board of Directors of our Company and includes any Committee thereof.
Company Secretary	The company secretary of our Company i.e. Srikanth G. Menon
Compliance Officer	The compliance officer of our Company appointed in relation to this Issue, i.e. Srikanth G. Menon.
Consolidated Ind AS Financial Statements	The consolidated Ind AS statement of Assets and Liabilities and for the year ended as on March 31, 2021, the consolidated Ind AS Statement of Profit and Loss, the consolidated Ind AS Statement of cash flows and the consolidated Ind AS statement of Changes in Equity including the statement of significant accounting policies and other explanatory statement for the Fiscal 2021. Our audited consolidated Ind AS financial statements as at and for the year ended March 31, 2021 are prepared in accordance with Ind AS.
Standalone Ind AS Financial Statements	The standalone Ind AS statement of Assets and Liabilities and for the year ended as on March 31, 2021, the standalone Ind AS Statement of Profit and Loss, the standalone Ind AS Statement of cash flows and the standalone Ind AS statement of Changes in Equity including the statement of significant accounting policies and other explanatory statements for the Fiscal 2021. Our audited standalone Ind AS financial statements as at and for the year ended March 31, 2021 are prepared in accordance with Ind AS.
Corporate Office	4th Floor, Door No.1871A24, VM Plaza, Palarivattom, Ernakulam- 682 025, Kerala, India.
Debenture Committee	The committee re-constituted by the Board of Directors of our Company by a board resolution dated April 09, 2021. For further details, see *"Our Management"* on page 128.
Equity Shares	Equity shares of face value of ₹ 10 each of our Company.
Financial Information	The financial information stated in the Financial Statements (defined herein below).
Group Companies	Group Companies as defined in terms of Regulation 2(1)(r) of SEBI NCS Regulations, KLM Tiana Gold & Diamonds Private Limited, Ente Naadu Nidhi Limited, Carbomix Polymers (India) Private Limited and Payyoli Granites Private Limited.
Interim Unaudited Ind AS Financial Results / Unaudited Ind AS Financial Results / Limited Review Unaudited Ind AS Financial Results	The interim unaudited Ind AS financial results of our Company for the quarter ended on June 30, 2023 comprising of the statement of financial results including notes thereto.
Limited Review Report	Report dated August 11, 2023 on the Interim Unaudited Ind AS Financial Results, prepared by the Statutory Auditors.
Loan Assets	Assets under financing activities.
Memorandum / MoA / Memorandum of Association	Memorandum of Association of our Company, as amended.
Net Loan Assets	Assets under financing activities net of provision for non-performing assets.
Promoter	Biji Shibu
RoC / Registrar of Companies	The Registrar of Companies, Telangana at Hyderabad.
Registered Office	Door No. 8-13, Plot No. 39, First Floor, Ashoka Complex, Above Indian Bank, Mythripuram Colony, Gayathrinagar X Road, Vaishalinagar P.O., Hyderabad, Telangana-500 079
Statutory Auditor(s) / Auditor(s)	The statutory auditor of our Company, being M/s. RB Jain & Associates, Chartered Accountants.
Shareholders	The shareholders of the Company.

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of this Prospectus.
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form.
Allot/Allotment/Allotted	The issue and allotment of the NCDs to successful Applicants pursuant to the Issue.
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Allottee(s)	The successful Applicant to whom the NCDs are being/have been Allotted pursuant to the Issue.
Applicant / Investor	A person who applies for the issuance and Allotment of NCDs pursuant to the terms of this Prospectus and the Application Form for the Issue.
Application / ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the relevant ASBA Account and will include application made by UPI Investors using UPI where the Application amount will be blocked upon acceptance of UPI Mandate Request by UPI Investors, which will be considered as the application for Allotment in terms of this Prospectus.
Application Amount	The aggregate value of NCDs applied for, as indicated in the Application Form for the Issue.
Application Form / ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process or through the UPI Mechanism and which will be considered as the Application for Allotment of NCDs and in terms of this Prospectus.
Application Supported by Blocked Amount / ASBA	The Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorising the SCSB to block the bid amount in the specified bank account maintained with such SCSB.
ASBA Account	A bank account maintained with a SCSB as specified in the ASBA Form submitted by ASBA Applicants for blocking the Application Amount mentioned in the ASBA Form, and will include a bank account of a retail individual investor linked with UPI, for retail individual investors submitting application value up to ₹ 5,00,000
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process.
Base Issue	₹ 7,500 lakhs.
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in "*Issue Procedure – Basis of Allotment for NCDs*" on page 201.
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms (including ASBA Forms under UPI in case of UPI Investors) to a Trading Member. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the respective websites of the Stock Exchange.
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs.
Collecting Depository Participants / CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered with the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the SEBI Master Circular.
Collecting Registrar and Share Transfer Agents / CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the SEBI Master Circular.

Term	Description
Credit Rating Agency / India Ratings	For the present Issue, the credit rating agency, in this case being India Ratings & Research Private Limited.
CRISIL	CRISIL Limited.
Coupon Rate / Interest Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with this Prospectus. For further details, see "*Issue Structure*" on page 178.
Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the NCDs issued under the Issue.
Debenture Trusteeship Agreement	Debenture Trusteeship Agreement dated July 25, 2023 entered into between our Company and the Debenture Trustee.
Debentures /NCDs	Secured, redeemable, non-convertible debentures issued pursuant to the Issue.
Deemed Date of Allotment	The date on which the Board or the Debenture Committee of the Board approves the Allotment of the NCDs or such date as may be determined by the Board or the Debenture Committee and notified to the Designated Stock Exchange. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Demographic Details	The demographic details of an Applicant such as his address, bank account details, category, PAN, UPI ID etc. for printing on refund/interest orders or used for refunding through electronic mode as applicable.
Depositories Act	The Depositories Act, 1996.
Depository(ies)	National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL).
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such centres of the Collecting Depository Participants where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the website of the Stock Exchange and updated from time to time.
Designated Date	The date on which the Registrar to the Issue issues the instruction to SCSBs for unblocking of funds from the ASBA Accounts to the Public Issue Account in terms of this Prospectus and the Public Issue Account and Sponsor Bank Agreement and following which the Board, shall Allot the NCDs to the successful Applicants.
Designated Intermediaries	Collectively, the Lead Managers, the Syndicate Members/Lead Brokers, Trading Members, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue In relation to ASBA applicants authorising an SCSB to block the amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA applicants submitted by Retail Individual Investors where the amount was blocked upon acceptance of UPI Mandate Request using the UPI Mechanism, Designated Intermediaries shall mean the CDPs, RTAs, Lead Manager, Members of the Syndicate, Trading Members and Stock Exchange where applications have been submitted through the app/web interface as provided in the SEBI Master Circular
Designated Stock Exchange/ DSE	BSE Limited.
Designated RTA Locations	Such centres of the CRTAs where Applicants can submit the Application Forms (including Application Forms by UPI Investors under the UPI Mechanism). The details of such Designated RTA Locations, along with the names and contact details of the CRTAs are available on the website of the Stock Exchange (www.bseindia.com) and updated from time to time.
DP/ Depository Participant	A depository participant as defined under the Depositories Act.

Term	Description
Direct Online Application	An online interface enabling direct applications through UPI by an app based/web interface, by investors to a public issue of debt securities with an online payment facility
Draft Prospectus / Draft Offer Document	The draft prospectus dated August 10, 2023 has been filed by our Company with the Designated Stock Exchange and with SEBI for receiving public comments, in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations.
Existing Secured Creditors	The South Indian Bank Limited, ICICI Bank Limited, HDFC Bank Limited, State Bank of India, Dhanlaxmi Bank Limited debenture holders of the privately placed secured non-convertible debentures and debenture holders of secured non-convertible debentures issued by way of public issue.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
Interest Payment Date / Coupon Payment Date	The dates on which interest/coupon on the NCDs shall fall due for payment which will be specified in this Prospectus. Please see the section titled "*Issue Structure – Interest and Payment of Interest*" on page 178.
Institutional Portion	Portion of Applications received from Category I of persons eligible to apply for the issue which includes Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013; Statutory Corporations including State Industrial Development Corporations; Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs, Provident Funds of minimum corpus of ₹ 2,500 lakhs, Pension Funds of minimum corpus of ₹ 2,500 lakhs; Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; Venture Capital funds and/or Alternative Investment Funds registered with SEBI, Insurance Companies registered with the IRDA; National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India: Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India; Mutual Funds, registered with SEBI; and Systemically Important Non-Banking Financial Companies,.
Issue/ Issue Size	Public issue by our Company of NCDs aggregating up to ₹7,500 lakhs ("**Base Issue Size**"), with an option to retain over-subscription up to ₹7,500 lakhs, cumulatively aggregating up to ₹15,000 lakhs on the terms and in the manner set forth therein. The Issue is being made pursuant to the provisions of SEBI NCS Regulations, the Companies Act, 2013 and rules made thereunder as amended to the extent notified and the SEBI Master Circular.
Issue Closing Date	Wednesday, September 6, 2023
Issue Opening Date	Thursday, August 24, 2023
Lead Manager	Vivro Financial Services Private Limited.
Market Lot	1 (one) NCD.
Maturity Amount	In respect of NCDs Allotted to NCD Holders, the repayment of the face value of the NCD along with interest that may have accrued as on the redemption date.
Mobile App(s)	The mobile applications listed on the website of Stock Exchange as may be updated from time to time, which may be used by Applicants to submit Bids using the UPI Mechanism
NCD Holder/Debenture Holder	Any debenture holder who holds the NCDs issued in this Issue and whose name appears on the beneficial owners list provided by the Depositories.
Non-Institutional Portion	Category II of persons eligible to apply for the Issue which includes Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; Educational institutions and Associations Of Persons and/or bodies established pursuant to or registered under any central or state statutory enactment, which are authorised to invest in the NCDs; Trust Including Public/private charitable/religious trusts which are authorised to invest in the NCDs; Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; Partnership firms in the name of the partners;

Term	Description
	Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 5 lakhs.
Offer Document	The Draft Prospectus, this Prospectus, Application Form and abridged Prospectus.
Prospectus	The Prospectus dated August 22, 2023, to be filed with the RoC in accordance with the SEBI NCS Regulations, containing *inter alia* the coupon rate for the NCDs and certain other information.
Public Issue Account	Account(s) opened with the Public Issue Account Bank to receive monies from the ASBA Accounts maintained with the SCSBs (including under the UPI Mechanism) on the Designated Date.
Public Issue Account Bank	The Banker to the Issue being HDFC Bank Limited with whom Public Issue Account will be opened.
Public Issue Account and Sponsor Bank Agreement	The agreement dated August 17, 2023 entered into amongst our Company, the Registrar to the Issue, the Lead Manager, the Public Issue Account Bank and the Sponsor Bank for the appointment of the Sponsor Bank in accordance with the SEBI Master Circular for collection of the Application Amounts from ASBA Accounts under the UPI Mechanism and the Refund Bank for remitting the and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 Working Days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made and as specified in this Prospectus.
Refund Bank	The Banker to the Issue being HDFC Bank Limited, with whom the Refund Account(s) will be opened.
Registrar to the Issue / Registrar	Kfin Technologies Limited
Register of NCD Holders	The statutory register in connection with any NCDs which are held in physical form on account of rematerialisation, containing name and prescribed details of the relevant NCD Holders, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Act.
RIIs	Retail Individual Investors
RTAs/ Registrar and Share Transfer Agent	The registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue at the Designated RTA Locations.
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI, offering services in relation to ASBA and UPI, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes for ASBA and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 for UPI, updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
SEBI Delisting Regulations	Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended from time to time.
SEBI Master Circular	Master Circular no. SEBI/HO/DDHS/PoD1/P/CIR/2023/119 dated August 10, 2021 issued by SEBI and as updated on July 7, 2023, as amended
SEBI Master Circular for Debenture Trustees	Circular no. SEBI/HO/DDHS-PoD1/P/CIR/2023/109 dated March 31, 2023 issued by SEBI and updated as on July 6, 2023, as amended

Term	Description
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
Security	The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with Existing Secured Creditors, on all movable assets, including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.
Specified Locations	Collection centres where the Members of the Syndicate shall accept Application Forms, a list of which is included in the Application Form.
Sponsor Bank	The Banker to the Issue registered with SEBI, which has been appointed by our Company to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the mandate collect requests and / or payment instructions of the retail individual investors into the UPI for retail individual investors applying through the app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value up to ₹ 5,00,000 and carry out any other responsibilities in terms of the SEBI Master Circular. (In this Issue, HDFC Bank Limited)
Stock Exchange	BSE Limited.
Syndicate ASBA	Applications through the Designated Intermediaries.
Syndicate ASBA Application Locations	Collection centers where the Designated Intermediaries shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at https://www.sebi.gov.in and at such other websites as may be prescribed by SEBI from time to time.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on https://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.
Tenor	Tenor shall mean the tenor of the NCDs.
Trading Member(s)	Individuals or companies registered with SEBI as “trading member(s)” under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, and who hold the right to trade in stocks listed on stock exchanges, through which investors can buy or sell securities listed on stock exchanges whose list is available on stock exchanges.
Transaction Registration Slip / TRS	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of upload of the Application on the application platform of the Stock Exchange.
Tripartite Agreement(s)	Agreements as entered into between our Company, Registrar and each of the Depositories under the terms of which the Depositories shall act as depositories for the securities issued by our Company.
Trustees / Debenture Trustee	Trustees for the holders of the NCDs allotted pursuant to Public Issue I, II, III, IV, V, VI, VII, VIII and in this issue being Vistra ITCL (India) Limited.
UPI	Unified Payments Interface, is an instant payment system developed by the NPCI. It enables merging several banking features, seamless fund routing and merchant payments into one hood. UPI allows instant transfer of money between any two persons’ bank accounts using a payment address which uniquely identifies a person’s bank account.
UPI Investor	An Applicant who applies with a UPI number whose Application Amount for NCDs in the Issue is up to ₹ 5,00,000.
UPI ID	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the NPCI.
UPI Application Limit	Maximum limit to utilize the UPI mechanism to block the funds for application value up to ₹500,000 for issues of debt securities pursuant to SEBI Master

Term	Description
	Circular or any other investment limit, as applicable and prescribed by SEBI from time to time.
UPI Mandate Request	A request (intimating the UPI Investors, by way of a notification on the UPI application and by way of an SMS directing the UPI Investors to such UPI application) to the UPI Investors using the UPI Mechanism initiated by the Sponsor Bank to authorise blocking of funds equivalent to the Application Amount in the relevant ASBA Account through the UPI, and the subsequent debit of funds in case of Allotment.
UPI Mechanism	Unified Payments Interface mechanism in accordance with SEBI Master Circular as amended from time to time, to block funds for application value up to UPI Application Limit submitted through intermediaries.
UPI PIN	Password to authenticate UPI transaction.
Web Interface	Web interface developed by Designated Stock Exchange wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism
Wilful Defaulter	Includes wilful defaulters as defined under Regulation 2(1)(lll) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 which includes a Person or a company categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes a company whose director or promoter is categorised a Wilful defaulter.
Working Days	All days excluding Sundays or a holiday of commercial banks in Mumbai and/or Kochi, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in Mumbai. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closure to listing of the NCDs on the Stock Exchange, Working Days shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI NCS Regulations, however, with reference to payment of interest/redemption of NCDs, Working Days shall mean those days wherein the money market is functioning in Mumbai.

Business / Industry Related Terms

Term	Description
AFC	Asset Finance Companies
ALM	Asset Liability Management
ALCO	Asset Liability Committee
AUM	Assets Under Management
Average Cost of Borrowing	Amount that is calculated by dividing the interest paid during the period by average of the monthly outstanding
CIBIL	Credit Information Bureau (India) Limited
CIC-ND-SI	Systemically Important Core Investment Company
CPI	Consumer Price Index
CRAR	Capital to Risk Weighted Assets Ratio
DSA	Direct Sales Agent
ECLGS	Emergency Credit Line Guarantee Scheme
EMI	Equated Monthly Instalment
GNPAs	Gross Non-Performing Assets
GLP	Gross Loan Portfolio
Gross Spread	Yield on the average minus the cost of funds
HFC	Housing Finance Company
ICs	Investment Companies
IDF-NBFC	Infrastructure Debt Fund
IFC	Infrastructure Finance Company
IND AS	Indian Accounting Standards
IPO	Initial Public Offering
IRDA	Insurance Regulatory and Development Authority

Term	Description
IRR	Interest Rate Risk
KYC/KYC Norms	Customer identification procedure for opening of accounts and monitoring transactions of suspicious nature followed by NBFCs for the purpose of reporting it to appropriate authority
LAP	Loan Against Property
LCs	Loan Companies
Loan Book	Outstanding loans net of provisions made for NPAs
LTV	Loan to value
MGC	Mortgage Guarantee Companies
MIS	Management Information Systems
MSME	Micro, Small and Medium Enterprises
NABARD	National Bank for Agriculture and Rural Development
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NBFC – AA	NBFC-Account Aggregator
NBFC-ND-NSI (NBFC-BL/ NBFC – Base Layer)	Non-deposit taking NBFCs below the asset size of ₹ 1,00,000 lakh and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFCP2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-ML/ NBFC – Middle Layer	(a) all deposit taking NBFCs (NBFC-Ds), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹1,00,000 lakh and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFC)
NBFC-ICC	NBFC registered as an Investment and Credit Company
NBFC-MFI	NBFC – Microfinance Institutions
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-NSI	Non-Systemically Important NBFC-ND, i.e. a non-banking financial company not accepting / holding public deposits and which is not systemically important i.e. having total assets of less than ₹ 50,000 lakhs as per the last audited balance sheet
NBFC-ND-SI	Systemically Important NBFC-ND, i.e. a non-banking financial company not accepting / holding public deposits and which is systemically important i.e. having total assets of ₹ 50,000 lakhs and above as per the last audited balance sheet
NBFIs	Non-banking Financial Institutions
NBFC-P2P	NBFC–Peer to Peer Lending Platform
NBFC - TL	NBFC-UL which in the opinion of RBI has substantial increase in the potential systemic risk
NBFC – UL	NBFCs which are specifically identified by the RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in SBR Framework
NHAI	National Highways Authority of India
NII	Net Interest Income
NOF	Net Owned Fund
NOFHC	Non-Operative Financial Holding Company
NPA	Non-Performing Asset
NPCI	National Payments Corporation of India
NSO	National Statistical Office
Public Issue I	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹10,000.00 lakhs pursuant to the prospectus dated September 18, 2018
Public Issue II	Public issue of secured non-convertible debentures of face value ₹1,000 each

Term	Description
	aggregating to ₹9,383.38 lakhs pursuant to the prospectus dated August 19, 2019
Public Issue III	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹12,428.93 lakhs pursuant to the prospectus dated May 27, 2020
Public Issue IV	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹15,000.00 lakhs pursuant to the prospectus dated June 30, 2021
Public Issue V	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹16,210.77 lakhs pursuant to the prospectus dated September 28, 2021
Public Issue VI	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹17,765.22 lakhs pursuant to the prospectus dated February 11, 2022
Public Issue VII	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹ 18,798.56 lakhs pursuant to the prospectus dated September 13, 2022
Public Issue VIII	Public issue of secured non-convertible debentures of face value of ₹ 1,000 each aggregating to ₹ 13,612.96 lakhs pursuant to the prospectus dated February 7, 2023
OLC	Overdue Loan Cell
RBI NSI Master Directions	RBI's Master Direction - Non-Banking Financial Company – Non - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended
RBI SI Master Directions	RBI's Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended
ROA	Return on Assets
ROI	Return on Investment
SBR Framework	Scale Based Regulation: A Revised Regulatory Framework for NBFCs (as amended)
SIDBI	Small Industries Development Bank of India
SME	Small and Medium Enterprises
STPLs	Small Ticket Size Loans
TAT	Turnaround Time
Tier I Capital	For NBFC-ND-NSI: Tier I Capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiary and companies in the same group exceeding, in aggregate, ten percent of the owned fund For NBFC-ND-SI: Tier I Capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	For NBFC-ND-NSI: Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible

Term	Description
	into equity; (b) revaluation reserves at discounted rate of fifty-five percent; (c) General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; and To the extent, the aggregate does not exceed Tier I capital. For NBFC-ND-SI: Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty five percent; (c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; and (f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I capital
TLTRO	Targeted Long-Term Repo Operations

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual General Meeting
AML	Anti-Money Laundering
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CGST Act	Central Goods and Services Tax Act, 2017
Companies Act/Companies Act 2013	The Companies Act, 2013 read with rules framed by the Government of India from time to time
DIN	Director Identification Number
DRR	Debenture Redemption Reserve
DT Circular	Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 issued by SEBI on November 3, 2020, as amended from time to time
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FDI Policy	FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy
FEMA	Foreign Exchange Management Act, 1999
FEMA Non-Debt Regulations	Foreign Exchange Management (Non-Debt Instruments) Rules, 2019
FEMA Debt Regulations	Foreign Exchange Management (Debt Instruments) Rules, 2019
FFMC	Full Fledged Money Changer
Financial Year/FY	Financial Year ending March 31
FII/FPI	Foreign Institutional Investors defined under the SEBI (Foreign Institutional Investors) Regulations, 2014 registered with SEBI and as repealed by Foreign

Term	Description
	Portfolio Investors defined under the SEBI (Foreign Portfolio Investors) Regulations, 2019
GDP	Gross Domestic Product
GFCE	Government First Consumption Expenditure
GFCF	Gross Fixed Capital Formation
GoI	Government of India
G-Sec	Government Securities
GST	Goods and services tax
ICAI	Institute of Chartered Accountants of India established by an Act of Parliament, viz. The Chartered Accountants Act, 1949 (Act No. XXXVIII of 1949)
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IGST Act	Integrated Goods and Services Tax Act, 2017
IND AS	The Indian Accounting Standards referred to in Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.
Indian GAAP	Accounting Standards as per the Companies (Accounting standards) Rules, 2006 notified under Section 133 of the Act and other relevant provisions of the Act.
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
IT Act	The Income Tax Act, 1961
KYC	Know Your Customer
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MIS	Management Information System
MoU	Memorandum of Understanding
NA	Not Applicable
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NII(s)	Non-Institutional Investor(s)
NIM	Net Interest Margin
NPCI	National Payments Corporation of India
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
PDI	Perpetual Debt Instrument
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
RM	Relationship Manager
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2021
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI NCS Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
SGST Act	State Goods and Services Tax Act, 2017, as enacted by various state governments.
TDS	Tax Deducted at Source
WDM	Wholesale Debt Market

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

Certain Conventions

All references to "India" are to the Republic of India and its territories and possessions and all references to the "Government" or the "State Government" are to the Government of India, central or state, as applicable.

Unless otherwise stated, references in this Prospectus to a particular year are to the calendar year ended on December 31 and to a particular "fiscal" or "fiscal year" are to the fiscal year ended on March 31.

All references to "India" are to the Republic of India and its territories and possessions, and the "Government", the "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

Financial Data

Our Company publishes its financial statements in Rupees.

Our Company's Interim Unaudited Ind AS Financial Statements for quarter ended June 30, 2023 is prepared in accordance with Ind AS, applicable standards and guidance notes specified by the ICAI under the Companies Act.

Our Company's financial statements for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 are prepared in accordance with Ind AS, as applicable standards and guidance notes specified by the ICAI including the applicable provisions of the Companies Act, 2013, including the applicable provisions of the Companies Act, 2013 and other applicable statutory and/or regulatory requirements. With effect from April 1, 2019, as per the roadmap issued by the Ministry of Corporate Affairs ("**MCA**") dated January 18, 2016, under the Companies (Indian Accounting Standards) Rules, 2015, for Non-Banking Finance Companies (other than the Non-Banking Finance Companies having total assets of ₹50,000 lakhs or more), for financial reporting purposes, the Company has followed the Indian Accounting Standards issued by the ICAI specified under Section 133 of the Companies Act, 2013, read with Rule 3 and/or Rule 7 of the Companies (Indian Accounting Standard) Rules, 2015 ("**IND AS**"), as applicable.

The MCA, in its press release dated January 18, 2016, issued a roadmap for implementation of IND AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. The notification further explains that NBFCs whose equity and/or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having net worth less than ₹50,000 lakh, shall comply with IND AS for accounting periods beginning from April 1, 2019 onwards with comparatives for the periods ending on March 31, 2019 or thereafter. Accordingly, IND AS is applicable to our Company with effect from April 1, 2019.

The Financial Statements/ Results and the audit report/ Limited Review Report issued thereon, as issued by our Company's Statutory Auditors, M/s. RB Jain and Associates, Chartered Accountants, is included in this Prospectus, in the chapter titled "*Financial Statements*" beginning on page 146.

Unless stated otherwise, the financial data used in this Prospectus is derived from our Consolidated Ind AS Financial Statements for the financial year ended March 31, 2021, Standalone Ind AS Financial Statements for the financial year ended March 31, 2021, Ind AS Financial Statements for the financial year ended March 31, 2022 and March 31, 2023 and Unaudited Ind AS Financial Results for the quarter ended June 30, 2023, prepared in accordance with the recognition and measurement principles as laid down in IND AS, applicable standards and guidance notes prescribed by ICAI, Companies Act, 2013 and other applicable statutory and/or regulatory requirements.

In this Prospectus, any discrepancies in any table, including "*Capital Structure*" and "*Objects of the Issue*" between the total and the sum of the amounts listed are due to rounding off. All the decimals have been rounded off to two decimal places.

Further, the financial data and numbers used in this Prospectus are under Ind AS, as specifically mentioned in this Prospectus and is not strictly comparable.

Unless stated otherwise or unless the context requires otherwise, the financial data used in this Prospectus is on a standalone basis.

Currency and units of Presentation

In this Prospectus, all references to 'Rupees'/ 'Rs.'/ 'INR'/ '₹' are to Indian Rupees, the official currency of the Republic of India. Except where stated otherwise in this Prospectus, all figures have been expressed in 'lakhs'. All references to 'lakh/lakhs' mean 'one hundred thousand' and 'crore' means 'ten million' and 'billion /billions' means 'one hundred crores'.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although our Company believes that industry data used in this Prospectus is reliable, it has not been independently verified. Also, data from these sources may not be comparable. Similarly, internal reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Certain information and statistics in relation to the industry in which we operate, which has been included in this Prospectus has been extracted from an industry report titled "*Industry Report on gold loans, personal loans, MSME loans, and microfinance loans released in Mumbai on April 2023*", prepared and issued by CRISIL Limited ("**CRISIL Report**"). Please refer to "*Industry Overview*" on page 78 for further details. Following is the disclaimer of CRISIL Limited in relation to the CRISIL Report:

"CRISIL Market Intelligence & Analytics (CRISIL MI&A), a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. KLM Axiva Finvest Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL MI&A operates independently of, and does not have access to information obtained by CRISIL Ratings Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL MI&A and not of CRISIL Ratings Limited. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

General Risk

Investment in NCDs involve a degree of risk and investors should not invest any funds in NCDs unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under section "Risk Factors" on page 17. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the NCDs or Investor's decision to purchase such securities.

FORWARD LOOKING STATEMENTS

This Prospectus contains certain statements that are not statements of historical fact and are in the nature of "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "continue", "expect", "estimate", "intend", "objective", "plan", "potential", "project", "will", "will continue", "will pursue", "will likely result", "will seek to", "seek" or other words or phrases of similar import. All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability and other matters discussed in this Prospectus that are not historical facts.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results, performance or achievements to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to our businesses and our ability to respond to them, our ability to successfully implement our strategies, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry.

Important factors that could cause actual results to differ materially from our expectations including, without limitation, the following:

1. The impact of the outbreak of COVID-19 on our business and operations;
2. Any increase in the levels of NPAs in our loan portfolio, for any reason whatsoever, would adversely affect our business and results of operations;
3. Demand for our current products and our ability to introduce new products and implement our growth strategies;
4. Any volatility in interest rates which could cause our gross spreads to decline and consequently affect our profitability;
5. Unanticipated turbulence in interest rates or other rates or prices;
6. The performance of the financial and capital markets in India and globally;
7. Changes in the value of Rupee and other currency changes;
8. Our operations are concentrated in South India, and any adverse developments in the southern states of India may have an adverse effect on our business, results of operations, financial condition and cash flows;
9. The outcome of any legal or regulatory proceedings we are or may become a party to;
10. Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
11. Any changes in connection with policies, statutory provisions, regulations and/or RBI directions in connection with NBFCs, including laws that impact our lending rates and our ability to enforce our collateral;
12. Emergence of new competitors;
13. The rate of growth of our loan assets;
14. Potential mergers, acquisitions or restructurings;
15. Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
16. Availability of adequate debt and equity financing at commercially acceptable terms;
17. General, political, economic, social and business conditions in Indian and other global markets;
18. Our ability to attract and retain qualified personnel; and
19. Other factors discussed in this Prospectus, including under the chapter titled "*Risk Factors*" beginning on page 17.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the chapter titled "*Risk Factors*" and chapters titled "*Industry Overview*" and "*Our Business*" beginning on pages 17, 78 and 105, respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward looking statements speak only as on the date of this Prospectus. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither the Lead Manager, our Company, its Directors and its officers, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI NCS Regulations, our Company, the Lead Manager will ensure that investors in India are informed of material developments between the date of filing this Prospectus with the Stock Exchange and the date of the Allotment.

SECTION II - RISK FACTORS

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Prospectus, including the risks and uncertainties described below, and the information provided in the sections titled "Our Business" on page 105 and "Financial Statements" on page 146, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialise, may have a material adverse effect on our business, financial condition and results of operations in the future. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with the Audited Financial Statements.

Risks relating to our Business and our Company

1. ***We are subject to supervision by regulatory authorities and non-compliance with observations made by regulatory authorities during their periodic inspections could expose us to penalties and restrictions which in turn may affect our business and operations.***

As a NBFC, we are subject to periodic inspection by the RBI under Section 45N of the Reserve Bank of India Act, 1934 (the "**RBI Act**"), pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. Any irregularities found during such inspections by such regulatory authorities could, similarly expose us to penalties and restrictions.

The onsite supervisory inspection was conducted by RBI during January 2023 to February 2023 for the financial year 2021-22 and RBI issued an inspection report to the Company and issued a risk mitigation plan for the certain observations vide letter dated May 23, 2023 and directed our Company to submit a reply within a period of thirty days from the receipt of inspection report. Our Company placed the inspection report before the Board of Directors on May 26, 2023 and filed reply to RBI vide letter dated June 26, 2023 stating the clarification and undertaking the resolution to the lapses occurred by the Company.

Under the aforesaid inspection report, the RBI has, inter -alia, made certain observations for the financial year 2021-22 regarding the business and operations of our Company in relation to, (i) alleged violations of Section 67(2) of the Companies Act in preferential allotment of equity shares of our Company in the past having a potential impact on the capital adequacy ratio of our Company (ii) lapses in sanctioning and disbursing of loans including NPA provisioning and proper maintenance of books of accounts (iii) deficiency in functioning and composition requirements of various committees (iv) certain gaps in monitoring mechanism and reporting of related party transactions, fraud above ₹1 lakhs, fair practice code and functioning of grievance redressal mechanism (v) oversight in compliance of internal audit systems (vi) lapse in regulatory framework for microfinance loans (vii) certain lapses in loan documentation for perpetual debt instruments (viii) certain control gaps in auction policy, IT risk identification, KYC and IS audit.

During the course of finalization of inspection, regulatory authorities may share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities may seek certain additional clarifications on the basis of the response submitted by us and share their findings in the ordinary course of business. Although, our Company (as applicable) has taken adequate measures to address or resolve with the observations/findings highlighted in the inspection report for the financial year 2021-22 issued by the RBI as part of its inspections, and has responded to such observation/finding indicated and further information sought therein, if any, we cannot assure you that these authorities will not find any deficiencies or irregularity or noncompliance in future inspections or otherwise.

In the event we are unable to resolve such deficiencies or irregularity or noncompliance to the satisfaction of the relevant authority, we may be restricted in our ability to conduct our business as we currently do and may have an impact on our financial including our capital adequacy ratio. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply or adequately resolve with the observations made by the RBI or other regulatory authorities, we could be subject to penalties and restrictions which may have an adverse effect on our business, results of operations, financial condition and reputation

2. ***We have received Show-Cause Notice from RBI and any adverse action taken could affect our business and operations.***

RBI issued a Show-Cause Notice dated March 16, 2018 ("**SCN**") under Section 45-IA(6) and Section 58(B) of the RBI Act, against our Company, in relation to alleged violations and non-compliance in the functioning of our Company. In the SCN, RBI has alleged that our Company failed to communicate the name, designation and address of the Principal Officer to the Financial Intelligence Unit-India ("**FIU-IND**") as directed by RBI by its various directions including Master Circular - Know Your Customer Guidelines DNBR (PD) CC No. 051/03.10.19/2015-16 dated July 1, 2015 and the Know Your Customer (Directions), 2016 ("**KYC Directions**"). Further, RBI alleges that it had issued several reminders, namely, letter No. DNBS (H) CMS/1713/04.08.025/2016-17 dated May 10, 2017 and email dated February 28, 2018. Furthermore, RBI also alleges that our Company has been included by the FIU-IND in its list of "High Risk Financial Institutions" for non-compliance with the provisions of Prevention of Money Laundering Act, 2002 and Prevention of Money Laundering (Maintenance of Records) Rules, 2005 ("**PML Rules**") and the directions and guidelines issued by RBI under Rule 9 (14) of the PML Rules. In the SCN, the RBI asked our Company to show cause on or before March 28, 2018 as to why the Certificate of Registration issued to our Company should not be cancelled under Section 45-IA(6) of the RBI Act and penal action should not be initiated against our Company for the offences punishable under Section 58 B of the RBI Act.

Our Company *vide* its letter dated March 23, 2018 ("**Reply**") with its reference to DNBS (H) CMS/1297/00.00.056/2016-17 dated March 16, 2018, responded to the SCN and submitted that our Company has applied for reporting entity registration with FIU-IND on February 26, 2018 and received the FIUREID on March 22, 2018. Further, our Company has received a certificate for registration for FIU-IND. There is no further communication in this regard.

3. ***Our Company, our Promoter and Directors and other companies have been subject to search and seizure operations conducted by the Indian income tax authorities.***

Search and seizure proceedings were initiated by the Income Tax Department under Section 132 of the Income-Tax Act, 1961 (the "**IT Search and Seizure Proceedings**") on October 5, 2015, in the business premises of our Company and the other companies KMLM Chits India Limited and KLM Fincorp Limited at Kothamangalam, Thirupunithura, Piravom and Kaloor. Simultaneously, search was also conducted in the residential premises of Shibu Theckumpurath Varghese, Director of the Company and Josekutty Xavier, erstwhile Director of the Company. Further, a survey under section 133A of the I.T. Act was conducted in the business premises of our Company at Kolenchery, Aluva, Thodupuzha, Pala, Athani, Thirussur, Muvattupuzha, Perumbavoor and Pallithazham. During the search, certain documents and items were seized by the department officials and sworn statements were recorded from Shibu Theckumpurath Varghese Director of the Company and Josekutty Xavier, erstwhile Director of the Company, and other employees of our Company, KMLM Chits India Limited and KLM Fincorp Limited. It was alleged that our Company has generated undisclosed income and utilized the same over the period. Pursuant to the IT Search and Seizure Proceedings, our Company received notices on November 30, 2017, under section 148 of the IT Act issued by the Deputy Commissioner of Income Tax, Centre Circle, Kochi, stating that income tax returns should be filed in 30 days for assessment of income. In response to these notices received above, our Company, KMLM Chits India Limited and KLM Fincorp Limited and Shibu Theckumpurath Varghese, Director of the Company and Josekutty Xavier, erstwhile Director of the Company (collectively referred as "**Applicants**") have filed income tax returns and subsequently approached Income tax Settlement Commission, Chennai Bench. The Settlement Commission through its order dated December 28, 2017, allowed the settlement applications of Applicants to be proceeded with further and KLM Fincorp Limited and KMLM Chits India Limited have outstanding tax liabilities of ₹ 238.65 lakhs and ₹ 239.86 lakhs, respectively. KLM Fincorp Limited and KMLM Chits India Limited have also made payments of their respective tax liabilities. For details of this matter, please see section entitled "*Outstanding Litigation*" on page 229.

4. ***Our financial performance is particularly vulnerable to interest rate volatility. If we are unable to manage interest rate risk in the future it could have an adverse effect on our net interest margin, thereby adversely affecting business and financial condition of our company.***

Our results of operations are substantially dependent upon the level of our Net Interest Margins. Interest income from our financing activities is the largest component of our total income, and constituted 98.80%, 96.52% and 97.83% of our total income for the Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively. As of March 31, 2023, March 31, 2022 and March 31, 2021, our loan books were ₹ 1,46,032.96 lakhs, ₹ 1,07,296.72 lakhs and ₹ 74,730.09 lakhs, respectively. We borrow and lend funds on both fixed and floating rates. Volatility in interest rates can materially and adversely affect our financial performance. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted.

Accordingly, our operations are susceptible to fluctuations in interest rates. Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions, inflation and other factors. Rise in inflation, and consequent changes in bank rates, repo rates and reverse repo rates by the RBI have led to an increase in interest rates on loans provided by banks and financial institutions, and market interest rates in India have been volatile in recent periods. Moreover, in view of the lockdown and disruption on account of COVID-19 pandemic, our Company had provided an option to its customers of availing a moratorium on payment of instalments on the loans advanced by the Company. The moratorium on payment of instalments in respect of loans was for a period of six months i.e. from March 1, 2020 till August 31, 2020. This facility was extended by our Company in accordance with the provisions of RBI circulars dated March 27, 2020, and May 23, 2020.

We do not hedge our exposure to interest rate changes. We cannot assure you that we can adequately manage our interest rate risk in the future. Further, changes in interest rates could affect the interest rates charged on interest earning assets and the interest rates paid on interest bearing liabilities in different ways. Thus, our results of operations could be affected by changes in interest rates and the timing of any re-pricing of our liabilities compared with the re-pricing of our assets.

5. ***Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition.***

As an NBFC, our liquidity and on-going profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from issuance of redeemable non-convertible debentures, the issue of subordinated debts, perpetual debt instruments and equity shares. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition. While our borrowing costs have been competitive in the past, if we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business, prospects, cash flow, results of operations and financial condition.

Restrictive or penal order may be passed against us by the RBI in future proceedings that could hamper our operations or services, or a part thereof, or levy penalties in connection therewith, which may in turn adversely affect our operations and profitability. Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. Such conditions may lead to a disruption in our primary funding sources at competitive costs and would have a material adverse effect on our liquidity and financial condition.

6. ***High levels of customer defaults or delays in repayment of loans could adversely affect our business, financial condition and results of operations.***

Our business involves lending money and accordingly we are subject to customer default risks including default or delay in repayment of principal and/or interest on our loans. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted.

In addition, our customer portfolio consists of individuals, small and medium enterprises and other group of the under banked community, who do not typically have easy access to financing from commercial banks or other organized lenders and often have limited credit history. Such borrowers generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation on the part of our customers. Furthermore, unlike several developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about the creditworthiness of our customers. It is therefore difficult to carry out precise credit risk analyses on our clients.

Our Company has in the past faced various instances of customers having defaulted and/or failed to repay dues in connection with loans and/or finance provided by our Company and has also initiated various legal proceedings in connection therewith. Further our Company also in certain cases restructured the terms and conditions of loans and/or finance provided by us, subject to applicable statutory and/or regulatory requirements. Further, another source of funding is repayment of loans by our customers. Any delays in repayment of loans by our customers in a timely manner or at all, could impact our funding plans.

Customer defaults could also adversely affect our levels of NPAs and provisioning of the same, which could in turn adversely affect our operations, cash flows and profitability. Our Gross NPAs have decreased from ₹ 4,904.84 lakhs as at March 31, 2021 to ₹ 2,692.14 lakhs as at March 31, 2023 representing 1.84% of the total loans and advances and our Net NPAs have decreased from ₹ 3,495.84 lakhs as at March 31, 2021 to ₹ 1,190.55 lakhs as at March 31, 2023 representing 0.82% of the total loans and advances. Our Gross NPAs was ₹ 2,692.14 lakhs as at March 31, 2023 representing 1.84% of the total loans and advances and our Net NPAs was ₹ 1,190.55 lakhs as at March 31, 2023 representing 0.82% of the total loans and advances. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan contracts, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

7. ***If we are unable to manage the level of NPAs in our Loan Assets, our financial position and results of operations may suffer.***

Our Gross NPAs have decreased from ₹ 4,904.84 lakhs as at March 31, 2021 to ₹ 2,692.14 lakhs as at March 31, 2023 and our Net NPAs have decreased from ₹ 3,495.84 lakhs to as at March 31, 2021 to ₹ 1,190.55 lakhs as at March 31, 2023 representing 0.82% of the total loans and advances. As on March 31, 2023, our Gross NPAs and Net NPAs were ₹ 2,692.14 lakhs and ₹ 1,190.55 lakhs, respectively. Our Gross NPAs as a percentage of total Loan Assets were 1.61%, 1.84%, 4% and 6.56% as of June 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, respectively, while our Net NPAs as a percentage of Net Loan Assets were 0.58%, 0.82%, 2.70% and 4.68% as of June 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, respectively. We cannot ensure that we will be able to improve our collections and recoveries in relation to our NPAs or otherwise adequately control our level of NPAs in future. Moreover, as our loan portfolio matures, we may experience greater defaults in principal and/or interest repayments. Thus, if we are not able to control or reduce our level of NPAs, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected. Furthermore, our current provisions may not be adequate when compared to the loan portfolios of other financial institutions, currently as at March 31, 2023 our total provisioning for NPAs is ₹ 1,568.39 lakhs. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of Gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any further deterioration in our NPA portfolio, there could be an even greater, adverse impact on our results of operations.

8. ***Our indebtedness and the conditions and restrictions imposed by our financing agreements could restrict our ability to conduct our business and operations in the manner we desire.***

As of June 30, 2023, we had an outstanding debt (including interest on bank borrowings) of ₹ 1,42,445.83 lakhs. We may incur additional indebtedness in the future. Many of our financing agreements include various restrictive conditions and covenants restricting certain corporate actions, and our Company is required to take the prior approval of the lender before carrying out such activities. For instance, our Company, *inter alia*, is required to obtain the prior written consent in the following instances:

- to declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations;
- should not be dissolved/reconstituted without obtaining bank's prior approval;
- to formulate any scheme of amalgamation or reconstruction;
- to implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Bank;
- to any change in capital structure;
- to enter into borrowing arrangements either secured or unsecured with any other bank, Financial Institution, company or person;
- to effect any drastic change in their management setup;
- to enter into long term contractual obligations directly affecting the financial position of our Company;
- to borrow or obtain credit facilities from any bank or financial institution;
- to undertake any guarantee obligations on behalf of any other company;
- to invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary/ group concerns. However, normal trade credit or security deposits in the normal course of business or advances to employees can be excluded;
- to create any further charge, lien or encumbrance over the assets and properties of the Unit / Guarantors to be charged / charged to the Bank in favour of any other bank, Financial Institution, firm or person;
- to sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank.
- to repay dues of promoter/group companies;
- to sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the banks; and
- to effect any change in the remuneration payable to the Directors / Partners, etc. either in the form of sitting fees or otherwise

Our indebtedness could have several important consequences, including our cash flows being used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund our working capital, capital expenditures and other general corporate requirements. Moreover, our ability to obtain additional financing or renewal of existing facilities, in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates. There could be a material adverse effect on our business, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements and we may be more vulnerable to economic downturns, which may limit our ability to withstand competitive pressures and may reduce our flexibility in responding to changing business, regulatory and economic conditions.

9. We have limited operating history and evolving business make it difficult to evaluate our business and future operating results on the basis of our past performance, and our future results may not meet or exceed our past performance.

The present management has acquired our Company in the Fiscal 2014 from the erstwhile management to start financial services. Subsequently, we started offering various products such as gold loan, personal loan, MSME loan and microfinance loans. As a result of our limited operating history under the new management, there is limited historical operating information available to help prospective investors to evaluate our past performance as an entity. Given we have limited operating history in the loan finance business, we may face significant challenges in developing and institutionalizing our procedures and policies for that business. The loan finance business would require extensive monitoring, strict compliance with KYC requirements and prudent risk management. Our growth plans will place significant demands on our operational, credit, financial and other internal risk controls, making our management of asset quality increasingly important.

Our business in each sector and overall is growing and the results and amounts set forth in our financial statements may not provide a reliable indication of our future performance. Accordingly, you should evaluate our business and prospects in light of the risks, uncertainties and difficulties frequently encountered by both high growth companies and financial institutions that are in the early stages of development. Our failure to mitigate these risks and uncertainties successfully could materially adversely affect our business and operating results.

10. We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans.

Out of our Company's total gross loan portfolio of ₹ 1,46,032.97 lakhs as at March 31, 2023, 90.14% of the aggregate gross value of our loan book i.e. ₹ 1,31,637.10 lakhs is secured by collaterals and ₹ 14,395.87 lakhs representing 9.86% of the aggregate gross value of our loan book is unsecured loans. The value of collaterals is dependent on various factors *inter-alia* including (i) prevailing market conditions, (ii) the general economic and political conditions in India, (iii) the real estate markets in the areas in which we operate, and (iv) in context to Gold loan business, the value of Gold, being the security, is dependent on the International Gold prices.

The value of the security provided to us, may be subject to reduction in value on account of other extraneous reasons. Consequently, the realizable value of the security for the loans provided by us, when liquidated, may be lower than principal amount outstanding along with interest and other costs recoverable from such customers.

Although we believe that we generally maintain a sufficient margin in the collateral value, if we have to enforce such pledges and if at the time of such enforcement, due to adverse market conditions, the market value of the pledged securities have fallen to a level where we are unable to recover the monies lent by us, along with interest accrued thereon and associated costs, the results of our operations would be adversely affected. In case of any shortfall in margins in connection with the securities pledged as collaterals, we typically call upon the relevant customer to provide further collateral to make up for the deficit in such margins. Furthermore, enforcing our legal rights by litigating against defaulting customers is generally a slow and potentially expensive process in India. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all.

11. ***Our Company, Directors and Promoter are subject to certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on our business, financial condition and results of operations.***

We, our Directors and Promoter are subject to certain legal proceedings including civil suits, consumer litigations, tax litigations etc. We incur substantial cost in defending these proceedings before a court of law. Moreover, we are unable to assure you that we or our Promoter and Directors shall be successful in any or all of these actions. In the event, we or our Promoter and Directors suffer any adverse order, our reputation may suffer and may have an adverse impact on our business and results of operations. We cannot assure that an adverse order by any statutory or governmental authority would not have a negative impact on our profit and financial condition. For further details of the legal proceedings that we are subject to, please refer to the chapter titled "*Outstanding Litigation*" on page 229.

12. ***We are subjected to supervision and regulation by the RBI as a systemically important non – deposit accepting NBFC-Middle Layer, and changes in RBI's regulations governing us could adversely affect our business.***

Pursuant to the resolution approved by the Board of Directors of the Company on March 9, 2020, we are, from the fourth quarter of Fiscal 2020, classified as a systemically important non – deposit accepting NBFC with asset size of more than ₹50,000.00 lakhs and NBFC-Middle Layer from October 1, 2022 and therefore we are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFCs. The RBI's regulations of NBFCs could change which may restrict the availment of credit facilities from such banks in the future and which may require us to restructure our activities, incur additional cost or could otherwise adversely affect our business and our financial performance. Through the Master Directions and SBR Framework, RBI has amended the regulatory framework governing NBFCs to address concerns pertaining to risks, regulatory gaps and arbitrage arising from differential regulations and aims to harmonise and simplify regulations to facilitate a smoother compliance culture among NBFCs. Even though the RBI has not provided for any restriction on interest rates that can be charged by non-deposit taking NBFCs, there can be no assurance that the RBI and/or the Government will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on non-deposit taking NBFCs.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

13. We are subject to regulations in respect of provisioning for non-performing assets. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, this could have an adverse effect on our financial condition, liquidity and results of operations.

RBI guidelines for NBFCs prescribe the provisioning required in respect of our outstanding loan portfolio. These provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgments of management. The RBI SI Master Directions provides the regulatory framework for systemically important NBFCs in relation to provisioning for their standard assets. The requirement to maintain a provision for standard assets is 0.40% by the end of March 31, 2021. For details on asset classification please refer to the chapter titled "*Key Regulations and Policies – Regulatory Requirements of an NBFC under the RBI Act – Asset Classification*" on page 255.

There are multiple factors that affect the level of NPAs in our Company. Prominent among them are fall in value of gold, increase in the LTV ratio for gold loan etc. Various factors that are beyond our control, such as macro-economic factors (including a rise in unemployment, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates), regulatory hurdles and global competition as well as customer specific factors such as wilful default and mismanagement of a customer's operations, may result in increasing NPA levels and may have an adverse impact on the quality of our loan portfolio. If we are unable to effectively control our NPA levels in the future, we will be required to increase our provisions, which may adversely affect our profitability and financial condition. The RBI regulates certain aspects of the recovery of non-performing loans, such as the use of recovery agents. Any limitation on our ability to recover, control and reduce non-performing loans under the applicable regulatory regime or otherwise could affect our collections and ability to foreclose on existing NPAs.

The level of our provisions may not be adequate to cover further increase in the amount of our non-performing assets or a decrease in the value of the underlying gold collateral. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, or if we are required to increase our provisions, this could have an adverse effect on our financial condition, liquidity and results of operations and may require us to raise additional capital.

14. We are subject to supervision by regulatory authorities and non-compliance with observations made by regulatory authorities during their periodic inspections could expose us to penalties and restrictions which in turn may affect our business and operations.

As a NBFC, we are subject to periodic inspection by the RBI under Section 45N of the Reserve Bank of India Act, 1934 (the "**RBI Act**"), pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. Any irregularities found during such inspections by such regulatory authorities could, similarly expose us to penalties and restrictions.

The onsite supervisory inspection was conducted by RBI during January 2023 to February 2023 for the financial year 2021-22 and RBI issued an inspection report to the Company and issued a risk mitigation plan for the certain observations vide letter dated May 23, 2023 and directed our Company to submit a reply within a period of thirty days from the receipt of inspection report. Our Company placed the inspection report before the Board of Directors on May 26, 2023 and filed reply to RBI vide letter dated June 26, 2023 stating the clarification and undertaking the resolution to the lapses occurred by the Company.

Under the aforesaid inspection report, the RBI has, inter -alia, made certain observations for the financial year 2021-22 regarding the business and operations of our Company in relation to, (i) alleged violations of Section 67(2) of the Companies Act in preferential allotment of equity shares of our Company in the past having a potential impact on the capital adequacy ratio of our Company (ii) lapses in sanctioning and disbursing of loans including NPA provisioning and proper maintenance of books of accounts (iii) deficiency in functioning and composition requirements of various committees (iv) certain gaps in monitoring mechanism and reporting of related party transactions, fraud above ₹1 lakhs, fair practice code and functioning of grievance redressal mechanism (v) oversight in compliance of internal audit systems (vi) lapse in regulatory framework for microfinance loans (vii) certain lapses in loan documentation for perpetual debt instruments (viii) certain control gaps in auction policy, IT risk identification, KYC and IS audit.

During the course of finalization of inspection, regulatory authorities may share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities may seek certain additional clarifications on the basis of the response submitted by us and share their findings in the ordinary course of business. Although, our Company (as applicable) has taken adequate measures to address or resolve with the observations/findings highlighted in the inspection report for the financial year 2021-22 issued by the RBI as part of its inspections, and has responded to such observation/finding indicated and further information sought therein, if any, we cannot assure you that these authorities will not find any deficiencies or irregularity or noncompliance in future inspections or otherwise.

In the event we are unable to resolve such deficiencies or irregularity or noncompliance to the satisfaction of the relevant authority, we may be restricted in our ability to conduct our business as we currently do and may have an impact on our financial including our capital adequacy ratio. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply or adequately resolve with the observations made by the RBI or other regulatory authorities, we could be subject to penalties and restrictions which may have an adverse effect on our business, results of operations, financial condition and reputation.

15. ***Our loan book comprises of unsecured loans forming a part of our Microfinance loan. Our inability to recover the amounts due from customers in connection with such loans in a timely manner or at all and/or to comply with applicable statutory/regulatory requirements in connection with such loans could adversely affect our operations and profitability.***

Our loan book comprises of unsecured loans forming a part of our Microfinance loans. Since such loans are unsecured, in case of customer defaults in connection with such loans, our ability to realise the amounts due to us for such loans would be restricted to initiate legal proceedings for recovery, as we will not have the benefit of enforcing any security interest related to such loans. There can be no guarantee as to the time that would be taken for the final disposal of such legal proceedings and/or our ability to obtain favourable decisions in connection therewith.

Because of the unsecured nature of our Microfinance loans, it is essential that our products are appropriately priced, taking into account a possible high rate of interest and all other relevant factors. In deciding whether to extend credit to prospective customers, and the terms on which we are willing to provide credit, including the price, we rely heavily on our credit scoring models, and our credit experience gained through monitoring the performance of customers over time. Our credit scoring models are based on previous historical experience. If our credit scoring models are not redeveloped as required or if they do not perform up to target standards we may experience increasing defaults or higher customer acquisition costs.

As of March 31, 2023, our unsecured lending book was ₹ 14,395.87 lakhs constituting 9.86% of our total loan book, respectively. Further, our corporate lending products generally do not have any definite end-use restrictions and our customer may utilise such loans for various purposes, which are often incapable of being monitored on a regular basis or at all.

Our inability to recover the amounts due from customers in connection with such loans in a timely manner or at all and/or to comply with applicable statutory/regulatory requirements in connection with such loans could adversely affect our operations and profitability.

16. ***Our business operations involve transactions with relatively high-risk borrowers. Any default from our customers could adversely affect our business, results of operations and financial condition.***

We offer a wide range of financial products and services that address the specific financing requirements of low- and middle-income individuals as well as micro, small, and medium enterprises. Similarly, our loans are principally focused on first time users with limited access to capital through formal banking channels. A significant portion of our customer base is typically less economically stable than large corporates, and as a result, is usually adversely affected by declining economic conditions. Earning capacity of customers in these segments depends on various macro and micro economic factors that affect them from time to time. We have a greater risk of loan defaults and losses in the event there are adverse economic conditions which may have a negative effect on the ability of our borrowers to make timely payments of their loans.

A significant portion of our target customers typically have limited access to credit with limited to no prior credit history. As a result, we are more vulnerable to customer default risks including delay in repayment of principal or interest on our loans. Although we have our own customised due diligence and credit analysis procedures, there can be no assurance that we will be able to ensure a lower delinquency rate. Our profitability depends on our ability to evaluate the right income levels of our customers, assess the credit risks and to price our loans accordingly. Our customers may default on their obligations as a result of various factors including bankruptcy, insolvency, lack of liquidity and/or failure of the business or commercial venture in relation to which such borrowings were sanctioned. Certain product segments and micro-enterprise loans in particular, are mostly unsecured and are susceptible to higher levels of credit risks. Failure to maintain sufficient credit assessment policies, particularly for small and medium enterprise borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

17. ***Volatility in the market price of gold may adversely affect our financial condition, cash flows and results of operations.***

We extend loans secured mostly by gold jewellery. A sustained decrease in the market price of gold could cause a corresponding decrease in new Gold Loans in our loan portfolio and, as a result, our interest income. In addition, customers may not repay their loans and the gold jewellery securing the loans may have decreased significantly in value, resulting in losses which we may not be able to support. The impact on our financial position and results of operations of a hypothetical decrease in gold values cannot be reasonably estimated because the market and competitive response to changes in gold values is not pre-determinable.

18. ***We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.***

We face competition in all our lines of business. Our primary competitors are other NBFCs, public sector banks, private sector banks, co-operative banks and foreign banks and the unorganized financiers who principally operate in the markets where we operate. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low-cost deposits, a factor which can render them less competitive. In addition, interest rate deregulation and other liberalization measures affecting the retail and small and medium enterprises finance sector, together with increased demand for capital by individuals as well as small and medium enterprises, have resulted in an increase in competition.

In our microfinance business, we face competition from other NBFCs, microfinance companies as well as both commercial and small finance banks. In addition, the RBI has set out guidelines applicable to microfinance institutions which restrict the number of microfinance institutions that can extend loans to the same borrower and also limit the maximum amount of loan that can be extended. The presence of microfinance institutions in India is not uniform and certain regions have a concentration of a large number of microfinance institutions while there are regions which have very few and even no microfinance institution presence. In any particular region, the level of competition depends on the number of microfinance institutions that operate in such area. In addition, our target customers also borrow from money lenders and non-institutional lenders which may lend at higher rates of interest.

All of these factors have resulted in us facing increased competition from other lenders in each of our lines of businesses, including commercial banks and other NBFCs. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. Furthermore, as a result of increased competition in the finance sector, finance products are becoming increasingly standardized and variable interest rate and payment terms and lower processing fees are becoming increasingly common in the finance sector in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive finance industry. Increasing competition may have an adverse effect on our net interest margin, and, if we are unable to compete successfully, our market share may decline. If we are unable to compete effectively with other participants in the finance sector, our business, future financial performance and the trading price of the NCDs may be adversely affected.

19. ***We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, customers or third parties, which could harm our results of operations and financial position.***

We also do cash collections to recover our dues. Such cash transactions expose us to the risk of theft, burglary and misappropriation or unauthorized transactions by our employees and fraud by employees, customers or third parties. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill.

20. Certain emphasis of matters and other observations have been included in the secretarial audit report of our Company for the financial year ended March 31, 2022.

Our secretarial audit has been conducted by M/s. Nekkanti S.R.V.V.S. Narayana & Co., Company Secretaries, who have included certain emphasis of matters and other observations in their secretarial audit report of our Company. The following observations have been made:

a) The Company has not fully complied with the applicable regulations relating to Loan to Value (LTV) for gold loans granted by the Company.
b) The Company has not complied with the Regulation 54(2) of SEBI (LODR) Regulations, 2015 pertaining to disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements.
c) The Company has not fully complied with the Master Direction – Information Technology Framework for the NBFC Sector.
d) The Company has not fully complied with the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 with respect to uploading the requisite KYC details of the borrowers of the Company with CERSAI.

There can be no assurance that further emphasis of matters or other similar remarks will not be included in the secretarial audit reports of our Company in the future, or that such remarks or matters of emphasis will not affect our financial results in future fiscal periods. Investors should consider the emphasis of matters and other observation in evaluating our financial condition, results of operations and cash flows. Any such matter of emphasis of matters or any other observations in the secretarial audit reports of our Company in the future may also adversely affect the trading price of the NCDs.

21. If we are unable to manage our growth effectively, our business and reputation could be adversely affected.

Pursuant to our growth strategies we have been able to grow our lending business. Our AUM has grown by a compounded annual growth rate, or CAGR, of 39.79% from ₹ 74,730.09 lakhs as of March 31, 2021 to ₹ 1,46,032.97 lakhs as of March 31, 2023. Our total income increased from ₹ 12,652.36 lakhs for Fiscal 2021 to ₹ 27,874.98 lakhs for Fiscal 2023 at a CAGR of 48.43%. Our net profit after tax increased from ₹ 774.71 lakhs for Fiscal 2021 to ₹ 1,833.10 lakhs for Fiscal 2023, at a CAGR of 53.82%. Our total income and profit after tax for the quarter ended June 30, 2023 was ₹ 7,194.63 lakhs and ₹ 455.93 lakhs, respectively. There can be no assurance that we will be able to sustain our growth strategy successfully or that we will be able to expand further or diversify our product portfolio. If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

Expanding our products or entering into new jurisdictions with new or existing products can be costly and require significant management time and attention. Additionally, as our operations grow in size, scope and complexity and our product offerings increase, we will need to enhance and upgrade our systems and infrastructure to offer an increasing number of enhanced solutions, features and functionality. The expansion of our systems and infrastructure will require us to commit substantial financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

22. We may experience difficulties in expanding our business into new regions and markets in India and introducing our complete range of products in each of our branches.

Currently, our distribution networks are concentrated in Kerala, Tamil Nadu, Andhra Pradesh, Telangana, Karnataka and Maharashtra. As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets in India. Factors such as competition, culture, regulatory regimes, business practices & customs and customer requirements in these new markets may differ from those in our current markets and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with other banks and financial institutions that already have a presence in those geographies and markets and are therefore more familiar with local regulations, business practices and customs and have stronger relationships with customers. Our business may be exposed to various additional challenges including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions and results of operations.

23. Our statutory auditors and previous statutory auditor have included certain emphasis of matters and other observations in their audit reports relating to the Audited Financial Statements of our Company.

Our statutory auditors and previous statutory auditors have included certain emphasis of matters and other observations in their audit report in relation to the Audited Financial Statements. For further details, in relation to the emphasis of matters and other observations, etc. see "*Financial Statements*" and "*Outstanding Litigation*" on page 146 and 229, respectively.

There can be no assurance that our statutory auditors will not include further emphasis of matters or other similar remarks in the audit reports to our Audited Financial Statements in the future, or that such remarks or matters of emphasis will not affect our financial results in future fiscal periods. Investors should consider the emphasis of matters and other observation in evaluating our financial condition, results of operations and cash flows. Any such matter of emphasis of matters or any other observations in the auditors' report on our Audited Financial Statements in the future may also adversely affect the trading price of the NCDs

24. Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance and results of operations.

We are dedicated to earning and maintaining the trust and confidence of our customers and we believe that the good reputation created thereby and inherent in the "KLM" brand name is essential to our business. The reputation of our Company and/or the "KLM" brand could be adversely affected by any threatened and/or legal proceedings and/or any negative publicity or news articles in connection with our Company or the "KLM" brand. As such, any damage to our reputation, or that of the "KLM" brand name, could substantially impair our ability to maintain or grow our business. If we fail to maintain brand recognition with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business or to the brands under which our services are provided declines, market perception and customer acceptance of our brands may also decline. Any negative news affecting us might also affect our reputation and brand value.

25. System failures or inadequacy and security breaches in computer systems may adversely affect our business.

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing MIS systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

26. We have expanded into new lines of business and if we are unable to successfully run the new businesses profitably, our results of operations and financial condition may be affected.

As part of our growth strategy, we have also added additional products to our portfolio such as micro finance. We have limited experience in some of the recently launched products and business verticals which are partly targeted at a slightly different borrower segment. Our current strategy is to gain market share in strategically-selected target businesses, customer segments and geographies, however, there can be no assurance that we will be able to continue to successfully implement our strategy. If we grow our total credit exposure too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have an adverse effect on the quality of our assets and our financial condition.

Factors such as competition, customer requirements, regulatory regimes, business practices and customs in these new markets may differ from those in our existing markets, and our experience in our existing markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with not only other banks and financial institutions but also the local unorganized or semi-organized private financiers, who are more familiar with local regulations, business practices and customs, and may have stronger relationships with target customers. Our inability to expand our current operations may adversely affect our business, financial condition and results of operations.

27. Fluctuation in the interest rate may adversely affect our financial condition, cash flows and results of operations.

Our results of operations depend to a large extent on the level of our net interest income as our primary revenue source is interest income. Net interest income is the difference between our interest income and our finance costs. The differential between the interest rates that we charge on interest- earning assets (i.e. our portfolio loans) and the interest rates that we pay on interest-bearing liabilities, and the volume of such assets and liabilities, tend to have a significant impact on our results of operations. During the year ended March 31, 2023, interest on portfolio loans represented 97.02% of our total revenues.

Changes in market interest rates affect the interest rates we charge on our interest-earning assets differently from the interest rates we pay on our interest-bearing liabilities. An increase in interest rates could result in an increase in interest expense in a higher proportion compared to interest income if we are not able to increase the rates charged on our portfolio loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets. Further, such increase in interest rates could impact our ability to raise low cost funds as compared to some of our competitors which may have access to lower cost deposits. The differences between repricing maturities of rate sensitive liabilities and rate sensitive assets, called repricing gaps, exposes our business to interest rate risk. As per RBI regulations, the interest rates charged by us on our microfinance loans is required to be the lower of (i) 10% margin above our previous quarter's cost of funds or (ii) 2.75 times the average base rate of the five largest commercial banks by assets in the immediately preceding quarter (as notified on the last working day of every quarter by the RBI). Our business is also exposed to interest rate risk in the form of non-uniform movement in different interest rate benchmarks that are used for pricing of our assets and liabilities.

A sustained decline in the RBI benchmark may adversely impact our ability to charge interest on our microfinance loans at our desired rates, which may adversely affect our interest income from portfolio loans.

As the repricing maturities of our liabilities and assets are spread over different periods, we are exposed to interest rate risk in the form of non-parallel movement in yield curves. Further, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could lead to a reduction in our net interest income (representing our revenue from operations as reduced by our finance costs) and net interest margin. The quantum of the changes in interest rates for our assets and liabilities may also be different, leading to a decrease in the interest margin.

Moreover, changes in interest rates could affect our fixed income portfolio and treasury income. Interest rates are highly sensitive, and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors. Interest rates in India have been volatile in the past. There can be no assurance that we would be able to adequately manage our interest rate risks. If we are unable to effectively manage our interest rate risks, it could have an adverse effect on our net interest income, net interest margin, thereby impacting our business prospects, financial condition and results of operations.

28. Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and lending markets and could also affect our interest margins, business, results of operations and financial condition.

The cost and availability of debt capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may be outside of our control. Our long-term debt is presently rated "IND BBB-/Stable", by India Ratings & Research Private Limited, which reflects the credit worthiness of our Company and also increases the confidence of the lender.

Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business and results of operations and cash flows. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our future borrowings.

29. Our measures to prevent money laundering may not be completely effective and we may be subject to scrutiny and penalties by the RBI for failure to implement effective measures. Moreover, various state government laws regulating money lending transactions could adversely affect our business, prospects, results of operations and financial condition.

Our Company is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Our measures to prevent money laundering as required by the RBI and other KYC compliance applicable in India, including the Reserve Bank of India (Know Your Customer) Master Directions, 2016 dated February 25, 2016, as amended ("**KYC Directions**") and the adoption of anti-money laundering policies and compliance procedures in all our branches may not be completely effective. As our Company has been classified as the NBFC-ND-SIs from the fourth quarter of Fiscal 2020 and NBFC - Middle Layer from October 1, 2022, we are subject to the RBI's guidelines on financial regulation of NBFCs, including, KYC procedure and policies, all our branches may not be completely effective with adequate internal policies, processes and controls in place with the KYC Directions and other prescribed KYC procedures. There can be no assurance that attempts to launder money using us as a vehicle will not be made. Additionally, certain states in India have enacted laws to regulate money lending transactions, which may for instance establish a maximum rate of interest that can be charged. In the event, we are required to comply with the provisions of these state money lending laws and KYC Compliances, there may be severe civil and criminal penalties for non-compliance with the relevant money lending statutes. In the event that the government of any state in India requires us to comply with the provisions of their respective state money lending laws, KYC Compliances, or imposes any penalty against us for prior non-compliance, our business and results of operations could be adversely affected.

30. We depend on the accuracy and completeness of information about customers and counterparties for certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.

In deciding whether to extend credit or enter into other transactions with customers, for certain key elements of the credit assessment process, we rely on information furnished to us by or on behalf of customers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on collateral we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given, may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition and results of operations.

31. Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries.

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our strategies and risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving the NBFC standards and retail finance sector standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

32. Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key operations personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees in the finance sector can be intense. Our inability to attract and retain talented professionals, or the resignation or loss of key operations personnel, may have an adverse impact on our business and future financial performance.

33. We have had negative net cash flows from our operating, investing and financing activities in the recent fiscal years. Any negative cash flows in the future may adversely affect our results of operations and financial condition.

We have had negative net cash flows from our operating, investing and financing activities during our last three fiscal years, on standalone basis the details of which are summarised below:

(in ₹ lakhs)

Particulars	**Fiscal 2023**	**Fiscal 2022**	**Fiscal 2021**
Net cash generated from/ (used in) operating activities	(20,086.81)	(19,812.94)	(13,862.92)
Net cash generated from/ (used in) investing activities	(8,586.22)	(3,706.22)	(632.52)
Net cash generated from/ (used	6,353.67	52,127.46	14,008.41

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
in) financing activities			

Any negative cash flows in the future may adversely affect our results of operations and financial condition. For further details, please see the sections titled "*Financial Statements*" on page 146.

34. Our insurance coverage may not be sufficient or may not adequately protect us against any or all hazards, which may adversely affect our business, results of operations, financial condition and cash flows.

We maintain insurance coverage for our operations in normal course. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

We cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have obtained sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. For further details on our insurance arrangements, see "*Our Business – Insurance*" on page 124.

35. All of our offices and branches are located in leased premises and non-renewal of lease agreements or their renewal on terms unfavourable to us could adversely affect our operations.

As of June 30, 2023, except our branch located in Kothamangalam, Kerala, all of our offices including our Registered Office, Corporate Office and branches are located in leased premises. Further, as we expand our branch network in line with our growth strategy, we expect the number of leased branches to increase significantly as all of our new branches are expected to open on leased premises. Lease agreements for some of our offices have already expired and have not been renewed due to operational issues. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavourable to us, or if they terminate the agreement we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

All or any of the leases may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. This may adversely impact our business and financial condition.

36. A decline in our capital adequacy ratio could restrict our future business.

All non-deposit taking NBFCs are required to maintain a minimum capital adequacy ratio, consisting of Tier I capital of their aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items. Further, RBI has introduced minimum Tier I Capital requirement of 12% to be effective from April 1, 2014 for NBFCs primarily for whom loans against gold jewellery comprise more than 50% of their financial assets, including us. Our Tier I capital adequacy ratio as compared to the RBI stipulated minimum requirement of 12% is 16.08%, 16.66%, 13.71% and 10.18% for the quarter ended June 30, 2023 and the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, respectively. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I Capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us or at all and this may adversely affect the growth of our business. Failure to maintain adequate capital adequacy ratio or Tier I Capital may adversely affect the growth of our business. Further, any regulatory change in capital adequacy requirements imposed by the RBI may have an adverse effect on our results of operation.

37. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have entered into various transactions with related parties, including for payment of salaries of key managerial personnel, interest paid and investment in equity shares. While we believe that all such transactions have been conducted on an arm‘s length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although all related party transactions that we may enter into post-listing, will be subject to board or shareholder approval, as necessary under the Companies Act, 2013, as amended and the SEBI Listing Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. For details, see "*Related Party Transactions*" in the chapter titled "*Financial Statements*" on page 146.

38. The bankruptcy code in India may affect our rights to recover loans from borrowers.

The Insolvency and Bankruptcy Code, 2016 ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Bankruptcy Code provides a 180-day timeline which may be extended by 90 days when dealing with insolvency resolution applications. Subsequently, the insolvency resolution plan prepared by the insolvency professionals has to be approved by 66% of voting share of financial creditors, which requires sanction by the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it. In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

Further, the GoI *vide* notification dated March 24, 2020 ("**Notification**") has amended section 4 of the Bankruptcy Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, GoI has increased the minimum amount of default under the insolvency matters from ₹1,00,000 to ₹1,00,00,000. Therefore, the ability of our Company to initiate insolvency proceedings against the defaulters where the amount of default in an insolvency matter is less the ₹1,00,00,000 may impact the recovery of outstanding loans and profitability of our Company.

39. The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.

We intend to use the net proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, repayment of interest and principal of existing borrowings and for general corporate purposes. For further details, see "*Objects of the Issue*" at page 75. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI NCS Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

40. Our results of operations could be adversely affected as a result of any disputes with our employees.

Our operations are personnel-driven, and we place a lot of emphasis on the effective training of our personnel in communication and service orientation skills. However, a failure to train and motivate our employees may lead to an increase in our employee attrition rates, erode the quality of customer service, divert management resources and impose significant costs on us which may have an adverse impact on our business and future financial performance.

We employ 2480 full-time employees as of June 30, 2023 and lay significant emphasis on our employees' overall welfare. However, there can be no assurance that there will not be any future disruptions in our operations due to any disputes with our employees, or that such disputes will not adversely affect our business and results of operations. We depend on our branch-level employees for sourcing, disbursements and collections and customer liaison, and significant attrition at any of our branches could adversely impact our operations. Further, in the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could materially and adversely affect our business, future financial performance and results of operations.

41. We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the NBFC and Loan industries contained in this Prospectus.

While facts and other statistics in this Prospectus relating to India, the Indian economy as well as the Loan industry have been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials, particularly since there is limited publicly available information specific to the Loan industry. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics, the same have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled "*Industry Overview*" beginning on page 78. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

42. The use of "KLM AXIVA" or similar trade names by third parties may result in loss of our business to such third parties and any potential negative publicity relating to such third parties may adversely affect our reputation, the goodwill of our brand and business prospects.

We believe that our trademarks and other proprietary rights have significant value and are important to identifying and differentiating our services from those of our competitors and creating and sustaining demand for our services. We have registered our trademark, "KLM AXIVA" and the logo "KLM AXIVA FINVEST" KLM AXIVA FINVEST with the Registrar of Trademarks under class 36. We believe that our trademarks have significant brand recognition, therefore, our trademarks are significant to our business and operations.

We cannot assure you that the steps taken by us to protect our intellectual property rights will be adequate to prevent infringement of such rights by others, including imitation and misappropriation of our brand. Additionally, we cannot assure you that obstacles will not arise as we expand our business and the geographic scope of our promotional and marketing activities. Third parties may assert intellectual property claims against us, particularly as we expand our business and enter newer industries. Our defense of any claim, regardless of its merit, could be expensive and time consuming and could divert management resources. Successful infringement claims against us could result in significant monetary liability or prevent us from selling some of our products. Any of these events could harm our business and cause our results of operations, liquidity and financial condition to suffer.

43. As the NCDs of our Company are listed on BSE, our Company is subject to certain obligations and reporting requirements under SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us/our promoter liable to prosecution and/or penalties.

Our Company is subject to the obligations and reporting requirements under SEBI Listing Regulations. In the past, our Company had not complied with certain provisions of the SEBI Listing Regulations including provisions relating to submission of documents and intimations, in respect of the previous public issues, with the debenture trustee. Our Company has received an email dated August 28, 2019, from SEBI stating that the Company was in non-compliance of regulations 56 and 57 of SEBI Listing Regulations in relation to providing required information to Debenture Trustees. Subsequently, our Company has submitted required documents and intimations with BSE and the Debenture Trustee and had replied to SEBI on September 17, 2019. Our Company has not filed its unaudited financial results for the half year ended September 30, 2020, and for audited financial statement for the period March 31, 2020, within the period as mentioned under regulation 52 of SEBI Listing Regulation. Further, BSE *vide* their email dated August 20, 2021, has levied a fine of ₹ 55,460 and an additional fine *vide* their email dated September 08, 2022 of ₹ 63,720 under 54(2) of SEBI (LODR) Regulations, 2015 on the Company for non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements. Our Company has paid the said fine amount. Additionally, there are certain delayed compliances with in submission of intimation and outcome of the Board meeting and filing of investor complaints for the quarter ended June 2020. Further, BSE *vide* their email dated September 28, 2022, has levied a fine of ₹ 1,62,500 including GST on our Company for delay in submitting the notice of record date in terms of regulation 60(2) of SEBI Listing Regulations for the month of November 2021. Our Company has paid the paid the said fine amount on January 19, 2023. Though our Company endeavours to comply with all such obligations/reporting requirements, there have been certain instances of non-compliance and delays in complying with such obligations/reporting requirements. Any such delays or non-compliance would render our Company to prosecution and/or penalties. Although our Company have not received any further communication from the Stock Exchange or any authority in this regard, there could be a possibility that penalties may be levied against our Company for certain instances of non-compliance and delays in complying with such obligations/reporting requirements.

44. Third party statistical and financial data in this Prospectus may be incomplete and unreliable.

This Prospectus includes information that is derived from reports published by CRISIL Limited. For details, please see "*Industry Overview*" on page 78. No person connected with this Issue has independently verified the CRISIL Reports. Generally, industry reports and data disclaim the accuracy, adequacy or completeness of information provided in such reports, and further disclaims any responsibility for any errors or omissions in the information provided, or for the results obtained from the use of such industry information. Further, the CRISIL Reports are subject to many assumptions. We cannot assure you that the assumptions considered in the CRISIL Reports are correct or will not change and accordingly our position in the market may differ from that presented in this Prospectus. Further, the CRISIL Reports are not a recommendation to invest / disinvest in the Issue.

45. There is no assurance that the NCDs issued pursuant to this Issue will be listed on BSE Limited in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the NCD issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issue of NCDs to be submitted. There could be a failure or delay in listing the NCDs in BSE.

46. Our Company may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders. In such a scenario, the Debenture Holders holding NCDs will rank pari passu with other secured creditors and to that extent, may reduce the amounts recoverable by the Debenture Holders upon our Company's bankruptcy, winding up or liquidation

Our Company may, subject to receipt of all necessary consents from its existing lenders and the Debenture Trustee to the Issue, raise further borrowings and charge its assets. Our Company is free to decide the nature of security that may be provided for future borrowings. In such a scenario, the Debenture Holders holding NCDs will rank *pari passu* with other creditors and to that extent, may reduce the amounts recoverable by the Debenture Holders upon our Company's bankruptcy, winding up or liquidation.

47. Payments to be made on the NCDs are subordinated to certain taxes and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets of our Company remaining, to pay amounts due on the NCDs.

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to the NCDs have been paid as per Section 327 of the Companies Act, 2013 or Section 53 of the Insolvency and Bankruptcy Code, 2016, as the case maybe. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts, due on the NCDs.

48. ***Our Company has provided an unsecured loan to KLM Fincorp Limited and is susceptible to certain operational and credit risks which may adversely affect our business, prospects, results of operations and financial condition.***

Our Company has provided an unsecured loan of ₹ 700 lakhs to KLM Fincorp Limited and we may not be able to recover the same within the time. Unsecured loans present a higher risk of loss in case of a credit default as compared to loans to customers in other asset-backed financing products. If there is a default by KLM Fincorp Limited on repayment of such unsecured loan or if we are unable to recover our principal and interest through such legal proceedings, we may be required to make related provisions and write-offs that may have an adverse effect on our business prospects, financial condition and results of operations.

49. ***There may be no active market for the NCDs on the retail debt market/capital market segment of the BSE. As a result, the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected.***

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country, (ii) the market price of our Equity Shares, (iii) the market for listed debt securities, (iv) general economic conditions, and (v) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

External Risk Factors

50. ***Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently serve.***

Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India’s principal stock exchanges;
- changes in India’s tax, trade, fiscal or monetary policies, like application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India’s various neighbouring countries;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India’s principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance.

51. ***Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our results of operations.***

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks, NBFCs and HFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

52. Natural disasters and other disruptions could adversely affect the economy and could adversely affect our business, results of operations and financial condition.

Our operations, including our branch network, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our branch network. Any of the above factors may adversely affect our business, results of operation and financial condition. For instances, the state of Kerala had experienced torrential flooding which has resulted in extensive damage to the existing infrastructure in the state, including damage to the airports, roads, bridges, and housing. Since our Company has a strong retail franchise, particularly in Kerala including a large part of our business and branches, the flood in the state had affected the credit cost and business growth during that period.

53. We face risks related to public health epidemics in India and abroad.

Our business could be materially and adversely affected by the outbreak of public health epidemics, or the fear of such an outbreak, in India or elsewhere. In January 2020, an outbreak of a strain of coronavirus, COVID-19, which has spread globally, with cases recorded in China, Australia, Italy, Iran, Japan, South Korea, UAE, Thailand, the United States and India, among other countries. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a health emergency of international concern. Governments around the world have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, quarantines and cancellations of gatherings and events. This in turn has impacted the operation of businesses, reduced regional travels and trade and lowered industrial production and consumption demand.

The COVID-19 outbreak is ongoing and the actual extent of the outbreak and its impact on the economy globally in general and in India, in particular remains uncertain and may turn severe. If the outbreak of any of these epidemics or other severe epidemics, continues for an extended period, occurs again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including India, and could materially and adversely affect our business, financial condition and results of operations. Similarly, any other future public health epidemics in India could materially and adversely affect our business, financial condition, results of operations and prospects.

54. The NCD Holders may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs. Failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose the holders to a potential loss.

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100.00% asset cover for the NCDs, which shall be free from any encumbrance, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

55. Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.

There is no assurance that the liberalisation policies of the government will continue in the future. Protests against privatisation could slow down the pace of liberalisation and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalisation could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalisation policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support continued economic liberalisation. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

56. Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

57. Changes in interest rate may affect the price of our NCD. Any increase in rate of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated on April 28, 1997, as '*Needs Finvest Limited*', a public limited company under the Companies Act, 1956 with a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company also obtained the certificate of commencement of business dated May 6, 1997 from the Registrar of Companies, Andhra Pradesh at Hyderabad. The name of our Company was changed to '*KLM Axiva Finvest Limited*' pursuant to a resolution passed by the shareholders of our Company at the EGM held on January 25, 2016 and a fresh certificate of incorporation dated February 29, 2016 was issued by the RoC. For details of changes in our name and registered office, see "*History and Certain Other Corporate Matters*" on page 125.

NBFC Registration

Our Company had originally obtained a Certificate of Registration in the name of Needs Finvest Limited dated December 30, 1997 bearing registration no. 09.00006 issued by the RBI to commence the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration under Section 45 IA of the RBI Act. Subsequently, the name of our Company was changed to KLM Axiva Finvest Limited and we had obtained fresh Certificate of Registration dated March 15, 2016 bearing registration no. 09.00006 from RBI.

Registration

The registration number, corporate identity number and Legal Entity Identifier Number of our Company are as follows:

i. Company Registration Number with RoC: 026983

ii. Corporate Identity Number issued by RoC: U65910TG1997PLC026983.

iii. Legal Entity identifier Number: 335800M5T4J5QSSDUK09

Registered Office
Door No. 8-13, Plot No. 39, First Floor,
Ashoka Complex, Above Indian Bank,
Mythripuram Colony, Gayathrinagar X Road,
Vaishalinagar P.O., Hyderabad,
Telangana – 500 079
Email: cs@klmaxiva.com
Telephone: +91 40 3516 2071
Website: www.klmaxiva.com

Corporate Office
4th Floor, Door No. 1871A24,
VM Plaza, Palarivattom,
Ernakulam – 682 025,
Kerala, India
Email: cs@klmaxiva.com
Telephone: +91 484 4281 111

Change in Registered Office of our Company

The registered office of our Company was changed from Door No. 3-3-408/1, First Floor, RTC Colony Opposite SBI Bank LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana-500074 to Door No. 8-13, Plot No. 39, First Floor, Ashoka Complex, Above Indian Bank, Mythripuram Colony, Gayathrinagar X Road, Vaishalinagar P.O., Hyderabad, Telangana-500 079 with effect from August 13, 2022.

Board of Directors

The following table sets out the details regarding the Board of Directors as on date:

Name, Designation and DIN	Age (in years)	Address
Sreenivasan Thettilal Parameswaran Pillai **Designation:** Chairman and Non-Executive Director **DIN:** 03048551	79	Sreelekha, J3, Jawahar Nagar, Thiruvananthapuram, Kaudiar, Kerala – 695 003, India
Shibu Theckumpurath Varghese **Designation:** Whole Time Director **DIN:** 02079917	58	Theckempuram, Padammali Road Chelad, Pindimana, Chelad Junction, Ernakulam, Kerala – 686 681, India.
Biji Shibu **Designation:** Non- Executive Director (Non-Independent) **DIN:** 06484566	53	Theckempuram, Padammali Road Chelad, Pindimana, Chelad Junction, Ernakulam, Kerala – 686 681, India.
Issac Jacob **Designation:** Independent Director **DIN:** 02078308	38	7/1, Kuttichirakudiyil, Kothamangalam, Ernakulam, Kerala – 686691, India
K.M. Kuriakose **Designation:** Independent Director **DIN:** 08924909	68	Kaippillil, Vaikkara, Asamannoor, Ernakulam, Kerala – 683 549
Joseph Paul Menacherry **Designation:** Independent Director **DIN:** 06540233	69	Villa No. 40, Choice Village, Near Choice School, Tripunithura P.O, Ernakulam, Kerala – 682 301
Abraham Thariyan **Designation:** Independent Director **DIN:** 07132831	71	Flat No.37, Kairali Apartment, Panampilly Nagar Avenue, Ernakulam, Kerala – 682 036

For further details of Directors of our Company, see *"Our Management"* on page 128.

Chief Financial Officer

Thanish Dalee
KLM Axiva Finvest Limited
4th Floor, Door No. 1871A24, VM Plaza,
Palarivattom, Ernakulam – 682 025
Kerala, India
Telephone: +91 484 4281 125
E-mail: cfo@klmaxiva.com

Company Secretary and Compliance Officer:

Srikanth G. Menon
KLM Axiva Finvest Limited
4th Floor, Door No. 1871A24, VM Plaza,
Palarivattom, Ernakulam – 682 025
Kerala, India
Telephone: +91 484 4281 118
E-mail: cs@klmaxiva.com

Chief Executive Officer

Manoj Raveendran Nair
KLM Axiva Finvest Limited
4th Floor, Door No. 1871A24, VM Plaza,
Palarivattom, Ernakulam – 682 025
Kerala, India

Telephone: +91 484 4281 131
E-mail: manoj.ravi@klmaxiva.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs or refund orders. All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name of the Applicant, Application Form Number, Applicant's DP ID, Client ID, PAN, address of the Applicant, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of Application Form and the name and address of the relevant Designated Intermediary where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centres of the SCSB where the Application Form was submitted by the ASBA Applicant.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism or through Trading Members may be addressed directly to the Stock Exchange, with a copy to the Registrar to the Issue.

Registrar of Companies, Telangana at Hyderabad

2nd Floor, Corporate Bhawan,
Bandlaguda, Tatti Annaram Village,
Hyatnagar Mandal,
Hyderabad- 500 068,
Telangana, India

Lead Manager to the Issue

VIVRO
Vivro Financial Services Private Limited
607/608 Marathon Icon,
Opp. Peninsula Corporate Park,
Off. Ganpatrao Kadam Marg,
Veer Santaji Lane, Lower Parel,
Mumbai - 400013,
Maharashtra, India
Telephone: +91 22 6666 8040/41/42
Email: investors@vivro.net
Investor Grievance Id: investors@vivro.net
Website: www.vivro.net
Contact Person: Jay Shah/ Viral Shah
SEBI Registration No.: INM000010122

Legal Counsel to the Issue

M/s. Crawford Bayley & Co.
4th Floor, State Bank Buildings
N.G.N. Vaidya Marg, Fort
Mumbai 400 023,
Maharashtra, India
Telephone: +91 22 2266 3353

Email: sanjay.asher@crawfordbayley.com
Contact Person: Sanjay Asher

Debenture Trustee

Vistra ITCL (India) Limited
The IL&FS Financial Centre, Plot No. C – 22, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051,
Maharashtra, India
Telephone: +91 22 2659 3333
Email: itclcomplianceofficer@vistra.com
Investor Grievance Email: itclcomplianceofficer@vistra.com
Website: www.vistraitcl.com
Compliance Officer/ Contact Person: Jatin Chonani
SEBI Registration No.: IND000000578

Vistra ITCL (India) Limited has by its letter dated July 25, 2023, given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

All the rights and remedies of the NCD Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the NCD Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the NCD Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the NCD Holders. For details on the terms of the Debenture Trust Deeds see, "*Issue Related Information*" on page 178.

Registrar to the Issue

KFin Technologies Limited
Selenium, Tower-B,
Plot No – 31 & 32, Financial District,
Nanakramguda, Serilingampally,
Hyderabad, Rangareddi – 500 032,
Telangana, India
Telephone: +91 40 6716 2222
Facsimile: +91 40 2343 1551
Toll free number: 18003094001
Email: klmaxiva.ncdipo@kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

Credit Rating Agency

India Ratings & Research Private Limited
Wockhardt Towers, 4th floor, West Wing,
Bandra Kurla Complex,
Bandra (E), Mumbai 400 051,
Maharashtra, India
Telephone: 022-4000 1700
E-mail: infogrp@indiaratings.co.in
Website: www.indiaratings.co.in
Contact Person: Shivangi Manjarekar
SEBI Registration No: IN/CRA/002/1999

Statutory Auditors of our Company

RB Jain and Associates, Chartered Accountants
Kosseril House, Civil Lane Road,
Palarivattom, Kochi – 682 025
Telephone: +91 9349254789
Email: kjtassociates@gmail.com
Website: www.rbjain.com
Contact Person: K. J. Thomas
Membership No: 019454
Firm Registration Number: 103951W

Public Issue Account Bank, Refund Bank and Sponsor Bank

HDFC Bank Limited,
Lodha – I Think Techno Campus,
O-3 Level, Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400 042,
Maharashtra, India.
Telephone No.: 022 30752929/ 2928/ 2914
Facsimile: 022 25799801
Email: eric.bacha@hdfcbank.com, sachin.gawade@hdfcbank.com, pravin.teli2@hdfcbank.com, siddharth.jadhav@hdfcbank.com and Tushar.gavankar@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Eric Bacha/ Sachin Gawade / Pravin Teli / Siddharth Jadhav / Tushar Gavankar
SEBI Registration No.: INBI00000063

Syndicate Members

Vivro Financial Services Private Limited
607/608 Marathon Icon,
Opp. Peninsula Corporate Park,
Off. Ganpatrao Kadam Marg,
Veer Santaji Lane, Lower Parel,
Mumbai - 400013, Maharashtra, India
Telephone: +91 22 6666 8040/41/42
Email: investors@vivro.net
Website: www.vivro.net
Contact Person: Tushar Ashar
SEBI Registration No.: INM000010122

Trust Securities Services Private Limited
109&110, Balarama,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051,

Maharashtra, India.
Email: pranav.inamdar@trustgroup.in
Website: grievances@trustgroup.in
Contact Person: Mr. Pranav Inamdar
SEBI Registration No.: INZ000158031

Bankers to our Company

The South Indian Bank Limited
Groud Floor, Kudiyrickal Towers,
Near Metro Pillar – 528,
Palavarittom Cochin - 682025
Telephone: +91 484 2340115
E-mail: br0228@sib.co.in
Website: www.southindianbank.com
Contact person: Prasanth M A

State Bank of India
SME Branch, State Bank Bhavan,
Kovilakathumpadam, Thiruvambady PO,
Thissur – 680 022
Telephone: +91 487 2221005
Email: sbi.07479@sbi.co.in
Website: sbi.co.in
Contact Person: Siji S.

ICICI Bank Limited
3rd Floor, Emgee squire,
Padma Junction, MG Road,
Kochi – 682 035
Telephone: 08138947927
Email: girish.k@icicibank.com
Website: www.icicibank.com
Contact Person: Girish K.

HDFC Bank Limited
Irumpan Shopping Complex,
Police station road,
Chalakudy – 683 572
Telephone: 0480 2707755
Email: anto.thomas@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Anto Thomas

Dhanlaxmi Bank Limited
Shanmugham Road Branch, Ground Floor,
Dhanlaxmi Buildings, Near A R Camp, Marine Drive,
Shanmugham Road S O,
Ernakulam – 682 031,
Kerala, India
Telephone: +91 484 2375259
Email: dlb.shanmugamroadernakulam@dhanbank.co.in
Website: www.dhanbank.com
Contact Person: Binoy V G

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications. Section 38(1) of the Companies Act, 2013 provides that:

"Any person who:

a. *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
b. *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
c. *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447"

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of Base Issue i.e. ₹ 5,625 lakhs, within the prescribed timelines under the Companies Act and any rules thereto, the entire Application Amount blocked shall be unblocked in the relevant ASBA Account(s) of the Applicants within eight working days from the Issue Closing Date or such time as may be specified by the Board. In the event the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within eight working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Arrangers to the Issue

There are no arrangers to the Issue.

Credit Rating

The NCDs proposed to be issued under this Issue have been rated "IND BBB-/Stable", by India Ratings for an amount up to ₹ 15,000 lakhs *vide* its letter dated July 21, 2023. The rating of NCDs by India Ratings indicates that instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. The rating provided by India Ratings may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold securities. For the rationale for the ratings, see Annexure II to this Prospectus.

Consents

The written consents of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, Chief Executive Officer, our Statutory Auditor, the Legal Counsel to the Issue, the Lead Manager, the

Registrar to the Issue, Public Issue Account Bank, Sponsor Bank, Refund Bank, Credit Rating Agency, CRISIL Limited, the Banker to our Company, the Debenture Trustee, and the Syndicate Members to act in their respective capacities, will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this Prospectus with RoC.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds please refer to the chapter titled "*Objects of the Issue*" on page 75 of this Prospectus.

Underwriting

This Issue will not be underwritten.

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA and UPI Mechanism process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 respectively as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms and UPI Mechanism through app/web interface from the Designated Intermediaries, refer to the above-mentioned link.

In relation to Bids submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms from the members of the Syndicate is available on the website of SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

Syndicate SCSB Branches

In relation to Applications submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of ASBA Forms and Application Forms where investors have opted for payment via the UPI Mechanism, from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

SCSBs eligible as issuer banks for UPI Mechanism and eligible mobile applications

The list of SCSBs through which Bids can be submitted by RIIs using the UPI Mechanism, including details such as the eligible Mobile Apps and UPI handle which can be used for such Bids, is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40, which may be updated from time to time or at such other website as may be prescribed by SEBI from time to time.

RTAs / CDPs

The list of the RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the websites of the BSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 for RTAs and CDPs, as updated from time to time.

Broker Centers/Designated CDP Locations/Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centers, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centers, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Issue Programme:

ISSUE OPENING DATE	**Thursday, August 24, 2023**
ISSUE CLOSING DATE	**Wednesday, September 6, 2023***
PAY IN DATE	Application Date. The entire Application Amount is payable on Application
DEEMED DATE OF ALLOTMENT	The date on which the Board of Directors or the Debenture Committee thereof authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

** The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated in the Prospectus, except that this Issue may close on such earlier date or extended date (subject to minimum period of three Working Days) and a maximum period of ten Working Days from the date of opening of the Issue and subject to not exceeding thirty days from filing the Prospectus with ROC, as may be decided by the Board or Debenture Committee of the Board thereof subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of such early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of closure.*

Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, on Working Days during the Issue Period. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange.

*Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details please refer to the chapter titled "Issue Related Information" on page 178 of this Prospectus. Application Forms for the Issue will be accepted only from 10.00 a.m. and 5.00 p.m. (Indian Standard Time) ("**Bidding Period**") during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday) (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. Additionally, an Investor may also submit the Application Form, through the app or web interface of the Stock Exchange. On the Issue Closing Date Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by Stock Exchange. It is clarified that the Applications not uploaded on the Stock Exchange Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3:00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Manager, or Trading Members of the Stock Exchange are liable for any failure in uploading the Applications due to failures in any software/hardware systems or otherwise. Please note that, the Basis of Allotment under the Issue will be on the basis of date of upload of each application into the electronic book of the Stock Exchange in accordance with the SEBI Master Circular. However, from the date of oversubscription, and thereafter, the allotments will be made to the applicants on proportionate basis.

CAPITAL STRUCTURE

1. Details of share capital

The share capital of our Company as at date of this Prospectus is set forth below:

Particulars	Amount in ₹
Authorised Share Capital	
25,00,00,000 Equity Shares of ₹10 each	2,50,00,00,000
Total Authorised Share Capital	**2,50,00,00,000**

Issued, subscribed and paid up share capital	
20,54,00,857 Equity Shares of ₹10 each	2,05,40,08,570
Total Issued, subscribed and paid up share capital	**2,05,40,08,570**

2. Details of change in authorised share capital of our Company as at the last quarter ended, for the last three financial years preceding the date of this Prospectus is set forth below:

Date of approval	Authorised Share Capital (in ₹)	Particulars
November 26, 2020 (AGM)	75,00,00,000	Authorised Share Capital was increased from ₹ 60,00,00,000 divided into 6,00,00,000 Equity Shares of ₹ 10 each to ₹ 75,00,00,000 divided into 7,50,00,000 Equity Shares of ₹ 10 each.
August 31, 2021 (AGM)	1,15,00,00,000	Authorised Share Capital was increase from ₹ 75,00,00,000 divided into 7,50,00,000 Equity Shares of ₹ 10 each to ₹ 1,15,00,00,000 divided into 11,50,00,000 Equity Shares of ₹ 10 each.
June 23, 2022 (EGM)	1,75,00,00,000	Authorized Share Capital was increased from ₹ 1,15,00,00,000 divided into 11,50,00,000 Equity Shares of ₹ 10 each to ₹ 1,75,00,00,000 divided into 17,50,00,000 Equity Shares of ₹ 10 each.
December 9, 2022 (EGM)	2,50,00,00,000	Authorized Share Capital was increased from ₹ 1,75,00,00,000 divided into 17,50,00,000 Equity Shares of ₹ 10 each to ₹ 2,50,00,00,000 divided into 25,00,00,000 Equity Shares of ₹ 10 each.

3. Details of Equity Share capital history of our Company in the last three financial years and current financial year preceding the date of this Prospectus is set forth below:

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
December 26, 2020	1,48,00,000	10	12.50	Cash	Preferential Allotment[1]	6,79,28,228	67,92,82,280	11,60,17,561.25
September 13, 2021	4,04,46,900	10	12.50	Cash	Preferential Allotment[2]	10,83,75,128	1,08,37,51,280	21,71,34,811.25
March 31, 2022	65,00,000	10	13.50	Cash	Private Placement[3]	11,48,75,128	1,14,87,51,280	23,98,84,811.25
July 13, 2022	57,43,750	10	-	Other than Cash	Bonus Issue[4]	12,06,18,878	1,20,61,88,780	18,24,47,311.25
December 19, 2022	6,61,09,200	10	12.50	Cash	Private Placement[5]	18,67,28,078	1,86,72,80,780	34,77,20,311.25
May 31, 2023	1,86,72,779	10	-	Other than Cash	Bonus Issue[6]	20,54,00,857	2,05,40,08,570	129,867,522.00
	Total					**20,54,00,857**	**2,05,40,08,570**	129,867,522.00

1. *Preferential Allotment of 1,48,00,000 Equity Shares made to the following 97 allottees, as enlisted in the return of allotment filed:*

Sr. No.	Name of allottees	No. of equity shares allotted
1.	Joy Thottathil	52,000
2.	Chandra Baba M. S.	52,000
3.	Abi Antony	70,000
4.	K T Vargese	52,000
5.	Sivarama Krishnan K P	50,000
6.	Mallika J	50,000
7.	Smitha Jose Akkara	50,000
8.	Thomas Isaac	25,000
9.	K. Abdulrahiman	50,000
10.	Kolencherial Avara Jose	1,00,000
11.	Paul Abraham	60,000
12.	Remadevi P K	50,000
13.	K D Ashok	50,000
14.	Thelakkat Nandakumar	50,000
15.	Steffy Rose M S	50,000
16.	Soman V H	50,000
17.	Jobin Tom	40,000
18.	Leelamony George	56,000
19.	John Philipose	50,000
20.	Thomas Cherian	50,000
21.	Francis George	50,000
22.	Lukose B	50,000
23.	Annamma Thomas	40,000
24.	Chandran K P	50,000
25.	Glory Thomas	1,00,000
26.	Kudiyattil Joseph George	20,000
27.	Muraleedhara N K V	50,000
28.	George Joseph	2,00,000
29.	Saleena Mathew	25,000
30.	Chinnamma Varkey	20,000
31.	Joseph Varkey	1,10,000
32.	Sivadas K R	50,000
33.	Nomy Elsa Philip	52,000
34.	Kuriachen K Kuruvilla	50,000
35.	Shaju George	50,000
36.	Ruby Shaju George	50,000
37.	Joseph M	1,00,000
38.	Vijayarajan K K	50,000
39.	Prathapachan Dran Nair	50,000
40.	Joseph Mathew	20,000
41.	Tessy Joseph	20,000
42.	Ammini Aleyas	50,000
43.	Chiramel Thomas Sabu	80,000
44.	Geetha Paul K	80,000
45.	Rani Cherian	1,20,000
46.	Remya Ratheesh	20,000
47.	Jose M O	50,000
48.	Geetha Paul K	50,000
49.	Chiramel Thomas Sabu	50,000
50.	Gitanjaly Sabu	50,000
51.	George Joseph	30,000
52.	Siby Varghese	30,000
53.	Siji Paul	50,000
54.	Joy Chittethupar Ayil George	25,000
55.	Jijimon Joseph	2,00,000
56.	Balasubramanian A K	50,000

Sr. No.	Name of allottees	No. of equity shares allotted
57.	Somanathan Nair T P	50,000
58.	Vadassery Kalister Lynus	4,00,000
59.	Reena Lynus	4,00,000
60.	Mathai Augusty	11,50,000
61.	Rita James/ James John	20,000
62.	Pulinattu Boany Paul	30,000
63.	Oonnunny Abraham	40,000
64.	A R Ravi Vijay	50,000
65.	Saju T Nair	50,000
66.	Alexander K M	30,000
67.	Sajeev Joseph	1,00,000
68.	Jenny Rose Jacob	1,00,000
69.	Maggy	1,00,000
70.	Alexander P R	50,000
71.	Anitha Gopi	30,000
72.	Jiby Yohannan	20,000
73.	Sophiamma Varghese	50,000
74.	K Josekutty	50,000
75.	Aleyas Varghese	50,000
76.	Joy P Jacob	50,000
77.	K P Pathrose	20,000
78.	Rajendran P P	50,000
79.	Prakash Chcko	50,000
80.	Lovely Prakash	46,000
81.	Reena George	50,000
82.	Geo Joseph	50,000
83.	Milna Sibi	50,000
84.	K Noorjehan	40,000
85.	Sheeba Thomas	1,00,000
86.	Gopalakrishnan	20,000
87.	Karthikeyan N	20,000
88.	Remya Raj	20,000
89.	Reji Mathew	1,00,000
90.	Melfy Philip	40,000
91.	Mathew K C	50,000
92.	Biji Shibu	20,00,000
93.	Shibu T Varghese	20,00,000
94.	Elen Elu Shibu	20,00,000
95.	Aleyamma Varghese	20,00,000
96.	Babu M N	25,000
97.	Chirayil Varkey Itty Kunjumom	50,000
	Total	**1,48,00,000**

2. *Preferential Allotment of 4,04,46,900 Equity Shares made to the following 186 allottees, as enlisted in the return of allotment filed:*

Sr. No.	Name of Allottees	No. of equity shares allotted
1.	Panampuzha Ouseph Avirachan	50,000
2.	Jayan Kidangayathu Puthukayil George	50,000
3.	Kadiyappilla Abdulrahiman	80,000
4.	V P Unnikrishnan	50,000
5.	Karayil Dharmapalan Ashok	3,50,000
6.	Keerthi Ashok	1,00,000
7.	Elizabeth Mooney	50,000
8.	Shinny Mathew	1,20,000

Sr. No.	Name of Allottees	No. of equity shares allotted
9.	Nikhil John	1,00,000
10.	Sosamma	2,00,000
11.	Joseph A A	50,000
12.	Neelan Madhavan	50,000
13.	Prathapachandran Nair	1,00,000
14.	Vithya Pallikudiyil	3,75,000
15.	Smitha Jose Akkara	1,00,000
16.	Josan PD	50,000
17.	Martin P. Joseph	2,00,000
18.	Johny K J	3,50,000
19.	Sivadas K R	50,000
20.	Salim A A	1,00,000
21.	Joseph Gerald	50,000
22.	Linett David V	50,000
23.	Thomas Cherian	1,00,000
24.	Aji Paul	50,000
25.	Abraham A V	50,000
26.	Jiby George	50,000
27.	Edward George	50,000
28.	George Antony	1,00,000
29.	Anoop Chittilappily Xavier	3,00,000
30.	Steffy Rose M S	50,000
31.	Amala Davis	50,000
32.	George Joseph	1,00,000
33.	George N A and Lilly George	50,000
34.	Suja Tomy	50,000
35.	Lal P P	80,000
36.	Deepthy	50,000
37.	Baburajan A V	1,00,000
38.	Priya Shaji	50,000
39.	P C Anto	50,000
40.	Benny Chakko	50,000
41.	Francis P C	50,000
42.	K R Poulose	50,000
43.	Mathew N T	50,000
44.	Jose C D	50,000
45.	Priya Sebastian	80,000
46.	Suresh K V	50,000
47.	K Josekutty	50,000
48.	Chandran K P	50,000
49.	A K Sujatha	50,000
50.	Tomy Joseph	50,000
51.	Calvin Jose Chakramakkil	50,000
52.	T R Thilakan	50,000
53.	Deepa Kenvin	50,000
54.	Muraleedharan K V	50,000
55.	A A Thempi	50,000
56.	K T Varghese	52,000
57.	Tony Kannath Jose	50,000
58.	Jestin Jose	50,000
59.	Eldho Roy	1,00,000
60.	Cyriac Joseph	50,000
61.	Anu Jimmy	1,00,000
62.	E J Xavier and Annamma Xavier	60,000
63.	Annamma Abraham	50,000
64.	Jose K A	60,000

Sr. No.	Name of Allottees	No. of equity shares allotted
65.	Purushothaman Nair	50,000
66.	Skaria KP	50,000
67.	Abraham Vaidyan	50,000
68.	Josephe Devassy	56,000
69.	Kallumkai Pappan George	1,00,000
70.	Arun MP	50,000
71.	Saji Varkey	50,000
72.	Bindu Suresh Kumar	50,000
73.	Teena Jossy	50,000
74.	Shyam Bhaskaran	80,000
75.	Kuriachen K Kuruvilla	50,000
76.	Sebastian Chowattukunnel	56,000
77.	Varghese John Koomullil	50,000
78.	Geetha Mohan	50,000
79.	Sajeev Joseph	1,00,000
80.	Anil K George	1,50,000
81.	K Vasudevan	40,000
82.	P O Antony	50,000
83.	Raju K K	50,000
84.	Ashik Jose	50,000
85.	Titto Francis	50,000
86.	Tharakanmeloot Varghese Jobi	1,00,000
87.	Santha Kumari	50,000
88.	Joseph M P	50,000
89.	Korah Poulose P	60,000
90.	Vatsa Korah Poulose	60,000
91.	Gopalakrishnan T E	50,000
92.	Babu M P and Fancy Babu	50,000
93.	Fancy Babu and Babu M P	50,000
94.	Rani Cherian	80,000
95.	Biju Varghese	1,22,500
96.	K K Anil Kumar	50,000
97.	Nimmy Sandeep	50,000
98.	Lily Paul	50,000
99.	Nandakumar K	50,000
100.	Winston Paul	50,000
101.	M P Avarachan	40,000
102.	Manu Saju	1,50,000
103.	Paul M S	50,000
104.	Lakshmi Raveesh	50,000
105.	Sindhu	70,000
106.	Serah Mathew Vinod Panicker	50,000
107.	Anitha Hariharan	50,000
108.	Shiju C K	50,000
109.	Thankachan M	50,000
110.	Princy Jojo	50,000
111.	Dileep Thomas	50,000
112.	Madhu P	50,000
113.	Ittoop K O	5,00,000
114.	Midhun Ittoop	5,00,000
115.	Sonu Saju	50,000
116.	Jayashree	1,00,000
117.	Suma Rajagopal	50,000
118.	Jahan Salim	50,000
119.	Radhakrishnan PP	50,000
120.	Reena Lynus	8,00,000

Sr. No.	Name of Allottees	No. of equity shares allotted
121.	Vadassery Kalister Lynus	8,00,000
122.	N Sharma	50,000
123.	Deepa P G	50,000
124.	Suresh Kapparath	50,000
125.	Babu Kollara	50,000
126.	Jerin Jose	50,000
127.	Bose Paul	50,000
128.	Chalackal Madhavan Baiju	50,000
129.	Shine Theressa Shibu	50,000
130.	Davis P A	50,000
131.	Anithamol Rajan	50,000
132.	Susy John	50,000
133.	Anu Mohan	50,000
134.	Mathai K G	50,000
135.	Lisma Louvi	50,000
136.	K M Korah	50,000
137.	P N Narayanan Nambisan	50,000
138.	P T Gowri	50,000
139.	Vivek Lohikshan	50,000
140.	Anjali Alex Aerathu	50,000
141.	Nalpat Sebastian Jose	10,00,000
142.	Stephen N M	50,000
143.	Paul V George	1,00,000
144.	Manoj P Joseph	1,60,000
145.	Simon Mathew	50,000
146.	Chirayath Antony Francis	50,000
147.	Sandeep C C	50,000
148.	Vincent Padamadan	50,000
149.	Gitanjaly Sabu	1,00,000
150.	Anoopa	1,00,000
151.	Holy Roy	50,000
152.	Martin P Antony	92,400
153.	Baiju P P	50,000
154.	Roy Skariah	60,000
155.	Aswathy Merin	50,000
156.	Mini Roy	50,000
157.	Josen Mathew	1,05,000
158.	Joseph T T	52,500
159.	Simi Gijo	4,13,750
160.	George Kuriape	3,38,750
161.	Kavitha Johnson	52,500
162.	Alphonsa Jose	52,500
163.	Jacob Abraham	32,500
164.	Eldhouse Kuriakose	52,500
165.	Sreedevi Lohidakshan	52,500
166.	Sabu Paul	12,52,900
167.	Elizabeth George	2,80,000
168.	Fance Joseph	52,500
169.	Thomas E P	52,500
170.	Peeyus Antony	1,00,000
171.	Bindu Peeyus	12,27,500
172.	Mariya Peeyus Kottam	5,00,000
173.	Johny P A	55,000
174.	Nidhin Aleyas	52,500
175.	P J George	4,45,150
176.	Reji Kuriakose	9,82,500

Sr. No.	Name of Allottees	No. of equity shares allotted
177.	Shibu Theckumpurath Varghese	51,00,520
178.	Biji Shibu	40,35,000
179.	Elen Elu Shibu	34,05,000
180.	Erin Lizbeth Shibu	33,22,500
181.	Aleyamma Varghese	41,56,930
182.	Jiny Devassy	40,000
183.	Amrutha Paulson	1,00,000
184.	Niranjana Sabu	1,00,000
185.	Annie Poulose	50,000
186.	Suresh K V	50,000
	Total	**4,04,46,900**

3. *Private Placement of 65,00,000 Equity Shares made to the following 2 allottees, as enlisted in the return of allotment filed:*

Sr. No.	Name of allottee	No. of equity shares allotted
1.	Southern Associates	50,00,000
2.	KLM Assets Fin	15,00,000
	Total	**65,00,000**

4. *Bonus issue of 57,43,750 Equity Shares made to the following 657 allottees, as enlisted in the return of allotment filed:*

Sr. No.	Name of allottee	No. of equity shares allotted
1.	John J Pullan	2,400
2.	Chinnamma Kuriakose	2,850
3.	Bindu Peeyus	28,600
4.	Simi Jijo	2,950
5.	Ann Jose	5,000
6.	Jijo M Varghese	3,500
7.	Aleyamma Varghese	1,82,822
8.	Jose Sebastian Nalpat	75,000
9.	Kuriakose K P	5,000
10.	Eldhose T K	1,500
11.	Siji T K	1,000
12.	Joby George	50,000
13.	Thomas Joseph/ Achamma Joseph	5,000
14.	Ganesan A V	2,500
15.	Joseph C George	7,650
16.	Reshmi Joseph	4,350
17.	Johny P A	2,500
18.	Gayathri Sankar	2,500
19.	Jayan Paul	5,000
20.	Tinu Kuriachan	2,500
21.	Emily Kuriachan	10,000
22.	Cilmi Eldho	2,500
23.	Kuriakose E K	2,500
24.	Mini Roy	5,000
25.	Eldho Roy	7,500
26.	Anju Sajeev	5,000
27.	Paulose K A/ Kumari Paulose	5,000
28.	Aleyas K C	2,500
29.	Aswathy Roy	2,500
30.	Roy Scaria	2,500

Sr. No.	Name of allottee	No. of equity shares allotted
31.	Simi Shine	5,000
32.	Antony A O	5,000
33.	Sajimon George	2,500
34.	Siby Skaria	5,000
35.	Jai M Paul	2,500
36.	C V Jacob	5,000
37.	Mini Baby	2,500
38.	Biju Varghese	5,000
39.	Mathai C V	2,500
40.	Paulson Joseph	5,000
41.	K P Joy	5,000
42.	P J George	20,000
43.	Sybi Varghese	10,000
44.	Baby Mathew	75,000
45.	Jacob George	1,750
46.	Varghese George	1,750
47.	Shiby T S	5,000
48.	Bino Kurian	2,500
49.	George Jacob A K	45,000
50.	Shinto Thomas	10,000
51.	Ittoop K O	34,000
52.	Lissy Ittoopp	36,000
53.	Grace Siby Joseph	5,000
54.	Elizabeth George	6,000
55.	Shiny Manoj Arakkal	2,500
56.	Thresiamma Joy	2,500
57.	Reena Varghese	2,500
58.	P O Avirachan	6,500
59.	Issac Meleth John	5,000
60.	Kuriachan M K	10,000
61.	Biju John	1,250
62.	Reena Sony	2,500
63.	Tessy Abro	2,500
64.	Suchitra P/ Dr. Bhaskaran Nair	4,000
65.	Sebastian P J	5,000
66.	Ekanadhan P K	2,500
67.	Abraham A M	5,000
68.	Julie Josen	2,500
69.	Amal Dev Tony	2,500
70.	Civy V Pulathayu	5,000
71.	Gracy K V	2,500
72.	Vijayamohanan M K	5,000
73.	Anil K George	2,500
74.	Gopinathan K	2,500
75.	Thommachan V U	5,000
76.	Nicey George	5,000
77.	Cherian K P	2,500
78.	Paulose K K	2,500
79.	Balu Raj Tony	5,000
80.	Joseph M C	5,000
81.	Joseph Thomas	1,000
82.	Cijo Joseph	2,500
83.	Purushothaman M K	1,000
84.	Bindhu Baiju	2,500
85.	Marykutty Uthuppan	2,500
86.	Dolly George	2,500

Sr. No.	Name of allottee	No. of equity shares allotted
87.	Santhamma Padmanabhan	2,500
88.	Sabu Paul	22,500
89.	Antony P V	5,000
90.	Elizabeth Mathew	1,000
91.	Soy V U	5,000
92.	Shalini Nair	2,375
93.	E M Bijukumar	5,000
94.	P V Xavier	2,500
95.	Chitra Visweswaran	2,500
96.	Kurian Joseph	2,500
97.	Varkey P V	2,500
98.	Vimal Kumar	2,500
99.	Shine Paul	5,000
100.	Peter K A	2,500
101.	Tomy C A	2,500
102.	Kuriakose Mathew	2,500
103.	Jaimon Joseph	2,500
104.	Boby Paul	2,500
105.	Elen Elu Shibu	9,777
106.	Anitha Mol	2,500
107.	George Jacob A K	20,000
108.	Reji Kuriakose	17,500
109.	P J George/ Sherly George	5,000
110.	Reshmi Joseph/ Joseph C George	5,000
111.	Girija V/ Subramanian N	2,500
112.	Subramanian N/ V Girija	2,500
113.	Alexander P R	5,000
114.	Lilly George	2,500
115.	Thomas John Palekudy	2,500
116.	Jose M O	5,000
117.	Sasidharan K/ Ralceme S	2,500
118.	Sasidharan K/ Kelshibe N S	5,000
119.	Varghese Jose	3,500
120.	James P J/ Josephin	2,500
121.	Jessly George P	2,500
122.	Shibu Issac	5,000
123.	Princy Julian	7,500
124.	N A Vidyadharan/ T.V Pramaeela	2,500
125.	Elsie K P	7,500
126.	George K/ Kurian George	2,500
127.	P.R. Nithianandan	2,500
128.	Joy Paul	2,500
129.	Mathew P A	3,000
130.	Anietha Subramanian	5,000
131.	Paul Punnoose/ V P Punnoose/ Sheeba Punnoose	5,000
132.	Deepa Mary Paul	2,500
133.	Sherly Mathew	1,500
134.	P P Gopinatha Sarma/ Chandrakala G Sarma/ Vinitha A Mallan	3,500
135.	Sen P Mammen	5,000
136.	Sudarshan M R	2,500
137.	Davis P K/ George Davis/ Nichol Davis	1,500
138.	Geetha Sabu	5,000
139.	C T Roy	5,000
140.	Bency Jose Mundadan	5,000
141.	N O George/ A B Alphonsa	1,500
142.	Sam K S	1,500

Sr. No.	Name of allottee	No. of equity shares allotted
143.	Roy Skariah/ Mini Roy	5,000
144.	M M John/ Sosamma John	2,500
145.	Dr. Prasad Punnoose	1,500
146.	Sajeev Jacob/ Siji Rajeev	2,500
147.	Aleena Joseph	5,000
148.	Siji Rajeev/ Sajeev Jacob	2,500
149.	Nisha Shibu	5,000
150.	C K Sadananda Kurup	1,500
151.	G P Pillai	1,500
152.	Anoopa Joseph Thomas	5,000
153.	Suraj Prakash M J	2,500
154.	Benot Paulose/ V.T. Paulose/ Seema Vargheese M	2,500
155.	Anilkumar P.P	2,500
156.	Gitanjaly Sabu	5,000
157.	Muraleedharan K.	2,500
158.	Vinay Kumar T	5,000
159.	Davis K.A.	2,500
160.	Shibu C.T.	5,000
161.	Selimol Michael	5,000
162.	C.T. Sabu	5,000
163.	Mariamma Cherian	5,000
164.	Dr. Saleena Mathew	2,500
165.	John Joseph/ Vinu George	1,500
166.	Lukose B	1,500
167.	Dipu Issac	5,000
168.	M.A. Zachariah	2,000
169.	Sonia Bhaskar	1,500
170.	Sajeev Joseph	15,000
171.	Beena Haridas	2,500
172.	Lijinu Abraham	2,500
173.	Thomas Abraham Mannil	2,500
174.	Balasubramanian K.S.	2,000
175.	Baby N.K./ Rani Baby	1,500
176.	Mercy Paulose	1,250
177.	John K. Mathew	1,500
178.	T.P. Kunjalachi Amma	2,500
179.	Bindu Susy George	1,500
180.	Sheeba Joseph	2,500
181.	Joseph Varkey	2,500
182.	Niecy Manjuran	2,500
183.	K.P. Cherian	2,500
184.	Biju Joseph	4,000
185.	Fr. Dr. Thomas Chakiriyil/ Sunu Thomas	2,500
186.	Suseela A.M/ Merlyn Rajan/ Jeslin Mathews Rajan	2,500
187.	Alias A.E/Basil Alias	1,500
188.	V. Venugopal/ Sini	2,200
189.	Johny Mathew/ Rosily John	5,000
190.	Soosy George	1,500
191.	Vinod Tharian Philip/ Pratibha G Nair	1,500
192.	Jolly S.N.	1,500
193.	Xavier P.J/ Annie Xavier	2,500
194.	Shaju Mathai	5,000
195.	Samanyu Mahendran	2,500
196.	Aswini S.K. Warrier	1,500
197.	Varkey M. Cherian	1,500
198.	Josmol	1,000

Sr. No.	Name of allottee	No. of equity shares allotted
199.	Sobha Sreeraman	1,500
200.	Philomina E.X	1,500
201.	Joseph T. Kussakuzhiyil/ Celin E. Joseph	5,000
202.	P P Gopinatha Sarma/ Vinitha A Mallan/ Chandrakala G Sarma	1,000
203.	Annie Jacob/ Jacob Thomas	5,000
204.	Rajeena Sajee Vinod	1,750
205.	Eldhose T.K/ Siji P.K	1,000
206.	Alias P.V.	1,525
207.	Vijayan P.K	1,500
208.	Sajith John P	1,500
209.	Sunil John/ Bose Paul/ Paulose K.A.	2,500
210.	Sunil John/ Jancy Paul/ Paulose K.A.	2,500
211.	Aisoly Jacob	2,500
212.	Sreekumar Gopinathan Nair	5,000
213.	M P Kuriakose/ Mary Kuriakose	4,000
214.	Reji Varghese/ Varghese K V	1,500
215.	P M Jose	1,500
216.	Rajeena Sajee Vinod	1,000
217.	Subramanian N	500
218.	Vijayakumar A C/ Padmini Vijayakumar	1,739
219.	Thomas E I	2,500
220.	Sreejaya Madavan Pilla	5,000
221.	Joseph P P	2,500
222.	Radhamony Amma	1,500
223.	Nisha M. M.	1,500
224.	Bindu Benny	2,500
225.	Mithun Davis	5,000
226.	Mithun Davis	5,000
227.	Jose K J	2,500
228.	Willy Antony Mookkan	1,500
229.	Priya George	2,500
230.	Mallika J	6,150
231.	Devasskutty A J	1,500
232.	Saramma Isaac	1,500
233.	Saju M Karuthedam	2,500
234.	John Varghese	5,000
235.	Joseph John	1,500
236.	Simon Mathew	2,500
237.	Thomas A J	2,500
238.	Raju K G	2,500
239.	George P V	2,500
240.	Jose Thomas	2,500
241.	Mary Oommen	5,000
242.	Chacko C.V.	5,000
243.	George K.P.	5,000
244.	Devassy Varuthunni	20,000
245.	Eldos Mathew	2,500
246.	Mathai K I	2,500
247.	Soman V.H.	5,000
248.	V.T. Joy	2,500
249.	George Mathew P	5,000
250.	K P Skaria	5,000
251.	Smitha Jayaraman	2,500
252.	Kuttappan K V	2,500
253.	Alvin Thomas John	2,500
254.	Peter Jacob	3,000

Sr. No.	Name of allottee	No. of equity shares allotted
255.	Chinnamma Varkey	1,500
256.	Mary Kuriakose	4,000
257.	Sajeev Joseph	16,250
258.	Kuriakose P P	1,500
259.	Dinu Joy	25
260.	Jeena George	5,000
261.	Ammini Aleyas	2,500
262.	Joy T J	2,600
263.	Chandran K.P.	5,000
264.	Karthikeyan N	1,000
265.	Sajith John P	500
266.	Mathew N T	2,500
267.	George Mather P/ Soji George	2,499
268.	Jose N E	2,500
269.	Manoj P Joseph	8,000
270.	Bipin George	2,500
271.	Chandra Babu M S	2,600
272.	Behanan T M/ Alice Behanan	10,000
273.	Shibu T Varghese	6,57,061
274.	Alexander K M	1,500
275.	Mahendran Channanaveetil Puthenpurayil	5,000
276.	Joy P Jacob	2,500
277.	Purushothaman Pillai G	1,500
278.	P K Sugathan	4,750
279.	Shaju George	11,500
280.	Jacob T Abraham	2,500
281.	Anoop C Xavier	25,000
282.	Mathew P Skariah	1,500
283.	Sivarama Krishnan K P	10,000
284.	Paul Varghese	2,500
285.	Jaimol K Mani	2,500
286.	Abraham A V	2,500
287.	Rojo Joseph	2,500
288.	Nandakumar K	2,500
289.	George Joseph	17,500
290.	Stephen N M	2,500
291.	Tona Jacob	5,125
292.	Joseph A A	2,500
293.	Mercy Sebastian	16,250
294.	Leelamma Mani	5,000
295.	Glaimy Alex	10,000
296.	Rajendran P P	2,500
297.	Sunny Joseph	12,500
298.	Reena Sunny	15,000
299.	Pathrose K P	1,000
300.	Joseph Gerald	2,500
301.	Sebastian C Kappen	18,750
302.	Muraleedharan K V	5,000
303.	Siji Paul	2,500
304.	Maggy	5,000
305.	Eldho Roy	5,000
306.	Saji George	5,000
307.	Sadanandan P R	1,500
308.	Unni S Kappen	21,000
309.	Simi Dharman	2,500
310.	Jayan K George	7,500

Sr. No.	Name of allottee	No. of equity shares allotted
311.	Saiby Jacob	2,700
312.	Saju M Karuthedam	2,500
313.	Mini Roy	5,000
314.	George Kuriape	23,962
315.	Sabu Paul	12,500
316.	Elen Elu Shibu	2,93,750
317.	Biji Shibu	4,37,940
318.	Saritha Sunil	833
319.	Aleyamma Varghese	3,17,096
320.	Bindu Sabu	2,500
321.	Roy Skariah	5,500
322.	Seena Justine	2,500
323.	Midhun Ittoop	25,000
324.	Kripa Sunny	12,500
325.	Eldo N I	2,500
326.	Thomas Cherian	7,500
327.	Ruby Shaju George	2,500
328.	Zeenath Sugathan	1,250
329.	Mallika J	2,500
330.	Jayendran Nair A N	750
331.	Francis T K	1,500
332.	Jijo T K	3,375
333.	Sujatha A K	2,500
334.	T T Joseph	2,625
335.	Kunnel Mathai Korah	2,500
336.	P O Antony	2,500
337.	Joseph Mathew	1,000
338.	Linett David V	2,500
339.	Geetha Mohan	2,500
340.	Martin P Joseph	10,000
341.	Seldha Biju	4,000
342.	Basil Lalu	1,000
343.	Simon Mathew	2,500
344.	Samson Chacko	2,500
345.	Dinu Paul	5,000
346.	Thelakkat Nandakumar	2,500
347.	Chiramel Thomas Sabu	21,500
348.	Suma Rajagopal	2,500
349.	Niranjana Sabu	5,000
350.	Narendran K/ Sreedevi T N	500
351.	K Noorjehan	2,000
352.	Vithya Pallikudiyil	1,500
353.	Abraham Vaidyan	2,500
354.	Aswathy Merin Roy	2,500
355.	Sreedharan Nair K	6,500
356.	Rajeev Sankar Narayan	2,500
357.	Jose C D	2,500
358.	Ittoop K O	25,000
359.	Remadevi P K	2,500
360.	Davis K.A.	2,500
361.	Balasubramanian A K	2,500
362.	M P Avarachan	2,000
363.	K Prathapachandran Nair	7,500
364.	Nanoo Sharma	2,500
365.	Babu Kollara Dharman	2,500
366.	Paul V George	5,000

Sr. No.	Name of allottee	No. of equity shares allotted
367.	K Abdulrahiman	9,000
368.	Steffy Rose M S	7,500
369.	John Philipose	2,500
370.	Thomas A J	9,000
371.	Jose M K	1,500
372.	Saju Antony Kalaparamath Pathadan	2,500
373.	P P Biju	2,500
374.	Johnson Jose	2,500
375.	Joemon Jose	2,500
376.	Vijayaranjan K K	5,000
377.	Tomy Joseph	2,500
378.	Anithamol Rajan	2,500
379.	Akhil Thomas	2,500
380.	Koshy M K	2,500
381.	Glory Thomas	5,000
382.	T.I. Jose Thachil	2,500
383.	Siby Varghese	1,500
384.	Geetha Paul K	16,500
385.	Anoopa	5,000
386.	Shine Theressa Shibu	2,500
387.	Thayyil Venugopal Sabu	2,500
388.	Mathai Augusty	60,000
389.	Sebastian Chowattukunnel	2,800
390.	Mathew K C/ Sosamma C V	2,500
391.	Rita James/ James John	3,500
392.	T R Thilakan	2,500
393.	K T Varghese	5,200
394.	T V Abraham	2,500
395.	Joseph Antony V	2,600
396.	Jacob P I	6,500
397.	Gopalakrishnan M R	1,000
398.	Jobin Tom	2,000
399.	Francis George	2,500
400.	Anju Sajeev	5,000
401.	Shyam Bhaskaran	7,000
402.	Josan Padayatty Devassykutty	2,500
403.	Lissy Yeldose	3,750
404.	Elizabeth Mooney	7,500
405.	Anu Elizabeth	1,500
406.	Liza Thomas	500
407.	M N Babu	1,250
408.	Cyriac Joseph Pattara	2,500
409.	Serah Mathew Vinod Panicker	2,500
410.	Kuriakose Eldhose	2,625
411.	Subi Shaju Arangath	2,000
412.	Vasudevan K	3,000
413.	K K Anil Kumar	2,500
414.	Kuriachan K Kuruvila	5,000
415.	Joseph M P	2,500
416.	M P George	1,500
417.	P P Deenamma	5,000
418.	Annie Poulose	2,500
419.	Amrutha Paulson	5,000
420.	Anitha Hariharan	2,500
421.	Gitanjaly Sabu	7,500
422.	Chalackal Madhavan Baiju	2,500

Sr. No.	Name of allottee	No. of equity shares allotted
423.	Sreedevi Lohidaksham	2,625
424.	Vatsa Korah Poulose	6,000
425.	P O Avirachan	5,000
426.	Suja Tomy	3,000
427.	P N Narayanan Nambissan/ Gowri P T	2,500
428.	Fancy Babu	2,500
429.	Tessy Joseph	1,000
430.	Babu M P/ Fancy Babu	2,500
431.	Byju Kuriakose	1,000
432.	Ancy K Kuriakose	2,500
433.	Fance Joseph	5,125
434.	Vivek Lohidakshan	2,500
435.	P T Gowri	2,500
436.	George Thanangadan	2,500
437.	Lizzy Jimmy	2,500
438.	E. M. Jimmy	2,500
439.	Shiju C.K.	2,500
440.	Sridhanya	2,500
441.	Anil K George	7,500
442.	Jahan	2,500
443.	Kunhappan A.	2,500
444.	Mary K A	1,250
445.	Biju N S	5,000
446.	Mathai K G	2,500
447.	Kuriakose O P	2,500
448.	Benny C Pozheliparambil	2,500
449.	Saju T Nair	2,500
450.	Victory Jozy	1,500
451.	Anitha Gopi	1,500
452.	Nalpat Sebastian Jose	50,000
453.	Sheeba Thomas	5,000
454.	Eldose Varghese	2,500
455.	Baby K I.	5,000
456.	Smitha Jose Akkara	20,000
457.	Annie Jacob	2,500
458.	Reji Kuriakose	74,650
459.	Paul Abraham	5,500
460.	Sabu Paul	77,499
461.	Sheela Nithyanandan	2,500
462.	Lilly Jose	2,500
463.	Oonnunny Abraham	2,000
464.	Kodath Pappu Madhavan	2,500
465.	Peeyus Antony	10,517
466.	Aleyas Varghese	2,500
467.	Kunjappan C B.	1,000
468.	Jenny Rose Jacob	5,000
469.	V P Unnikrishnan	3,000
470.	Johny	2,750
471.	Thomas Isaac	3,750
472.	Sivadas K R	5,000
473.	George Antony	5,000
474.	Anu Mohanan	3,500
475.	Riya Titus	5,000
476.	Ratheesh V Narayanan	2,500
477.	George Thomas	2,500
478.	Rani George	2,500

Sr. No.	Name of allottee	No. of equity shares allotted
479.	Reena Lynus	62,500
480.	Suresh Karuthara Velu	7,500
481.	Gopalakrishnan T E	6,250
482.	Priya Sebastian	4,500
483.	Sebastian M V	5,000
484.	Jomon Joy	250
485.	Jiby Yohannan	1,000
486.	Princy Jojo	2,500
487.	Lilly Paul	2,500
488.	Joseph M	5,000
489.	Elizabeth George	17,500
490.	Mathew K Kuriakose	2,000
491.	Winston Paul	2,500
492.	Nikhil John	6,000
493.	Radhakrishnan P P	2,500
494.	Sosamma	10,000
495.	Sandeep C C	2,500
496.	Baby Abraham	500
497.	Jiny Devassy	2,000
498.	Mary Baby	5,000
499.	Paul Abraham/ Annie P Oommen	2,500
500.	Vadassery Kalister Lynus	60,000
501.	Milna Sibi	2,500
502.	Holy Roy	2,500
503.	A R Ravivijay	2,500
504.	Raseena Kochumon/ Kochumon Kottai	2,500
505.	Xavier Joseph Edattu/ Annamma Xavier	3,000
506.	Priya Shaji	2,500
507.	Elen Elu Shibu	75,000
508.	Pynadadhu Jacob George	22,257
509.	Salim A A	5,000
510.	Dheepa Kenvin	2,500
511.	Esabella Johnson	6,500
512.	Neelan Madhavab	2,500
513.	Lal P P	4,000
514.	Vincent Padamadan	2,500
515.	Baiju P P	2,500
516.	Anjali Alex Aerathu	2,500
517.	Mariya P Kottam	25,000
518.	Shaiby Kuruvilla	500
519.	M K Krishnakumar	500
520.	Francis P C	2,500
521.	Ajin Kuriakose	2,500
522.	Sanju Baby/ Baby KI	5,000
523.	Eldose Varghese/ Shobha K Poulose	2,500
524.	Jacob Thomas Pathumpadam	5,000
525.	Saneesh K S	2,50,000
526.	Verghese Kuruvilla	2,500
527.	Elizabeth Joju/ Joju Philip	2,500
528.	Biju Varghese	6,125
529.	Annamma Thomas	3,500
530.	Nomy Else Philip	2,600
531.	Dileep Thomas	2,500
532.	Joseph Devassy	2,800
533.	Jerin Jose	2,500
534.	Mechery Sebastian Paul	2,500

Sr. No.	Name of allottee	No. of equity shares allotted
535.	Karimpanackal Velayudhan Suresh	2,500
536.	Varghese Edacheril Mathai	1,500
537.	Menacherry Joseph Varkey	1,500
538.	John Philipose	1,500
539.	Saleena Mathew	1,250
540.	Vijayan K S	2,500
541.	K P Skaria	5,000
542.	Madhu P	2,500
543.	Lisma Louvi	2,500
544.	Lukose B	2,500
545.	Geo Joesph	2,500
546.	Reena George	2,500
547.	Sindhu	3,500
548.	Kolencheril Avara Jose	28,500
549.	Abi Antony	4,000
550.	Mampilly John Baby	24,000
551.	Tony Jose	5,000
552.	Anu Denny	10,000
553.	Simi Gijo	20,687
554.	Sudhakaran T K	500
555.	Shyam Bhaskaran	5,000
556.	Thomas M C	1,000
557.	Martin P Antony	3,090
558.	Sonia Bhaskar	500
559.	Manu Saju	15,000
560.	Chinnamma Varkey	1,000
561.	Kuriyedath Joseph Johny	20,000
562.	Aji Paul	2,500
563.	Deepa P G	2,500
564.	Jitha Chummar	1,500
565.	Phiji Jose	1,250
566.	Mathews K V	2,500
567.	Soman V H	2,500
568.	Ria Chummar	1,500
569.	Beena George	1,500
570.	Jose M O	5,000
571.	Reji Pradeep	2,500
572.	Edward George	2,500
573.	Ashik Jose Pozhaliparambil	2,500
574.	Poulose K R	2,500
575.	Raju K K	2,500
576.	Jijimon Joseph	10,000
577.	Poulose P P	2,500
578.	Alexander P R	5,000
579.	Jayasree J	2,500
580.	Tony Kannath Jose	2,500
581.	Boany Paul P	1,500
582.	Sucy John	2,500
583.	Reji Mathew	5,000
584.	Abraham Raju	1,000
585.	P M Mooney	5,000
586.	Mathew Joseph	2,500
587.	Joy Chittethuparayil George	3,750
588.	Sunil Varkey	4,166
589.	Kudiyattil Joseph George	1,000
590.	Biji George	2,500

Sr. No.	Name of allottee	No. of equity shares allotted
591.	Prakash Chacko	2,500
592.	Lovely Prakash	2,500
593.	N A George/ Lilly George	3,750
594.	Leelamony George	2,800
595.	Kavitha Johnson	2,625
596.	Alphonsa Jose	2,625
597.	Tharakanmeloot Varghese Jobi	2,500
598.	Leena Jobi	5,000
599.	Mulakath Kuriakose Paulose	1,000
600.	Therat Achuthan Purushothamannair	2,500
601.	Jose K J	10,000
602.	Koottungal Chacko Mathai	1,500
603.	Bose Paul	2,500
604.	Keerthi Karayil Ashok	5,000
605.	Josen Mathew	5,250
606.	Joseph Varkey	5,500
607.	Celine M D	2,500
608.	Rani Cherian	6,000
609.	Melfy Philip	2,000
610.	Remya Raj	1,000
611.	Varghese John Koomullil	2,500
612.	Moncy Varughese	2,500
613.	Kallumkal Pappan George	5,000
614.	Sonu Saju	2,500
615.	Bindu Peeyus	61,375
616.	Erin Lizbeth Shibu	1,66,125
617.	Jacob Kaiparampil Joseph	2,500
618.	Davis P A	5,000
619.	Jestin Jose	5,000
620.	Vijayakumar Pottayil	2,500
621.	Kesavan Prasannadevi	750
622.	Remya Ratheesh	2,750
623.	Kumar Suresh Bindu	2,500
624.	Jiby George	2,500
625.	Nidhin Aleyas	2,625
626.	Mullangath Prathapan Arun	2,500
627.	Babu Kurian	5,000
628.	Chirayil Itty Kunjumon	2,500
629.	Pozhaliparambil Chakkoru Anto	2,500
630.	Sanitha Shaji	755
631.	Calvin Joe Chakramakkil	2,500
632.	Chirayath Antony Francis	2,500
633.	Lakshmy Raveesh	2,500
634.	Josekutty Kollentekizhakkethil	5,000
635.	Suresh Kapparath	2,500
636.	Titto Francis	2,500
637.	Deepthy	2,500
638.	3A Capital Services Limited	250
639.	Rani Cherian	4,000
640.	Sophiamma Varghese	2,500
641.	Somanathan Nair T P	2,500
642.	Varughese Baby	1,250
643.	Annamma George	1,500
644.	Thankachan M	2,500
645.	Geetha R Nair	2,500
646.	Santha Kumari	2,500

Sr. No.	Name of allottee	No. of equity shares allotted
647.	Annamma Abraham	2,500
648.	K D Ashok	30,000
649.	A A Thampi	2,500
650.	George Joseph	1,500
651.	Nimmy Sandeep	2,500
652.	Baburajan A V	5,000
653.	Teena Jossy	2,500
654.	Saji Varkey	2,500
655.	Shiny Mathew	6,000
656.	Amala Pallippat Davis	2,500
657.	Thomas E P	2,625
	Total	**57,43,750**

5. *Private Placement of 6,61,09,200 Equity Shares made to the following 132 allottees, as enlisted in the return of allotment filed:*

Sr. No.	Name of allottee	No. of equity shares allotted
1.	Paul John Pathadan	3,00,000
2.	Achamma George	1,00,000
3.	Roy George	1,00,000
4.	Nevil Chacko Pathadan	1,00,000
5.	Alvin Thomas John	32,000
6.	Sugathan PK	80,000
7.	Raveendran Nair	50,000
8.	Kulangara Mathew Abraham	1,20,000
9.	Sunny Joseph	50,000
10.	P K Chacko	1,00,000
11.	Francis P K	1,00,000
12.	Roy Abraham	1,01,000
13.	Robinson George	1,00,000
14.	Santhosh Sebastian Antony	1,00,000
15.	Venugopal K C	50,000
16.	Lukose B	50,000
17.	Babu	1,00,000
18.	Deepa P G	80,000
19.	Babu Kollara	75,000
20.	Rajasekharan K B	50,000
21.	Aswathi V S	1,00,000
22.	Girija Sukumaran	2,00,000
23.	Sudesh Kottilil Achuthan	50,000
24.	Anisha Boany	45,000
25.	Saramma Boany	45,000
26.	P Boany Paul	1,25,000
27.	V K Narayanan	50,000
28.	A M Salim	50,000
29.	Cici Tharu	60,000
30.	Achamma Antony	50,000
31.	Mathew Madukkamoottil Abraham	50,000
32.	Mathew Varghese K	50,000
33.	DR Jaslin Sajil	50,000
34.	Manu Saju	1,00,000
35.	Sindhu S	50,000

Sr. No.	Name of allottee	No. of equity shares allotted
36.	Alexander P R	50,000
37.	Rosamma George	1,00,000
38.	Nomy Elsa Philip	1,00,000
39.	Jose C D	50,000
40.	Joseph A A	50,000
41.	Raju K Varghese	1,00,100
42.	Jose P A	50,000
43.	Lakshmi P S	50,000
44.	Gifty Francis	50,000
45.	Dolly Thomas	1,00,000
46.	Merin Chacko	50,000
47.	Arun Boany Pilinattu	20,000
48.	Shyama Prabhakaran	20,000
49.	Baburajan A V	50,000
50.	Krishnakumar K	50,000
51.	Issac Meleth John	2,00,000
52.	George Mathew Paluparambil	50,000
53.	Abraham P A	50,000
54.	Stephen Antony K	50,000
55.	Martin P Antony	88,000
56.	Cherian S Tharakan	1,00,000
57.	Reo KA	50,000
58.	James Abraham	1,00,000
59.	George Varghese	25,000
60.	K T Varghese	50,000
61.	Saji Kurivilla Jose	50,000
62.	Prathapa Chandran P	50,000
63.	Deepak C	2,00,000
64.	Jasim A S	50,000
65.	Chandran K P	50,000
66.	Geo Joseph	1,00,000
67.	James Jacob	50,000
68.	Saju Antony K	50,000
69.	Chacko C V	1,00,000
70.	Valsala Paily	50,000
71.	Rita James	50,000
72.	Geetha Paul K	50,000
73.	Jose K A	1,00,000
74.	Mahendran C P	50,000
75.	Sabu C T	50,000
76.	Muralikrishnan	50,000
77.	Joseph Devassy	50,000
78.	Pavan R Pujari	1,20,000
79.	Sajith S	2,00,000
80.	Muringathara Chandy Cherian	1,00,000
81.	Rekha Varghese Tharayil	50,000
82.	Joy Komban Varghese	50,000
83.	K Vasudevan	37,000
84.	Manjula S Pattil	80,000
85.	George Mathew	50,000
86.	Shyam Bhaskaran	50,000
87.	Asokan K	1,20,000

Sr. No.	Name of allottee	No. of equity shares allotted
88.	Venkatesh Vasant Shiraguppi	80,000
89.	Priyadarshini Gadad	1,20,000
90.	Muraleedharan K V	50,000
91.	Niranjana Sabu	50,000
92.	Gitanjaly Sabu	50,000
93.	Vijayashankar Narayanankutty	50,000
94.	Paul Abraham	50,000
95.	Behanan T M	1,00,000
96.	Vidyadharan Nalothukudy Ayyappan	50,000
97.	Lincy George	50,000
98.	Saju M Karuthedam	50,000
99.	Tom Thomas	50,000
100.	Subin K R	50,000
101.	Leelamma S	50,000
102.	Raju Thomas	50,000
103.	Sunny George	1,00,000
104.	Dr P R Hareendra Sarma	1,00,000
105.	Rahul Gautham V E	32,000
106.	Jacintha Thomas	50,000
107.	Leena Cherian	50,000
108.	Samuel Thomas	50,000
109.	MD Celine	50,000
110.	Thahira A	50,000
111.	Chinnu Mol E S	50,000
112.	Smitha Jose Akkara	50,100
113.	Mathew V Eapen	24,000
114.	Binoy Mathai	1,50,000
115.	Mathew P J	50,000
116.	Suma Rajagopal	50,000
117.	Reji Mathew	1,00,000
118.	Arakal Bhaskaramenon Purushothaman	50,000
119.	Alena Tresa James	1,00,000
120.	Jacob Mathew	1,00,000
121.	George P C	1,00,000
122.	Saju George Sebastian	80,000
123.	George N A	50,000
124.	George Thomas	1,00,000
125.	Anish John	1,00,000
126.	Shibu T Varghese	1,80,00,000
127.	Biji Shibu	1,30,00,000
128.	Elen Elu Shibu	25,00,000
129.	Erin Lizbeth Shibu	25,00,000
130.	Southern Associates	1,20,00,000
131.	Prime Capital Developers	80,00,000
132.	KLM Assetfin	10,00,000
	Total	**6,61,09,200**

6. *Bonus Issue of 1,86,72,779 Equity Shares made to the following 1,082 allottees, as enlisted in the return of allotment filed:*

Sr. No.	Name of allottee	No. of equity shares allotted
1.	Chinnamma Kuriakose	5,700
2.	Bindu Peeyus	57,200
3.	Simi Jijo	5,900
4.	Ann Jose	10,000
5.	Jijo M Varghese	4,700
6.	Aleyamma Varghese	3,65,645
7.	Jose Sebastian Nalpat	1,50,000
8.	Joby George	1,00,000
9.	Ganesan A V	5,000
10.	Joseph C George	15,300
11.	Reshmi Joseph	8,700
12.	Johny P A	5,000
13.	Gayathri Sankar	5,000
14.	Cilmi Eldho	5,000
15.	Antony A O	10,000
16.	Sajimon George	5,000
17.	Siby Skaria	10,000
18.	Jai M Paul	5,000
19.	C V Jacob	10,000
20.	Mathai C V	5,000
21.	Paulson Joseph	10,000
22.	P J George	40,000
23.	Sybi Varghese	20,000
24.	Baby Mathew	1,50,000
25.	Jacob George	3,500
26.	Varghese George	3,500
27.	Shiby T S	10,000
28.	Bino Kurian	5,000
29.	Shinto Thomas	20,000
30.	Ittoop K O	68,000
31.	Lissy Ittoopp	72,000
32.	Grace Siby Joseph	10,000
33.	Elizabeth George	12,000
34.	Thresiamma Joy	5,000
35.	Reena Varghese	5,000
36.	Biju John	2,500
37.	Sebastian P J	10,000
38.	Julie Josen	5,000
39.	Amal Dev Tony	5,000
40.	Anil K George	5,000
41.	Gopinathan K	5,000
42.	Thommachan V U	10,000
43.	Nicey George	10,000
44.	Cherian K P	5,000
45.	Balu Raj Tony	10,000
46.	Joseph M C	10,000
47.	Joseph Thomas	2,000
48.	Purushothaman M K	2,000
49.	Bindhu Baiju	5,000
50.	Marykutty Uthuppan	5,000
51.	Santhamma Padmanabhan	5,000
52.	Sabu Paul	45,000
53.	Elezabeth Mathew	2,000
54.	Soy V U	10,000
55.	E M Bijukumar	10,000
56.	Kurian Joseph	5,000

Sr. No.	Name of allottee	No. of equity shares allotted
57.	Vimal Kumar	5,000
58.	Peter K A	5,000
59.	Tomy C A	5,000
60.	Kuriakose Mathew	5,000
61.	Jaimon Joseph	5,000
62.	Boby Paul	5,000
63.	Elen Elu Shibu	19,555
64.	Anitha Mol	5,000
65.	George Jacob A K	40,000
66.	Reji Kuriakose	35,000
67.	P J George/Sherly George	10,000
68.	Reshmi Joseph/Joseph C George	10,000
69.	Girija V/Subramanian N	5,000
70.	Lilly George	5,000
71.	Jose M O	10,000
72.	Sasidharan K/Ralceme S	5,000
73.	Sasidharan K/Kelshibe N S	10,000
74.	James P J/Josephin	5,000
75.	Shibu Issac	10,000
76.	Princy Julian	15,000
77.	George K/Kurian George	5,000
78.	Paul Punnoose/V P Punnoose/Sheeba Punnoose	10,000
79.	Deepa Mary Paul	5,000
80.	Sen P Mammen	10,000
81.	Sudarsanan M R	5,000
82.	Geetha Sabu	10,000
83.	C T Roy	10,000
84.	Bency Jose Mundadan	10,000
85.	Dr. Prasad Punnoose	3,000
86.	Aleena Joseph	10,000
87.	Nisha Shibu	10,000
88.	G P Pillai	3,000
89.	Anoopa Joseph Thomas	10,000
90.	Anilkumar P.P.	5,000
91.	Gitanjaly Sabu	10,000
92.	Muraleedharan.K	5,000
93.	Vinay Kumar.T	10,000
94.	Shibu C.T.	10,000
95.	Selimol Michael	10,000
96.	C.T. Sabu	10,000
97.	Dr. Saleena Mathew	5,000
98.	John Joseph/Vinu George	3,000
99.	Beena Haridas	5,000
100.	Lijinu Abraham	5,000
101.	Thomas Abraham Mannil	5,000
102.	Baby N.K./Rani Baby	3,000
103.	T.P. Kunjalachi Amma	5,000
104.	Niecy Manjuran	5,000
105.	K.P. Cherian	5,000
106.	Suseela.A.M/Merlyn Rajan/Jeslin Mathews Rajan	5,000
107.	V.Venugopal/Sini	4,400
108.	Soosy George	3,000
109.	Vinod Tharian Philip/Prathibha G Nair	3,000
110.	Jolly S.N.	3,000
111.	Xavier P.J./Annie Xavier	5,000
112.	Shaju Mathai	10,000

Sr. No.	Name of allottee	No. of equity shares allotted
113.	Varkey M. Cherian	3,000
114.	Josmol	2,000
115.	Rajeena Sajee Vinod	3,500
116.	Alias P.V.	3,050
117.	Sunil John/Jancy Paul/Paulose K.A.	5,000
118.	Aisoly Jacob	5,000
119.	Sreekumar Gopinathan Nair	10,000
120.	P M Jose	3,000
121.	Rejeena Sajee Vinod	2,000
122.	Subramanian N	1,000
123.	Vijayakumar A C/Padmini Vijayakumar	3,478
124.	Sreejaya Madavan Pilla	10,000
125.	Joseph P P	5,000
126.	Radhamony Amma	3,000
127.	Bindu Benny	5,000
128.	Mithun Davis	10,000
129.	Mithun Davis	10,000
130.	Biji Abraham John	5,000
131.	Aleyas K C	5,000
132.	Mini Roy	10,000
133.	Fr. Dr. Thomas Chakiriyil/Sunu Thomas	5,000
134.	Sajeev Joseph	80,625
135.	Raju K G	5,250
136.	Surendran/Radha Surendran	10,000
137.	George C Chacko	1,000
138.	Mathews Jacob	5,000
139.	Kuriakose P P	3,150
140.	Dinu Joy	52
141.	Paulose Benny Paul	5,000
142.	Jeena George	10,500
143.	Elezabeth Mathew	2,100
144.	Govinda Saseendra Prabhu	2,000
145.	Ammini Aleyas	5,250
146.	Aleyas K C	250
147.	Joy T J	5,460
148.	George P V	5,000
149.	Jancy Jose/Jose P.A.	1,000
150.	Binoy Mathai Dr	15,000
151.	Avarachan K.V.	1,600
152.	Rajasekharan K.B./Thankam Rajan	5,000
153.	Chandran K.P.	15,500
154.	Karthikeyan N	2,100
155.	Sajith John P	3,050
156.	Mathew N T	5,250
157.	George Mathew P/Soji George	5,249
158.	Biju Varghese	10,500
159.	Jose N E	5,250
160.	Pulinattu Boany Paul/Saramma Boany	12,500
161.	Manoj P Joseph	16,800
162.	Sheela Rajesh/Rajesh Parempat	2,000
163.	Komayil Pathrose Ouseph	5,000
164.	Bipin George	5,250
165.	George Varghese	2,500
166.	Rajagopala Pillai K/Preethy A R	1,000
167.	Chandra Babu M S	5,460
168.	Behanan T M/Alice Behanan	31,000

Sr. No.	Name of allottee	No. of equity shares allotted
169.	Joseph K.V.	1,600
170.	Shibu T Varghese	31,79,828
171.	Alexander K M	4,150
172.	Mahendran Channanaveetil Puthenpurayil	15,500
173.	Joy P Jacob	5,250
174.	Purushothaman Pillai G	3,150
175.	P K Sugathan	17,975
176.	Mariamma Cherian	10,500
177.	Shaju George	39,585
178.	Jacob T Abraham	5,250
179.	Alice Jacob Pathadan	2,500
180.	Anoop C Xavier	52,500
181.	Mathew P Skariah	3,150
182.	George Joseph K	1,600
183.	Prasad Vaidyan P K	2,000
184.	Ramesan P.	2,000
185.	K A Sudesh	5,000
186.	Sivarama Krishnan K P	21,000
187.	Paul Varghese	5,250
188.	Arun Boany Pulinattu	2,000
189.	K M Saramma	2,000
190.	Achamma Antony	8,300
191.	Anil C Joseph	2,000
192.	Jaimol K Mani	5,250
193.	Dipu Eldho Issac	10,500
194.	Xavier P V	5,250
195.	Valsala Paily	5,000
196.	Abraham A V	5,250
197.	Pushpangathan M A	1,000
198.	Sheela Vincy Mathew	5,000
199.	Rojo Joseph	5,250
200.	Binu Baby Kurian	2,000
201.	Nandakumar K	5,250
202.	Jaya Varghese	5,000
203.	George N O/Alphonsa A B	3,150
204.	Vincy V Mathew	5,000
205.	Jose Thomas	5,250
206.	Roy George	10,000
207.	Joseph John	3,150
208.	George Joseph	86,750
209.	Stephen N M	5,250
210.	Maymol Philip	5,000
211.	Tona Jacob	10,762
212.	Joseph A A	10,250
213.	Biju Mathew	10,000
214.	Mercy Sebastian	34,125
215.	Leelamma Mani	10,500
216.	Baby Joseph	5,512
217.	Jaimon Joseph	250
218.	Glaimy Alex	21,000
219.	Thomas Abraham Mannil	250
220.	Rajendran P P	10,250
221.	Sunny Joseph	31,250
222.	Reena Sunny	46,500
223.	Sadanandan Sasidharan	5,000
224.	Sosamma Chacko	5,000

Sr. No.	Name of allottee	No. of equity shares allotted
225.	Mebin Varghese	2,000
226.	Arya Sasidharan	8,000
227.	Pathrose K P	2,100
228.	Lijinu Abraham	250
229.	Joseph Gerald	10,250
230.	Sebastian C Kappen	39,375
231.	Beena Sojan	5,250
232.	Muraleedharan K V	15,500
233.	Radhamany Amma	150
234.	Lilly George	250
235.	Biju Jospeh	8,400
236.	Priya George	5,000
237.	Reena Sony	5,250
238.	Siji Paul	5,250
239.	Maggy	10,000
240.	Eldho Roy	26,250
241.	George P C	10,000
242.	Saji George	10,500
243.	Roney John Vadakken/Vadakken Jacob John	5,250
244.	Sadanandan P R	3,150
245.	Varghese Jose	7,350
246.	Unni S Kappen	44,100
247.	Simi Dharman	5,250
248.	Jayan K George	15,750
249.	Saiby Jacob	5,670
250.	Saju M Karuthedam	15,500
251.	Mini Roy	11,000
252.	George Kuriape	45,321
253.	Sabu Paul	28,500
254.	Elen Elu Shibu	8,67,852
255.	Biji Shibu	22,19,674
256.	Saritha Sunil	1,749
257.	Aleyamma Varghese	6,84,184
258.	Bindu Sabu	5,250
259.	Roy Skariah	16,800
260.	Raju K Varughese	10,010
261.	Jose P A	6,200
262.	Seena Justine	5,250
263.	Biju John Njondimakal	125
264.	Lincy Abraham	34,916
265.	Midhun Ittoop	52,500
266.	Chinnu Mol E S	5,000
267.	Kripa Sunny	31,250
268.	K P Kuriakose	10,000
269.	Eldo N I	5,250
270.	Manoj Vengasseril Kuriakose	1,21,275
271.	Thomas Cherian	11,550
272.	Joseph Sebastian	4,000
273.	Muralikrishnan	5,000
274.	Ruby Shaju George	5,250
275.	Zeenath Sugathan	2,625
276.	Mallika J	18,165
277.	Jayendran Nair A N	1,575
278.	Mathew Varghese K/Varghese Mathai K	5,000
279.	George Jacob A K	101,025
280.	Louie Alexander	3,000

Sr. No.	Name of allottee	No. of equity shares allotted
281.	Sunil John/Bose Paul/Paulose K A	8,750
282.	Paulose K A/Kumari	14,000
283.	Davis P K/George Davis/Nichol Davis	3,150
284.	Kunnathkudy Varghese Varkey/Beena Jacob Koickal	2,500
285.	Soy Uthuppu Vattappillil	500
286.	Thomas Joseph Arambankudi/Achamma Thomas	10,500
287.	Manjooran Abraham Zacheria	4,200
288.	Vidyadharan Nalothukudy Ayyappan/Thoombayil Velu Prameela	10,250
289.	Puthenveedu Padmanabha Mallen Gopinathasarma/Anand Vinita/Chandrakala Gopinatha Sharma	2,000
290.	Puthenveedu Padmanabha Mallen Gopinathasarma/Chand Rakala Gopinatha Sharma/Anand Vinita	7,000
291.	Johny Mathew/Rosily John	10,000
292.	Roy Skariah/Mini Roy	10,000
293.	Francis T K	3,150
294.	Jijo T K	48,754
295.	Sujatha A K	5,250
296.	T T Joseph	5,512
297.	Kunnel Mathai Korah	5,250
298.	Jijo M Varghese	9,500
299.	Prasad Lekshmanan	2,000
300.	Aswathi Sasidharan Veliyil	10,000
301.	Stanly A Antony	10,000
302.	Anju Manohar	5,250
303.	Vijayamohanan M K	10,500
304.	Alena Tresa James	10,000
305.	Merin Chacko	5,000
306.	Annamma Abraham	5,250
307.	Dolly George	10,250
308.	Polayilvadakkethil Ramachandran Pillai Krishnakuma	2,000
309.	Lakshmi Perumbillil Sivadasan	5,000
310.	Elavangal Jacob Romeo	2,000
311.	Velayudhan Mythili	2,000
312.	Joseph Joseph Thomas	2,000
313.	Madathil Marath Vijayakumari	4,800
314.	Samanyu Mahendran	5,000
315.	Chitra Visweswaran	5,000
316.	Payyapilly Antony Wilson	10,000
317.	Mathew Joseph Vayalil	2,000
318.	P J George	800
319.	Joseph Mathew	2,100
320.	Neduvely Narayanan Reji	3,200
321.	Linett David V	5,250
322.	Geetha Mohan	11,916
323.	Martin P Joseph	21,000
324.	Asokan K	12,000
325.	Seldha Biju	11,412
326.	Basil Lalu	2,100
327.	Shiny Manoj Arackal	5,000
328.	Simon Mathew	13,000
329.	Chitra Visweswaran/Sankaraiy Er Yegna Visweswaran	250
330.	Sudha Rajagopalan/Payyakkal Rajagopalan	2,000
331.	Joseph K J	3,200
332.	Samson Chacko	5,250
333.	Dinu Paul	10,500
334.	Thattampuram Poulose Kunjalachiamma	250

Sr. No.	Name of allottee	No. of equity shares allotted
335.	Mini Baby	5,000
336.	Varghese Thomas Kocheril	5,000
337.	Anu Joy	5,000
338.	Thelakkat Nandakumar	5,250
339.	Chiramel Thomas Sabu	50,650
340.	Sibi Joseph Pulloppillil	2,000
341.	Joseph N Thomas	4,000
342.	Tomy C A	250
343.	Muringathara Chandy Cherian	10,000
344.	Suma Rajagopal	10,250
345.	Niranjana Sabu	15,500
346.	Issac Meleth John	30,000
347.	Anthony Claro Dsouza	2,500
348.	Joseph V J	2,000
349.	John K Mathew	5,233
350.	Raju Thomas	5,000
351.	Saramma Isaac	3,000
352.	Jayan Paul	10,000
353.	Narendran K/Sreedevi T N	1,050
354.	Dennis Thomas	5,512
355.	E I Thomas	5,250
356.	Thomas John Palekkudy	5,250
357.	Sebastian K C	3,000
358.	Rajeev J	5,000
359.	K Noorjehan	4,200
360.	Varghese George	175
361.	Vithya Pallikudiyil	3,150
362.	Sajith John P	3,000
363.	Abraham Vaidyan	5,250
364.	Aswathy Merin Roy	10,500
365.	George A V Dr	1,600
366.	Sreedharan Nair K	13,650
367.	Rajeev Sankar Narayan	5,250
368.	Jose C D	10,250
369.	Ittoop K O	55,900
370.	Remadevi P K	5,250
371.	Davis.K.A	10,250
372.	Jacintha Thomas	2,500
373.	Chithra Pradeep	1,250
374.	Cijo Joseph	5,250
375.	Balasubramanian A K	5,250
376.	M P Avarachan	4,200
377.	K Prathapachandran Nair	15,750
378.	Nanoo Sharma	5,250
379.	Babu Kollara Dharman	18,000
380.	Paul V George	10,500
381.	K Abdulrahiman	18,900
382.	Steffy Rose M S	15,750
383.	John Philipose	5,250
384.	Thomas A J	24,150
385.	Vijayan P K	5,150
386.	Purushothaman M K	100
387.	Jose M K	3,150
388.	Saju Antony Kalaparampathpathadan	10,250
389.	Anilkumar P P	250
390.	P P Biju	5,250

Sr. No.	Name of allottee	No. of equity shares allotted
391.	Johnson Jose	5,250
392.	Joemon Jose	5,250
393.	Vijayarajan K K	10,500
394.	Tomy Joseph	5,250
395.	Jayasree Paulson	4,000
396.	Lizy K D	5,000
397.	Devassykutty	3,150
398.	Anithamol Rajan	5,250
399.	Akhil Thomas	5,250
400.	Licy Ittoop	40,000
401.	Koshy M K	5,250
402.	Glory Thomas	10,500
403.	Abraham P A	5,000
404.	Dolly Thomas	10,000
405.	John C J	8,000
406.	Jacob Mathew/Elizabeth Jacob	10,000
407.	Sunny M Paul	2,083
408.	Cici Tharu	6,000
409.	T. I. Jose Thachil	5,250
410.	Siby Varghese	3,150
411.	S. Krishnamoorthy	5,512
412.	Geetha Paul K	39,650
413.	Anoopa	10,500
414.	Shine Theressa Shibu	5,250
415.	Thayyil Venugopal Sabu	5,250
416.	Salomy	5,512
417.	Mathai Augusty	1,20,000
418.	Reethu Theresa George	10,000
419.	Sebastian Chowattukunnel	12,546
420.	Mathew K C/Sosamma C V	5,250
421.	Tenrose Capital Services Private Limited	5,000
422.	Rita James/James John	12,350
423.	Subramanian N/Girija V	5,250
424.	T R Thilakan	5,250
425.	Varghese P L	1,000
426.	K T Varghese	15,920
427.	Shyama Prabhakaran	2,000
428.	T V Abraham	5,250
429.	Sunny Joseph	5,000
430.	Joseph Antony V	10,460
431.	Jacob P I	13,650
432.	Gopalakrishnan M R	2,100
433.	Rekha Varghese Tharayil	5,000
434.	Philip George	5,512
435.	Tom Thomas	5,000
436.	Stephy Varghese	4,000
437.	Jobin Tom	4,200
438.	Nevil Chacko Pathadan	10,000
439.	Francis George	5,250
440.	Jijo Mon V	2,000
441.	Anju Sajeev	32,025
442.	Shyam Bhaskaran	19,700
443.	Josan Padayatty Devassykutty	5,250
444.	Surya Prakash Saxena	2,000
445.	Nishi Saxena	3,000
446.	Vijayshankar Narayankutty	5,000

Sr. No.	Name of allottee	No. of equity shares allotted
447.	Elizabeth Mooney	15,750
448.	Anu Elizabeth	3,150
449.	Liza Thomas	1,050
450.	Surya Kamalasanan	10,000
451.	Sathesh Kumar G	1,000
452.	M N Babu	2,625
453.	Geetha Paul K	500
454.	Chiramel Thomas Roy	500
455.	Nisha Shibu	500
456.	Chermal Thomas Shibu	500
457.	Cyriac Joseph Pattara	5,250
458.	Jiss Antu	2,400
459.	Serah Mathew Vinod Panicker	5,250
460.	Kuriakose Eldhose	5,512
461.	Kannampuzha Joseph Jude	4,000
462.	Joy K P	10,000
463.	Subi Shaju Arangath	4,200
464.	Robinson George	10,000
465.	Aswini Sankaran Kutty Varier	3,150
466.	Manjula Sanjeev Patil	8,000
467.	Vasudevan K	10,000
468.	Joy V T	5,250
469.	K K Anil Kumar	5,250
470.	Kuriachan K Kuruvila .	10,500
471.	Celine M D .	10,250
472.	Joseph M P .	5,250
473.	Jayakumar V S	2,000
474.	Eby Joseph .	2,000
475.	M P George .	3,150
476.	P P Deenamma .	10,500
477.	Annie Poulose .	5,250
478.	M Madhavadas	1,000
479.	Amrutha Paulson	10,500
480.	Eldo Paul	1,000
481.	Anitha Hariharan	5,250
482.	Gitanjaly Sabu	21,250
483.	Raju Thejus Tony	2,500
484.	Mathew Madukkamoottil Abraham	5,000
485.	Chalackal Madhavan Baiju	5,250
486.	George Mathew Paluparampil	15,500
487.	Benzi Kallamparambil Balakrishnan	1,600
488.	Jolly Wilson	2,000
489.	Joy Paul	5,000
490.	Reo K A	5,000
491.	Mundapatt Jayaprakash Surajprakash	5,000
492.	Joy Komban Varghese	5,000
493.	Kulangara Mathew Abraham/Susan Abraham	12,000
494.	Alias Parackal Varkey	2,152
495.	Vattoly Mathunny Shiny	2,000
496.	Sebastian Joseph	10,000
497.	Mathew Kainikudyil Kuriakose	4,200
498.	Sreedevi Lohidakshan .	5,512
499.	Lohidakshan M.K .	5,512
500.	Vatsa Korah Poulose .	12,600
501.	P O Avirachan .	24,150
502.	Justy Jose Parayil .	1,000

Sr. No.	Name of allottee	No. of equity shares allotted
503.	Suja Tomy .	8,800
504.	T P Roy .	2,000
505.	P N Narayanan Nambissan ./Gowri P T .	5,250
506.	Fancy Babu .	10,250
507.	P Suchithra Nair .	400
508.	Joseph P V .	5,000
509.	Benny Sebastian .	8,000
510.	Tessy Joseph .	2,100
511.	Babu M P ./Fancy Babu .	10,250
512.	Byju Kuriakose .	2,100
513.	Jacob K John ./Beena Jacob .	2,000
514.	Ancy K Kuriakose .	5,250
515.	James Abraham .	10,000
516.	Fance Joseph .	10,762
517.	Vivek Lohidakshan	5,250
518.	Jenumol Joseph .	16,000
519.	P N Narayanan Nambisan	1,666
520.	P T Gowri .	5,250
521.	George Thanangadan .	5,250
522.	Suchithra P Nair/ Payyor Bhaskaran Nair	8,000
523.	Lizzy Jimmy .	8,250
524.	E. M. Jimmy .	8,250
525.	Shiju.C.K .	5,250
526.	Sridhanya -	10,250
527.	Anil K George .	31,000
528.	Jahan .	5,250
529.	Salim A Makkar .	5,000
530.	Jasim A S .	5,000
531.	Kunhappan . A .	5,250
532.	Jaslin Sajil .	5,000
533.	Eldhose T K .	3,150
534.	Mary K A .	2,625
535.	Biju N S .	10,500
536.	Siji P K .	2,100
537.	Sadananda Kurup C K .	3,000
538.	K G Manojkumar .	1,500
539.	Mathai K G .	5,250
540.	Antony A O .	500
541.	Kuriakose O P .	5,250
542.	Benny C Pozheliparambil.	5,250
543.	Alvin Thomas John	8,450
544.	Saju T Nair	5,250
545.	Victory Jozy.	3,150
546.	Anitha Gopi.	3,000
547.	Nalpat Sebastian Jose .	1,12,500
548.	Sheeba Thomas .	10,500
549.	Eldose Varghese .	5,250
550.	Anila Thomas	520
551.	Baby K I .	10,000
552.	Smitha Jose Akkara .	50,135
553.	Leena Cherian .	5,000
554.	Annie Jacob .	5,250
555.	Reji Kuriakose .	1,56,765
556.	Rahul Gautham V E .	3,200
557.	Paul Abraham .	16,550
558.	Sabu Paul .	1,62,749

Sr. No.	Name of allottee	No. of equity shares allotted
559.	Sherly Mathew .	5,150
560.	Lincy Tomy .	2,000
561.	Biju Paul .	2,875
562.	Jeeva S Raj .	1,000
563.	Sheela Nithyanandan .	5,250
564.	Lilly Jose .	5,250
565.	Abraham A M .	10,500
566.	Oonnunny Abraham .	4,200
567.	Kodath Pappu Madhavan.	5,250
568.	Annie .	1,000
569.	Saneesh K S .	3,150
570.	Peeyus Antony .	22,086
571.	Mathai K I .	5,250
572.	Joshy John Avaran .	1,600
573.	Johny C D .	2,000
574.	Thahira A .	5,000
575.	Aleyas Varghese .	5,250
576.	Varkey P V .	5,250
577.	Gracy Mathai .	5,250
578.	Aisoly Jacob .	250
579.	Kunjappan C B .	2,100
580.	Jenny Rose Jacob .	10,500
581.	V P Unnikrishnan .	6,300
582.	Nithianandan P R .	5,250
583.	Johny .	5,775
584.	Saji Kuruvilla Jose .	5,000
585.	Thomas Isaac .	7,875
586.	Balasubramanian K S .	4,200
587.	Sivadas K R .	10,500
588.	Gayathri Sankararaman.	5,000
589.	Pushpa Subramanian.	10,000
590.	George Antony.	10,500
591.	Anu Mohanan.	10,000
592.	Roy Abraham.	10,100
593.	Antony P V.	10,000
594.	Riya Titus.	10,500
595.	Ratheesh V Narayanan .	5,250
596.	George Thomas .	15250
597.	Rani George .	5,250
598.	Reena Lynus .	1,31,250
599.	Suresh Karuthara Velu .	15,750
600.	Gopalakrishnan T E .	15,125
601.	Priya Sebastian .	9,450
602.	Sebastian M V .	10,500
603.	Jomon Joy .	525
604.	Santhosh Sebastian Antony .	10,000
605.	Jiby Yohannan .	2,100
606.	Princy Jojo .	5,250
607.	Lilly Paul .	5,250
608.	Joseph M .	10,000
609.	Elizabeth George .	37,350
610.	Sony John Chirayath .	1,000
611.	Kuttappan K V .	5,250
612.	Babu .	10,000
613.	Winston Paul .	5,250
614.	Nikhil John .	12,600

Sr. No.	Name of allottee	No. of equity shares allotted
615.	Radhakrishnan P P .	5,250
616.	Sosamma .	21,000
617.	Anish John .	10,000
618.	Sandeep C C .	5,250
619.	Baby Abraham .	1,050
620.	Jiny Devassy.	4,200
621.	Bindu Susy George.	3,150
622.	Kalarikkal Easie Joy.	2,000
623.	Lekha K Nair.	2,000
624.	Mary Baby	10,500
625.	Paul Abraham ./Annie P Oommen .	5,250
626.	Vadassery Kalister Lynus.	1,26,000
627.	Milna Sibi.	5,250
628.	Holy Roy.	5,250
629.	A R Ravivijay.	5,250
630.	Raseena Kochumon ./Kochumon Kottai .	5,250
631.	Saraswathy Amma.	1,000
632.	Kuzhivelil Joseph Benny.	3,000
633.	Xavier Joseph Edattu ./Annamma Xavier.	6,300
634.	Priya Shaji.	5,250
635.	Pynadadhu Jacob George.	48,740
636.	Salim A A.	10,500
637.	Prathapa Chandran P.	15,000
638.	Dheepa Kenvin.	5,250
639.	Esabella Johnson.	13,650
640.	Neelan Madhavan.	5,250
641.	Lal P P.	8,400
642.	Vincent Padamadan.	5,250
643.	Baiju P P.	5,250
644.	Anjali Alex Aerathu.	5,250
645.	Mariya P Kottam.	52,500
646.	Prathapa Chandran Nair.	10,677
647.	Simi Jagathi.	10,000
648.	Shaiby Kuruvilla .	1,050
649.	M K Krishnakumar .	1,050
650.	Somalatha O .	6,000
651.	Sindhu S .	5,000
652.	Samuel Thomas .	5,000
653.	Francis P C .	5,250
654.	Ajin Kuriakose .	5,250
655.	Sanju Baby ./Baby K I .	10,000
656.	Eldose Varghese ./Shoba K Poulose .	5,250
657.	Arakkal Bhaskaramenon Purushothaman .	5,000
658.	Jacob Thomas Pathumpadam .	10,500
659.	Saneesh K S .	3,74,073
660.	Peter Jacob .	6,000
661.	Verghese Kuruvilla .	5,250
662.	Mary Oommen .	10,500
663.	Elizabeth Joju ./Joju Philip .	5,250
664.	Annie Jacob ./Jacob Thomas Pathumpadam .	10,500
665.	Cherian S Tharakan .	10,000
666.	Shaji Kurian .	5,000
667.	Subin K R .	5,000
668.	Joseph T Kussakuzhiyil	10,500

Sr. No.	Name of allottee	No. of equity shares allotted
	./Celine Joseph Kussakuzhiyil .	
669.	Lathish K S .	2,000
670.	Areeckal Ettiyachen Alias ./Basil Alias .	3,150
671.	Eldhose P V .	8,00,000
672.	Ente Naadu Multi State Agro Cooperative Society Ltd	2,88,000
673.	George Kuriape .	27,966
674.	Eldhose T K ./Siji P K .	2,000
675.	Sijo Kurian .	10,000
676.	Biju Varghese	12,862
677.	Annamma Thomas	7,350
678.	Rony S Fernandes	8,400
679.	Jayanthilal .	10,000
680.	Nomy Elsa Philip	15,460
681.	Bindu P A	5,000
682.	Vaibhav Ramachandran	1,000
683.	Lydia .	2,500
684.	Dileep Thomas	5,250
685.	Sajith S	20,000
686.	Joseph Devassy	10,880
687.	Paul John Pathadan	30,000
688.	Liju K Mathew	5,000
689.	Nisha M M	3,150
690.	Jessy George	1,600
691.	Jerin Jose	5,250
692.	Mechery Sebastian Paul	7,250
693.	Karimpanackal Velayudhan Suresh	5,250
694.	Lincy George	5,000
695.	Sheeba Joseph	5,250
696.	Varghese Edacheril Mathai	3,150
697.	Paulson Oliapuram	9,000
698.	Girija Viswanathan/Narayana N Subramanan .	250
699.	Jesslypalathinkal George	5,250
700.	Menacherry Joseph Varkey	3,150
701.	Janardanan Kaipurath	2,000
702.	Chinnamma Varkey	3,150
703.	John Philipose	3,150
704.	Mary Kuriakose	10,000
705.	Deepa Xavier	10,000
706.	Sybi Varghese	1,000
707.	Saju George Sebastian	8,000
708.	Molly Antony	4,000
709.	Ramlal Chambamkulath Balan	3,000
710.	Sahadevan Pullancheri	2,000
711.	Stephen Antony Kollamkudy	5,000
712.	Velikulathil Kunjan Narayanan	5,000
713.	Hareendra Sarma	10,000
714.	Reetha Kunju	8,860
715.	Ramya .	1,200
716.	Kanolikkal Krishnan Suresh	1,600
717.	Ashin Roy	2,000
718.	Abraham Narekkatu Varkey	2,500
719.	Mini Abraham	2,500
720.	Benny Varghese	2,500
721.	Biju Raphel	5,000
722.	Kochuveetil Gopinathan Nair Sreejith	4,400
723.	George P O	1,200

Sr. No.	Name of allottee	No. of equity shares allotted
724.	Mathaikunju Parackal Poulo	2,400
725.	Kuriakose Mukalele Paily/Mary Kuriakose	8,400
726.	Reji Varghese/Varghese K V	3,150
727.	Saleena Mathew	7,625
728.	Vijayan K S .	5,250
729.	K P Skaria .	22,500
730.	Madhu P .	5,250
731.	Smitha Jayaraman	5,250
732.	Lisma Louvi .	5,250
733.	Gifty Francis .	5,000
734.	Lukose B .	13,400
735.	Geo Joseph	15,250
736.	Reena George	5,250
737.	Sindhu .	7,350
738.	Sajeev Jacob	250
739.	Sam Krishnan Sreedevi	3,000
740.	Kolencheril Avara Jose	69,850
741.	Abi Antony	8,400
742.	Tinu Kuriachan	5,250
743.	Emily Kuriachan	21,000
744.	Mampilly John Baby	50,400
745.	Tony Jose	10,500
746.	Mannanal Kuriakose Kuriachan	21,000
747.	Jose K J	2,000
748.	Siji Sajeev	250
749.	Anu Denny	21,000
750.	Anju Saju	2,500
751.	Ansa Anna Saju	2,500
752.	Tessy Kuriachan	5,250
753.	Sajeev Jacob/Siji Sajeev	10,000
754.	Simi Gijo	43,738
755.	Sudhakaran T K	1,550
756.	Shyam Bhaskaran	10,500
757.	Thomas M C	2,100
758.	A M Mohan	5,000
759.	Anil Kumar G	5,512
760.	Martin P Antony	10,855
761.	Sonia Bhaskar	1,050
762.	Radhakrishnannair Elembilasserry Ramannair	2,000
763.	Manu Saju	51,500
764.	Chinnamma Varkey	2,100
765.	Kuriyedath Joseph Johny	42,000
766.	Aji Paul	5,250
767.	Deepa P G	15,750
768.	Eldos Mathew Ambatt	5,250
769.	Jitha Chummar .	3,150
770.	Phiji Jose	2,625
771.	Sivapriyan Thottumkara Sreevardhanan	5,000
772.	Mathews K V	5,250
773.	Soman V H	15,750
774.	Ria Chummar	3,150
775.	Beena George	3,150
776.	Sreeja Anil	2,000
777.	Dr. Civy V Pulayath	2,500
778.	Jose M O	10,500
779.	Reji Pradeep	5,250

Sr. No.	Name of allottee	No. of equity shares allotted
780.	Edward George	5,250
781.	Lullu Vallath Peethambaran	2,500
782.	Balakrishnan N	2,000
783.	Praveen K R	10,000
784.	Sonia Bhaskar	3,000
785.	Ashik Jose Pozhaliparambil	5,250
786.	Poulose K R	5,250
787.	Vadakke Muriyil Thomas Jose	2,500
788.	Raveendran Nair B	5,000
789.	Raju K K	5,250
790.	Philomina E X	3,150
791.	Jijimon Joseph	1,000
792.	Annamma George	2,400
793.	Jolly Jacob	3,200
794.	Poulose P P	5,250
795.	Alexander P R	26,000
796.	Jayasree J	5,250
797.	Tony Kannath Jose	5,250
798.	Boany Paul P	3,150
799.	Venugopala Prabhu S	2,000
800.	Elsie Kunnel Paul	18,804
801.	Thomas Daniel .	5,000
802.	Sucy John	5,250
803.	Vempala Joseph Dominic	5,000
804.	Reji Mathew	20,500
805.	Abraham Raju	4,600
806.	P M Mooney	10,500
807.	V Sreedharan/M Prabhavathy	1,000
808.	Mathew Joseph	5,250
809.	Kuriakose Paily	1,600
810.	Girija Sukumaran	20,000
811.	Treesa Paily	2,000
812.	Joy Chittethuparayil George	7,875
813.	Sunil Varkey	8,749
814.	Gopi Mohan Unnithan	2,000
815.	Kudiyattil Joseph George	2,100
816.	Biji George	5,250
817.	Prakash Chacko	5,250
818.	Lovely Prakash	5,250
819.	Cecily Thomas	18,000
820.	George C U	4,000
821.	Johny Abraham	4,000
822.	K N Jayan .	4,000
823.	Krishnakumar K	5,000
824.	Mathew V Eapen .	2,400
825.	N A George/Lilly George	12,875
826.	Rosamma George	10,000
827.	Leelamony George	5,880
828.	Kavitha Johnson	5,512
829.	Alphonsa Jose	5,512
830.	Tharakanmeloot Varghese Jobi	15,250
831.	Leena Jobi	10,500
832.	Bency Jose Mundadan	500
833.	Baby Mathew	7,500
834.	Mukalath Kuriakose Paulose	2,100
835.	Anisha Boany	4,500

Sr. No.	Name of allottee	No. of equity shares allotted
836.	Therat Achuthan Purushothamannair	5,250
837.	Thekkoot Gopalan Salil	2,500
838.	Yacov Iype Koshy	10,000
839.	Achamma George	10,000
840.	Velappan Nair Komalamma Sunil Kumar	5,000
841.	Puthupparambil Kurian Chacko	10,000
842.	Benoy Paulose/Veliyathukudy Thomas Paulose/Seema Varghese Muringasseril	5,250
843.	Saramma Boany .	4,500
844.	Jose K J .	21,250
845.	Chacko Cherppattuputhenpura Varkey	30,916
846.	Koottungal Chacko Mathai	3,150
847.	Bose Paul	5,250
848.	Keerthi Karayil Ashok	10,500
849.	Josen Mathew	11,025
850.	Joseph Varkey	16,800
851.	Akhil Sajan	21,525
852.	Prappuzha George Mathew	1,400
853.	Bino Kurian Varghese	250
854.	Charakunnath Varkey Mathai	250
855.	Anietha .	10,500
856.	Rani Cherian	14,683
857.	Pynadadhu Jacob George .	13,409
858.	Sunila Mathew	3,000
859.	Geetha Menon	4,000
860.	Melfy Philip .	4,200
861.	Remya Raj .	2,100
862.	Varghese John Koomullil .	5,250
863.	Moncy Varughese	5,250
864.	John Philipose	9,000
865.	Rani Paily	5,000
866.	Ushakumari . .	2,000
867.	Viswanathan Pillai	2,500
868.	Leela Viswanathan	2,500
869.	Bindu Kokkattu Kuriakose	250
870.	Kallumkal Pappan George	20,500
871.	Sonu Saju	5,250
872.	Bindu Peeyus	1,31,747
873.	Erin Lizbeth Shibu	5,98,862
874.	Bindu Kallyat Thazhath	5,250
875.	Mercy Paulose .	4,625
876.	Isha George .	5,512
877.	Pournami Prakash Madathil .	2,000
878.	Muraleedharan Karullil	250
879.	John Joseph	5,040
880.	Princy Julian	750
881.	Jacob Kaiparampil Joseph .	250
882.	Paulose Kakattil Kuriakose	5,250
883.	Civy Varghese Pulayath	10,000
884.	Binoj Vallangad Kuttappan	3,000
885.	Merin Kuriakose	10,000
886.	Rajesh Ramachandran	2,400
887.	Simi Jose	10,500
888.	Shine Paul	10,500
889.	Edayathukudiyil Kuruvilla Kuriakose	5,000
890.	Neelakandan Ganesa Pillai	1,600
891.	Davis P A	10,500

Sr. No.	Name of allottee	No. of equity shares allotted
892.	Jaya Velammavukudy Narayanan	5,000
893.	Jestin Jose	10,500
894.	Vijayakumar Pottayil	5,250
895.	Sunny George	10,000
896.	Kesavan Prasannadevi	1,575
897.	James Jacob	5,000
898.	Nikhil Sushil	4,000
899.	Pavan Ramachandra Pujari	8,000
900.	Remya Ratheesh	5,775
901.	Kumar Suresh Bindu	5,250
902.	Jiby George	5,250
903.	John Mathew	16,537
904.	Nidhin Aleyas	5,512
905.	Chakkiath Joseph Varghese	2,000
906.	Shymon Mathew	5,512
907.	Priyadarshini Gadad	12,000
908.	Mullangath Prathapan Arun	5,250
909.	Jayant Suresh Sheri	8,000
910.	Babu Kurian	10,500
911.	Shalininair	4,987
912.	Chirayil Itty Kunjumon	5,250
913.	Aby Abraham	8,000
914.	Pozhaliparambil Chakkoru Anto	5,250
915.	Kuzhpillil Chandrasekharamenon Venugopal	5,000
916.	Shambhu	5,000
917.	Sanitha Shaji	1,585
918.	Poruthukkaran Joseph Mathew	5,000
919.	Calvin Joe Chakramakkil	5,250
920.	Chirayath Antony Francis	5,250
921.	Shweta V Shiraguppi	4,000
922.	Lakshmy Raveesh	5,250
923.	Josekutty Kollentekizhakkethil	10,500
924.	Suresh Kapparath	5,250
925.	Titto Francis	5,250
926.	P M Rangeev .	2,500
927.	Deepthy .	5,250
928.	Anju Vargheese .	600
929.	Amal Jose	700
930.	Vimal Jose .	700
931.	3a Capital Services Limited	525
932.	Jacob George	15,175
933.	Ajith Kumar S	10,000
934.	Ranjit Unnikrishnan .	5,000
935.	Mathew Antony Panikkassery .	6,000
936.	Rani Cherian	8,400
937.	Sobha Sreeraman	3,150
938.	Somy Kuriakose Cheruvathoor	1,000
939.	Sophiamma Varghese .	5,250
940.	Somanathan Nair T P .	5,250
941.	Varughese Baby .	2,625
942.	Annamma George .	3,150
943.	Thankachan M .	5,250
944.	Geetha R Nair .	5,250
945.	Leelamma S .	5,000
946.	Venu K Kartha .	1,600
947.	George Mathew .	5,000

Sr. No.	Name of allottee	No. of equity shares allotted
948.	Santha Kumari .	5,250
949.	K D Ashok .	63,000
950.	A A Thampi .	5,250
951.	Mareena Sebastian .	4,000
952.	Kuriyedath Joseph Johny.	10,000
953.	Ajith K Sasidharan .	2,000
954.	Vijayan K G .	500
955.	George Joseph .	3,150
956.	Nimmy Sandeep .	5,250
957.	Sainudeenkutty Kassim Pilla .	1,000
958.	Francis P K .	10,000
959.	Leelamma Benadict .	5,000
960.	BABURAJAN A V .	15,500
961.	Teena Jossy .	5,250
962.	Saji Varkey .	5,000
963.	Priya P T .	4,000
964.	Deepak C .	20,000
965.	Shiny Mathew .	12,600
966.	Joshma George .	4,000
967.	Bijumon Baby .	5,250
968.	Amala Pallippat Davis .	5,250
969.	Thomas E P	5,512
970.	Jose K J .	5,000
971.	Chinnamma Kuriakose	285
972.	Ann Jose	500
973.	Kuriakose K P	500
974.	Ganesan A V	250
975.	Joseph C George	765
976.	Reshmi Joseph	435
977.	Johny P A	250
978.	Gayathri Sankar	250
979.	Jayan Paul	500
980.	Cilmi Eldho	250
981.	Kuriakose E K	250
982.	Sajimon George	250
983.	Siby Skaria	500
984.	Jai M Paul	250
985.	C V Jacob	500
986.	Mini Baby	250
987.	K P Joy	500
988.	Shiby T S	500
989.	George Jacob A K	4,500
990.	Shinto Thomas	1,000
991.	Lissy Ittoopp	3,600
992.	Grace Siby Joseph	500
993.	Shiny Manoj Arakkal	250
994.	Thresiamma Joy	250
995.	Reena Varghese	250
996.	Issac Meleth John	500
997.	Sebastian P J	500
998.	Julie Josen	250
999.	Amal Dev Tony	250
1000.	Civy V Pulayathu	500
1001.	Anil K George	250
1002.	Gopinathan K	250
1003.	Cherian K P	250

Sr. No.	Name of allottee	No. of equity shares allotted
1004.	Balu Raj Tony	500
1005.	Joseph M C	500
1006.	Joseph Thomas	100
1007.	Bindhu Baiju	250
1008.	Marykutty Uthuppan	250
1009.	Santhamma Padmanabhan	250
1010.	E M Bijukumar	500
1011.	Kurian Joseph	250
1012.	Vimal Kumar	250
1013.	Peter K A	250
1014.	Kuriakose Mathew	250
1015.	Boby Paul	250
1016.	Anitha Mol	250
1017.	George Jacob A K	2,000
1018.	Reji Kuriakose	1,750
1019.	P J George/Sherly George	500
1020.	Reshmi Joseph/Joseph C George	500
1021.	Jose M O	500
1022.	Sasidharan K/Ralceme S	250
1023.	James P J/Josephin	250
1024.	Shibu Issac	500
1025.	George K/Kurian George	250
1026.	Joy Paul	250
1027.	Mathew P A	300
1028.	Paul Punnoose/V P Punnoose/Sheeba Punnoose	500
1029.	Deepa Mary Paul	250
1030.	Sen P Mammen	500
1031.	Sudarsanan M R	250
1032.	Sam K S	150
1033.	Roy Skariah/Mini Roy	500
1034.	M M John/Sosamma John	250
1035.	Dr. Prasad Punnoose	150
1036.	Aleena Joseph	500
1037.	C K Sadananda Kurup	150
1038.	G P Pillai	150
1039.	Anoopa Joseph Thomas	500
1040.	Suraj Prakash M J	250
1041.	Vinay Kumar.T	500
1042.	Davis.K.A	250
1043.	Selimol Michael	500
1044.	Dr.Saleena Mathew	250
1045.	John Joseph/Vinu George	150
1046.	Sonia Bhaskar	150
1047.	Beena Haridas	250
1048.	Baby.N.K/Rani Baby	150
1049.	K.P.Cherian	250
1050.	Suseela.A.M/Merlyn Rajan/Jeslin Mathews Rajan	250
1051.	V.Venugopal/Sini	220
1052.	Soosy George	150
1053.	Vinod Tharian Philip/Prathibha G Nair	150
1054.	Jolly.S.N	150
1055.	Xavier.P.J/Annie Xavier	250
1056.	Shaju Mathai	500
1057.	Samanyu Mahendran	250
1058.	Varkey.M.Cherian	150
1059.	Josmol	100

Sr. No.	Name of allottee	No. of equity shares allotted
1060.	Rajeena Sajee Vinod	175
1061.	Eldhose.T.K/Siji P.K	100
1062.	Sajith John P	150
1063.	Sunil John/Jancy Paul/Paulose K.A.	250
1064.	Sreekumar Gopinathan Nair	500
1065.	P M Jose	150
1066.	Rejeena Sajee Vinod	100
1067.	Subramanian N	50
1068.	Vijayakumar A C/Padmini Vijayakumar	173
1069.	Sreejaya Madavan Pilla	500
1070.	Joseph P P	250
1071.	Mithun Davis	500
1072.	Mithun Davis	500
1073.	Priya George	250
1074.	Saramma Isaac	150
1075.	Simon Mathew	250
1076.	George.P.V	250
1077.	George.K.P	500
1078.	Devassy Varuthunni	2,000
1079.	K P Skaria	500
1080.	Peter Jacob	300
1081.	Fr.Dr.Thomas Chakiriyil/Sunu Thomas	250
1082.	Sasidharan K/Kelshibe N S	500

7. **The following table sets forth the shareholding pattern of our Company as on June 30, 2023:**

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX)			No. of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No of voting rights									
								Class - Equity	Total	Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(A)	**Promoter and Promoter Group**	5	8,68,30,526	0	0	8,68,30,526	42.27	8,68,30,526	8,68,30,526	42.27	0	0	0	0	0	0	8,29,78,521
(B)	**Public**	968	11,85,70,331	0	0	11,85,70,331	57.73	11,85,70,331	11,85,70,331	57.73	0	0	0	0	0	0	10,37,47,214
(C)	**Non-Promoter Non-Public**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C) (1)	**Shares underlying DRs**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C) (2)	**Shares held by Employee Trusts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	**973**	**20,54,00,857**	**0**	**0**	**20,54,00,857**	**100.00**	**20,54,00,857**	**20,54,00,857**	**100.00**	**0**	**0**	**0**	**0**	**0**	**0**	**18,67,25,735**

8. **Details of the aggregate number of securities of the Issuer purchased or sold by the promoter group and by the Directors of the Issuer and their relatives within six-months immediately preceding the date of filing this Prospectus with RoC are as follows**:

S. No.	Name of the Allottee	Date of purchase/ sale	Category of the Allotee (Promoter Director, Promoter Group, Director)	Mode of acquisition of securities	Issue Price (In ₹)	Type of security	Total number of securities purchased/ sold
1.	Biji Shibu	May 26, 2023	Promoter Group	Sale	12.00	Equity Shares	4,41,100
2.	Shibu T Varghese	May 31, 2023	Director	Bonus Issue	0.00	Equity Shares	31,79,828
3.	Aleyamma Varghese	May 31, 2023	Promoter Group	Bonus Issue	0.00	Equity Shares	10,49,829
4.	Biji Shibhu	May 31, 2023	Promoter Group	Bonus Issue	0.00	Equity Shares	22,19,674
5.	Elen Elu Shibu	May 31, 2023	Promoter Group	Bonus Issue	0.00	Equity Shares	8,87,407
6.	Erin Lizbeth Shibu	May 31, 2023	Promoter Group	Bonus Issue	0.00	Equity Shares	5,98,862
7.	Biji Shibu	May 31, 2023	Promoter Group	Sale	12.50	Equity Shares	20,000

9. **List of top ten holders of Equity Shares of our Company as on June 30, 2023 are as follows:**

S. No.	Name of shareholder	Number of Equity Shares held	Number of Equity Shares in demat form	Total shareholding as % of total no of Equity Shares
1.	Shibu T Varghese	3,49,78,109	3,49,78,109	17.03
2.	Biji Shibu	2,39,55,314	2,39,55,314	11.66
3.	Aleyamma Varghese	1,15,48,127	78,91,677	5.62
4.	Elen Elu Shibu	97,61,489	95,65,934	4.75
5.	Prime Capital Developers*	88,00,000	88,00,000	4.28
6.	Erin Lizbeth Sibhu	65,87,487	65,87,487	3.21
7.	Southern Associates	36,67,549	36,67,549	1.79
8.	Ente Naadu Multi State Agro Cooperative Society Ltd	33,28,000	33,28,000	1.62
9.	Bindu Peeyus	20,78,422	15,06,422	1.01
10.	Sabu Paul	17,90,243	17,90,243	0.87

** Eldhose PV is a partner.*

10. **List of top ten debenture holders of our Company as on June 30, 2023**

   a. **Unlisted privately placed secured redeemable non-convertible debentures as on June 30, 2023 are as follows:**

S. No.	Name of holders	Caegory of holder	Number of NCDs held	Face Value per NCDs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
1.	KLM Global Solutions LLP	Public	360	10,000	36,00,000	19.17
2.	Anitha/ Ramesh Narayanan	Public	160	10,000	16,00,000	8.52
3.	Elizabeth Jacob	Public	100	10,000	10,00,000	5.32
4.	Paul George Chirammel	Public	100	10,000	10,00,000	5.32

S. No.	Name of holders	Caegory of holder	Number of NCDs held	Face Value per NCDs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
5.	Athul Mohan	Public	100	10,000	10,00,000	5.32
6.	Athul Mohan/ Mahima Mohan	Public	100	10,000	10,00,000	5.32
7.	Jose KJ	Public	100	10,000	10,00,000	5.32
8.	Bindhu Ashok	Public	100	10,000	10,00,000	5.32
9.	Rahul Rajan	Public	95	10,000	9,50,000	5.06
10.	Brinda Renjesh	Public	95	10,000	9,50,000	5.06

b. Listed secured redeemable non-convertible debentures as on June 30, 2023 are as follows:

S. No.	Name of holders	Number of NCDs held	Face Value per NCDs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
1.	Aleyamma Jacob	78,000	1,000	7,80,00,000	1.01
2.	C V Jacob Family Trust	45,000	1,000	4,50,00,000	0.58
3.	Joseph Augusty	24,000	1,000	2,40,00,000	0.31
4.	Merciamma Augustry	22,000	1,000	2,20,00,000	0.28
5.	Reji Mathew	17,500	1,000	1,75,00,000	0.23
6.	Prathapa Chandran Nair	16,905	1,000	1,69,05,000	0.22
7.	Chandy Paul V	13,950	1,000	1,39,50,000	0.18
8.	Biju Varghese	11,500	1,000	1,15,00,000	0.15
9.	Elizabeth Jacob	11,500	1,000	1,15,00,000	0.15
10.	Nair G J	11,300	1,000	1,13,00,000	0.15

c. List of top ten Subordinated Debt Instrument (“SDI”) holders of our Company as on June 30, 2023 are as follows:

S. No.	Name of holders	Number of SDIs held	Face Value per SDIs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
1.	P B Gopalakrishnan	45,000	1,000	4,50,00,000	0.86
2.	Mathai Augusty	27,500	1,000	2,75,00,000	0.52
3.	Gopi C V	23,000	1,000	2,30,00,000	0.44
4.	Annamma Augusty	12,500	1,000	1,25,00,000	0.24
5.	Vidhish Muthanna C A	9,500	1,000	95,00,000	0.18
6.	Merry Abraham Tharakan	8,500	1,000	85,00,000	0.16
7.	Ebbey Abraham Tharakan	7,550	1,000	75,50,000	0.14
8.	Nilcy Bobby Tharakan	7,500	1,000	75,00,000	0.14
9.	Princy John	7,300	1,000	73,00,000	0.14
10.	Sagadevan S	6,700	1,000	67,00,000	0.13

d. List of top ten Perpetual Debt Instrument (“PDI”) holders of our Company as on June 30, 2023 are as follows:

S. No.	Name of holders	Number of PDIs held	Face Value per PDIs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
1.	Yacov Iype Koshy	9,000	1,000	90,00,000	3.68
2.	Ashokan K.	8,500	1,000	85,00,000	3.48
3.	Paul Abraham	6,160	1,000	61,60,000	2.52

S. No.	Name of holders	Number of PDIs held	Face Value per PDIs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
4.	Maggy	3,500	1,000	35,00,000	1.43
5.	Nita Gregory	3,000	1,000	30,00,000	1.23
6.	Deepti Rachel George	3,000	1,000	30,00,000	1.23
7.	Bobby Abraham Tharakan	2,500	1,000	25,00,000	1.02
8.	Hima Jose	2,500	1,000	25,00,000	1.02
9.	Sreekantan Nair Kuttan Pillai	2,200	1,000	22,00,000	0.90
10.	Mahesh Somasekharan	2,100	1,000	21,00,000	0.86

11. Details of holding of Equity Shares by our Promoter as on the date of this Prospectus is set out below are as follows:

S. No.	Name of the Promoter	Number of Equity Shares held	Total shareholding as a percent of total number of Equity Shares (in %)	No. of Equity Shares pledged	Total percentage of Equity Shares pledged with respect to total number of Equity Shares held (in %)
1.	Biji Shibu	2,39,55,314	11.66%	NIL	NIL
Total		**2,39,55,314**	**11.66%**	**NIL**	**NIL**

12. Details of holding of Equity Shares by our Directors as on the date of this Prospectus

For details of shareholding of our Directors in the Company, please refer to "*Our Management- Shareholding of Directors*" on page 135.

13. Debt - equity ratio:

The debt equity ratio of our Company on standalone basis, prior and post to this Issue as on March 31, 2023 is as follows:

(₹ in Lakhs)

	Consolidated		Standalone	
Particulars	**Pre- Issue**	**Post- Issue**	**Pre- Issue**	**Post- Issue#**
Debt				
Debt Securities	NA	NA	81,079.39	96,079.39
Borrowings (other than Debt Securities)	NA	NA	7,562.82	7,562.82
Subordinated Liabilities	NA	NA	50,289.45	50,289.45
Total Debts	NA	NA	**1,38,931.66**	**1,53,931.66**
Equity				
Equity Share Capital	NA	NA	18,672.81	18,672.81
Other Equity				
Revaluation Reserve	NA	NA	-	-
Statutory Reserve	NA	NA	1,078.13	1,078.13
General Reserve	NA	NA	4.08	4.08
Securities Premium	NA	NA	3,165.95	3,165.95
Retained Earnings	NA	NA	1,842.66	1,842.66
Specific Reserve	NA	NA	-	-
Less: Unamortized expenses of Public Issues	NA	NA	-	-
Total Equity	NA	NA	**24,763.63**	**24,763.63**
Debt/Equity	NA	NA	**5.61**	**6.22**

#The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹ 15,000 Lakhs from the Issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.

Notes:

1. *Debt Securities excludes interest accrued and unamortized expense of public issues.*
2. *Borrowings includes interest accrued but not due thereon.*
3. *Debt / Equity = Total Debt / Net worth.*
4. *The company has redeemed secured non – convertible debentures amounting to ₹ 8,504.19 lakhs, during April 1, 2023 to July 31, 2023, impact of which is not provided in the above table.*
5. *The company has redeemed Sub – ordinated debts amounting to ₹ 1,821.76 lakhs, during April 1, 2023 to July 31, 2023, impact of which is not provided in the above table.*
6. *The company has issued Sub – ordinated debts amounting to ₹ 9,284.49 lakhs, during April 1, 2023 to July 31, 2023, impact of which is not provided in the above table.*

14. For details on the total outstanding debt of our Company, see "*Financial Indebtedness*" beginning on page 149.

15. Details of any acquisition or amalgamation in the last one year

Our Company has not made any acquisition or amalgamation in the last one year prior to the date of this Prospectus.

16. Details of any reorganisation or reconstruction in the last one year

Our Company has not made any reorganisation or reconstruction in the last one year prior to the date of this Prospectus.

17. Our Company does not have any outstanding borrowings taken/debt securities issued where taken/issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount or (iii) in pursuance of an option.

18. None of the Equity Shares held by the Promoter are pledged or encumbered otherwise.

19. As on June 30, 2023, 18,67,25,735 Equity Shares of our Company are in dematerialised form.

20. Our Company does not have any employee stock option scheme.

OBJECTS OF THE ISSUE

Our Company is in the business of gold loan, MSME loan and other loan financing, and as part of our business operations, we raise/avail funds for onward lending, financing and for repayment of interest and principal of existing borrowings.

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company ("**Net Proceeds**"), estimated to be approximately ₹14,849.74 lakhs, towards funding the following objects (collectively, referred to herein as the "**Objects**"):

1. For the purpose of onward lending, financing and repayment/prepayment of principal and interest on existing borrowings; and
2. General Corporate Purposes.

The Main Objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

The details of the proceeds of the Issue are set forth in the following table:

(₹ in lakh)

S. No.	Description	Amount
1.	Gross proceeds of the Issue	Up to 15,000.00
2.	(less) Issue related expenses*	150.26
3.	Net Proceeds*	14,849.74

**Assuming the Issue is fully subscribed, and our Company retains oversubscription up to ₹ 7,500 lakhs.*

Requirement of funds and Utilisation of Net Proceeds

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds:

S. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	Onward lending, financing and repayment/prepayment of principal and interest on existing borrowings	At least 80%
2.	General Corporate Purposes*	Maximum of up to 20%
	Total	100%

**The Net Proceeds will be first utilised towards the Objects mentioned above. The balance is proposed to be utilised for general corporate purposes, subject to such utilisation not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI NCS Regulations.*

For further details of our Company's outstanding indebtedness, see "*Financial Indebtedness*" on page 149.

Funding plan

Not Applicable

Summary of the project appraisal report

Not Applicable

Schedule of implementation of the project

Not Applicable

Interim Use of Proceeds

Our Management, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilisation of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time. Also, such investments shall be in line with the guidelines and regulations prescribed by RBI.

Monitoring of Utilisation of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Board shall monitor the utilisation of the proceeds of the Issue. For the relevant Financial Years commencing from Fiscal 2023-24, our Company will disclose in our financial statements, the utilisation of the Net Proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from BSE.

Variation in terms of contract or objects

The Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Prospectus is issued, except as may be prescribed under the applicable laws and under Section 27 of the Companies Act, 2013.

Issue related expenses

The expenses for this Issue include, *inter alia*, Lead Manager's fees and selling commission to the Lead Manager, Consortium Member and intermediaries as provided for in the SEBI Master Circular, fees payable to Debenture Trustee, the Registrar to the Issue, Sponsor Bank, SCSBs' commission/fees, printing and distribution expenses, legal fees, advertisement expenses, listing fees and any other expense directly related to the Issue. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for the Issue is as follows:

(in ₹ lakhs)

Activity	Amount	Percentage of overall Issue Size*
Lead Manager Fees	20.00	0.13%
Underwriting Commission	-	-
Brokerage, selling commission and upload fees	2.00	0.01%
Fees payable to the Registrar to the Issue	5.00	0.03%
Fees payable to Legal Advisor	15.00	0.10%
Advertising and Marketing Expenses	60.00	0.40%
Fees payable to the regulators including stock exchange	12.25	0.08%
Expenses incurred on printing and distribution of issue stationary	5.00	0.03%
Any other fees, commission or payments under whatever nomenclature	31.01	0.21%
Total estimated Issue expenses	**150.26**	**1.00%**

** Assuming the issue is fully subscribed, and our Company retains oversubscription.*

Note:
1) Issue related expenses disclosed above are exclusive of GST as applicable on such expenses. Our Company shall claim input tax credit for the expenses.
2) In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes.

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.

Our Company shall pay processing fees to the SCSBs for Application forms procured by the Designated Intermediaries and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹ 10 per Application Form procured (plus other applicable taxes). However, it is clarified that in case of Application

Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA Processing Fee

Our Company shall pay to the Sponsor Bank ₹10 per valid block of application amount (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws.

Other Confirmation

In accordance with the SEBI NCS Regulations, our Company will not utilise the proceeds of the Issue for providing loans to or for acquisitions of shares of any entity who is a part of the promoter group and group companies.

No part of the Issue Proceeds will be paid by our Company to our Promoter, our Directors, Key Managerial Personnel or companies promoted by our Promoter.

The Issue Proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property. The Issue Proceeds shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

The Issue Proceeds from NCDs allotted to Banks will not be utilised for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

Further our Company undertakes that the Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines on bank financing to NBFCs.

Our Company confirms that it will not use the proceeds of the Issue for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, directly or indirectly in the acquisition of any immovable property or acquisition of securities of any other body corporate.

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, cash flows, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

Utilisation of Issue Proceeds

(a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in Section 40 (3) of the Companies Act, 2013;

(b) Details of all monies utilised out of the Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Company’s balance sheet indicating the purpose for which such monies had been utilised;

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

(d) The Issue Proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia, by way of a lease, of any immovable property; and

(e) Details of all utilised and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilised indicating the purpose for which such monies have been utilised and the securities or other forms of financial assets in which such unutilised monies have been invested.

SECTION IV – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless otherwise indicated, all of the information and statics disclosed in this section are extracted from an industry report titled "Industry report on gold loans, personal loans, MSME loans, and microfinance loans – April 2023", prepared and issued by CRISIL Limited. For details of risks in relation to CRISIL Report and other publications, see "Risk Factors-"Third party statistical and financial data in this Prospectus may be incomplete and unreliable" contained in this Prospectus" on page 17. Unless otherwise indicated, all industry and other related information derived from CRISIL Report. The information presented in this section, including forecasts and projections, have not been prepared or independently verified by us, our Directors, our Promoters, the Lead Manager or any of our or their respective advisors.

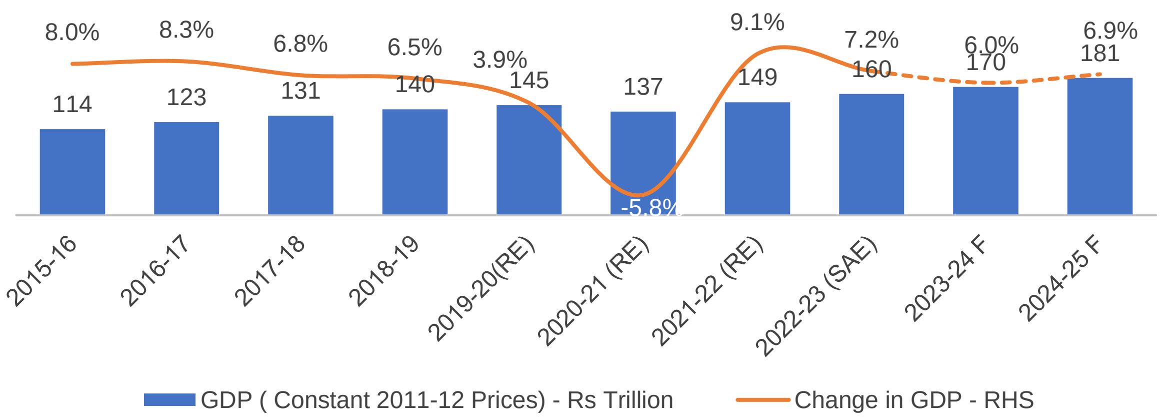
The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in the CRISIL Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

An overview of the Indian economy

Before the pandemic, India was one of the fastest-growing economies in the world with a CAGR of 6.6% between fiscals 2015 and 2020. GDP shot up from Rs 105 trillion in fiscal 2015 to Rs 145 trillion in fiscal 2020 based on 2011-12 prices.

The outbreak of the Covid pandemic and the subsequent imposition of the lockdown on March 25, 2020, onwards sent the Indian economy reeling, leading to a 5.8% decline to Rs 137 trillion in fiscal 2021. While the economy was under pressure in the first half of the fiscal, due to the pandemic-induced, lockdown-led demand shocks and weak global demand, low oil and commodity prices provided some respite. The second half saw an uptick in mobility and in economic activity, as sentiment improved, coupled with people learning to live in the post-pandemic world. The opening up of vaccinations in the fourth quarter, albeit for a smaller section of the population, further boosted the sentiment, containing the contraction to 5.8% in fiscal 2021. The Indian government unleased a slew of measures during the pandemic-impacted fiscal under the Atma Nirbhar Bharat Abhiyan to boost the economy with the Production-Linked Incentive (PLI) scheme the standout tying in with the Make in India programme

Movement of Indian GDP across years



Source: MOSPI, CRISIL MI&A Research

GDP grew 9.1% in fiscal 2022 to ~ Rs. 149 trillion on a low base, surpassing the pre-Covid-19 level of fiscal 2020. Growth in fiscal 2022 would have been higher but for the brutal second wave in the first quarter, which impacted consumer sentiment and hurt demand in contact-intensive services sectors. The resurgence of Covid-19 infections since March 2021 forced many states to implement localised lockdowns and restrictions to prevent the spread of the infection. In the beginning of May, the country reported the highest number of daily cases. The second round of lockdowns were less restrictive for economic activity than last year. Manufacturing, construction, agriculture, and other essential activities had been permitted to continue in most states while travel too was permitted unlike the first wave where all travel services were shut. The third wave in the fourth quarter of fiscal 2022 had minimal impact on the economy attributable to high rates of vaccination and people having learned to live with the pandemic.

The Indian economy recorded a 7.2% on-year growth in real GDP in fiscal 2023 reaching about Rs ~160 trillion. While the economic recovery continues to gather pace, it faces multiple risks. Global growth is projected to slow, as central banks in major economies withdraw easy monetary policies to tackle high inflation. This would imply lower demand for our exports. Together with high commodity prices, especially oil, this translates into a negative in terms of a trade shock for India. High commodity prices, along with depreciating rupee, indicate higher imported inflation.

Over the medium term, the Indian economy is projected recording a 6-7% on year growth boosted by healthy capital expenditure by the government, domestic consumption led growth, China + 1 strategy boosting manufacturing in India coupled with the PLI scheme. Slowing global economies would drag Indian exports restricting India's GDP growth.

Macroeconomic outlook

Macro variable	FY22	FY23E	FY24P	Rationale for outlook
Real GDP (%, y-o-y)	9.1	7.2	6.0	Slowing global growth will weaken India's exports in fiscal 2024. Domestic demand could also come under pressure as the RBI's rate hikes transmit to end consumers
Consumer price index (CPI)-based inflation (%, y-o-y)	5.5	6.7	5.0	Lower commodity prices, expectation of softer food prices, cooling domestic demand, and base effect will help moderate inflation
Current account balance/ GDP (%)	-1.6	-2.5	-2.0	A moderate increase in budgeted gross market borrowing, along with expected lower inflation and the RBI's rate cuts towards the end of the fiscal 2024 will help moderate yields
Rs/$ (March end)	75.8	82.3	83.0	While a lower current account deficit will support the rupee, challenging external financing conditions will continue to exert pressure next fiscal

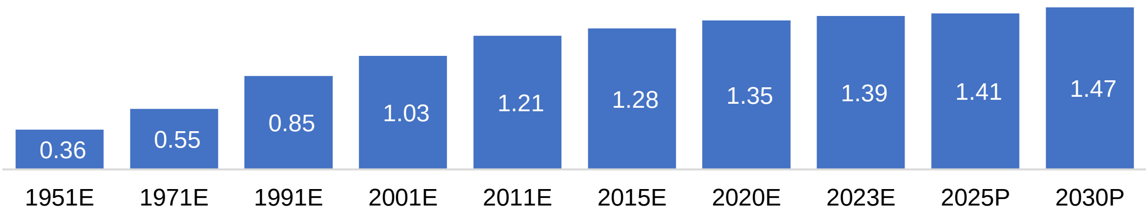
Note: E – Estimated; P – projected
Source: RBI, National Statistical Office (NSO), CRISIL MI&A Research

Indigenous advantages to result in a stronger economic growth rate in the longer term

India has the largest population in the world

As per the report published (in July 2020) by National commission on population, Ministry of Health & Family Welfare report, India's population in 2011 was 121 crores, comprising nearly 24.6 crore households. It should be noted that decadal growth rate during 2001-2011 stood at 17%. This is estimated to have fallen to 12% during 2011-2021 and is likely to decline further to 9% during 2021-2031. However, with 147 crore estimated population in 2030, India will continue to be a major opportunity market from demand perspective. Additionally, as per United Nations Department of Economic and Social Affairs, India has overtaken China as the world's most populous country in April 2023.

India's population growth trajectory (billion)

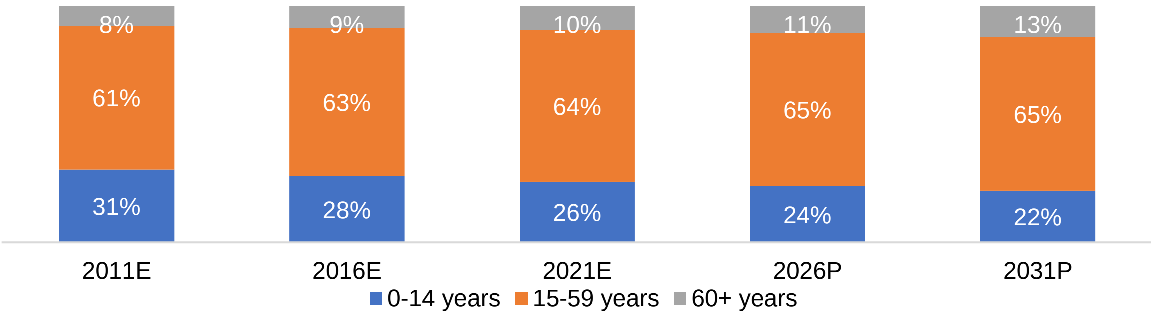


Note: P – Projected, E – Estimates
Source: Census of India 2011, Ministry of Health and family welfare, CRISIL MI&A Research

Favourable demographics

India is also one of the countries with the largest youth population, with a median age of 28 years. About 90% of Indians are aged below 60 years. It is estimated that 64% of this population is aged between 15 and 59 years. CRISIL MI&A Research expects the existence of a large share of working population, coupled with rapid urbanisation and rising affluence, will propel growth of the Indian financial services sector.

India's demographic division (share of different age groups in India's population)



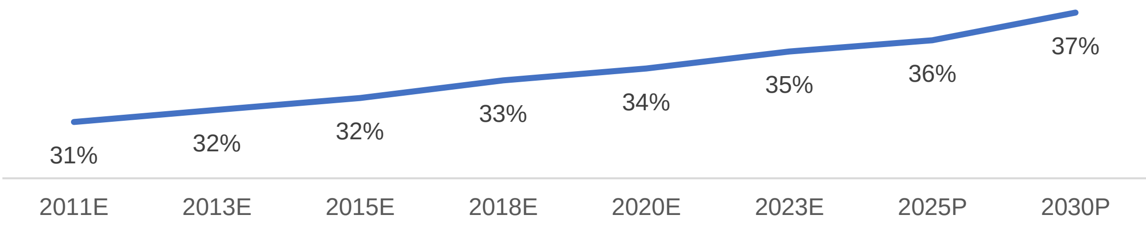
Note: P – Projected, E – Estimates
Source: Census of India 2011, Ministry of Health and family welfare, CRISIL MI&A Research

Rise in urbanisation

Urbanisation is a key growth driver for India, as it leads to faster infrastructure development, job creation, development of modern consumer services, and the city's ability to mobilise savings. The share of urban population in total population has been consistently rising over the years and is expected to reach 36% by 2025 from 31% in 2011, spurring more demand.

Urban consumption in India has shown signs of improvement and given the country's favourable demographics, coupled with rising disposable incomes, the trend is likely to continue and drive domestic economic growth.

Urbanisation in India



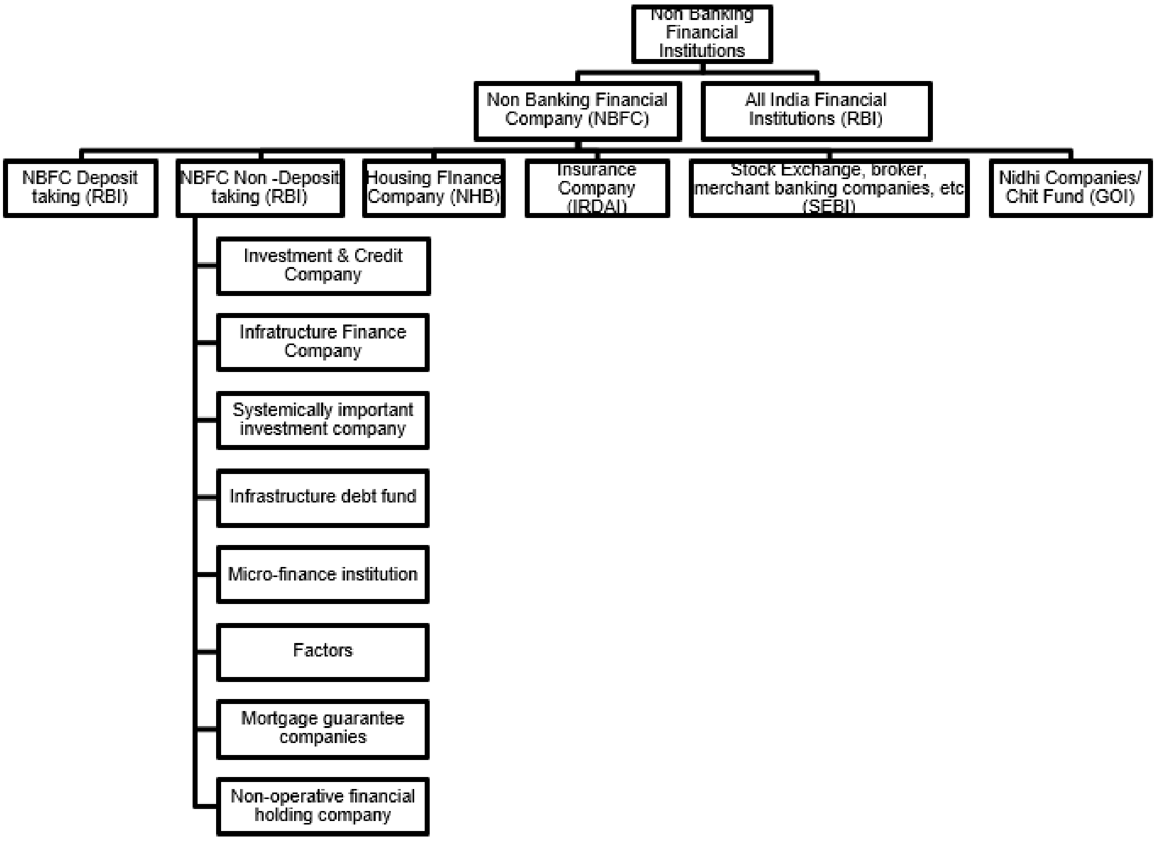
Note: P – Projected, E – Estimates
Source: Census of India 2011, Ministry of Health and family welfare, CRISIL MI&A Research

Overall NBFC – Industry Overview

NBFCs are important part of the credit system

Financing needs in India have risen in sync with the notable economic growth over the past decade. NBFCs have played a major role in meeting this need, complementing banks and other financial institutions. NBFCs help fill gaps in the availability of financial services with respect to products as well as customer and geographic segments. A strong linkage at the grassroots level makes them a critical cog in the financial machine. They cater to the unbanked masses in rural and semi-urban reaches and lend to the informal sector and people without credit histories, thereby enabling the government and regulators to realise the mission of financial inclusion.

Structure of non-banking financial institutions in India



Note: The regulatory authority for the respective institution is indicated within the brackets; All-India Financial Institutions include NABARD, SIDBI, EXIM Bank
Source: RBI, CRISIL MI&A Research

Classification of NBFCs

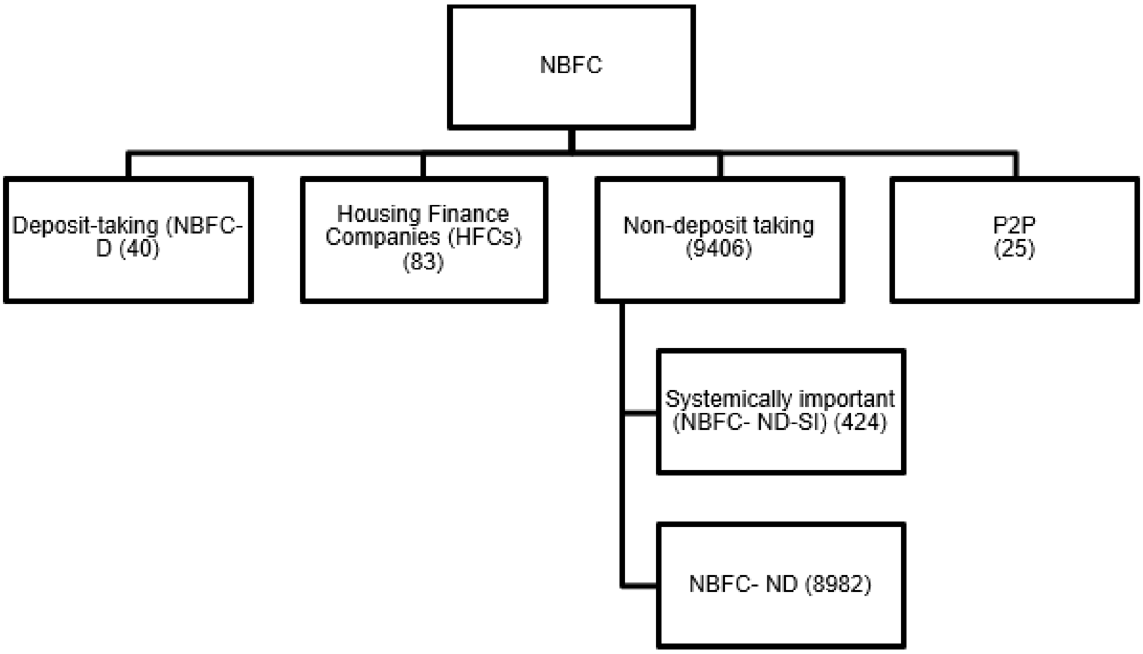
NBFCs until now have been classified on the basis of the kind of liabilities they access, types of activities they pursue and their perceived systemic importance. RBI on October 22, 2021, introduced additional classification of NBFCs vide Scale Based Regulation (SBR) framework into four categories i.e., Base Layer (NBFC – BL), Middle Layer (NBFC – ML), Upper Layer (NBFC – UL) and Top Layer (NBFC – TL).

Liabilities-based classification

NBFCs are classified on the basis of liabilities into two broad categories:
(a) deposit-taking; and
(b) non-deposit taking.
Deposit-taking NBFCs (NBFC – D) are subject to the requirements of stricter capital adequacy, liquid-assets maintenance and exposure norms.

Further, in 2015, non-deposit taking NBFCs with an asset size of Rs 5 billion and above were labelled as ‘systemically important non-deposit taking NBFCs’ (NBFC – ND – SI), and separate prudential regulations were made applicable to them.

Classification on the basis of liabilities



Note: Figures in brackets represent number of entities registered with RBI as of March 2023.
Source: RBI, CRISIL MI&A Research

Activity-based classification

As per the RBI circular dated February 22, 2019, the central bank merged three categories of NBFCs, i.e., asset finance companies (AFC), loan companies (LCs) and investment companies (ICs), into a new category called NBFC - Investment and Credit Company (NBFC-ICC)

1. **Investment and credit company – (NBFC-ICC):** An NBFC-ICC means any company that is a financial institution carrying on as its principal business of providing finance by making loans or advances or otherwise for any activity other than its own and acquisition of securities; and is not any other category of NBFC.
2. **Infrastructure finance company (IFC):** An IFC is an NBFC that deploys at least 75% of its total assets in infrastructure loans and has a minimum net-owned funds of Rs 300 crore, with a minimum credit rating of 'A' or equivalent and a 15% CRAR (Capital to risk-weighted adequacy ratio).

3. **Infrastructure debt fund (IDF-NBFC):** An IDF-NBFC is a company registered as an NBFC to facilitate the flow of long-term debt into infrastructure projects. It raises resources through the issue of rupee or dollar-denominated bonds with a minimum five-year maturity. Only IFCs can sponsor IDF-NBFCs

4. **Micro-finance institution (NBFC-MFI):** An NBFC-MFI is a non-deposit-taking NBFC with not less than 85% of its assets in the nature of qualifying assets, which satisfy the following criteria:

- The NBFC-MFI can disburse loans to borrowers with a rural household annual income not exceeding Rs 100,000 or with urban and semi-urban household income not exceeding Rs 160,000.
- Loan amount does not exceed Rs 50,000 in the first cycle and Rs 100,000 in subsequent cycles.
- Total indebtedness of the borrower does not exceed Rs 100,000.
- Loan tenure to not be less than 24 months for a loan amount in excess of Rs 15,000 with prepayment without penalty.
- Loan to be extended without collateral.
- Aggregate amount of loans, given for income generation, is not less than 50% of total loans given by MFIs.
- Loan is repayable on weekly, fortnightly or monthly instalments as per the borrower's choice.

5. Factors (NBFC-Factors): An NBFC-Factor is a non-deposit-taking NBFC engaged in the principal business of factoring. Financial assets in the factoring business should constitute at least 50% of its total assets and income derived from the factoring business should not be less than 50% of its gross income.

6. Mortgage guarantee companies (MGC): An MGC is a financial institution for which at least 90% of the business turnover is mortgage guarantees or at least 90% of the gross income is from the mortgage-guarantee business and whose net-owned funds is atleast Rs 100 crore.

7. Non-operative financial holding company (NOFHC): An NOFHC is a financial institution through which promoter / promoter groups will be permitted to set up a new bank. A wholly owned NOFHC will hold the bank as well as all other financial services companies regulated by the RBI or other financial sector regulators to the extent permissible under the applicable regulatory prescriptions.

8. Account Aggregators (NBFC-AA): NBFC Account Aggregator is a financial entity which functions as the Account Aggregator for the customers of NBFC. NBFC-AA accumulates and provides information concerning multiple accounts which are held by the customers in various NBFC entities.

9. Peer to Peer Lending (NBFC-P2P): NBFC –Peer to Peer Lending platform (NBFC-P2P) is a type of Non-Banking Financial Company which carries on the business of providing services of Loan facilitation to willing lenders and borrowers through online platform.

Scale based classification

As per RBI circular dated October 22, 2021, the central bank introduced Scale Based Regulation (SBR) framework for classification of NBFCs along with the activity-based classification of NBFCs as per earlier regulations. The revised SBR framework shall be effective from October 01, 2022

As per the revised framework NBFCs will be classified into four layers based on their size, activity and perceived riskiness. NBFCs in the lowest layer will be known as NBFC – Base Layer (NBFC BL), NBFCs in middle layer and upper layer shall be known as NBFC - Middle Layer (NBFC-ML) and NBFC - Upper Layer (NBFC-UL) respectively. The Top Layer is expected to be empty and will be known as NBFC - Top Layer (NBFC - TL).

Classification on the basis of scale-based regulation

Source: RBI, CRISIL MI&A Research

Base Layer – NBFC – BL shall comprise of (a). Non deposit taking NBFCs below asset size of Rs 1000 crore and (b). Following NBFCs – (i) NBFC P2P, (ii) NBFC – AA, (iii) NOHFC, and (iv) NBFCs not availing public funds and not having any customer interface

Middle Layer – NBFC – ML shall comprise of (a). All deposit taking NBFCs irrespective of asset size, (b). Non-deposit taking with asset size of Rs 1000 crore and above and (c). Following NBFCs – (i) Standalone primary dealer (SPD), (ii) Infrastructure debt fund (IDF), (iii) Core investment companies (CIC), (iv) Housing finance companies (HFCs) and (v) Infrastructure finance companies (IFCs) Government owned NBFCs shall be placed in the Base Layer or Middle Layer, as the case may be. They will not be placed in the Upper Layer till further notice by RBI.

Upper Layer – NBFC – UL shall comprise of NBFCs which are specifically identified by the Reserve Bank as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

Top Layer – NBFC – TL shall be populated only if in opinion of RBI there is a substantial increase in the potential systemic risk from specific NBFCs in the Upper Layer. Such NBFCs shall be moved to Top layer from the Upper layer.

Other regulatory changes under Scale Based Regulations

1. Net Owned Fund (NOF) for NBFC-ICC, NBFC-MFI and NBFC-Factors shall be increased to Rs 10 cr timelines for change in NOF for above mentioned NBFCs is as follows.

NBFCs	Current NOF	By March 31, 2025	By March 31, 2027
NBFC – ICC	Rs 2 crore	Rs 5 crore	Rs 10 crore
NBFC – MFI	Rs 5 crore (Rs 2 crore in NE region)	Rs 7 crore (Rs 5 crore in NE region)	Rs 10 crore
NBFC – Factors	Rs 5 crore	Rs 7 crore	Rs 10 crore

2. NPA classification: NPA classification norms stands changed to the overdue period of more than 90 days for all categories of NBFCs, timelines to adhere change for NBFC – BL to 90 days NPA norm is as follows.

NPA norms	Timeline
>150 days overdue	By March 31, 2024
>120 days overdue	By March 31, 2025
>90 days overdue	By March 31, 2026

3. Experience of the board - Considering the need for professional experience in managing the affairs of NBFCs, at least one of the directors shall have relevant experience of having worked in a bank/ NBFC. This regulation shall be applicable for all class of NBFCs.

4. Ceiling on IPO Funding – RBI prescribed ceiling of Rs 1 crore per borrower for financing subscriptions to IPO. NBFCs can fix more conservative limits. This regulation shall come into effect from April 01, 2022.

Gold Finance

Review and outlook

Credit growth of gold loan NBFCs moderated in fiscal 2023 amid competition from banks

As competition intensifies, non-banking financial companies (NBFCs) further lose market share to banks. While CRISIL MI&A Research expects overall credit growth to normalise in fiscal 2024, credit growth of NBFCs could rebound after posting muted growth in fiscal 2023.

Type	Share (FY22)	Book (Rs billion) - FY22	CAGR (FY18-FY22)	Growth for FY22	Growth outlook for FY23E	Growth outlook for FY24P
NBFCs	22%	1,290	15.1%	11.3%	5-7%	10-12%
Banks	78%	3,804	15.3%	13.0%	25-27%	14-16%
Overall	100%	5,094	15.2%	12.6%	20-22%	13-15%

Note: E: Estimated, P: Projected

Source: Company reports, CRISIL MI&A Research

Overall credit growth continues to remain healthy with the strong rebound of economic activities post pandemic. In line with this, overall gold loans segment also witnessed growth of 20-22% driven by declining volatility in gold prices and inherently better asset quality performance coupled with relatively better rate of interest (ROI). While LTV (Loan- to-Value) peaked at the end of March 2021 due to correction in gold prices and the moratorium, it has moderated since then and expected to have remained stable in fiscal 2023. The trend is likely to continue in fiscal 2024 as well. Overall gold loan AUM stood at Rs 5.1 trillion in fiscal 2022 and is expected to have reached Rs 6.1 trillion in fiscal 2023. It is likely to reach Rs 7.0 trillion in fiscal 2024. CRISIL MI&A Research estimates overall credit outstanding to have grown by 20-22% in fiscal 2023, which is further expected to grow 13-15% in fiscal 2024.

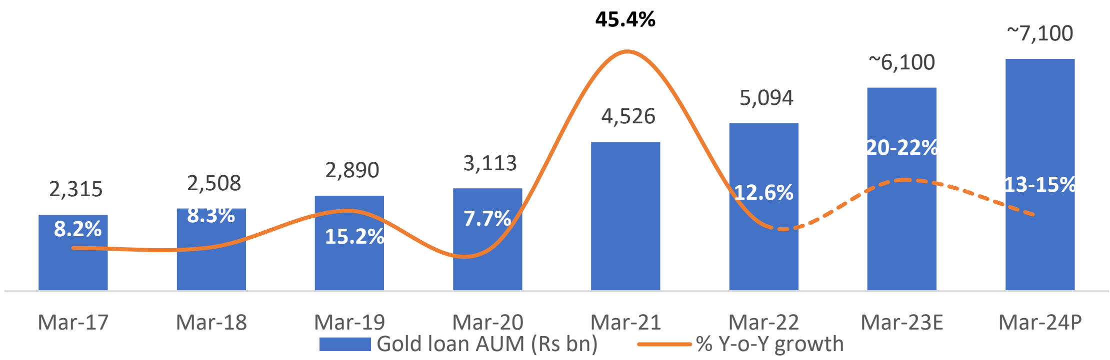
AUM of gold loan NBFCs, which clocked a compound annual rate (CAGR) of 15% between fiscals 2018 and 2022, reported moderation in growth to 11% on-year in fiscal 2022. Credit growth is estimated to have moderated further to 5-7% in fiscal 2023 and is likely to recover to 10-12% in fiscal 2024. The steep moderation in growth has been driven by intense competition from banks with banks capturing a major share of the segment. The credit demand continues to remain strong buoyed by the rising gold prices.

Credit growth is expected to recover on account of the following factors:

Source: CRISIL MI&A Research

Gold prices are likely to firm up further on account of inflation, global economic slowdown, rupee depreciation, and increased import duty domestically. This could further support LTV for lenders and create headroom for credit growth. Credit growth is further supported by the transformation in the gold loans sector as shift from unorganised to organised continues and further from organised to digital and online means. Increasing focus on online gold loans is expected to support overall growth in the coming years.

Industry gold loan AUM estimated to have registered healthy growth of 20-22% in fiscal 2023

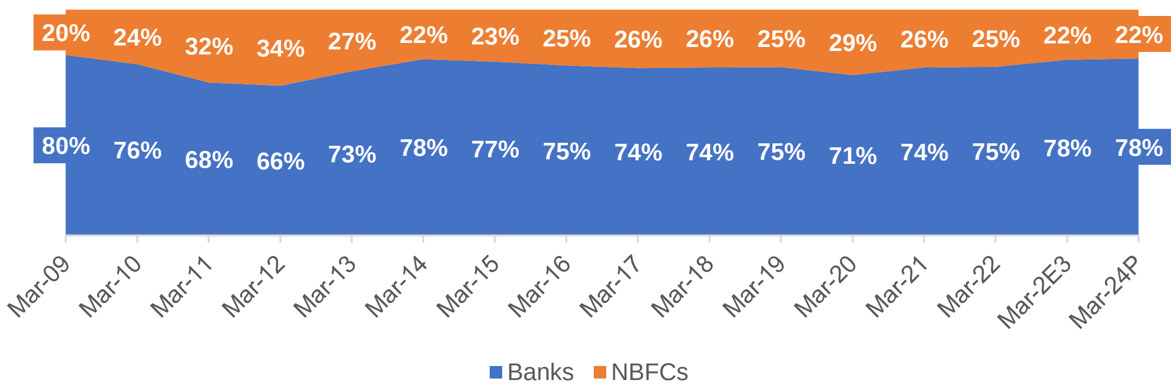


Note: E: Estimated, P: Projected
Includes agriculture lending by banks with gold as collateral
Source: Company reports, CRISIL MI&A Research

NBFCs continued to lose market share to banks during fiscal 2023

As seen from the graph below, while banks always held the majority share in the overall gold loans portfolio, their share has increased significantly following major disruptions in financial markets in the past, like the Global Financial Crisis in fiscal 2009, the taper tantrum in fiscal 2014, and the pandemic in fiscal 2021 This was due to banks focussing on the gold segment as a product with relatively better asset quality on the back of liquid collaterals like gold and higher ROI. More recently, in fiscal 2021, during the pandemic, increasing the regulatory cap on LTV to 90% for a year provided further impetus to banks to focus on the safer segment of gold loans. Post fiscal 2021, with regulatory cap on LTV pushed down to 75%, the growth momentum of banks continued as the country reeled under the effects of second wave of the pandemic and consequent lockdowns. These factors have led to a sustained reduction in the share of NBFCs, which is estimated to have continued till fiscal 2023. While market shares are expected to stabilise in fiscal 2024, growth in the gold loans segment will continue to be led by banks with healthier balance sheets compared with the past, zero risk weights, and relatively attractive ROI versus other segments.

Interplay of market share between banks and NBFCs

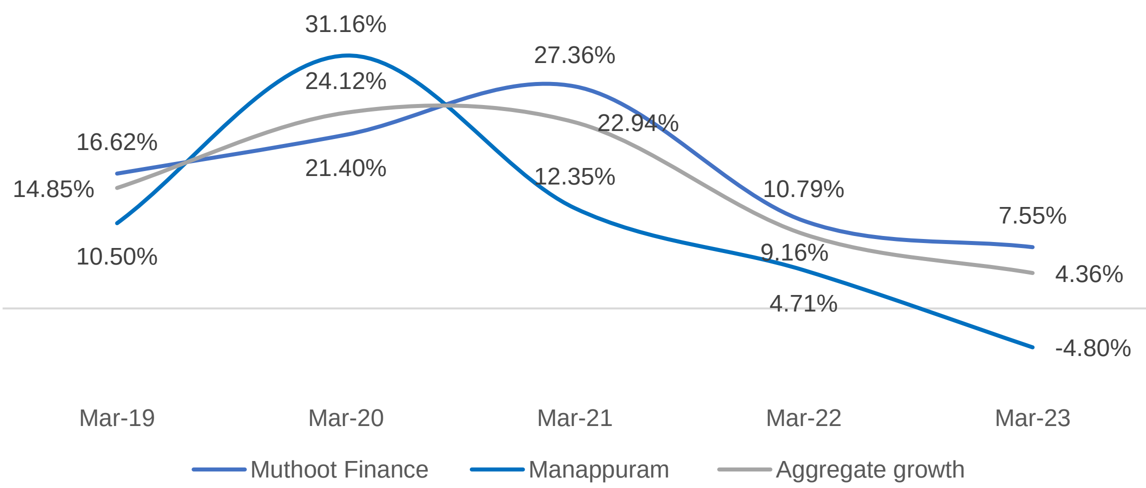


Note: E: Estimated, P: Projected
Includes agriculture lending by banks with gold as collateral
Source: Company reports, CRISIL MI&A Research

NBFC growth moderates as competition rises, albeit offset by focus on expanding coverage and digitalisation

Growth underwent further moderation in fiscal 2023 with slower consumer demand since fiscal 2022, due to increased competition and lower rural demand. As cashflows improved, borrowers started repaying their loans and redeeming the gold. NBFCs, on the other hand, are expanding their reach and customer base to regain their share in the market lead by fierce competition from banks and new age fintech's through focused market strategies, with increased advertising and employee benefits. NBFCs are working towards protecting their high-value customer base (loans > Rs 2 lakh in value), which are targeted by banks, and expanding to cater to rural low-income group customers. Banks typically cater to higher ticket sizes.

Top 2 gold financing NBFCs registered stagnant growth of 9% in fiscal 2022



Source: Company report, CRISIL MI&A Research

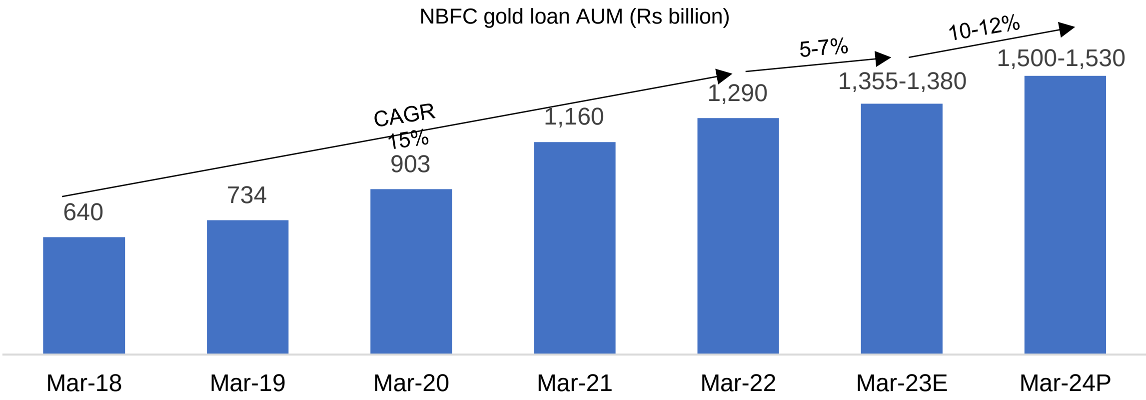
Muthoot Finance Ltd and Manappuram Finance Ltd are the largest gold loan companies and constitute majority share of the gold loan NBFC market. Both have established franchise, strong regional presence, and good network of branches and reach. However, intense competition from banks and improvement in borrower cashflows have led to moderation in their growth. In order to maintain their market share, apart from significant investments in marketing and employee benefit costs, they introduced teaser loans during fiscal 2022. Majority of the teaser loans have been run down or migrated to higher rates till December 2022.

Major players in the gold loan NBFC industry include Muthoot Finance, Manappuram Finance, Muthoot Fincorp, Shriram City Union Finance, IIFL, Muthoot Mini Financiers, Bajaj Finance, and Kosamattam Finance.

Top three players accounted for ~74% as of March 2023 of the overall NBFC market. Specialised gold loan NBFCs depend on their focused approach along with new technological initiatives that allow customers to transact online with ease for scaling AUM.

Against the backdrop of increased competition from banks along with firming gold prices, credit growth will remain a key monitorable in the near to medium term.

NBFCs to see 10-12% growth in fiscal 2024 led by expansion, strong branch networks, increasing gold price



Note: E: Estimated, P: Projected
Source: Company reports, CRISIL MI&A Research

Until fiscal 2022, NBFCs exhibited decent growth performance with 15% CAGR. CRISIL MI&A Research expects the gold AUM credit to have grown at a marginal rate of 5-7% in fiscal 2023 and to reach 10-12% in fiscal 2024 owing to the factors explained above.

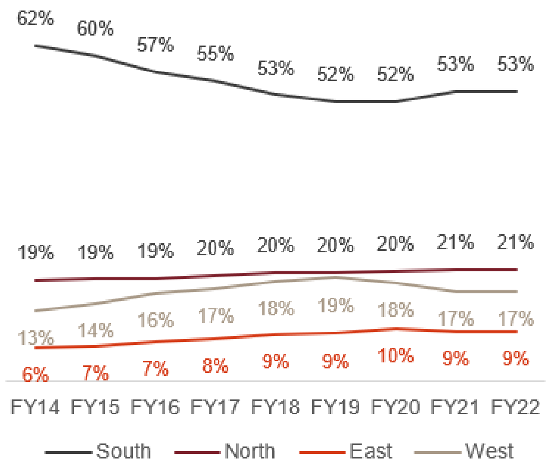
Market share among gold financing NBFCs in fiscal 2023

Source: Company reports, CRISIL MI&A Research

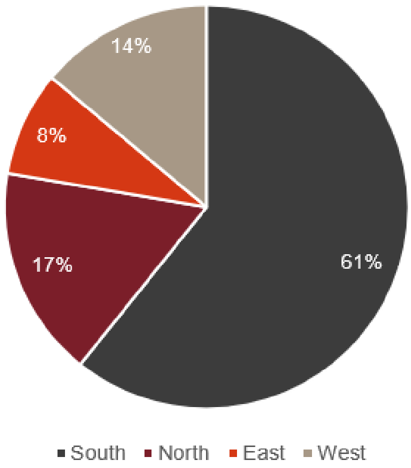
Widening branch network

South India will continue to dominate NBFC AUM share, though other regions will also witness increasing penetration. Southern region will continue to account for majority of loan demand for specialised gold loan NBFCs; other regions are also likely to emerge as growth centres over time. Changing consumer perception of gold loans, driven by increasing awareness and rising funding requirements, will give an impetus to the sector in these regions.

Region-wise share of branches by top 2 players



Regional contribution of branches remained constant in fiscal 2023



Note: Aggregate includes Muthoot Finance and Manappuram Finance
Source: Company reports, CRISIL MI&A Research

Demand for gold loans skewed towards southern states

Southern states have a dominant share in the total AUM. It is observed that 50-55% of the total AUM is contributed by the southern region in the top two NBFCs in past five years.

- Increased awareness among the gold owners in the south for raising funds via pledging gold compared with other regions
- Origination and having established franchisees in the south enable these players supported by simple and uncomplicated procedures that ensure quick loan disbursement
- Though the south continues to dominate, players has been shifting focus towards untapped markets in eastern and western regions with fewer branches and incremental growth potential

Personal Loans

Review and outlook

The growth trajectory of personal loans to continue in fiscal 2023

Outstanding book (Rs billion)	Share (FY22)	CAGR (FY18- FY21)	FY21	FY22	Growth for FY23E	Growth for FY24P
Overall	100%	28%	16%	21%	27-29%	18-20%
NBFC	19%	34%	9%	39%	44-46%	21-23%
Banks	81%	26%	18%	17%	23-25%	17-19%

Source: CRISIL MI&A Research

Key points:

- Small-ticket loans below Rs 0.1 million accounted for 65-70% of the loans disbursed; their share (5-10% share in terms of value) is driven by borrowers in the lower age bracket
- Personal loan disbursements led growth in the overall segment, albeit on a very low base, and recovered past pre-pandemic levels in fiscal 2022
- Individuals with income less than Rs 0.3 million form a majority of borrowers in the personal loan market
- Rising digital penetration, driven by financial technology companies (fintechs), have resulted in a considerable rise in low ticket-size loans. The average ticket size declined from Rs 0.21 million as of March 2019 to Rs 0.08 million as of December 2022.
- The share of towns/cities Tier II and below in overall disbursement dominates and continues to inch upwards.

The sharper focus of non-banking financial corporations (NBFCs) on these regions would support the growth trajectory, with the contribution from top 5 metro cities declining

The overall (banks and NBFC) personal loan book is estimated to grow to ~Rs 10 trillion by fiscal 2023 from ~Rs 7.6 trillion in fiscal 2022. The personal loan market saw an uptick in fiscal 2022 with the economy normalising and an overall positive market sentiment. Personal loans have grown 21% in fiscal 2022. They would likely grow 27-29% in fiscal 2023 and 18-20% this fiscal, benefitting from a healthy credit demand and a relatively lower base. However, systemic hardening of interest rates and other macro factors could present challenges to growth in the near term. Gross non-performing asset (GNPA) levels are expected to normalise in fiscal 2023 to pre-pandemic levels, led by a continued recovery in collection efficiency. With the job market improving and income-related risks subsiding, these factors are expected to spur lenders to boost disbursements.

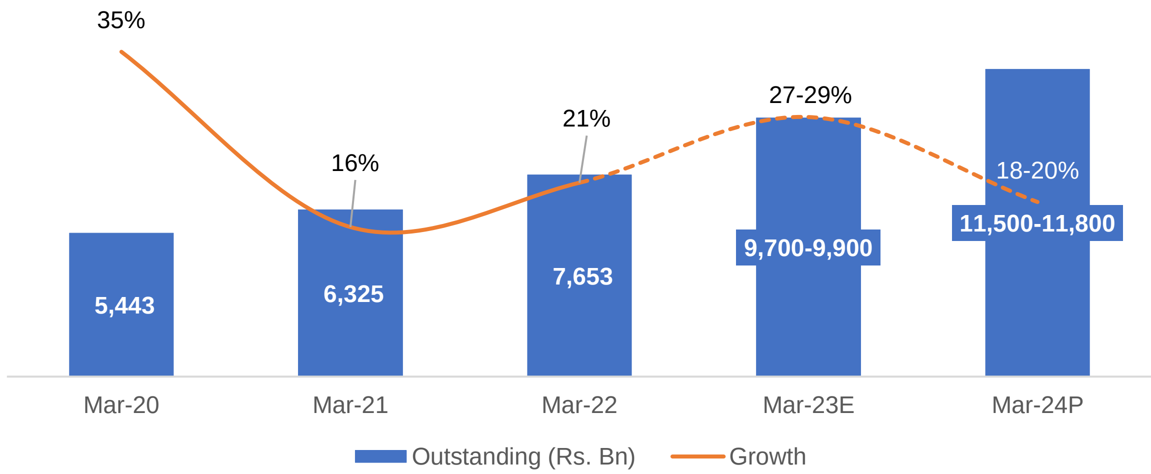
The outstanding credit for NBFCs stood at Rs 1.5 trillion in fiscal 2022 and is projected to grow to ~Rs 2 trillion and ~Rs 2.6 trillion in fiscal 2023 and fiscal 2024, respectively. It is estimated to grow at 44-46% in fiscal 2023 before normalising to 21-23% fiscal 2024.

NBFC disbursements have grown 184% on-year in fiscal 2022 on a lower base of fiscal 2021. They grew by a further 36% in December 2022 on an year to date basis, following a moderation in fiscal 2021, when they were affected by pandemic-related stress and a cautious approach by lenders. Disbursements by banks grew at a slower pace than by NBFCs. They are estimated to increase 23-25% in fiscal 2023, following a 33% on-year disbursement growth till December 2022.

Strong disbursements, especially from NBFCs, and improving collections support personal loan book growth in fiscal 2023

Personal loan outstanding stood at ~Rs 7.6 trillion in fiscal 2022 and will likely post persistent growth in fiscal 2023. The personal loan segment is expected to grow close to ~Rs 10 trillion in fiscal 2023 and ~Rs 12 trillion in fiscal 2024. NBFCs aggressively build their retail book through lower-ticket-size personal loans and focus on growth in tier 2 and below cities. Banks focus on the salaried middle-age group borrowers and have a higher share in tier-1 cities as compared with NBFCs. The overall personal loan book, which increased at 23% compound annual growth rate (CAGR) between fiscals 2019 and 2022, is expected to grow at 22-24% CAGR from fiscal 2022 to fiscal 2024.

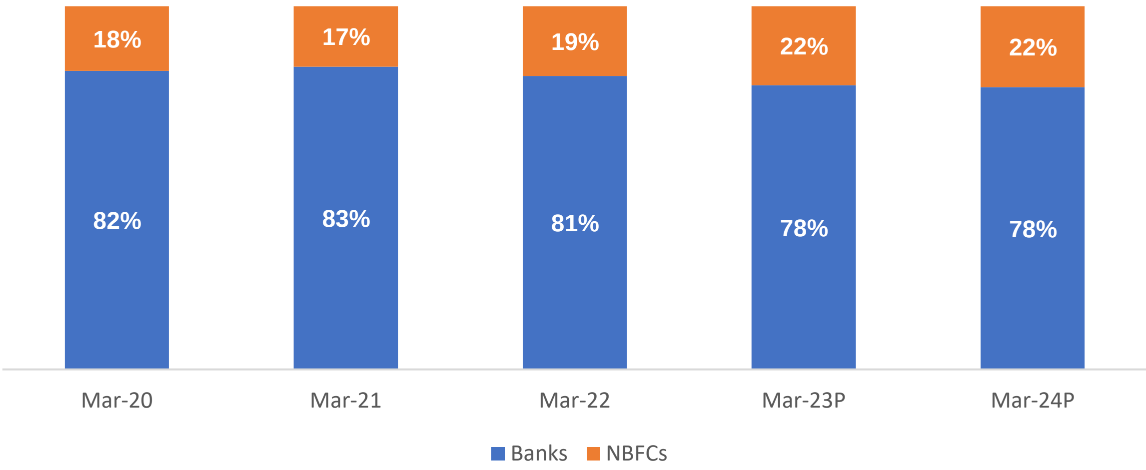
Overall personal loan book estimated to post healthy 22-24% growth with increased demand



E: Estimated, P: Projected
Source: CRISIL MI&A Research, Credit Bureau

NBFCs have outpaced banks in terms of outstanding growth, leveraging their specialised focus and extensive branch network to reach remote areas. This, coupled with high contribution from the digital platform, took fintech-led growth to 21% in fiscal 2022. The credit growth of banks was lower at 16% in fiscal 2022 on account of cautious lending and overall augmentation of portfolio vulnerability during the pandemic. Additionally, with a salaried customer base coupled with relatively higher share of tier-1 cities in the portfolio, the banks' borrower segment faced lower cashflow disruptions, thereby realising a relatively better asset quality performance. In the case of NBFCs, with a higher share of the self-employed segment coupled with higher share of tier 2 and lower cities in the portfolio, the asset quality segment was relatively weak.

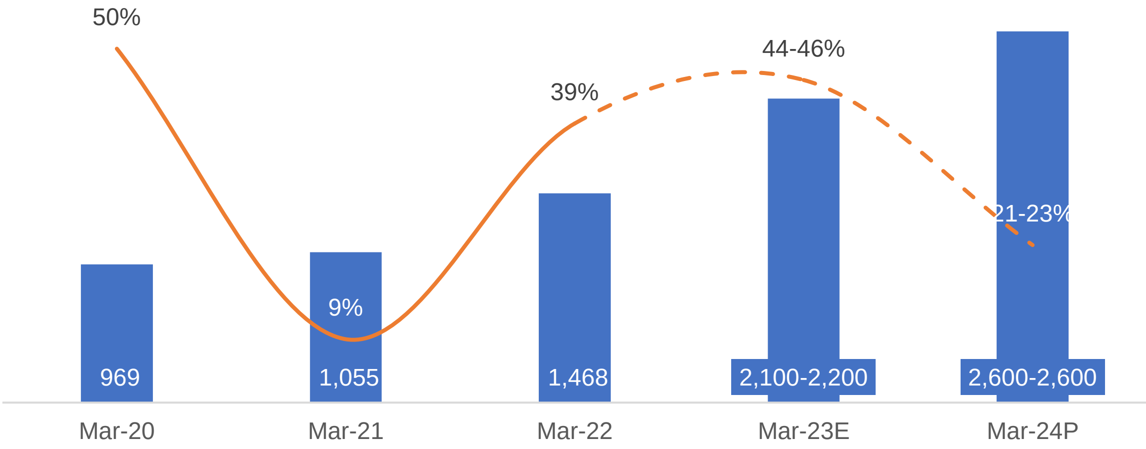
NBFCs captured further market share by 2023



E: Estimated, P: Projected
Source: CRISIL MI&A Research, Credit Bureau

With NBFCs growing faster than banks, CRISIL MI&A Research expects NBFCs to increase their market share further in fiscal 2023. NBFCs have seen a sharp rise on account of an aggressive strategy and a low base of fiscal 2021 and are expected to sustain the pace of growth and capture share from banks. Fintechs and NBFCs compete fiercely with banks even though they cater to different consumer segments. Banks mostly focus on salaried, higher-ticket-size borrowers, while NBFCs and fintechs focus on bridging the financing gap for self-employed, low income, younger generation, and smaller ticket size borrowers.

NBFC book estimated to see a persistent growth in fiscal 2023 with an improving economy



E: Estimated, P: Projected
Source: CRISIL MI&A Research, Credit Bureau

Personal loans at NBFCs grew at 23% CAGR between fiscals 2019 and 2022. Further during fiscal 2022, NBFCs grew 39% with loan outstanding at ~Rs 1.5 trillion. They have exhibited an aggressive strategy with disbursements to a relatively risker segment of borrowers albeit with a granular portfolio with smaller ticket size loans. NBFCs are estimated to have grown their loan outstanding book at 44-46% to ~Rs 2 trillion in fiscal 2023 and are further projected to grow their book at 21-23% in fiscal 2024.

NBFCs and fintechs driving the ticket size lower

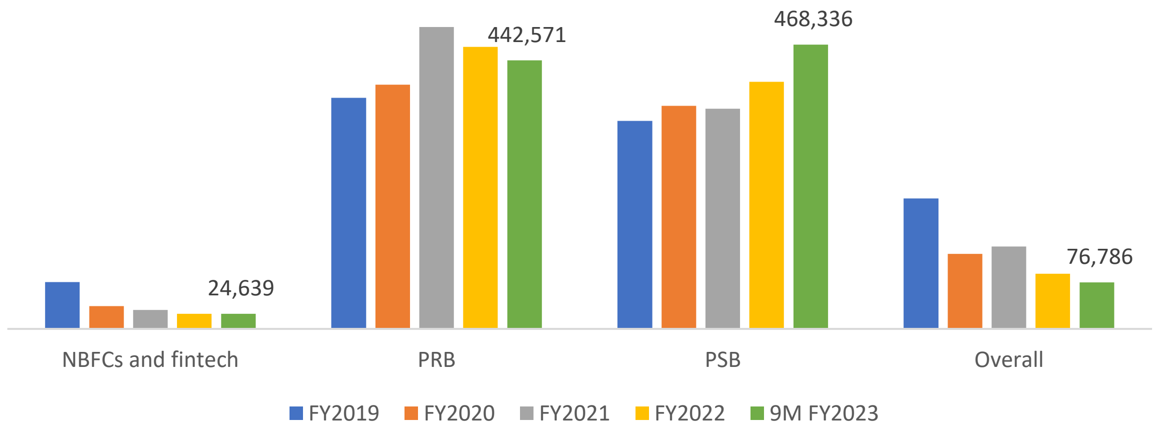
With fintechs and NBFCs deepening their market penetration, the share of small-ticket personal loans (STPLs) is gradually increasing. The share of STPLs, which are loans below Rs 0.1 million, has risen gradually over the past few years. The volume of these transactions grew to 85-90% in fiscal 2022 from 75-80% in fiscal 2021. But in terms of value, these loans grew to 13-15% of total disbursements in fiscal 2022 from 10-12% in fiscal 2021. NBFCs and fintechs focus more on this bucket of personal loans and thus drag the average ticket size lower.

NBFCs account for ~20% of the market share in terms of value but have a 60-65% share in terms of the volume of transactions, primarily leading to a declining ticket size trend in the last few years.

The average ticket size is ~Rs 28,000 for NBFCs and Rs 0.4 million for banks vis-à-vis an overall average of ~Rs 89,000. Consequently, NBFCs are taking the average ticket size lower with their strong reach and network.

Average ticket-size by lender type

Declining average ticket size led by increased demand for smaller ticket-size personal loans



Note: PRB – Private sector banks; PSB – Public sector banks
Source: CRISIL MI&A Research, Credit Bureau

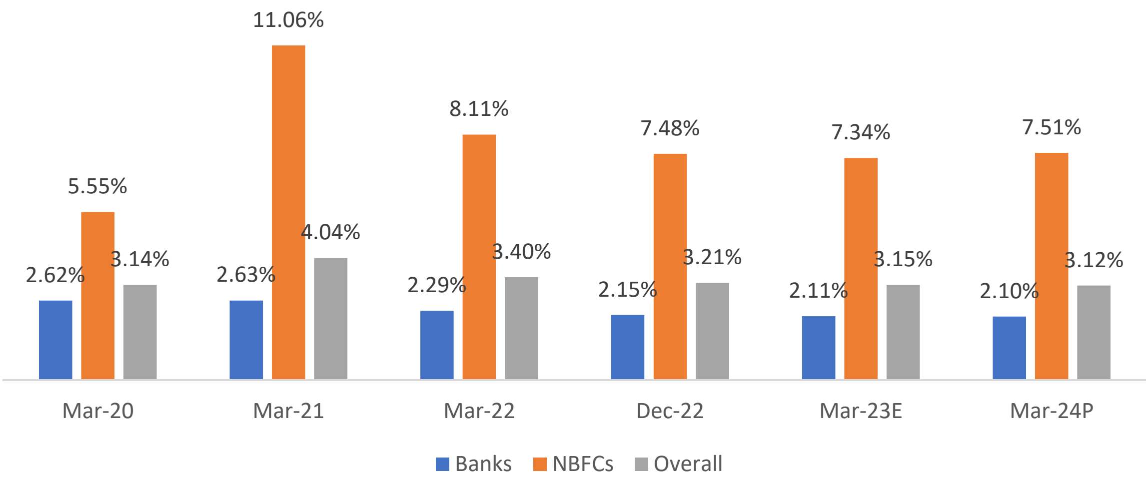
Fintechs have been rapidly expanding their base in the personal loan segment by offering small ticket and low duration loans to younger, low-income and digital-savvy customers with insufficient credit history. The loans disbursed are as low as Rs 5,000-20,000 for aspirational customers. Fintechs primarily rely on the customer's mobile phone data to assess their repayment ability. Algorithms track and analyse mobile phone data for specific insights on a customer's liquid cash flow as well as repayment history, along with spending habits.

NBFCs and fintech's risk management processes and data analytics capabilities have evolved over the years along with underwriting norms and monitoring mechanisms.

Asset quality expected to reach pre-pandemic levels in fiscal 2023

Personal loan is an unsecured segment with no end-use monitoring. Gross non-performing assets (GNPAs) of major players increased in fiscal 2022 on account of the second pandemic wave with cashflow disruptions for borrowers with already weaker credit profiles. The collection efficiency improved in fiscal 2022 and further stabilised in fiscal 2023. Collections have improved since the second quarter of fiscal 2022, and GNPAs for NBFCs stood at 8.11% in fiscal 2022. They are estimated to have improved further to 7.2-7.4% in fiscal 2023. Also, lenders wrote off bad loans when the probability of default was higher, leading to an optical improvement in GNPAs.

GNPAs estimated to improve significantly in fiscal 2023



E: Estimated, P: Projected
Source: CRISIL MI&A Research, Company reports, Credit Bureau

Nevertheless, GNPAs are expected to moderate with improving collections. Given the unsecured nature of segment, asset quality will always be a key monitorable.

MSME Finance

Review and outlook

Credit issued to micro, small and medium enterprises (MSME) stood at Rs 23,295 billion for fiscal 2022, where banks dominated lending to the sector, with a 76% market share, and non-banks accounted for the remainder.

Banks dominate credit share in the MSME sector

Type	Share in book FY22	Outstanding book (Rs billion) FY22	CAGR (FY19-22)	Growth in FY22	Growth outlook for FY23E	Growth outlook for FY24P
NBFCs	24%	5,678	15.2%	13.3%	15-16%	14-15%
Banks	76%	17,617	14.2%	18.8%	13-15%	12-14%
Overall	**100%**	**23,295**	**14.5%**	**17.4%**	**13-15%**	**13-15%**

Note:
1. P: Projected, E: Estimated
2. Credit deployment data published by the Reserve Bank of India (RBI) was revised. Hence, comparable numbers for the previous fiscals have been revised accordingly.
3. Companies with turnover <Rs 5 crore and investment <Rs 1 crore are classified as micro, turnover between Rs 5 crore and Rs 25 crore and investment between Rs 1 crore and Rs 10 crore as small; and turnover between Rs 25 crore and Rs 250 crore and investment between Rs 10 crore and Rs 50 crore as medium
Source: CRISIL MI&A Research

MSMEs bore the brunt of the first and second Covid-19 waves in fiscal 2021 and the first quarter of fiscal 2022, respectively. Given its close linkage with economic activity, the segment saw considerable impact from the frequent lockdowns and restrictions imposed to curb the pandemic, which disrupted demand, supply, and consequently, profitability in most sectors. This necessitated the need for relief measures, which the government promptly announced, in the form of the emergency credit line guarantee scheme (ECLGS) and reviewed on a timely basis to reduce impact on the sector.

Most disbursements under the scheme were made by banks (wherein, private sector banks showed greater proclivity than public sector banks), who thus, saw 18.8% book growth; non-banking finance companies (NBFCs), however, saw lower growth of 13.3% in fiscal 2022. The decline in book value was restricted by moratoriums, and asset classification came to a standstill for MSMEs.

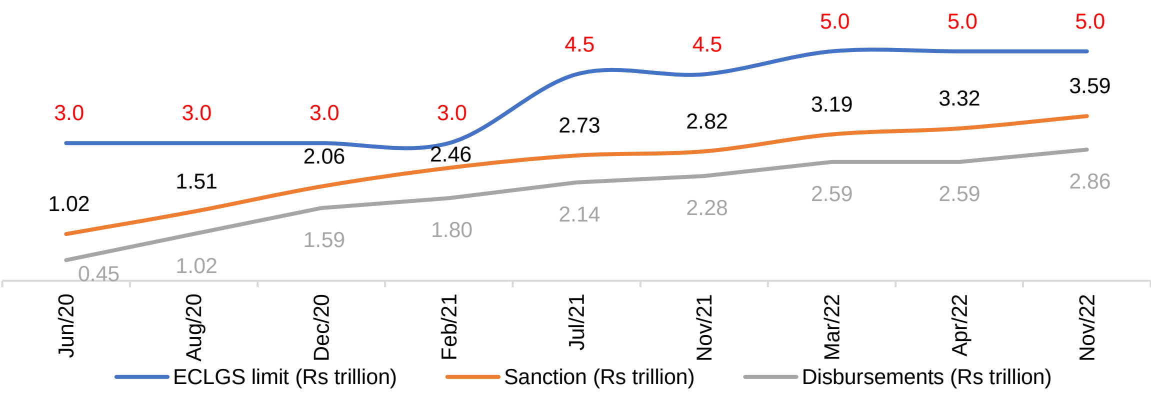
For fiscal 2023, with economic activity having normalising and revenue growth for corporate India expected at

16-18% and SMEs at 11-12%, CRISIL MI&A Research estimates MSME credit growth was healthy, at 15-16% for NBFCs and 13-15% for banks in fiscal 2023. Going forward, 14-15% and 12-14% growth is expected for NBFCs and banks, respectively, in fiscal 2024.

ECLGS benefitted ~11 million micro and small enterprises

ECLGS was announced as part of the Atmanirbhar Bharat package in 2020 to help businesses, including MSMEs, fulfil operational liabilities and resume business. As of November 2022, loans sanctioned under the scheme had crossed Rs 3.6 trillion (of Rs 5 trillion), with ~72% of the guarantees issued for loans sanctioned to MSMEs, and disbursements aggregated Rs 2.9 trillion. In Union Budget 2022-23, allocation under the scheme was increased to Rs 5.0 trillion from Rs 4.5 trillion, and the timeline for sanctions was extended till March 2023. The Rs 500 billion enhancement was exclusively earmarked for hospitality and related enterprises.

ECLGS progress



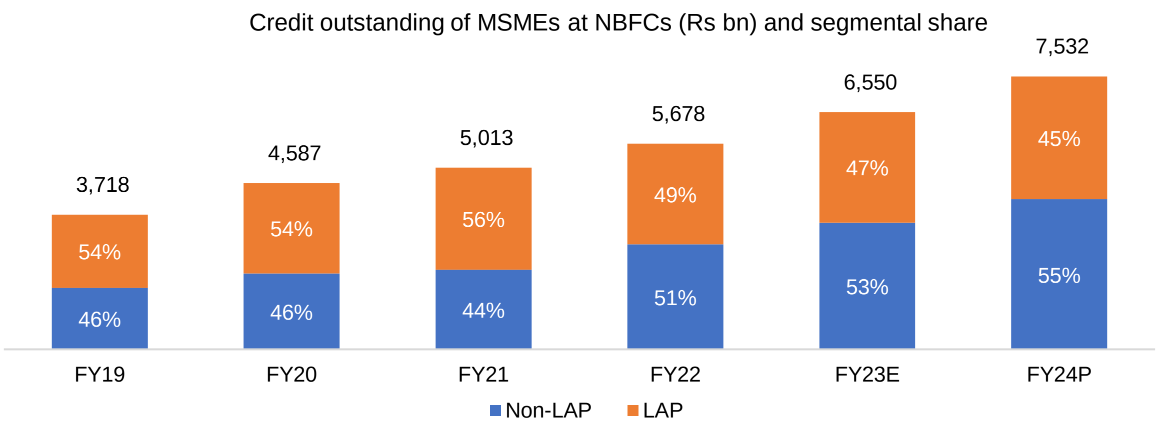
Source: CRISIL MI&A Research, Press Information Bureau, RBI

ECLGS enabled credit activity and provided liquidity support to businesses. It helped MSMEs revive business in the initial phase of the pandemic and scale up as economic activity returned to normalcy.

While public and private sector banks contributed a majority of the disbursements under ECLGS, non-banks went slow in light of asset quality concerns. Further, private sector banks showed greater proclivity than public sector banks in utilising the scheme. Non-banks conserved liquidity, and made lower disbursements under the scheme, due to interest rates on additional lending being capped, leading to very thin margins. The interest rate under the scheme was capped at 9.25% for banks and financial institutions, and 14% for NBFCs.

No further extension was provided for ECLGS beyond March 31, 2023. As per RBI data, overall non-performing assets (NPA) in value terms for loans availed under the scheme stood at 4.5%, and in volume terms, at 16.9%, with the majority coming from micro enterprises. Higher NPAs in volume terms were because more than 85% loan accounts disbursed under the scheme were to micro enterprises with lower ticket sizes.

LAP segment constitutes two-thirds of NBFCs' MSME portfolio

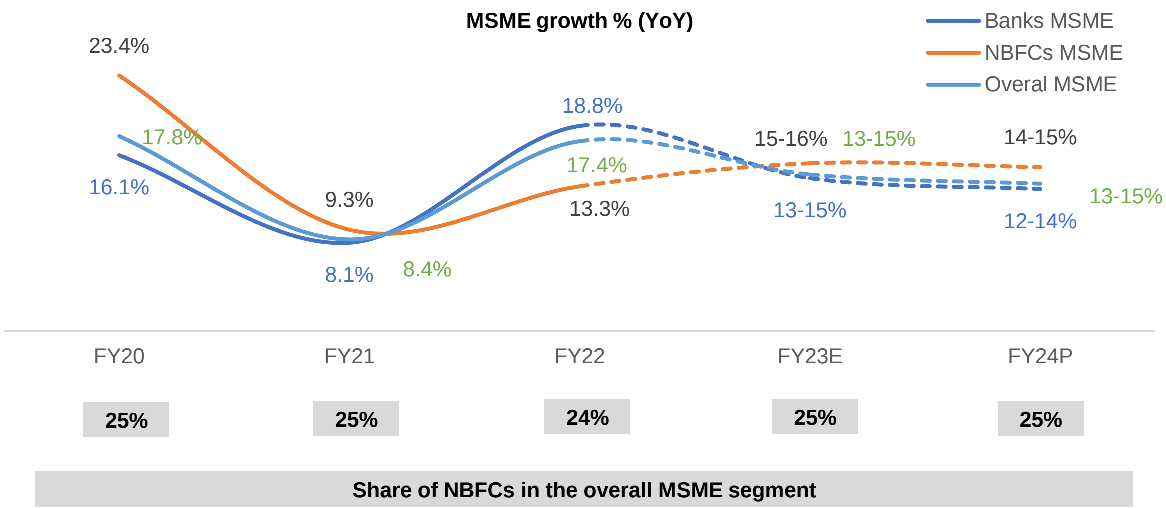


Note: 1. P: Projected, E: Estimated
2. non-LAP segment includes secured and unsecured loans
Source: Company reports, CRISIL MI&A Research

NBFCs focused on the secured asset portfolio during the pandemic in fiscal 2021, which led the loans against property (LAP) book's market share to increase to 56% as of March 2021. In fiscal 2022, with economic activity returning to normalcy and businesses availing credit to kick-start business activities, growth in the non-LAP portfolio gained pace, with its share increasing to 51% as of March 2022; the trend is estimated to have continued in fiscal 2023, with its share estimated at 53% as of year-end.

Demand improvement to drive MSME credit growth this fiscal

NBFCs back on track, with healthy credit outlay to MSMEs



Note: 1. P: Projected, E: Estimated
2. Credit deployment data published by the RBI was revised. Hence, comparable numbers for the previous fiscal have been revised accordingly.
Source: Company reports, CRISIL MI&A Research

A faster-than-expected revival in economic activity and pent-up demand backed positive economic performance in the fourth quarter of fiscal 2021. Non-banks' outstanding MSME book grew ~9% on-year amid increased LAP demand. That said, in the first quarter of fiscal 2022, the MSME book witnessed degrowth in banks, as well as non-banks, on account of impact from the second wave of the pandemic. The segment started to recover from the second quarter, with improvement in demand from MSMEs, supported by the central government's decision to extend ECLGS to March 31, 2022 (which was extended further to March 31, 2023, in Union Budget 2022-23) and increase the guarantee from to Rs 4.5 trillion from Rs 3 trillion (which was subsequently increased further to Rs 5 trillion).

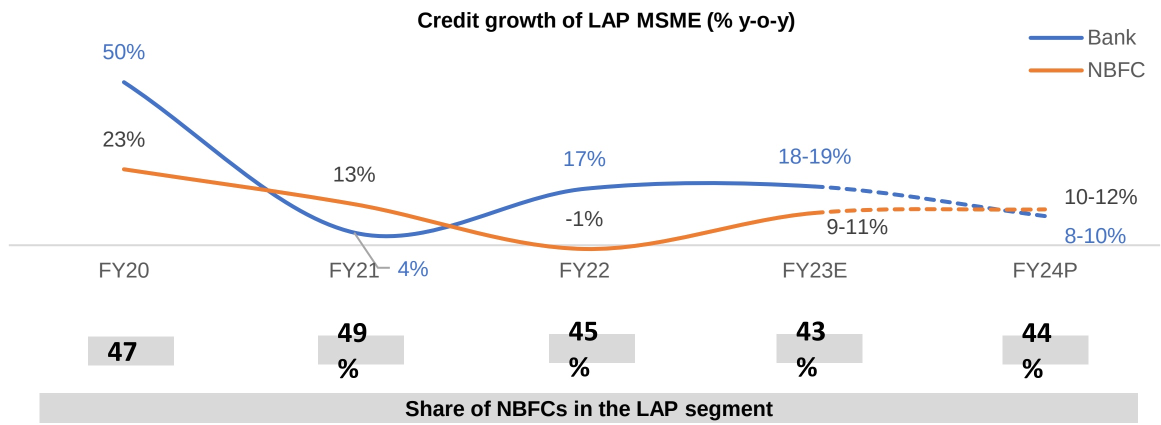
The outstanding book of NBFCs in the MSME segment grew at 13% in fiscal 2022, supported by growth in disbursements in the non-LAP (unsecured and secured) segment. With economic activity reviving and cash flows improving, NBFCs will increase their funding in the unsecured segment and restrict lending in the LAP segment owing to the asset quality stress of past years. With improved underwriting practices, lending in the unsecured portfolio is expected to improve, while in the secured non-LAP portfolio, will see competition from banks. However, smaller non-banks will be wary of funding, given the existing stress, and will therefore, see moderate growth. Additionally, any significant change in macroeconomic factors or geopolitical issues may pose a downside risk to credit growth.

LAPs: Growth to stabilise this fiscal

NBFCs' LAP portfolios are estimated at Rs 3 trillion in fiscal 2022. In fiscal 2021, the segment witnessed higher growth than non-LAP (secured and unsecured) as non-banks preferred mortgage-based lending over cash-flow-based lending in the short run, given the potential risks in other segments. Further, last fiscal, the LAP book is estimated to have grown at a slower pace than non-LAP, at 9-11%, and is expected to outpace banks, with 10-

12% growth this fiscal.

NBFCs' LAP portfolio estimated to have grown at 9-11% during fiscal 2023



Note:
1. P: Projected
2. Credit deployment data published by the RBI was revised with effect from January 2021. Hence, comparable numbers for the previous fiscal have been revised accordingly.
Source: Company reports, CRISIL MI&A Research

LAPs are availed by mortgaging properties (residential or commercial) with the lender. The end use of the loan is not monitored closely; it could be used for business or personal purposes and can be availed by salaried, as well as self-employed individuals. A LAP is a secured loan, as it provides the financier collateral in the form of property. It has a lower interest rate than personal or business loans.

With the economy stabilising in the last two fiscals, NBFCs' LAP credit was muted in fiscal 2022. However, NBFCs are unlikely to be as aggressive as in the past when the segment logged a 12% compound annual growth rate (CAGR) between fiscals 2017 and 2020. Higher growth earlier was because of lower interest rates and increased penetration. However, after fiscal 2019, non-banks have lost their share in the LAP market as their focus was on containing asset quality deterioration. Banks registered strong growth in the segment with aggressive strategies, higher market penetration, lower cost of funds, and adequate liquidity support. CRISIL MI&A Research estimates the NBFC LAP segment to have grown 9-11% in fiscal 2023, helped by improving economic conditions and mild impact from the third wave of the pandemic assisting in the normalisation of business activities, followed by 10-12% growth in fiscal 2024.

MSME: Non-LAP segment

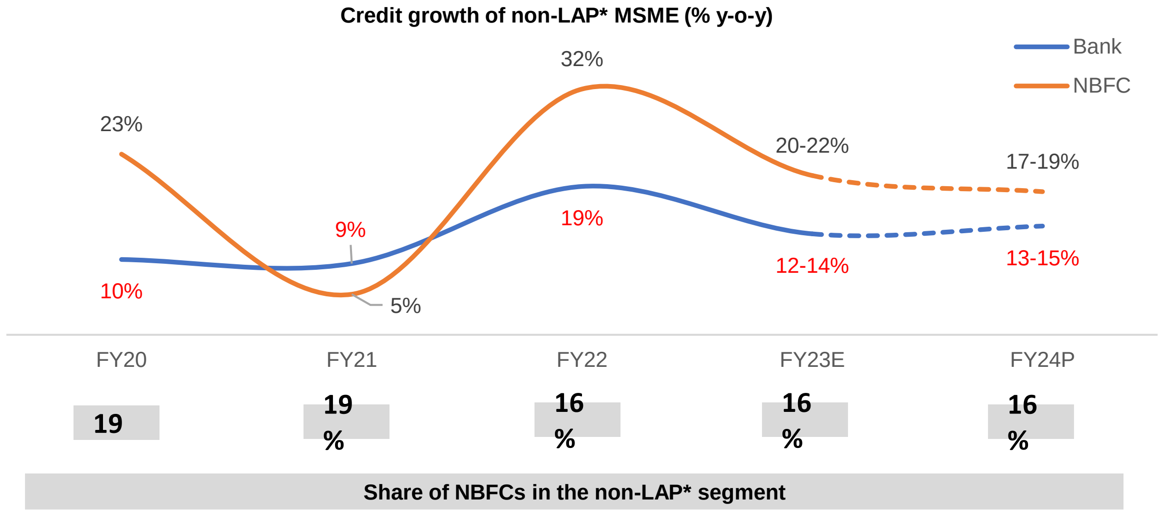
The Non-LAP segment includes secured and unsecured loans. Non-LAP secured MSME loans include working capital products such as cash credit, overdraft facility, and bill discounting, as well as other term loan products such as asset-backed or hypothecated loans. Hypothecated loans are term loans where the collateral offered is a combination of property, inventory, and so on.

Unsecured MSME loans are given to self-employed borrowers without collateral. This form of lending is cash-flow-based, rather than collateral-based. Unsecured loans are underwritten based on financial statements, bank statements, Good and Services Tax returns, number of loans taken in the past, bureau checks, and scorecards, among others. An unsecured small business loan is usually taken to tide over a liquidity crunch, take advantage of short-term opportunities, or expand a small business, mostly when the bank's cash credit limit has been exhausted. Many lenders give these loans on top of existing secured loans with them.

Due to the non-availability of collateral, underwriting plays a key role in maintaining the asset quality of unsecured business loans. Underwriting these loans requires relevant expertise and is powered by new financial technology and the increasing availability of data on customers' credit history. Competition in the secured loans market (especially retail loans) has compelled NBFCs and a few private banks to gain expertise in niche lending and build robust digital platforms to cash in on fresh opportunities in the unsecured business loans space, while maximising profitability.

Banks dominated this segment with an 84% share, aggregating ~Rs 16 trillion, as of fiscal 2023. On the other hand, NBFCs had a non-LAP book of ~Rs 3.5 trillion as of fiscal 2023.

NBFCs' non-LAP credit growth to stabilise this fiscal



Note:
1. P: Projected
2. Credit deployment data published by the RBI was revised with effect from January 2021. Hence, comparable numbers for the previous fiscal have been revised accordingly.
*3. *non-LAP segment includes secured and unsecured loans*
Source: Company reports, CRISIL MI&A Research

NBFCs were seeing double-digit growth prior to fiscal 2019; growth slowed after the liquidity crisis. In fiscal 2021, credit growth was at low-single digits due to lower disbursements, which are estimated to have halved due to Covid-19. Meanwhile, banks saw 9% growth in credit, aided by ECLGS. Because of the pandemic, non-bank lenders turned more cautious over unsecured MSME lending, and preferred mortgage-based lending (LAP and non-LAP secured) over cash-flow-based (unsecured) lending.

Business activity started to normalise from the second half of fiscal 2022. This, supported by a mild third wave, led economic conditions to improve, and consequently, credit demand to pick up. Banks and NBFCs shifted their focus towards non-LAP lending owing to its higher returns, which led non-banks to grow at 19% in fiscal 2022. CRISIL MI&A Research expects the growth momentum to continue with a marginal moderation and estimates NBFCs' non-LAP segment to have grown at 12-14% in fiscal 2023 on a higher base. Going further, credit growth for non-banks is expected at 13-15% this fiscal. However, any significant change in macroeconomic factors or geopolitical issues may pose a downside risk to credit growth.

Asset quality

Asset quality for MSMEs improved over past two fiscals

NBFCs' asset quality improved from ~6.7% in the first quarter of fiscal 2022 to ~5.1% as of March 2022. With continued improvement in economic activity, better collection efficiency, and faster credit growth, CRISIL MI&A Research estimates the asset quality to have improved further to 4-5% in fiscal 2023 and is expected to improve 3.5-4% this fiscal.

Micro finance

Review and outlook

Loan book growth likely spurted and bad loans reduced

The outstanding loan book of non-banking financial company-microfinance institutions (NBFC-MFIs) is estimated to have grown 30-35% in fiscal 2023, compared with 19% the previous fiscal, riding on economic revival as the pandemic impact eased, and unmet demand in rural regions. The share of NBFC-MFIs in the overall

MFI credit is 38% as of March 2023 whereas the share of other NBFCs stood at a modest 9%.

Growth has picked up since the second quarter of last fiscal and monthly collections have almost normalised after the Reserve Bank of India (RBI) raised the household income threshold for collateral-free loans to fuel growth.

Gross non-performing assets (GNPA) had risen to 5.9% in fiscal 2022 from 5.5% in fiscal 2021. However, the first quarter of fiscal 2023 saw GNPA decline to 5.4% and it had reduced further to 4.4% by the third quarter. Hence, we expect asset quality to have further improve for the full fiscal.

According to RBI's revised regulatory framework, any collateral-free loan given to a household with an annual income of up to Rs 3 lakh would be considered an MFI loan. The framework also provides the boards of financial institutions flexibility in terms of repayment frequency and income assessment of borrowers. Hence, the risk management system of NBFC-MFIs needs to be robust to maintain asset quality in newer segments/geographies.

The revised comprehensive income and indebtedness assessment could, however, limit the ability of NBFC-MFIs to grow in urban areas.

Share of NBFC-MFIs grew from 31% in fiscal 2021 to 34% in fiscal 2022

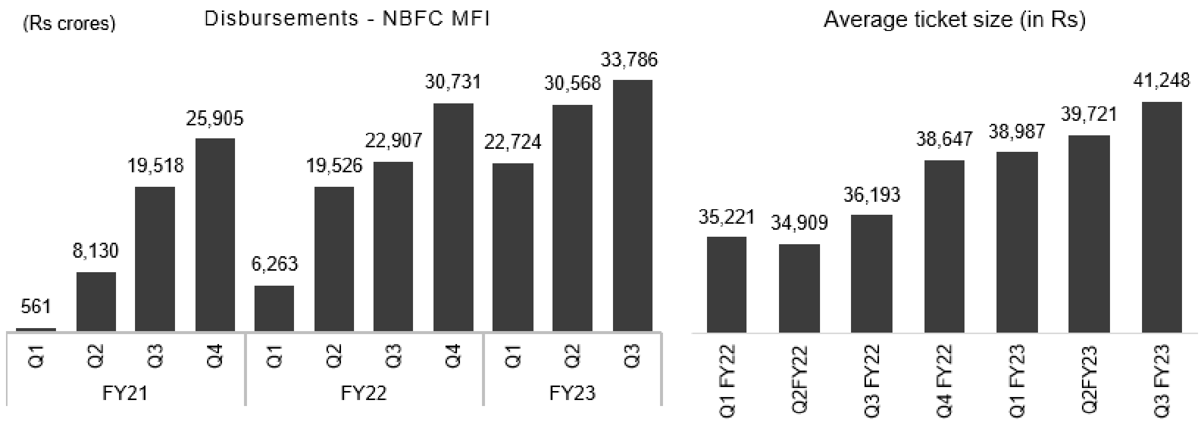
	Share in book FY22	Outstanding book (Rs billion) FY22	CAGR (FY17-21)	Growth in FY22	YTD Q3FY23	Estimated growth in FY23
NBFC- MFI	34%	959.86	37%	19%	20%	30-35%
NBFCs (other than NBFC-MFI)	7%	196.98	38%	-9%	38%	-

Source: CRISIL MI&A Research, Microfinance Institutions Network (MFIN)

Disbursements pick up as collection efficiency attains normalcy
In fiscal 2022, disbursements increased 47% primarily due to a rebound in the second half. In fiscal 2023, however, disbursements grew 79% in the third quarter. Although the players were bogged down by the new RBI regulations in the first quarter, they clocked healthy growth in the second and third quarters. Disbursements are expected to have risen 50–60% on-year in fiscal 2023.

Additionally, the increasing average ticket size will support disbursements.

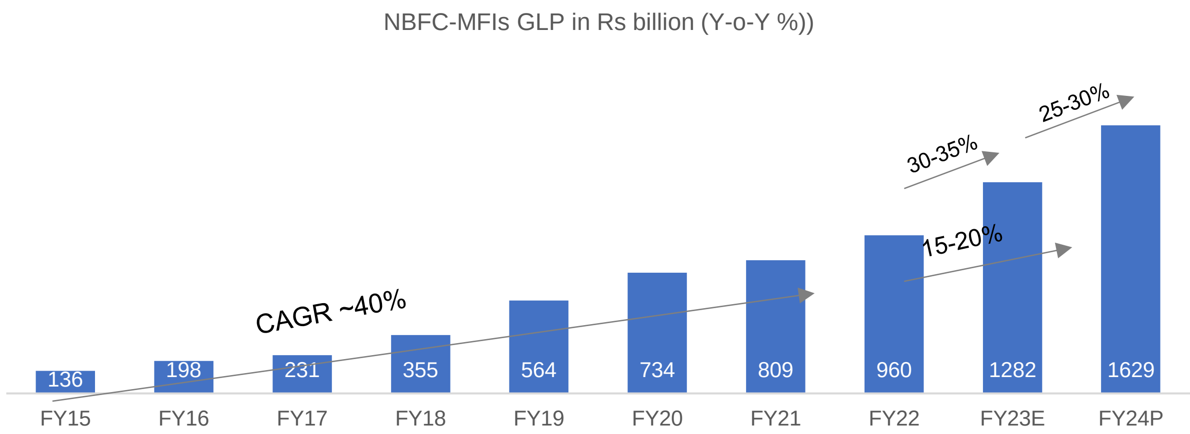
Increasing average ticket size supports disbursements



Source: CRISIL MI&A Research, MFIN

With improved collection efficiency, increasing ticket size, and implementation of RBI's new regulatory framework, disbursements are expected to have gained momentum, leading to 30-35% growth in the outstanding loan book in fiscal 2023.

NBFC-MFIs estimated to have grown 30-35% on-year in fiscal 2023



Source: CRISIL MI&A Research, MFIN, company reports

NBFC-MFIs witness robust growth over the past 2-3 years, gain market share

Source: CRISIL MI&A Research, MFIN

Banks have the largest share in the MFI industry as they lend under priority sector lending (PSL) norms. However, NBFC-MFIs have been aggressive over the past 2-3 years, with their loan book growing at a CAGR of 37% between 2017 and 2021 compared with ~29% for banks. NBFCs (other than NBFC-MFIs) have also grown at a CAGR of 38% during the same period post which it de-grew by 9% in fiscal 2022. Further it grew by 49% to Rs. 294 billion as of March 2023 benefitting from lower base. Banks have reported higher par 90 levels at 18.9% as of December 2022 compared with that of 4.4% for NBFC-MFIs, indicating slower growth in bank lending.

Moreover, the average ticket size of banks and NBFCs has been changing over the past few years. The average ticket size of NBFCs has been increasing, while that of banks has been declining. This trend has led to a shift in market share from banks to NBFCs.

Average ticket size	Q4FY20	Q4FY21	Q4FY22	Q1FY23	Q2FY23	Q3FY23
NBFC-MFI	30,021	35,486	38,647	38,987	39,721	41,248
NBFCs	38,192	41,306	42,882	44,204	43,438	44,485
Banks (JLG)	41,426	43,699	39,514	37,342	37,231	38,458
SFBs	34,647	37,037	45,238	45,281	44,631	47,162

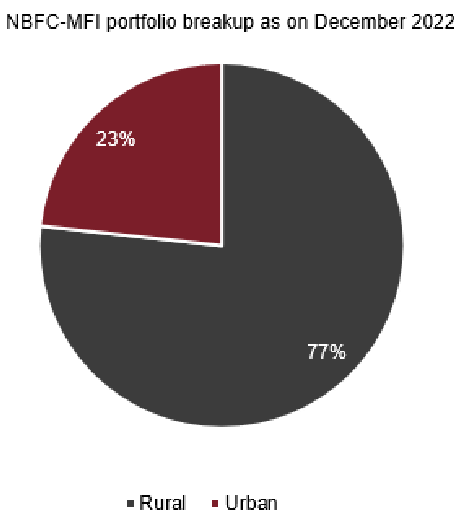
New regulatory framework to further support NBFC-MFI growth

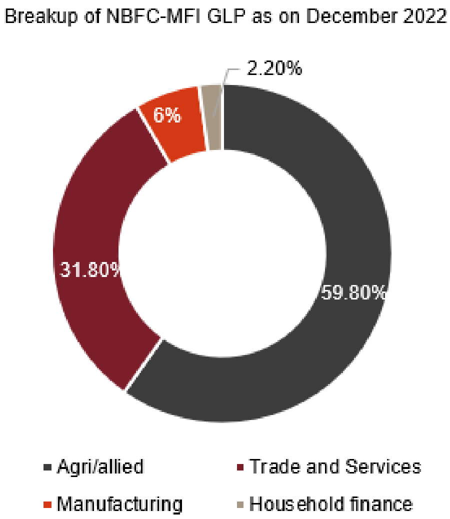
Area of regulation	Existing regulations		Revised regulations (effective from April 1, 2022)
	For NBFC-MFIs	For banks and small finance banks (SFBs)	For all regulated entities
Loan pricing	Margin cap at 10% for large MFIs (loan portfolios >Rs 1 billion); 12% for small MFIs (loan portfolios <Rs 1 billion)	No restrictions for banks and SFBs	No pricing cap; underwriting of loans will be based on risk-based analysis, and a risk premium will be charged based on the borrower profile A Board-approved policy for pricing of loans to be put in place. The policy should include the interest rate model, range of spread of each component for different categories of borrowers, and a ceiling on interest rate and all other charges on MFI loans
Processing fees	Not more than 1% of gross loan amount		
Qualifying criteria	85% loans unsecured	Have to meet the target set for PSL	Minimum requirement of microfinance loans for NBFC-MFIs revised to 75% of total assets The maximum limit on microfinance loans for NBFCs other than NBFC-MFIs revised to 25% of total assets from 10% earlier
Household income	Rural areas: Rs 1,25,000 per annum Urban areas: Rs 2,00,000 per annum	No restrictions for banks and SFBs	Annual household income: Up to Rs 3,00,000 in urban as well as rural areas (this amount is higher than the stated threshold of up to Rs 1,25,000 for rural areas and Rs 2,00,000 for urban and semi-urban areas mentioned in the consultation paper issued in June 2021) Board-approved policy for assessment of household income
Ticket size of loans	Rs 75,000 in the first cycle and Rs 1,25,000 in the subsequent cycles		
Tenure of loans	Not less than 24 months for a loan amount in excess of Rs 30,000		
Lending to the same borrower	Not more than two lenders allowed per borrower	More than two banks can lend to the same borrower	Limit on the maximum loan repayment obligation of a household towards all loans: 50% of monthly household income
Overall borrower indebtedness	Should not exceed Rs 1,25,000	No restrictions for banks and SFBs	

In India, microfinance plays an important role in delivering credit to people at the bottom of the economic pyramid. Owing to its grass root-level connect, it can support income-generating activities and livelihoods in both rural and urban geographies. Further, microfinance acts as a potent tool for empowering women who constitute the largest part of its borrower base. The essential features of microfinance loans are that they are small amounts, have short tenures, are extended without collaterals and the frequency of loan repayments is greater than that of traditional commercial loans. These loans are generally granted for income-generating activities, but also provided for consumption, housing and other purposes. Thus, MFI operations have traditionally been cash-intensive and have become very aggressive in rural areas, especially after demonetisation. Consequently, the share of NBFC-MFIs in the overall MFI book increased from 30% in fiscal 2019 to 34% in fiscal 2022. Further in case of NBFCs (other than NBFC-MFIs), the share reduced from 11% in fiscal 2019 to 7% in fiscal 2022.

Banks lost market share even before the Reserve Bank of India (RBI) lifted the cap on lending for this sector. The new rules have led to NBFCs further gaining market share.

Rural segments dominates in NBFC-MFI book





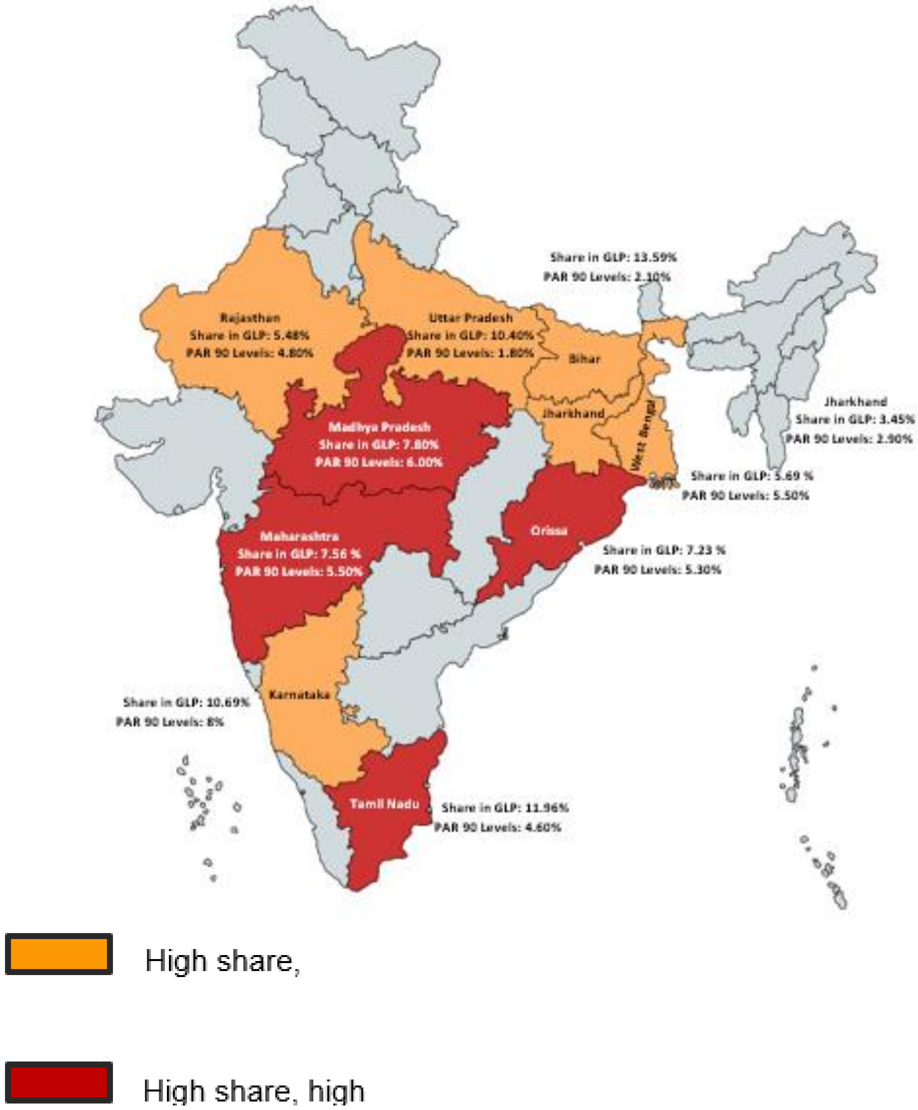
Source: CRISIL MI&A Research, MFIN, company reports

Rural areas account for over three-fourths of the total NBFC-MFI book. The penetration of digital infrastructure in these areas is low and internet connectivity is poor. Lack of access is accentuated by low literacy levels among microfinance borrowers, who are generally daily wage earners and tend to transact in cash.

The main objective of microfinance lending is to support capital formation in agriculture and allied sectors. With disbursements being more focused on the rural parts of the country, NBFC-MFIs promote alternative employment opportunities by supporting farm and manufacturing sectors.

A state-wise split as of the third quarter of fiscal 2023 indicated the top 10 states accounted for ~83.6% of the NBFC-MFI book and the top five states including Bihar, Tamil Nadu, Karnataka, Uttar Pradesh and Madhya Pradesh accounted for 54.5%. Bihar and Uttar Pradesh registered 56% and 65% on-year growth, respectively, as of December 2022 with a majority of their revenue coming from rural areas.

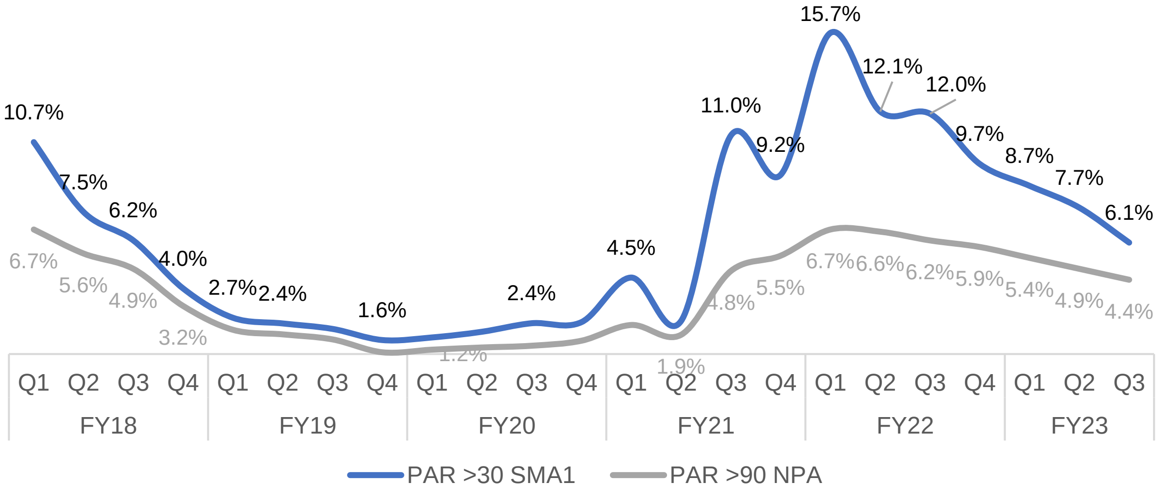
State-wise share of gross loan portfolio (GLP) and PAR 90 as of December 2022



Note: PAR 90 - loan portfolio at risk with 90 days overdue or more
Source: CRISIL MI&A Research, MFIN

GNPA estimated to have moderated in fiscal 2023, slippages from restructured portfolio to remain monitorable

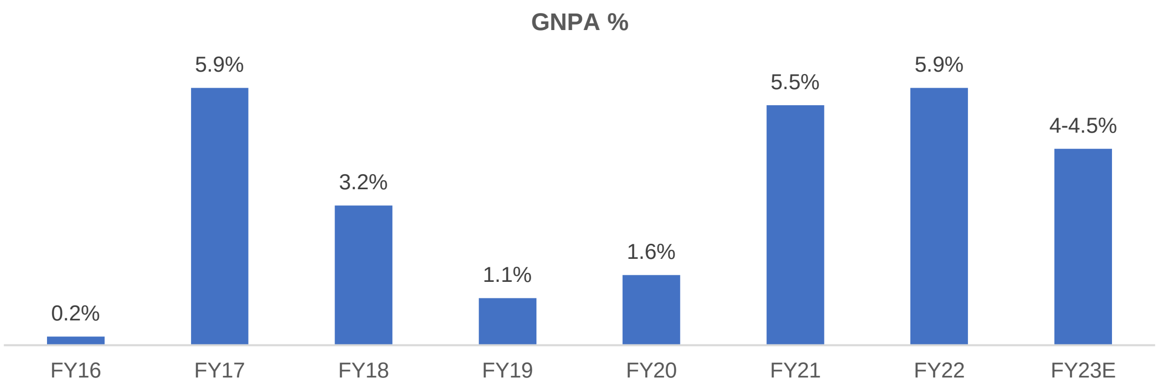
Trend of PAR 30 and PAR 90 for NBFC MFIs



Source: CRISIL MI&A Research, MFIN

Typically, in times of stress, GNPA tends to remain high for a couple of years, as players try to spread the credit cost. Though the asset quality is expected to moderate going forward, slippages from the restructured portfolio remains a monitorable. GNPA of the NBFC-MFI book had risen to 5.9% in fiscal 2022 from 5.5% in fiscal 2021. However, it continued to fall in the first three quarters of fiscal 2023, declining to 5.4% in the first quarter, 4.9% in the second quarter and 4.4% in the third quarter. GNPA is expected to have moderated further to 4-4.5% for the full fiscal, as collections and disbursements have almost normalised.

GNPA expected to have moderated in fiscal 2023



Source: CRISIL MI&A Research

Banks continue to be an integral source of funds for NBFC-MFIs

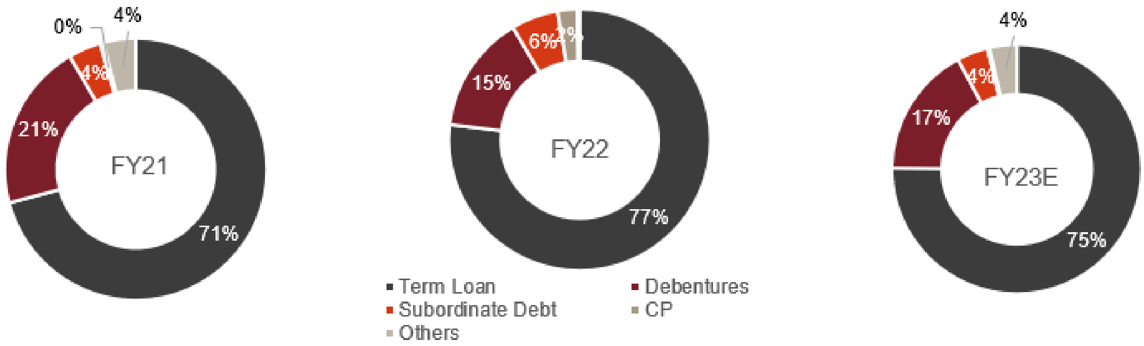
Banks have traditionally been the key lenders to NBFC-MFIs. Smaller players would resort to portfolio sell-outs to channel growth.

However, in fiscal 2021, funds raised by NBFC-MFIs through non-convertible debenture (NCD) issuances increased substantially, mainly due to the targeted long-term repo operations (TLTRO) announced by the RBI. TLTRO enables lower-rated entities to issue bonds at a low interest rate. It also enables banks to invest in specific sectors through debt instruments to boost credit flow in the economy. The scheme aims at providing adequate system-level liquidity and targeted liquidity to sectors and entities facing difficulties in raising funds from the markets. Under the RBI's on-tap TLTRO scheme, liquidity availed by banks had to be deployed in corporate bonds, commercial papers and NCDs issued by entities in sectors such as MFIs and construction.

Though the risk associated with the sector was high, banks continued to lend due to a partial guarantee of up to 20% of first loss to state-owned banks announced by the government for purchase of bonds or commercial papers of NBFCs, MFIs and housing finance companies having a credit rating of AA or below, including unrated paper with original maturity of up to one year.

NBFC-MFIs also raised funds through the partial credit guarantee scheme under which the RBI extended a special liquidity facility to NABARD, SIDBI and National Housing Bank to the tune of Rs 25,000 crore, Rs 15,000 crore and Rs 10,000 crore, respectively, to be further lent to sectors such as construction and small and medium NBFC-MFIs.

After increasing in fiscal 2022, bank funding is expected to have moderated in fiscal 2023



Source: CRISIL MI&A Research, MFIN

In addition, MFIs have been regularly raising equity over the years, indicating stable investor confidence, despite the pandemic overhang.

Yields and borrowing costs likely to have increased in fiscal 2023

Over fiscals 2021 to 2022, the cost of borrowing for major NBFC-MFI players remained stable despite pandemic-related stress.

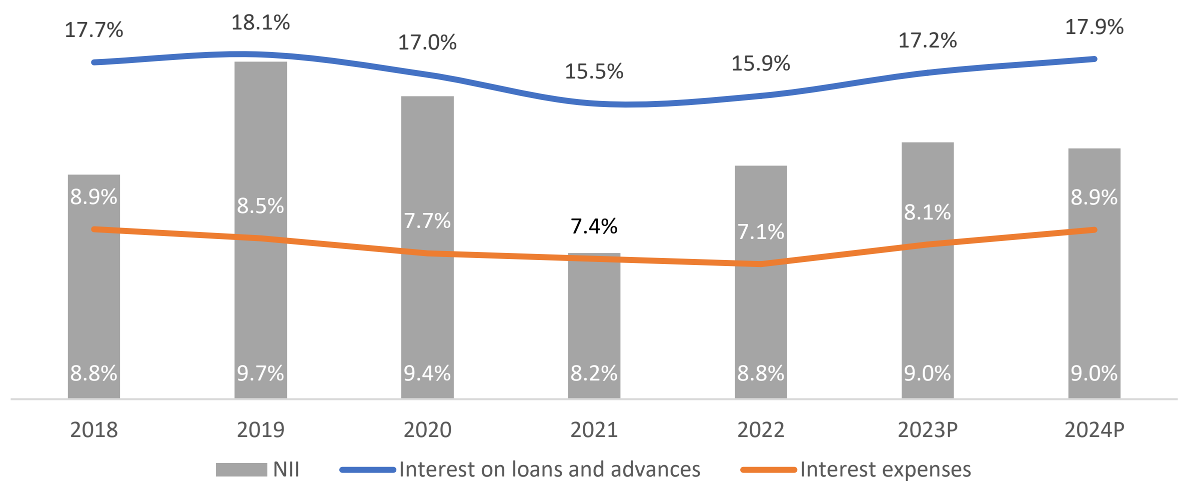
A major proportion of borrowings by NBFC-MFIs was at floating interest rates. With an increase in the repo rate by 250 bps till date, we expect borrowing costs to have increased 110-120 bps in fiscal 2023.

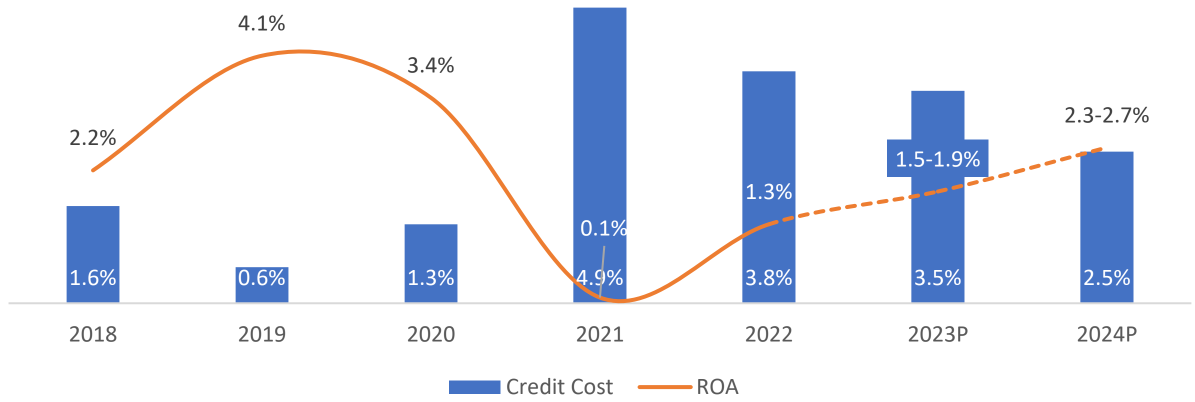
Yields in the segment have historically been high due to high borrowing costs and a riskier borrower profile. The borrowers are small businesses and household manufacturing entities with weak payment profiles. Any disruption in the normal business environment impacts their cash flows, weakening their repayment ability. As a result, players factor in this risk in terms of higher yields. Yields typically are in the range of 18-24% for large players in this segment.

Since a majority of borrowers are charged a fixed rate of interest by NBFC-MFIs, any change in the repo rate will be immediately passed on to borrowers due to the shorter span of the loan. With the increase in repo rates in fiscal 2023 and the removal of the interest rate cap, yields are also expected to have increased by 110-130 bps. However, the revised yields will be applicable only to new borrowers, as existing borrowers will remain under the old rate structure. Hence, on an aggregate basis, NIMs are expected to have remained at the same level as that of fiscal 2022.

Credit costs for the industry had fallen ~100 bps in fiscal 2022 over fiscal 2021, owing to an improvement in repayment levels of borrowers. In fiscal 2023, players have reduced their credit costs by a lower rate compared with the previous fiscal. Accordingly, overall return on assets of players is expected to have improved 30-50 bps in fiscal 2023 and likely to improve further in fiscal 2024.

Increase in yields and reduction in credit costs estimated to have improved profitability





Source: Company reports, CRISIL MI&A Research

OUR BUSINESS

In this section, any reference to "we", "us" or "our" refers to KLM Axiva Finvest Limited. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Audited Financial Statements set forth elsewhere in this Prospectus.

We have included various operational and financial performance indicators in this section, some of which may not have been derived from our Audited Financial Statement and which may not have been subject to an audit or review of the Statutory Auditor. The manner in which such operational and financial indicators are calculated and presented, and the assumptions and estimates used in the calculation, may vary from that used by other entities in the business similar to ours. You should consult your own advisors and evaluate such information in the context of the Audited Financial Statements and other information relating to our business and operations included in this Prospectus.

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward Looking Statements" on page 15 for a discussion of the risks and uncertainties related to such statements and also "Risk Factors" on page 17 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Overview

We are a non-deposit taking systemically important non-banking finance company ("**NBFC – Middle Layer**") primarily serving low and middle income individuals and businesses that have limited or no access to formal banking and finance channels. We had originally obtained a Certificate of Registration in the name of Needs Finvest Limited dated December 13, 1997 bearing registration no. 09.00006 issued by the RBI to commence the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration under Section 45 IA of the RBI Act. Subsequently, the name of our Company was changed to KLM Axiva Finvest Limited and we have obtained fresh Certificate of Registration dated March 15, 2016 bearing registration no. 09.00006 from RBI. We operate primarily in four business verticals: (i) gold loan business, lending money against the pledge of household jewellery, (ii) micro, small and medium enterprises loan, (iii) personal loan and (iv) microfinance loan. As on June 30, 2023, we operate through 684 branches across six states namely Kerala, Karnataka, Tamil Nadu, Telangana, Andhra Pradesh and Maharashtra managed through our corporate office located at Kochi.

As of March 31, 2023, March 31, 2022 and March 31, 2021, our AUM was ₹ 1,46,032.97 lakhs, ₹ 1,07,296.72 lakhs and ₹ 74,730.09 lakhs, respectively. Our AUM increased at a CAGR of 39.79% from ₹ 74,730.09 lakhs as of March 31, 2021 to ₹ 1,46,032.97 lakhs as of March 31, 2023.

Our product portfolio:

Our loan customers are typically businessmen, vendors, traders, farmers, salaried individuals and families, who for reasons of convenience, accessibility or necessity, avail of our credit facilities.

Gold Loans:

Our gold loan business is typically loans against pledge of household gold jewellery by individuals. We provide loans against gold jewellery with a tenure ranging up to 12 months. We offer variety of gold loan schemes to our customers to suit their individual needs. The schemes differ in relation to the amount advanced per gram of gold, tenure, interest rate chargeable and amount of loan. As of March 31, 2023, March 31, 2022 and March 31, 2021, we had an aggregate principal balance of ₹ 93,796.18 lakhs, ₹ 62,546.94 lakhs and ₹ 37,871.22 lakhs of outstanding gold loans. For the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, our gold loan portfolio yield representing interest income on gold loans as a percentage of average outstanding gold loans, for the same period were 23.04%, 23.32% and 24.40%, respectively. For the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, income from interest earned on our gold loans constituted 64.60%, 62.99% and 61.14%, of our total income, respectively.

Micro, small and medium enterprises loans:

We provide loans up to ₹ 1,000 Lakhs to micro, small and medium enterprises ("**MSME**") customers, a category which primarily includes small and medium size enterprises, including businessmen, traders, manufacturers and self-employed professionals. The MSME loan segment includes working capital loans against residential and commercial property with a tenure ranging up to 40 months. As of March 31, 2023, March 31, 2022 and March 31, 2021, we had an aggregate principal balance of ₹ 36,648.70 lakhs, ₹ 34,700.25 lakhs and ₹ 28,833.44 lakhs of outstanding MSME loan respectively. For the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, our MSME loan portfolio yield representing interest income on MSME loans as a percentage of average outstanding of MSME loans, for the same period were 15.08%, 13.29% and 14.11%, respectively. For the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, income from interest earned on our MSME loans constituted 19.30%, 22.71% and 26.65%, of our total income, respectively.

Personal loans:

We provide personal loans up to ₹ 20 lakhs to our individual customers for their personal needs against tangible collateral as well as security in other forms with a tenure ranging up to 40 months. As of March 31, 2023, March 31, 2022 and March 31, 2021, we had an aggregate principal balance of ₹ 1,191.77 lakhs, ₹ 1,197.27 lakhs and ₹ 1,193.66 lakhs of outstanding personal loan. For the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, our personal loan portfolio yield representing interest income on personal loans as a percentage of average outstanding of personal loans, for the same period were 25.19%, 0.11% and 6.21%, respectively. For the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, income from interest earned on our personal loans constituted 1.08%, 0.01% and 0.89%, of our total income, respectively.

Microfinance loans:

We also provide micro finance loans to women customers. We provide microfinance loans up to ₹ 0.50 lakhs each to a group of 10 – 15 women customers for their business and personal needs. These loans are provided essentially for use in their small businesses or other income generating activities. As of March 31, 2023, March 31, 2022 and March 31, 2021, we had an aggregate principal in our microfinance loan segment of ₹ 14,395.87 lakhs, ₹ 8,850.80 lakhs and ₹ 6,830.12 lakhs, respectively. For the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, our microfinance loan portfolio yield representing interest income on microfinance loans as a percentage of average outstanding of microfinance loans, for the same period were 28.88%, 24.18%, and 18.62%, respectively. For the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, income from interest earned on our microfinance loans constituted 12.04%, 10.20% and 8.26%, of our total income, respectively.

The following table sets forth certain information relating to our operations and financial performance in the periods specified:

(₹ in Lakhs)

Particulars	**Financial Years ended**		
	March 31, 2023	**March 31, 2022**	**March 31, 2021**
Gold Loan	93,796.18	62,546.94	37,871.22
MSME Loan	36,648.70	34,700.25	28,833.44
Personal Loan	1,191.77	1,197.27	1,193.66
Microfinance Loan	14,395.87	8,850.80	6,830.12
Vehicle Loan	0.45	1.46	1.65
Total AUM	**1,46,032.97**	**1,07,296.72**	**74,730.09**
Gross NPA	2,692.13	4,292.53	4,904.84
Gross NPA/AUM%	1.84%	4.00%	6.56%
Net NPA	1,190.55	2,898.48	3,495.84
Net NPA/AUM%	0.82%	2.70%	4.68%
Equity/ Net worth	26,149.93	15,059.46	8,392.59
Return on net worth %	7.01%	7.56%	8.51%
Revenue from Operations	27,540.07	17,943.43	12.376.16
Profit after Tax (before OCI)	1,833.10	1,138.34	714.11

As of June 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, our total outstanding debt including interest (excluding unamortised expenses of public issue) was ₹ 1,42,445.83 lakhs, ₹ 1,44,902.04 lakhs, ₹

1,30,748.79 lakhs and ₹ 71,985.74 lakhs, respectively, and our finance cost was ₹ 3,732.22 lakhs, ₹ 14,336.45 lakhs, ₹ 10,450.40 lakhs and ₹ 7,304.05 lakhs, respectively.

Our AUM in Gold loan, MSME loan, and Micro Finance loan has increased at a CAGR of 57.38%, 12.74%, and 45.18% from March 31, 2021 to March 31, 2023, respectively.

Key Operational and Financial indicators of our Company

A summary of our key operational and financial parameters for the last three completed financial years are as given below:

A. Based on the Interim Unaudited Ind AS Financial Results of the Company for the three month period ended June 30, 2023

(In ₹ lakhs**)**

Parameters	June 30, 2023
Balance Sheet	
Assets	
Property, Plant and Equipment	N.A.
Financial Assets	N.A.
Non-financial Assets excluding property, plant and equipment	N.A.
Total Assets	N.A.
Liabilities	
Financial Liabilities	
- Derivative financial instruments	N.A.
- Trade Payables	N.A.
- Other Payables	N.A.
- Debt Securities	N.A.
- Borrowings (other than Debt Securities)	N.A.
- Deposits	N.A.
- Subordinated liabilities	N.A.
- Lease liabilities	N.A.
- Other financial liabilities	N.A.
Non-Financial Liabilities	
- Current tax liabilities (net)	N.A.
- Provisions	N.A.
- Deferred tax liabilities (net)	N.A.
- Other non-financial liabilities	N.A.
Equity (Equity Share Capital and Other Equity)	N.A.
Non-controlling interest	N.A.
Total Liabilities and Equity	N.A.
Profit and Loss	
Revenue from operations	6,987. l8
Other income	207.45
Total Income	**7,194.63**
Total Expenses	**6,738.50**
Profit after tax for the year	455.93
Other comprehensive income	-
Total Comprehensive Income	455.93
Earnings per equity share (Basic)	0.24
Earnings per equity share (Diluted)	0.24
Cash Flow	

Parameters	June 30, 2023
Net cash from / used in (-) operating activities	N.A.
Net cash from / used in (-) investing activities	N.A.
Net cash from / used in (-) financing activities	N.A.
Net increase/decrease (-) in cash and cash equivalents	N.A.
Cash and cash equivalents as per Cash Flow Statement as at end of year	N.A.
Additional information	
Net worth	N.A.
Cash and Cash Equivalents	N.A.
Loans	N.A.
Total Debts to Total Assets (in Times)	N.A.
Interest Income	6,987. l8
Interest Expense	3.732.22
Impairment on Financial Instruments	2.90
Bad Debts to Loans	N.A.

N.A. – Not Available

B. Based on the Standalone Ind AS Financial Statements

(in ₹ lakhs)

Parameters	Fiscal 2023	Fiscal 2022	Fiscal 2021
Balance Sheet			
Property, Plant and Equipment	12,014.32	5,577.35	3,287.08
Financial Assets	1,57,395.48	1,39,188.05	77,295.29
Non-financial Assets excluding property, plant and equipment	2,519.86	2,452.98	1,801.82
Total Assets	**1,71,929.65**	**1,47,218.39**	**82,384.19**
Liabilities			
Financial Liabilities			
- Derivative financial instruments	-	-	-
- Trade Payables	-	-	-
- Debt Securities	81,079.39	66,411.39	25,396.41
- Borrowings (other than Debt Securities)	7,562.82	6,369.67	1,020.39
- Subordinated liabilities	50,289.45	53,331.54	42,507.88
- Other financial liabilities	6,613.26	4,863.66	3,397.43
Non-Financial Liabilities			
- Current tax liabilities (net)	694.86	488.84	318.49
- Provisions	-	-	-
- Deferred tax liabilities (net)	-	-	-
- Other non-financial liabilities	233.10	72.03	113.85
Equity (Equity Share Capital and Other Equity)	**25,456.78**	**15,681.24**	**9,629.74**
Total Liabilities and Equity	**1,71,929.65**	**1,47,218.39**	**82,384.19**
Profit and Loss			
Revenue from operations	27,540.07	17,943.43	12,376.16
Other income	334.91	647.83	275.05
Total Income	**27,874.98**	**18,591.26**	**12,651.20**
Total Expenses	**26,041.88**	**17,452.92**	**11,945.36**
Profit after tax for the year	1,833.10	1,138.34	705.84
Other comprehensive income	-	-	-
Total Comprehensive Income	1,833.10	1,138.34	705.84
Earnings per equity share (Basic)	1.33	2.16	1.24
Earnings per equity share (Diluted)	1.33	2.16	1.24

Parameters	Fiscal 2023	Fiscal 2022	Fiscal 2021
Cash Flow			
Net cash from / used in (-) operating activities	(20,086.81)	(19,812.94)	(13,862.92)
Net cash from / used in (-) investing activities	(8,586.22)	(3,706.22)	(632.52)
Net cash from / used in (-) financing activities	6,353.67	52,127.46	14,008.41
Net increase/decrease (-) in cash and cash equivalents	(22,319.36)	28,608.30	(487.03)
Cash and cash equivalents as per Cash Flow Statement as at end of Year	9,420.09	31,739.44	3,131.14
Additional information			
Net worth	24,763.63	15,059.46	8,531.18
Cash and Cash Equivalents	9,420.09	31,739.44	3,131.14
Loans	1,44,464.58	1,05,800.30	73,297.07
Loans (Principal Amount)	1,36,512.12	96,289.19	69,537.52
Total Debts to Total Assets	0.81	0.86	0.84
Interest Income	27,540.07	17,943.43	12,376.16
Interest Expense	14,336.45	10,450.40	7,304.05
Impairment on Financial Instruments	71.98	63.37	(138.50)
Bad Debts to Loans	-	-	Negligible
% Stage 3 Loans on Loans (Principal Amount)	1.97%	4.46%	7.05%
% Net Stage 3 Loans on Loans (Principal Amount)	0.87%	3.01%	5.03%
Tier I Capital Adequacy Ratio (%)	16.66%	13.71%	10.18%
Tier II Capital Adequacy Ratio (%)	8.61%	7.24%	5.89%

C. Based on the Consolidated Ind AS Financial Statements

(In ₹ lakhs)

Parameters	Fiscal 2021
Balance Sheet	
Assets	
Property, Plant and Equipment	3,287.08
Financial Assets	77,329.08
Non-financial Assets excluding property, plant and equipment	1,801.82
Total Assets	**82,417.98**
Liabilities	
Financial Liabilities	
- Derivative financial instruments	-
- Trade Payables	-
- Other Payables	-
- Debt Securities	25,396.41
- Borrowings (other than Debt Securities)	1,020.39
- Deposits	NA
- Subordinated liabilities	42,507.88
- Lease liabilities	-
- Other financial liabilities	3,397.74
Non-Financial Liabilities	
- Current tax liabilities (net)	321.90
- Provisions	-
- Deferred tax liabilities (net)	-
- Other non-financial liabilities	113.85
Equity (Equity Share Capital and Other Equity)	**9,659.81**
Non-controlling interest	**-**
Total Liabilities and Equity	**82,417.98**
Profit and Loss	
Revenue from operations	12,377.31
Other income	275.05

Parameters	Fiscal 2021
Total Income	**12,652.36**
Total Expenses	**11,938.25**
Profit after tax for the year	714.11
Other comprehensive income	-
Total Comprehensive Income	**714.11**
Earnings per equity share (Basic)	1.25
Earnings per equity share (Diluted)	1.25
Cash Flow	
Net cash from / used in (-) operating activities	(13,866.02)
Net cash from / used in (-) investing activities	(632.52)
Net cash from / used in (-) financing activities	14,275.23
Net increase/decrease (-) in cash and cash equivalents	(223.31)
Cash and cash equivalents as per Cash Flow Statement as at end of year	3,412.63
Additional information	
Net worth	8,561.24
Cash and Cash Equivalents	3,412.63
Loans	73,297.07
Total Debts to Total Assets (in Times)	0.84
Interest Income	12,377.31
Interest Expense	7,287.23
Impairment on Financial Instruments	(138.50)
Bad Debts to Loans	Negligible

Debt Equity Ratio of the Company (as on March 31, 2023)

Parameters	
Debt Equity Ratio before Issue of the Debt Securities	5.61
Debt after Issue of the Debt Securities	6.22

Note 1*: The debt equity ratio post issue is indicative and is on account of inflow of ₹ 15,000 lakhs from the proposed public issue.*

Note 2*: The debt equity ratio is calculated based on the Ind AS Financial Results for the Fiscal 2023.*

Note 3*: The following events occurred between 01/04/2023 to 31/07/2023 may have an impact on the above calculation:*

1. *The Company has redeemed secured non – convertible debentures amounting to ₹ 8,504.19 lakhs, during April 1, 2023 to July 31, 2023, impact of which is not provided in the above table.*
2. *The Company has redeemed Sub – ordinated debts amounting to ₹ 1,821.76 lakhs, during April 1, 2023 to July 31, 2023, impact of which is not provided in the above table.*
3. *The Company has issued Sub – ordinated debts amounting to ₹ 9,284.49 lakhs, during April 1, 2023 to July 31, 2023, impact of which is not provided in the above table.*

Note 4.

1. *Total Debts to Total assets= Debt Securities + Borrowings + Subordinated Debts/ Total Assets.*
2. *Bad debts to loan = Bad Debts written off / Loans and Advances Outstanding*
3. *Debt / Equity Ratio= Total Debt outstanding / Net worth*

Our Strengths

Diversified product offerings presenting significant growth opportunities

We offer a diverse range of financial products and services targeted at the low and middle income customer segments. Our gold loan / personal loan segment extends loan to individuals for their personal needs. Our MSME loan segments extend loans to dealers, retailers and related service providers in various industries. Our vehicle loans are two wheeler loans targeted towards women customers. Our microfinance loans are targeted for income generation for women entrepreneurs. We cover a diversified customer demographic through our various financing products. As of March 31, 2023, March 31, 2022 and March 31, 2021, gold loan segment represented 64.23%, 58.29% and 50.68%, MSME loan segment represented 25.10%, 32.34% and 38.58%, Microfinance loan segment represented 9.86%, 8.25% and 9.14% and personal loans represented 0.82%, 1.12% and 1.60%, respectively of the total AUM of the Company. We believe that our diversified product portfolio and customer base aligned with increasing market demand is a key component of our growth and success. Our diverse revenue stream reduces our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business, and geography or customer segment.

Growing distribution network

As on June 30, 2023, we had a distribution network of 684 branches spread across Kerala, Karnataka Tamil Nadu, Telangana, Andhra Pradesh and Maharashtra. We believe that our presence allows us to continue to capitalise on opportunities to grow our loan portfolio and our in house ability to appraise credit quality is a key to our efficient credit decisions. With our growing network and dedicated distribution and operations teams, we seek to ensure that our credit assessment processes are robust and we provide financial facilities to creditworthy customers. Below data shows our growth in distribution network. The branch details of our company as on June 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, is as given below:

States	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Kerala	338	338	306	182
Karnataka	134	133	63	39
Tamil Nadu	126	125	41	27
Telangana	44	43	16	2
Andhra Pradesh	34	33	-	-
Maharashtra	8	6	-	-
Total	**684**	**678**	**426**	**250**

Satisfactory customer service

We have established an effective process for origination, monitoring and collecting receivables which enable us to generate stable growth with control over the asset quality. We adhere to a strict set of market survey and location guidelines while selecting branch sites to ensure that our branches are set up close to our customers. We believe that our customers appreciate this convenience, as well as extended operating hours that we typically offer, which are often more compatible with our customers' work schedules.

Our target customers mainly hail from rural/semi-urban area. Under such customer segment, the knowledge of local culture and long relationship with the customers play a key role for growth in our operation. We have adopted distinguished and cost effective business origination policy, where we originate the business through our branch networks in association with marketing officers termed as customer service points. These customer service points are local residents of the area and have the domain knowledge of that area. They identify potential customers in defined area and maintain long term relationship with the existing customers. Each of our branches is staffed with persons who possess local knowledge and understanding of customers' needs and who are trained to appraise collateral and disburse loans within a short span of time. Although disbursement time may vary depending on the loan ticket size and the security pledged. We believe our customer service and response time are our key competitive strengths that differentiate our services and products from those provided by commercial banks.

Effective risk management system including appraisal, internal audit and inspections.

Risk management forms an integral part of our business as we are exposed to various risks relating to our business. The objective of our risk management system is to measure and monitor the various risks we are subject to and to implement policies and procedures to address such risks. We have an internal audit system which consists of audit and inspection, for risk assessment and internal controls. The audit system comprises of accounts audit and loan appraisal. In accordance with our internal audit policy, our branches are subject to surprise audit every month on random basis. We have designed stringent evaluation process and credit policies to ensure the asset quality of our loans and the security provided for such loans. Our credit policy comprises classification of target customers in terms of track record, classification of assets, differentiated loan to value ratio for different class of customers and assets, limits on customer exposure etc. Further, in order to build quality assets and reduce NPA level, we have developed a culture of accountability by making our marketing officers responsible for loan administration, monitoring as well as recovery of the loans they originate.

For effective and timely portfolio management, we have put in place a centralized risk analytics team publishing credit and portfolio performance reports for management's review. We utilise advance statistical tools like customer behaviour scorecards for early identification of potential risks in our portfolios and to take corrective actions accordingly as required. The reports provide detailed information on various portfolio segments and ascertain the risk. In addition, periodic collection reviews are conducted on delinquent customers and segments to identify and evaluate any problem areas, to drive collection efficiencies and future acquisitions.

Experienced management team and skilled personnel

We believe that the expertise and industry knowledge of our senior management team has enabled us to accelerate the growth in our business. Although we have a relatively brief operating history, our senior management team has experience in gold loan, micro finance and consumer finance businesses with a track record of successfully growing businesses. Our board of directors has experience across a broad range of disciplines. Our Whole time Director Shibu Theckumpurath Varghese has over two decades of experience in the financing business and have developed a good understanding of the local area dynamics. This has enabled our Company to grow our loans portfolios. We have an experienced management team, which is supported by a capable and motivated pool of employees. Our senior managers have diverse experience in various functions, related to our business. Our senior managers have an in-depth understanding of the specific industry, products and geographic regions they cover, which enables them to appropriately support and provide guidance to our employees. For further details, refer to "*Our Management*" on page 128.

Our Strategies

Our business strategy is designed to capitalize on our competitive strengths and enhance our market standing. Key elements of our strategy include:

Growth of the business through increasing geographical presence in rural and semi-urban areas

We intend to continue to grow our loan portfolio by expanding our network through the addition of new branches. In order to optimize our expansion, we carefully assess potential markets by analyzing demographic, competitive and regulatory factors, site selection and availability, and growth potential. A good reach to customers is very important in our business. Increased revenue, profitability and visibility are the factors that drive the branch network. Currently, we are present in key locations which are predominantly in South India for sourcing business namely Kerala, Karnataka, Tamil Nadu, Telangana and Andhra Pradesh. Our strategy for branch expansion includes further strengthening our presence in South Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in southern Indian states. We also seek to expand our business through branch expansion in non-southern states. As a strategy, we will continue to leverage on the infrastructure provided by entities operating under the 'KLM' brand name. We expect that our diverse revenue stream will reduce our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business, geography or customer segment. Offering a wide range of products helps us attract more customers thereby increasing our scale of operations. At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base in rural and semi-urban markets where a large portion of the population has limited access to credit either because they do not meet the eligibility requirements of banks or financial institutions, or because credit is not available in a timely manner at reasonable rates of interest, or at all. A typical loan customer expects rapid and accurate appraisals, easy access, quick approval and disbursement. We believe that we meet these criteria when compared to other money lenders, and thus our focus is to expand our loan financing business. At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base to include customers who otherwise would rely on the unorganized sector.

Further strengthen and grow our gold loan and microfinance business

Our Company started offering customized loans to small enterprises finance segment in 2013-14 and has continually focused on expanding our customer base for this product since then. We see a significant opportunity for our Company to expand our customer base in small enterprise finance segment. We intend to focus on the industry opportunity and leverage our established presence to further grow our gold loan and microfinance business. As per CRISIL report dated April 2023, on the "Industry report on gold loans, personal loans, MSME loans, and microfinance loans -released in Mumbai in April 2023", overall gold loan AUM is stood at ₹5.1 trillion in Fiscal 2022 and is expected to reach ₹6.1 trillion in fiscal 2023 followed by expectation of ₹7.0 trillion in Fiscal 2024. AUM of gold loan NBFCs, which clocked a compound annual rate (CAGR) of 15% between fiscals 2018 and 2022, reported moderation in growth to 11% on-year in fiscal 2022. Southern states have a dominant share in the total AUM. It is observed that 50-55% of the total AUM is contributed by the southern region in the top two NBFCs in past five years.

We intend to focus on the industry opportunity and leverage our established presence to further grow our gold loan and microfinance business,

To implement advanced processes and systems

We intend to invest in our existing technology systems and processes to create a stronger organization and ensure good management of customer credit quality. We also intend to invest in our technology-enabled operating procedures to increase operational and management efficiencies as well as ensure strong customer credit quality. Our focus on the effective use of technology is aimed at allowing employees across our branch network to collect and enter data to a centralized management system, providing our senior management real-time access to credit processing and decision making. We continue to implement technology led processing systems to make our appraisal and collection processes more efficient, facilitate rapid delivery of credit to our customers and augment the benefits of our relationship based approach. We also believe that deploying strong technology systems will enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, and improve our risk management capabilities. Our Company has implemented ERP system across all branches from February 29, 2020. We believe that the accurate and timely collection of such data gives us the ability to operate our business in a centralized manner and develop better credit procedures and risk management. As we continue to expand our geographic reach and scale of operations, we intend to further develop and invest in our technology to support our growth, improve the quality of our services and achieve superior turnaround time in our operations.

Further strengthen our risk management and loan appraisal

We believe risk management is a crucial element for further expansion of our Loan business. We therefore continually focus on improving our integrated risk management framework with processes for identifying, measuring, monitoring, reporting and mitigating key risks, including credit risk, appraisal risk, custodial risk, market risk and operational risk. We plan to continue to adapt our risk management procedures, to take account of trends we have identified. We believe that prudent risk management policies and development of tailored credit procedures will allow us to expand our Loan financing business without significantly increasing our non-performing assets. Since we plan to expand our geographic reach as well as our scale of operations, we intend to further develop and strengthen our technology platform to support our growth and improve the quality of our services. We are focused on improving our comprehensive knowledge base and customer profile and support systems, which in turn will assist us in the expansion of our business.

Description of our business line

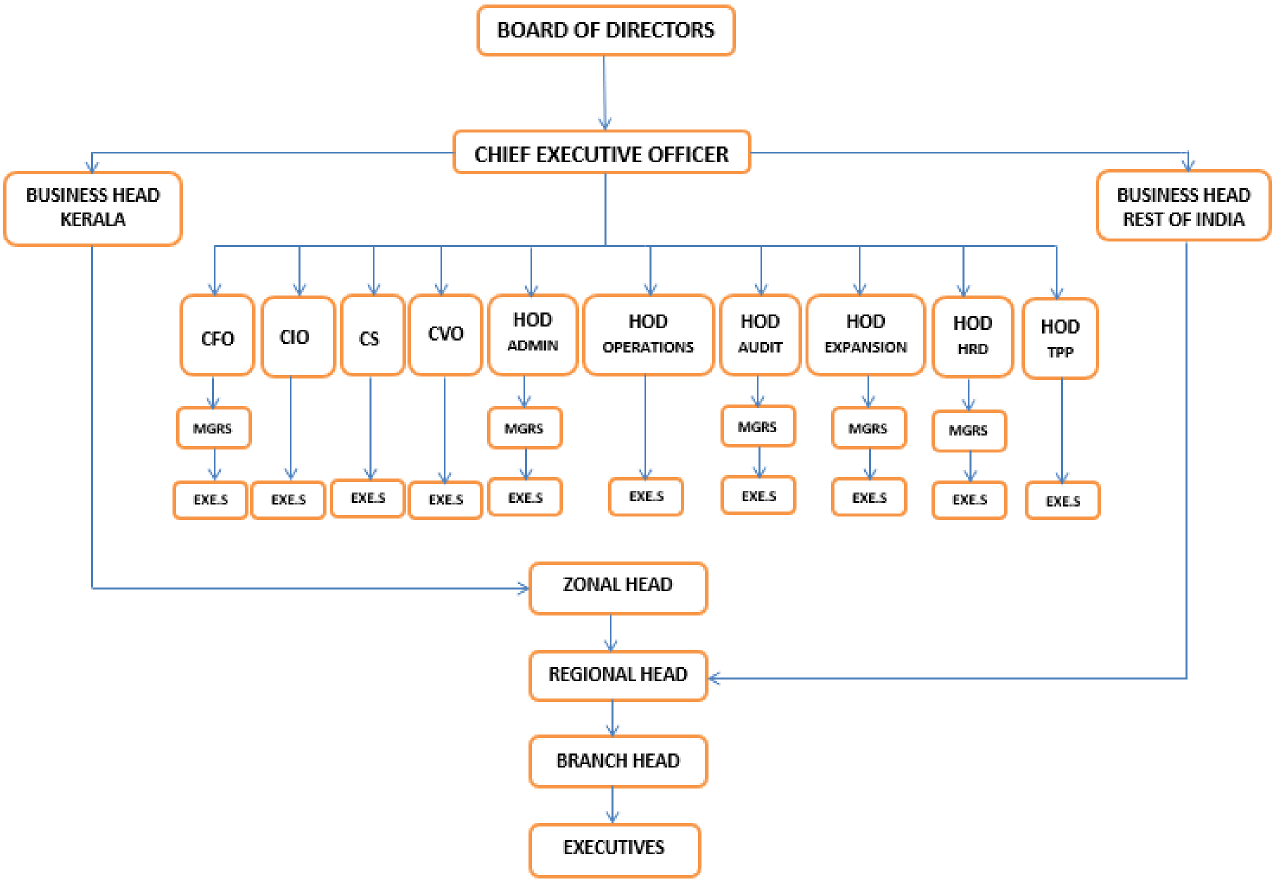
We primarily operate four principal lines of business, namely gold loan business, micro, small and medium enterprises loan, personal loan and microfinance. The table below sets forth details in relation to our total credit exposure as of the dates indicated:

(₹ *In lakhs)*

Particulars	**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
Gold loan	93,796.18	62,546.94	37,871.22
MSME loan	36,648.70	34,700.25	28,833.44
Personal loan	1,191.77	1,197.27	1,193.66
Microfinance loan	14,395.87	8,850.80	6,830.12
Vehicle loan	0.45	1.46	1.65
Total AUM	**1,46,032.97**	**1,07,296.72**	**74,730.09**

CORPORATE STRUCTURE

The following chart presents the corporate structure of our Company:



Our Business Operations

Gold Loan

One of our primary business is disbursement of gold loans, which are typically small ticket loans collateralized by gold jewellery. As on March 31, 2023, the assets under management for gold loan was ₹ 93,796.18 lakhs, which represented 64.23% of our total assets under management respectively. For the financial years ended March 31, 2023, 2022 and 2021, income from interest earned on our gold Loans constituted 64.60%, 62.99% and 61.14%, respectively, of our total income.

Loan disbursement process

The principal form of collateral accepted by us is gold jewellery. The amount that we finance against the security of gold jewellery is typically based on the value of the jewellery. We value the gold jewellery brought by our Gold Loan customers based on our centralized policies and guidelines, including policy on interest rate fixation. We currently lend up to 75% of the value of the jewellery. We appraise the jewellery collateral solely based on the weight of its gold content, excluding weight and value of the stone studded in the jewellery. Our gold loans are therefore well collateralized because the actual value of the collateral in all cases are generally higher than our appraised value.

The amount we lend against an item and the total value of the collaterals we hold fluctuates according to the gold prices but not exceeding the LTV ratio as prescribed by RBI from time to time. However, an increase in gold price will not result automatically in an increase in our gold loan portfolio unless the per gram rate are revised by our corporate office. Similarly, since adequate margins are kept at the time of disbursement of loan, a decrease in the price of gold has little impact on our interest income. However, a sustained decrease in the market price of gold may decrease in the size of our subsequent loan portfolio and our interest income.

We rely on the disposition of collateral to recover the principal amount of an overdue gold loan and the interest due thereon. We also have recourse against the customer for the loan. Since the disbursement of loans is primarily based on the value of collateral, the customer's creditworthiness is not a factor in the loan decision. However, we comply with 'know your customer' norms adopted by the Board and require proof of identification and address proof. We also photograph customers with web-cameras installed in our branches.

All our gold loans have terms of up to 12 months. However, our customers have the option to redeem the loan at any time during the period of loan tenure. In the event that a loan is not repaid on time and after providing due notice to the customer, the unredeemed collateral is disposed of on behalf of the customer in satisfaction of the principal and all interest charges. In general, collateral is disposed of only when the recoverable amount is equal to or more than the realizable value of the collateral.

Loan appraisal process

Our gold loan approval process is generally linked with the appraisal of gold jewellery that serves as collateral, which takes only a few minutes. Each of our branches is staffed with persons who have been trained and have experience in appraising the gold content of jewellery. The appraisal process begins with weighing the jewellery using calibrated weighing machines. Jewellery is then subject to prescribed primary tests for the quality of gold, including stone tests and acid tests, followed by additional tests, if required, such as salt tests, sound tests, weight tests, pointed scratching tests, flexibility tests, color tests, smell tests, usability tests, magnifying glass tests and finishing tests. Once the jewellery passes these tests, loans are disbursed based on the rates per gram of gold approved by the corporate office.

Our customers are provided the option to accept loan disbursements in cash or by cheque, as permissible under RBI guidelines. At the time of disbursement, an undertaking is signed by the customer. It states the name and address of our Company's relevant branch office and the customer, a detailed description of the gold jewellery provided as collateral, the amount of the loan, the interest rate, the date of the loan, and other terms and conditions.

The pledged gold jewellery are separately packed by staff of the branch, and then placed in a polythene pouch with the relevant documents on the loan and the customer and stored in the safe or strong room of the branch. The safes and strong rooms in which the gold jewellery is kept are built as per industry standards and practices. The strong rooms are vaults with reinforced concrete cement structures. Currently, almost all of our branches are using strong rooms or safe vaults.

We monitor our loan accounts and recovery of dues on an ongoing basis. Once a loan is fully repaid, the pledged gold jewellery is returned to the customer. When a customer does not repay a loan on or before its maturity, we initiate the recovery process and dispose of the collateral to satisfy the amount owed to us, including both the principal and the accrued interests. Before starting the recovery process, we inform the customer through registered letters or legal notices.

When a loan is repaid, we give the customer an option to pledge the security again and obtain another loan. The procedure of re-pledging entails the same procedure as that of a pledge and is accompanied by the same mode of documentation that a pledge entails. If the loan is not repaid when the loan falls due, we are able to sell the gold collateral in satisfaction of the amount due to us. We also reserve the right to sell the collateral even before a loan becomes past due in the event the market value of the underlying collateral is less than amounts outstanding on the loan, after serving notice to the customer.

Micro, small and medium enterprises loan ("MSME Loan"):

Currently, we offer business loans to the micro, small and medium enterprises segment for a tenor of up to 40 months. Our target customers in the micro, small and medium enterprises segment typically comprises self-employed professionals, wholesale and retail dealers, merchants, small and medium scale manufacturing concerns etc. Our MSME Loan segment is typically customized to suit the requirements of our customers after having assessed and understood their business model. As of March 31,2023 the assets under management for MSME loans was ₹ 36,648.70 lakhs which represented 25.10% of our total assets under management respectively.

We believe that the MSME Loan segment is still under banked to a large extent and barring certain public financial institutions and public sector banks, lending in this sector has traditionally been addressed by the unorganized players in most regions in India. Accordingly, we see a significant opportunity for our Company to expand our customer base in MSME segment.

Personal Loan

We provide personal loan to our existing and new customers. Our officials reach out directly to our personal loan customers and visit them at their doorstep to carry out loan origination and credit evaluation, so as to ensure speedy processing of loans. We target customer segments who do not have easy access to bank or other modes of financing for immediate short or medium term funding requirements, within reasonable time. The average tenor for such loans is typically up to 20 months. As on March 31, 2023, the assets under management for personal loans was ₹ 1,191.77 lakhs, which represented 0.82% of our total assets under management.

Microfinance

In the Fiscal 2017, we have introduced microfinance operations entail providing micro credit lending to our women customers who are predominantly located in rural and semi-urban areas and the purpose of loans sanctioned to them is mainly for utilisation in small businesses or for other income generating activities but not for personal consumption. Primarily, we utilise a clustered group lending model to provide unsecured loans to our customers. This model relies on a form of 'social collateral' and ensures credit discipline through peer support within the group. This model presupposes our members being prudent in conducting their financial affairs and prompt in repaying their outstanding borrowings.

We provide microfinance loans up to ₹ 0.50 lakhs each to a group of 10 – 15 women customers for their business needs. A customer is eligible for a subsequent cycle of the loan if their track record of repayment is good and meets certain other requirements relating to their conduct within the group. In addition, we also extend midterm loans to certain eligible microfinance customers, based on their requirements. All our microfinance loans are offered at fixed interest rates, with principal and interest typically payable in weekly instalments. Interest rates for our microfinance product offerings are a function of our operating and funding costs, in particular our personnel and administrative costs, as well as the RBI limits on microfinance loan interest rates. As on March 31, 2023, the assets under management for microfinance loans were ₹ 14,395.87 lakhs, which represented 9.86% of our total assets under management.

Interest Rate Model

All of our loans (a) are offered at fixed or variable interest rates, and (b) have principal and interest payable in weekly, fortnightly or monthly instalments and sometimes the loans are repaid at one go. The interest rates we charge our borrowers are principally based on our operating and funding costs, particularly our personnel and administrative costs, which we believe are significantly higher than those of most commercial banks and traditional non-banking finance companies. We have in the past progressively reduced the interest rates we charge to our borrowers whenever our costs have reduced, either as a result of economies of scale or lowered funding costs. We may continue to reduce our interest rates in the future as we achieve such economies of scale in other markets or further economies of scale in existing regions.

Loan Evaluation, Credit Appraisal and Disbursement

Loan evaluation

Due to our customer profile, in addition to a credit evaluation of the borrower, we rely on guarantor arrangements, the availability of security, referrals from existing relationships and close client relationships in order to manage our asset quality. All customer origination and evaluation, loan disbursement, loan administration and monitoring as well as loan recovery processes are carried out by our executives at each branch, who are responsible for (i) loan origination, (ii) credit evaluation, (iii) pre-lending field investigations and (iv) post lending credit appraisal. The team of officials responsible for origination of a loan is also responsible for the timely servicing of loans, recoveries, and monitoring performance of each loan from origination to closure of the loan. We offer incentivized salary structures to such officials where their incentives are directly linked to recovery of instalments of the principal amount and interest on the loans. We do not utilize or engage direct selling or other marketing and distribution agents or appraisers to carry out these processes. We follow certain procedures for the evaluation of the creditworthiness of potential borrowers. Our credit appraisal process is as follows:

When a customer is identified and the requisite information for a financing proposal is received, a branch manager or our branch executive personally visits such customer at their homes and/or place of business to assess the loan requirements and creditworthiness of such customer. We also require an applicant to provide appropriate references from existing or former customers. The proposal form requires the customer to provide information on the age, address, employment details and annual income of the customer, as well as information on outstanding loans.

Credit Appraisal

We undertake various credit control checks, diligence and field investigations on a prospective customer which inter-alia includes an internal data de-duplication check, CIBIL database check, fraud verification, asset verification and valuation, trade credit reference checks and other legal and technical verification procedures which also includes detailed analysis of financial statements, bank statements and other documents put together constitute the credit file for all customers. From time to time, our management lays down loan approval parameters which are linked to the value of the underlying security and/or collateral. The borrower is charged prepayment charges in the event of termination of the loan by prepayment. Security received from the borrower, including unutilized post-dated cheques, if any, is released on repayment of all dues or on collection of the entire outstanding loan amount, provided no other existing right or lien for any other claim exists against the borrower. After having completed our internal verification procedures all documents submitted by the prospective customer are checked and verified as required and any discrepancies and/or gaps in such documentation are highlighted and sent to the prospective customer for corrections, explanations and resubmissions as required.

The files provided are at length reviewed by the credit managers for evaluation using credit evaluation tool. Based on the document review the credit managers conduct personal discussions with the customers at their workplace. The discussion is intended to gather information about the business model of the customer, his positioning in the value chain, dependence of suppliers and/or customers and to ascertain any business risks like export dependence, raw-material supplies, etc. which might adversely impact the business cash flows and hence diminish repayment capacity. Based on the all the information gathered, and assessment of customer's business risks, debt servicing ability and collateral risks, the credit manager puts the transaction proposal to appropriate approving committee in the hierarchy for decision.

Approval and Disbursement Process

Once the credit history, credentials, information and documents have been submitted by the prospective customer and verified to our satisfaction, the applications are approved at the appropriate credit approval level.

There are four progressive levels of approvals which a proposal can be put to which are based on loan product, loan amount and identified risks. All proposals require minimum of two approvals and up to four approvals for larger ticker size loans. For gold loan, the branch manager is authorized to approve a loan if the proposal meets the criteria established for the approval of a loan. For MSME loan, personal loan and microfinance, our corporate office is authorised to provide final approval in consultation with the branch. The applicant is intimated of the outcome of the approval process, as well as the amount of loan approved, the terms and conditions of such financing, including the rate of interest (annualized) and the application of such interest during the tenure of the loan. With due sanctioning of the loan, we execute agreements in connection with the loan and creation of security in relation thereto, if any, with the customer. Margin money and other charges, if any, are collected prior to loan disbursements. The disbursing officer retains evidence of the applicant's acceptance of the terms and conditions of the loan as part of the loan documentation.

Prior to the loan disbursement, our concerned officer ensures that a Know Your Customer, ("KYC"), checklist is completed by the applicant. The concerned officer verifies such information provided and includes the records in the relevant loan file. The officer is also required to ensure that the contents of the loan documents are explained in detail to the customer either in English or in the local language of the customer. The customer is provided with a copy of the loan documents executed by him. Further although our customers have the option of making payments by cash or cheque, we may require the applicant to submit post-dated cheques covering an initial period prior to any loan disbursement.

Loan administration and monitoring

The customer (and guarantor, if any) execute(s) the security creation documents and the loan agreement setting out the terms of the loan. A loan repayment schedule is attached as a schedule to the loan agreement, which generally sets out periodical repayment terms. Repayments are made in periodical instalments. Loans disbursed are recovered from the customer in accordance with the loan terms and conditions agreed with the customer. We track loan repayment schedules of our customers on a monthly basis, based on the outstanding tenure of the loans, the number of instalments due and defaults committed, if any. This data is analysed based on the loans disbursed and location of the customer. All recovery of amounts due on loans is managed internally by us. We ensure complete focus on all stages of the collections process. We monitor the completeness of documentation, creation of security etc. through regular visits to the business outlets by our regional as well as corporate office executives and internal auditors. All customer accounts are reviewed on a regular basis.

We monitor the completeness of documentation, creation of security etc. through regular visits to our branches by the regional as well as corporate office executives and internal auditors. All borrower accounts are reviewed at least once a year, with a higher frequency of reviews for the larger exposures and delinquent borrowers. The branch managers review collections regularly and personally contact borrowers that have defaulted on their loan payments. Branch managers are assisted by the officers responsible for loan origination, who are also responsible for the collection of instalments from each borrower serviced by them. We believe that close monitoring of debt servicing efficiency enables us to maintain high recovery ratios.

Collection and Recovery

We believe that our loan recovery procedure is particularly well-suited to our target market for each of our products. The entire collection operation is administered in-house through our branch officials and we do not outsource loan recovery and collection operations. In case of default, the reasons for the default are identified by the officer responsible for each loan and appropriate action is initiated, such as requiring partial repayment and/or seeking additional guarantees or collateral.

In the event of a default on three loan instalments, the relevant officer is required to make a personal visit to the borrower to determine the gravity of the loan recovery problem. We may initiate the process for repossession of the underlying asset and/or enforcement of the charge if required. Our officers are trained to repossess assets and/or enforce the security interest and no external agency is involved in such processes. Repossessed assets are held at designated secured facilities for eventual disposal. The notice to the customer specifies the outstanding amount to be paid within a specified period, failing which the asset may be disposed of and/or the charge enforced. In the event there is a short fall in the recovery of the outstanding amount from enforcement of the charge, legal proceedings against the customer may be initiated.

Branch Network

As on June 30, 2023 we had 684 branches in the states of Kerala, Karnataka, Tamil Nadu, Telangana, Andhra Pradesh and Maharashtra. We propose to target establishing our operations through new branch network in cities and towns where we historically had relatively limited operations. We typically introduce our products in a particular location only after having evaluated the regional market and the demand for each individual product. Currently, not all of our branch offers our full range of products. As a part of our strategy we target to gradually introduce our entire range of product offerings at each of our existing branch network.

A typical our branch comprises 3 to 6 employees, including the branch manager. The branch details of our company as on June 30, 2023, and during the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 is as given below:

States	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Kerala	338	338	306	182
Karnataka	134	133	63	39
Tamil Nadu	126	125	41	27
Telangana	44	43	16	2
Andhra Pradesh	34	33	0	0
Maharashtra	8	6	0	0
Total	**684**	**678**	**426**	**250**

Marketing, Sales and Customer Care

Our Company undertakes publicity through media, both print and electronic to increase the visibility of our brand. Our media plan ensures the visibility and reach of our KLM brand within the desired budget. These advertisements are carried out across various states wherever our Company has presence. This helps individual branches to target the public and thereby generate business from the locality. For the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, our total advertisement expenditure was ₹ 184.31 lakhs, ₹ 511.81 lakhs and ₹ 312.52 lakhs, respectively.

Risk Management

Risk management forms an integral part of our business as we are exposed to various risks relating to the Loan business. The objective of our risk management systems is to review the operations of the organization followed by identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats and to provide a framework that enables future activities to take place in a consistent & controlled manner and to improve the decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats. Our Risk Management Committee assists the Board in addressing various risk such as operational risk, credit risk, liquidity risk, interest rate risk compliance risk, strategic risk.

Asset and Liability Management ("ALM")

Our business operations require steady flow of working capital and hence managing the day to day liquidity becomes a critical function. The ALM, amongst other functions, is concerned with risk management, providing a comprehensive as well as a dynamic framework for measuring, monitoring and managing liquidity, market risk and interest rate risk. The ALM ensures proper balance of assets and liabilities of the company as per guidelines issued by Reserve Bank of India from time to time. The ALM also computes and monitors monitor periodically the maturity pattern of the various liabilities and assets of the company.

Credit Risk

Credit risk is the possibility of loss due to the failure of any counterparty abiding by the terms and conditions of any financial contract with us. We aim to reduce the aforesaid credit risk through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy. Our Company has established separate department for customer relation to ensure the quality of customers acquired. Team of Credit Manager, Branch Manager and Customer Relation Executive is responsible for customer acquisition, maintenance, follow up, credit recovery etc. Before each disbursement the aforesaid team carries out proper check on customer's identity through KYC documentation, customer visit, back ground verification etc. The loan application is processed only after the approval of Credit Manager who approves the customer upon physically verifying the customer's address and documents provided.

Operational Risk

Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to certain other external events. We have instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Although we disburse loans in a relatively short period of time, we have clearly defined appraisal methods as well as KYC compliance procedures in place to mitigate operational risks. Any loss on account of failure by employees to comply with defined appraisal mechanism is recovered out of their variable incentive. We also have detailed guidelines on movement and security measures of cash or gold. We are in the process of completing the installation of a centralised software which automates inter branch transactions, enabling branches to be monitored centrally and thus reducing the risk of un-reconciled entries. In addition, we are in the process of installing surveillance cameras across our various branches, and subscribe to insurance to cover employee theft or fraud and burglary. Our internal audit department and our centralised monitoring systems assist in the management of operational risk.

We regularly conduct internal audit at all the branches of the Company on a concurrent basis by a team of internal auditors. Internal audit team identifies and resolves failure in procedure implementation, identifying manipulations, malpractices, fraud, security issues etc. Internal auditor conducts regular checking ensures that all branch activities are carried out as per norms/procedures as mentioned in the operational policy. All our branches are reviewed monthly and were ranked based on their performance. The scope of these audits is reviewed periodically and modified to keep pace with a dynamic business environment.

Financial Risk

Our business is cash intensive and requires substantial funds, on an on-going basis to finance the loan portfolio and to grow it. Any disruption in the funding sources might have an adverse effect on our liquidity and financial condition. Our Company is proactively pursuing a system of identifying and accessing newer and cheaper sources of funds, to finance the loan book and to grow the business. Our Asset Liability Committee meets regularly and reviews the liquidity position of our Company and ensures availability of sufficient funding in advance.

Market Risk

Market risk refers to potential losses arising from the movement in market values of interest rates in our business. The objective of market risk management is to avoid excessive exposure of our earnings to loss. The majority of our borrowings, and all the loans we make, are at fixed rates of interest. Thus, presently, our interest rate risk is minimal.

Internal Audit Department

Our internal audit department assists in the management of operational risk using our centralised monitoring systems. Separate divisions of our internal audit department are in place to handle the audit of the departments of the corporate office and those of the branch offices. The audits of our branches are divided into two categories: (i) Audit and (ii) Inspection. Branch audit is carried out quarterly with the focus on the verification of documents, accounts, performance and compliance. In addition, an incremental high value loan check is carried out by regional managers as part of their periodical branch inspection.

Risk Management Audit

Our branch auditors also carry out a system driven risk audit on certain identified key risk parameters. These are keyed into the system and alerts are sent to branch controllers and top management in case the risk weight given under a specific parameter goes beyond the prefixed tolerance levels. In all such cases, the concerned branches are inspected by the branch controllers or top management personnel depending on the severity of risk and immediate remedial actions are initiated.

ALM Management Policy

The Asset - Liability Committee (ALCO) is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of our Company (on the assets and liabilities sides) in line with our Company's budget and decided risk management objectives.

The business and risk management strategy of our Company will ensure that our Company operates within the limits/parameters set by the Board. The business issues that an ALCO would consider, inter alia, includes product pricing, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc. In addition to monitoring the risk levels of our Company, the ALCO reviews the results of and progress in implementation of the decisions made in the previous meetings. The ALCO would also articulate the current interest rate view of our Company and base its decisions for future business strategy on this view.

The frequency of holding ALCO meetings is quarterly.

Liquidity Risk Management

Liquidity risk is the non-availability of cash to pay a liability that falls due. A company deemed to be financially sound if it is in a position to carry on its business smoothly and meet all the obligations – both long term as well as short term – without strain. Liquidity Risk arises largely due to maturity mismatch associated with assets and liabilities of the Company. Liquidity risk stems from the inability of the Company to fund increase in assets, manage unplanned changes in funding sources and meet financial commitments when required. Our Company has implemented liquidity management policy for reducing the risk relating to liquidity issues.

The major funding source for the Company is by way of equity share, capital, debentures and subordinated debts.

Though these are external sources of funds the Company is exposed to following risks:

- Interest Rate risk arises because of increase in cost of funds due to an overall increase in the interest rates economy.
- Asset-Liability Mismatch can lead to severe liquidity shortfall and result in significantly higher costs of funds.
- A high degree of leverage risk can severely impact the liquidity profile of the Company and lead to default in meeting its liabilities.

Company has implemented liquidity management policy for reducing the risk relating to liquidity issues. Currently the policies relating to liquidity are as follows:

- The Company is maintaining high capital adequacy ratio over and above limits prescribed by regulators.
- The Company ensures to keep liquidity to cover unexpected repayment obligation.
- Promoting fund infusion by way of Non-Convertible debentures and subordinated debts so that due date for interest and maturity can be pre known.
- Funding from long terms sources and lending as short term loans.
- Reducing the percentage of unsecured lending so that repayment up to a level is not affected.

Interest Rate Risk (IRR)

Interest rate risk is the risk where changes in the market interest rates might adversely affect an NBFC's financial condition. The changes in the interest rates affect the NBFCs in a larger way. The immediate impact of changes in the interest rates is on NBFCs earnings by changing its Net Interest Income. The interest rate risks are viewed from earning perspective and economic value perspective, respectively. It is the intention of the RBI to move over to the modern techniques of Interest Rate Risk Measurement like Duration Gap Analysis, Simulation and Value at Risk over time when NBFCs acquire sufficient expertise and sophistication in acquiring and handling MIS.

Over the last several years, the Government of India has substantially deregulated the financial sector. As a result, interest rates are now primarily determined by the market, which has increased the interest rate risk exposure.

Our results of operations are substantially dependent upon the level of our net interest margins. Interest rates are sensitive to many factors beyond our control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors. Rise in inflation, and consequent changes in the bank rates, repo rates and reserve repo rates by the RBI has led to an increase in interest rates on loans provided by banks and financial institutions.

Compliance Risk

We are regulated principally by and have reporting obligations to the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us may continue to change as India's economy and commercial and financial markets evolve. We ensure compliance with regulatory and statutory requirements. We have dedicated departments working together for monitoring, review and compliance of the applicable provisions reporting to Board of Directors.

Asset Classification

Non-performing Assets (NPA)

Based on the RBI SI Master Directions, the norms for asset classification, details of the classification of our gross NPAs for significant classes of our assets for the financial years ending on March 31, 2023, March 31, 2022 and March 31, 2021, are as furnished below:

(₹ in lakh)

Asset Type	March 31, 2023^	March 31, 2022^	March 31, 2021#
Standard	1,43,340.83	1,03,004.17	69,825.26
Sub-standard	993.95	1,470.50	1,890.76
Doubtful	1,698.18	2,822.03	3,014.09
Loss	-	-	-
Gross NPA	2,692.13	4,292.53	4,904.84
Total Loans & Advances	1,46,032.97	1,07,296.72	74,730.09

Asset Type	March 31, 2023^	March 31, 2022^	March 31, 2021#
Gross NPA % of Total Loans & Advances	1.84%	4.00%	6.56%
Less Provisions	1,501.58	1,394.05	1,409.00
Net NPA	1,190.55	2,898.48	3,495.84
Net NPA % of Total Loans & Advances	0.82%	2.70%	4.68%

^ *based on Audited Ind AS Financial Statements.*
 # based on Audited Standalone Ind AS Financial Statements.

Secured loans are classified or provided for, as per management estimates, subject to the minimum provision required as per RBI SI Master Directions.

NPA Management Policy

Our Company has put in place NPA Policy. Every NBFC is required to have a policy in accordance with RBI guidelines for managing the Non-performing assets of the Company. The Board of Directors of every NBFC granting loans shall frame a policy for the company and implement the same in term of RBI Circular no. DNBS. 157/CGM(CSM)-2002 dated April 12, 2002.

As per the circular NPA policy of the Company shall, inter alia, stipulate the following:

a. A cut off date within which the repayment of demand or call loan shall be demanded or called up;
b. The sanctioning authority shall, record specific reasons in writing at the time of sanctioning demand or call loan, if the cut off date from demanding or calling up such loan is stipulated beyond a period of one year from the date of sanction;
c. The rate of interest which shall be payable on such loans;
d. Interest on such loans, as stipulated shall be payable either at monthly or quarterly rests;
e. The sanctioning authority shall record specific reasons in writing at the time of sanctioning;
f. A cut off date for review of performance of the loan, not exceeding six months commencing from the date of sanction;
g. Such demand or call loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.

A demand or call loan, which remained overdue for six months from the date of demand or call or on which interest amount remained past due for a period of six months, will be considered as non-performing (NPA) loan and suitable provisions as envisaged by RBI from time to time is provided for by the Company.

Normal tenor of a gold loan can be up to a period of 12 months from the date of advance. Interest is payable at the time of maturity date. To be categorised as NPA, the loan shall have remained overdue (inclusive of unpaid interest), for a period of six months or more or on which interest amount remained overdue for a period of six months or more from the due date. Effectively, a gold loan qualifies to be categorised as NPA from the 19th month, when it remains un paid or interest has not been serviced for 18 months from the date of advance or for 6 months from the due date. In the case of non-repayment, i.e., within a period of nine or 12 months, as applicable, from the date of pledging, the asset will be disposed of by our Company after the expiry of either nine or twelve months and 15 days of grace, by sale through public auction. Our Company may also consider settlement of loan dues by way of concessions in interest as a one –time settlement on a case to case basis only with the approval of corporate office.

The auction procedure shall be transparent. And prior notice will be given to customer by registered post/courier informing about the auction. The auction shall be announced to the public by issuing advertisements in at least two newspapers, two in vernacular language describing the date of auction, venue of auction, and the details of gold etc. Auction will be conducted by an approved auctioneer appointed by our Company. The Company will provide full list of articles to be auctioned, the auction proceeds should be credited to the company's account within a maximum period of 30 days from the date of auctions, the auctioneer and the Company will enter into a written agreement for conducting the auction. The auctioneers tenure will be one year with reappointment every year and the fees payable is pre-fixed subject to a ceiling 5% of the auction proceeds. Our Company or its promoters concerns will not participate in the auction.

Capital Adequacy Ratio

As per the Master Directions, every NBFC-ND-SI including us are subject to capital adequacy requirements. Currently, we are required to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off balance sheet items. Also, the total of Tier II capital, at any point of time, shall not exceed one hundred percent of Tier I capital. Additionally, we are required to transfer upto 20% of our net profit to a reserve fund and make provisions for NPAs. We had a capital adequacy ratio of 24.4%, 25.27%, 20.95% and 16.06% on June 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, respectively. We have satisfied the minimum capital adequacy ratios prescribed by the RBI for the quarter ended June 30, 2023 and financial years ended March 31, 2023, March 31, 2022 and March 31, 2021.

Technology

We use information technology as a strategic tool for our business operations to improve our overall productivity and efficiency. We believe that through our information systems which are currently in place, we are able to manage our operations efficiently, market effectively to our target customers, and effectively monitor and control risks. We believe that this system has improved customer service by reducing transaction time and has allowed us to manage loan collection efforts better and to comply with regulatory record-keeping and reporting requirements. All our branches are computerised. A need was felt for a centralised IT platform for our continued aggressive growth along with risk management. Accordingly, we have implemented centralised IT platform and are streamlining the past records to improve the operational efficiency. Further, our Company has implemented the ERP system across all branches from February 29, 2020.

Our Company has also constituted an Information Technology Strategy Committee to direct and manage information security governance for our Company's enterprise. Information Technology Strategy Committee is responsible for policy maintenance activities including reviews and revisions and for monitoring compliance with Information Technology Policy ("**IT Policy**") approved by the Information Technology Strategy Committee and to assist in the enforcement of the IT Policy. The Information Technology Strategy Committee also conducts annual risk assessments in order to determine the level of security risk and the efficacy of security controls within the Company.

Our Borrowings and Credit Ratings

Source of funding

We have expanded our sources of funds in order to reduce our funding costs, protect interest margins and maintain a diverse funding portfolio. This will enable us to achieve funding stability and liquidity. We have depended on issuance of equity shares & secured non-convertible debentures through private placement & public issues and subordinate debt as primary source of funding.

Please refer to sections titled "*Financial Statements*" and "*Financial Indebtedness*" on pages 146 and 149.

Credit Rating:

Credit Rating Agency	Instrument	Date	Ratings	Rated amount in ₹ lakhs
India Ratings & Research Private Limited	Proposed Issue of Non-Convertible Debentures	Rating letter dated July 21, 2023	IND BBB-/Stable	₹ 15,000 Lakhs

Security threats and measures taken to mitigate them

The principal security risks to our operations are robbery and employee theft or fraud. We have extensive security and surveillance systems to counter external security threats. To mitigate internal threats, we undertake careful pre-employment screening, including obtaining references before appointment. We have also installed surveillance cameras across our branches to protect against robbery, all branch employees work behind wooden, glass and steel counters, and the back office, strong room/safe and computer areas are locked and closed to customers. We also keep the pledged gold in joint custody stored securely in strong rooms. Since we handle high volumes of cash and gold jewellery at our locations, daily monitoring, spot audits and immediate responses to irregularities are critical to our operations. We have an internal auditing program that includes unannounced branch audits and cash counts at randomly selected branches.

Competition

We face competition from banks, NBFCs and other unregulated/unorganised money lenders. Our Board believes that we can achieve economies of scale and increased operating efficiencies by increasing the number of branches under operation and proven operating methods. We believe that the primary elements of competition are the quality of customer service and relationship management, branch location and the ability to lend competitive amounts at competitive rates. In addition, we believe the ability to compete effectively will be based increasingly on strong management, regional market focus, automated management information systems and access to capital.

Insurance

We believe that we maintain all material insurance policies that are customary for companies operating in similar businesses. These include a money insurance policy in respect of cash-in-safe and in-transit. We also maintain insurance coverage against losses occasioned by burglary for the gold and cash-in-safe.

Property

Our registered office is at Door No. 8-13, Plot No. 39, First Floor, Ashoka Complex, Above Indian Bank, Mythripuram Colony, Gayathrinagar X Road, Vaishalinagar P.O., Hyderabad, Telangana - 500 079. Our corporate office is at 4th Floor, Door No.1871A24, VM Plaza, Palarivattom, Ernakulam- 682 025, Kerala, India. As at June 30, 2023, we had 684 branches. We enter into lease and/or leave and license agreements in connection with the premises required for our business outlet. Except our branch located in Kothamangalam, Kerala, all of our branches, registered office and corporate office are located on leased premises.

Intellectual Property

Our corporate logo “” and trade name are registered with the Trade Marks Registry under class 36 and received a Certificate of Registration of Trademark bearing number 3270689 dated March 30, 2017. Additionally, we have also registered the logo for ‘KLM Axiva Finvest’ with the Trade Marks Registry under class 36 and received Certificate of Registration of Trademark bearing number 3899321 on January 26, 2019.

Human Resource

As of June 30, 2023, we had 2480 full-time employees. In addition, we have temporary sales, marketing and recovery personnel who work on a commission basis. We adhere to a policy of nurturing dedicated talent by conducting regular training programmes. We provide training to our employees both as a commitment to their career development and also to ensure quality service to our customers. These trainings are conducted on joining as part of employee initiation and include additional on-the-job trainings.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Our Company was incorporated on April 28, 1997, as 'Needs Finvest Limited', a public limited company under the Companies Act, 1956 with a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company also obtained the certificate of commencement of business dated May 6, 1997 from the Registrar of Companies, Andhra Pradesh at Hyderabad. The name of our Company was changed to 'KLM Axiva Finvest Limited' pursuant to a resolution passed by the shareholders of our Company at the EGM held on January 25, 2016 and a fresh certificate of incorporation dated February 29, 2016 issued by the RoC. The Corporate Identity Number of our Company is U65910TG1997PLC026983.

Our Company had originally obtained a Certificate of Registration in the name of Needs Finvest Limited dated December 30, 1997 bearing registration no. 09.00006 issued by the RBI to commence the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration under Section 45 IA of the RBI Act. Subsequently, the name of our Company was changed to KLM Axiva Finvest Limited and we had obtained fresh Certificate of Registration dated March 15, 2016 bearing registration no. 09.00006 from RBI.

Our erstwhile Promoter Princy Josekutty has disassociated herself from the Company with effect from June 18, 2021 and had transferred 47,000 Equity Shares to Shibu Theckumpurath Varghese.

As on date of this Prospectus, list of our Group Companies are as follows:

1. KLM Tiana Gold & Diamonds Private Limited;
2. Carbomix Polymers (India) Private Limited
3. Payyoli Granites Private Limited; and
4. Ente Naadu Nidhi Limited.

Registered office of our Company

The registered office of our Company is located at Door No. 8-13, Plot No. 39, First Floor, Ashoka Complex, Above Indian Bank, Mythripuram Colony, Gayathrinagar X Road, Vaishalinagar P.O., Hyderabad, Telangana – 500 079.

Change in Registered Office of our Company

Date	Details of registered office	Reason for Change
At Incorporation	Flat No.12, 3rd Floor, Krishna Complex, D. No. 4-1-938, Tilak Road, Abids, Hyderabad – 500001	-
April 8, 2009	D.No.3-4-186, Tobacco Bazar, Lane Behind Mahankali Temple, Secunderabad, Telangana – 500003	For effective and efficient business
January 22, 2017	Subodh Business Centre, 408, Malik Chambers, Hyderguda, Hyderabad, Telengana – 500029	For effective and efficient business
August 31, 2020	Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Rangareddi, Hyderabad – 500 074, Telangana, India	For administrative and operational convenience
August 13, 2022	Door No. 8-13, Plot No. 39, First Floor, Ashoka Complex, Above Indian Bank, Mythripuram Colony, Gayathrinagar X Road, Vaishalinagar P.O., Hyderabad, Telangana-500 079	For administrative and operational convenience

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

1. *To carry on and undertake the business of finance, whether by making loans or advances or otherwise, gold loan, hire purchase, leasing and to finance lease operations of all kinds, purchasing, selling, hiring or letting on hire all kinds of Plant and Machinery and equipment that the Company may think fit to any Company, body corporate, firm, society, trust, association or individual and to assist in financing of all and every kind*

and description of hire purchase or deferred payment or similar transactions and to subsidise, finance or assist in subsidising or financing the sale and maintenance of any goods, articles or commodities of all and every kind and description upon any terms whatsoever and for the purpose to purchase or otherwise deal in all forms of immovable and movable property including lands and buildings, plant and machinery, equipment, ships, aircrafts, automobiles, such as motor vehicles, motor cars, two wheelers, computers, and all consumer, commercial and industrial items and to lease or otherwise deal with them in any manner whatsoever including resale thereof, regardless of whether the property purchased and leased be new and/ or used to carry on finance against shares, securities and any other valuable articles.

2. *To invest, lend, advance, deposit or deal with the money belonging to, entrusted to or at the disposal or Company, or to give credit to any Company, Companies, Firms or persons, and in particular to the customers of the Company, with or without security and on such terms as may seem expedient and to give guarantees or securities for any such persons, firms, or Companies.*

3. *To subscribe, purchase, acquire, hold, sell, invest, dispose off or otherwise deal, for self and on behalf of others in shares, stocks, debentures, bonds, units, mortgages, obligations and securities issued to or guaranteed by Company or Mutual Fund and Government, Trust, Municipal. Local or other authority, and to invest by original subscription, syndicate participation, tender, purchase or otherwise out of the funds of the Company obtained either by subscription of capital, borrowings or by receipt of income from any trust which may be discretionary or otherwise or by gift of money received by the company from any person and also to invest in Badia finance and fiancé against shares and securities.*

4. *To become a corporate member of Stock Exchange, Security Exchange, OTC Exchange, any other recognized stock exchanges with trading privileges and to act as brokers and dealers for shares, securities, stocks, financial instruments, bonds, debentures, foreign exchanges and render consultancy services to their clientele whether in India and in abroad for investment in shares, debentures, bonds and all kinds of securities and to act as underwriters, issue managers, Lead Managers, Co-Managers, Portfolio Managers for all public issues including euro – issues or otherwise.*

Key milestones and major events

Financial year	Particulars
2012-2013	Present management acquired KLM Axiva Finvest Limited formerly known as Needs Finvest Limited and got permission for management change from RBI in 2013
2015-2016	Company extended the area of business to states of Tamil Nadu and Karnataka
2016-2017	Company raised fund through issue of non-convertible debentures through private placements and issue of subordinated debts
2017-2018	Our Company had started a Microfinance division in September 2017.
2019-2020	Our Company, by virtue of our total assets exceeding ₹ 50,000 lakhs, became a systemically important non-deposit taking NBFC with effect from March 9, 2020. Further RBI, on October 16, 2020, intimated our Company that it will fall under the category of Non-Banking Financial Company - Systemically Important Non-Deposit Taking company.

Key Agreements

Share purchase agreement dated March 9, 2013 entered into amongst Varalakshmi Kanapala, Satyanarayana Konapala, Konapala Rajasekhar, Balla Ramalingeswara Rao, Uppu Nagaratnam, K V L Narayana, Vatti Satyavathi, Vatti Arjuna Rao and Sri Lakshmi K (collectively referred as “Sellers”), Biji Shibu, Jijo M Varghese, Simi Gijo, Princy Josekutty, Ann Jose, Bindu Peeyus, Chinnamma Kuriakose, John J Pullan and Aleyamma Varghese (collectively referred as “Purchasers”), and our Company.

Our Company, Sellers and Purchasers entered into a share purchase agreement dated March 9, 2013 (“SPA”), pursuant to which Sellers agreed to sell and Purchasers agreed to purchase, 100% of the issued and paid up equity share capital of the Company. The consideration of ₹ 85,34,588 (Rupees Eighty Five Lakhs Thirty Four Thousands Five Hundred and Eighty Eight only) was discharged by the Purchasers for transfer of 758,300 Equity Shares of our Company at a price of ₹11.25 per Equity Shares.

Holding Company

Our Company does not have a holding company.

Subsidiary

As on the date of this Prospectus, our Company does not have a subsidiary.

OUR MANAGEMENT

In compliance with the Companies Act, 2013, our Company requires us to have not less than three Directors and not more than fifteen Directors. As on the date of this Prospectus, we have seven Directors on the Board which include one Executive Director and six Non-Executive Directors.

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in the Board of Directors. Currently, we have seven Directors on the Board of Directors.

Details relating to Directors

S. No.	Name, designation, DIN, nationality, occupation, date of appointment, term and address	Age (years)	Other Directorships
1.	**Sreenivasan Thettalil Parameswaran Pillai** **Designation:** Chairman and Non-Executive Director **DIN:** 03048551 **Nationality:** Indian **Occupation:** Business **Date of appointment/reappointment:** May 23, 2023 **Term:** Liable to retire by rotation **Address:** Sreelekha, J3, Jawahar Nagar, Thiruvananthapuram, Kerala – 695 003, India	79	Nil
2.	**Shibu Theckumpurath Varghese** **Designation:** Whole-Time Director **DIN:** 02079917 **Nationality:** Indian **Occupation:** Business **Date of appointment/reappointment:** July 27, 2016 **Term:** Re-appointed for a further period of 5 years with effect from August 30, 2019. **Address:** Theckumpuram, Padamamali Road, Chelad, Pindimana, Chelad Junction, Ernakulam, Kerala – 686 681, India.	58	1. Payyoli Granites Private Limited; and 2. Ente Naadu Nidhi Limited.
3.	**Biji Shibu** **Designation:** Non-Executive Director	53	1. Carbomix Polymers (India) Private Limited; 2. KLM Tiana Gold & Diamonds Private

S. No.	Name, designation, DIN, nationality, occupation, date of appointment, term and address	Age (years)	Other Directorships
	(Non-Independent) **DIN:** 06484566 **Nationality:** Indian **Occupation:** Business **Date of appointment/reappointment:** March 9, 2013 **Term:** Liable to retire by rotation **Address:** Theckempuram, Padammali Road Chelad, Pindimana, Chelad Junction, Ernakulam, Kerala – 686 681, India.		Limited; and 3. Ente Naadu Nidhi Limited.
4.	**Issac Jacob** **Designation:** Independent Director **DIN:** 02078308 **Nationality:** Indian **Occupation:** Business **Date of appointment/reappointment:** March 17, 2023 **Term:** 5 years with effect from March 17, 2023 **Address:** 7/1, Kuttichirakudiyil House, Kothamangalam, Ernakulam – 686691, Kerala, India	38	1. Peringidamala Estates Private Limited; 2. Payyoli Granites Private Limited; 3. QB Concretes Private Limited; and 4. Basil Natural Technically Specified Rubber Private Limited;
5.	**K.M. Kuriakose** **Designation:** Independent Director **DIN:** 08924909 **Nationality:** Indian **Occupation:** Service **Date of appointment/reappointment:** May 23, 2023 **Term:** 1 year with effect from May 23, 2023. **Address:** Kaippillil, Vaikkara, Asamannoor, Ernakulam, Kerala – 683 549, India	68	1. Astoria Nidhi Limited 2. Ente Naadu Nidhi Limited
6.	**Joseph Paul Menacherry**	69	1. M P Joseph’s Jgnana Kendra (OPC) Private Limited

S. No.	Name, designation, DIN, nationality, occupation, date of appointment, term and address	Age (years)	Other Directorships
	Designation: Independent Director **DIN:** 06540233 **Nationality:** Indian **Occupation:** Service **Date of appointment/reappointment:** June 8, 2023 **Term:** 1 year with effect from June 8, 2023 **Address:** Villa No. 40, Choice Village, Near Choice School, Tripunithura P.O, Ernakulam, Kerala – 682 301		
7.	**Abraham Thariyan** **Designation:** Independent Director **DIN:** 07132831 **Nationality:** Indian **Occupation:** Service **Date of appointment/reappointment:** June 21, 2023 **Term:** 1 year with effect from June 21, 2023 **Address:** Flat No.37, Kairali Apartment, Panampilly Nagar Avenue, Ernakulam, Kerala – 682 036	71	1. ESAF Financial Holdings Private Limited

Our Company confirms that the, permanent account number, aadhar number, driving license number, bank account number and passport number of the Directors shall be submitted to the Stock Exchange at the time of filing of the Prospectus.

Brief Profile of Directors

Sreenivasan Thettalil Parameswaran Pillai: aged 79 years is the Chairman and Non-Executive Director of our Company. He holds a Bachelor of Arts Degree in English and Masters of Arts Degree in English from the University of Kerala.

Shibu Theckumpurath Varghese: aged 58 years is the Whole-Time Director of our Company. He holds a bachelor's degree in arts from Gandhiji University. He is also a director in Payyoli Granites Private Limited and Ente Naadu Nidhi Limited. He has been associated with our Company since July 27, 2016.

Biji Shibu: aged 53 years is the Promoter and Non-Executive Director of our Company. She holds a bachelor's degree in arts from Mahatma Gandhi University. She is serving as a director in Carbomix Polymers (India) Private Limited, KLM Tiana Gold & Diamonds Private Limited and Ente Naadu Nidhi Limited. She has been associated with our Company since March 9, 2013.

Issac Jacob: aged 38 years is an Independent Director of our Company. He holds Bachelor's degree in technology under mechanical branch. He has been associated with our Company since March 17, 2018.

K.M. Kuriakose: aged 68 years is an Independent Director. He holds a Master's Degree in philosophy from University of Kerela and Masters of Arts Degree from Vikaram University.

Joseph Paul Menacherry: aged 69 years is an Independent Director of the Company. He is a Masters Holder in Human Resources Development from Victoria University of Manchester, UK, Master's degree holder in Solid State Physics from The Cochin University of Science and Technology and Pre-University Course from Loyola College Nugumbakkam, Chennai.

Abraham Thariyan: aged 71 years is an Independent Director of the Company. He holds a Bachelor of Science Degree in Chemistry, Post Graduate Degree in Sociology, Master of Business Administration from Cochin University and is a Certified Associate of the Indian Institute of Bankers.

Confirmations

None of our Directors have been restrained or prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

None of our directors is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by the SEBI.

None of our Directors have been identified as a 'wilful defaulter', as defined under SEBI NCS Regulations.

None of the whole time directors of our Company is a promoter or whole time director of another company that is a wilful defaulter.

None of the Directors of our Company interested in the appointment of or acting as lead manager, credit rating agency(ies), underwriter, registrar, debenture trustee, advertising agency, printers, banker to the Issue or any other such intermediary appointed in connection with the Issue.

None of our Directors was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with the SEBI Delisting Regulations, as amended.

Relationship between Directors

Except as stated below, none of our Directors are related to each other.

Name of Director	Designation	Relationship with other Directors
Shibu Theckumpurath Varghese	Whole time Director	Husband of Biji Shibu
Biji Shibu	Non-Executive Director	Wife of Shibu Theckumpurath Varghese

Remuneration and terms of appointment of the Directors

Executive Directors

The present remuneration structure of Executive Directors consists of fixed salary, commission and other perquisites. The following table sets forth all compensation paid to the Executive Directors:

Shibu Theckumpurath Varghese

Shibu Theckumpurath Varghese was appointed for a period of 3 years, with effect from August 30, 2016 as the Whole-Time Director of our Company by a resolution of the Board of Directors dated August 30, 2016 and the approval of the members pursuant to an EGM held on September 26, 2016. Further, Shibu Theckumpurath Varghese was re-appointed for a further period of 5 years with effect from August 30, 2019 by a resolution passed by the Board of Directors dated December 26, 2018 and with the approval of the members pursuant to an EGM held on February 23, 2019.

Pursuant to the board resolution dated May 23, 2022 and special resolution dated June 23, 2022, the remuneration payable to Shibu Theckumpurath Varghese is been increased from ₹3,00,000 per month to ₹5,00,000 per month subject to any statutory modifications or re-enactment of the Companies Act, 2013 w.e.f. July 1, 2022.

Pursuant to the board resolution dated July 7, 2023 and special resolution dated August 18, 2023, the remuneration payable to Shibu Theckumpurath Varghese has been increased to an annual remuneration of ₹ 96,00,000 by way of monthly payment with effect from September 1, 2023.

Non-Executive Directors

The Board of Directors *vide* resolutions dated May 23, 2023, June 8, 2023 and June 21, 2023 approved payment of sitting fees of ₹40,000 and ₹20,000 to K.M. Kuriakose, Joseph Paul Menacherry, and Abraham Thariyan, respectively, for attending the meetings of the Board and its audit committee respectively.

Except for Sreenivasan Thettalil Parameswaran Pillai and Biji Shibu, none of the Non-Executive Directors including the Independent Director of our Company have been paid remuneration during the financial year 2023-2024.The shareholders of the Company in their meeting held on May 23, 2023 has approved an annual remuneration of Rs. 12,00,000/- by way of monthly payment to Sreenivasan Thettalil Parameswaran Pillai.

Pursuant to board resolution dated July 7, 2023 and shareholders resolution dated August 18, 2023, has approved the annual remuneration payable to Biji Shibu of Rs. 12,00,000/- by way of monthly payment to with effect from September 1, 2023.

Remuneration paid to our Directors

The following table sets forth the remuneration (which includes sitting fees) paid by our Company to our Directors as on June 30, 2023 and during the last three financial years ended March 31, 2023, March 31, 2022 and March 31, 2021:

(₹ in lakhs)

Name of Directors	Designation	From April 1, 2023 to June 30, 2023	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
Josekutty Xavier[1]	Whole Time Director	Nil	Nil	Nil	15,000
Shibu Theckumpurath Varghese	Whole Time Director	15,00,000	54,00,000	35,00,000	30,00,000
Dr Alexander John Joseph[2]	Non-Executive (Independent) Chairman	Nil	Nil	4,50,000	4,97,500
Biji Shibu	Non- Executive Director	Nil	Nil	50,000	30,000
James Joseph Arambankudyil[3]	Non-Executive Director	Nil	Nil	Nil	15,000
Issac Jacob[4]	Independent Director	Nil	Nil	Nil	Nil
Ambramoli Purushothaman[5]	Independent Director	20,000	2,20,000	Nil	Nil
Sivadas Chettoor[6]	Independent Director	40,000	2,80,000	Nil	Nil
Sreenivasan Thettalil Parameswaran Pillai[7]	Chairman and Non-Executive Director	2,00,000	Nil	Nil	Nil
K.M. Kuriakose[8]	Independent	20,000	Nil	Nil	Nil
Joseph Paul Menacherry[9]	Independent	Nil	Nil	Nil	Nil
Abraham Thariyan[10]	Independent	Nil	Nil	Nil	Nil

[1]*Resigned with effect from April 12, 2021*
[2]*Passed away on January 14, 2022*
[3]*Resigned with effect from March 16, 2021*
[4]*Re-appointment with effect from March 17, 2023*
[5]*Independent Directorship Tenure completed on April 12, 2023*
[6]*Resigned with effect from May 19, 2023*
[7]*Appointed with effect from May 23, 2023*
[8]*Appointed with effect from May 23, 2023*
[9]*Appointed with effect from June 08, 2023*
[10]*Appointed with effect from June 21, 2023*

Borrowing Powers of the Board

Pursuant to the resolution passed by the shareholders of our Company at their EGM held on January 05, 2022 and in accordance with provisions of Section 180(1)(c) of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and the Articles of Association of our Company, the Board has been authorised to borrow money on and behalf of the Company from time to time as deemed by the Company to be requisite and proper for the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company as per the latest annual audited financial statements (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not exceed an amount of ₹ 2,50,000 lakhs.

Interest of the Directors

K.M. Kuriakose, Joseph Paul Menacherry and Abraham Thariyan, our Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board and its committees. Our Executive Director may be deemed to be interested to the extent of remuneration payable to them. All of our Directors are interested to the extent of reimbursement of expenses payable to them by our Company.

Further, Shibu Theckumpurath Varghese and Biji Shibu may also be regarded as interested to the extent of any Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. The Directors of our Company, may also be deemed to be interested to the extent of Equity Shares, if any, held by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

None of the Directors have any interest in immovable property acquired or proposed to be acquired by the Company in the preceding two years as of the date of this Prospectus.

As on date of this Prospectus, none of the Directors are interested in any contracts, agreements/ arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations, except as disclosed in the section titled "*Related Party Transactions*" on page 145.

For further details regarding the interest of our Directors, refer to "*Related Party Transactions*" on page 145.

Our Directors have not taken any loan from our Company. Further, except as provided in "Debenture holding of Directors", none of our Directors hold any debentures/subordinated debt/perpetual debt instrument in our Company.

Except Biji Shibu, none of the other Directors are interested in the promotion of our Company.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

For the details of securities purchased or sold by our Directors or their relatives have not in the six month preceding the date of this Prospectus, refer "*Capital Structure*" on page 48.

None of the directors, have made any contribution as part of this Prospectus or separately.

No regulatory action is pending against any of the Directors of our Company before the SEBI or Reserve Bank of India or any other regulatory or statutory body in India or overseas.

None of the Directors of our Company are interested in the benefits / interests arising out of the objects of the issue.

Appointment of Relatives of Directors to an office of profit

As on date, none of the relatives of Directors are appointed to an office or place of profit.

Debenture holding of Directors

As on date, none of our Directors hold any debentures issued by our Company.

Changes in the Directors of the company during the last three years

The changes in the Board of Directors of our Company in the three years preceding the date of this Prospectus are as follows:

Name, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
James Joseph Arambankudyil **Designation:** Non-Executive Director **DIN:** 06566906	-	-	March 16, 2021	-
Josekutty Xavier **Designation:** Whole Time Director **DIN:** 02073994	-	-	April 12, 2021	-
Alexander John Joseph **Designation**: Non-Executive (Independent) Director **DIN**: 00485766	-	January 14, 2022	-	Due to death
Sivadas Chettoor **Designation:** Independent Director **DIN:** 01773249	January 28, 2022	-	May 19, 2023	-
Ambramoli Purushothaman **Designation:** Independent Director **DIN:** 07706484	April 12, 2022	April 12, 2023	-	Expiry of Tenure
Sreenivasan Thettilal Parameswaran Pillai **Designation**: Chairman and Non-Executive Director **DIN:** 03048551	May 23, 2023			
K.M. Kuriakose **Designation**: Independent Director **DIN:** 08924909	August 18, 2023			
Joseph Paul Menacherry **Designation:** Independent Director **DIN:** 06540233	August 18, 2023			

Name, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
Abraham Thariyan **Designation:** Independent Director **DIN:** 07132831	August 18, 2023			

Note: This does not include changes such as regularisations or change in designations

Shareholding of Directors

Details of the Equity Shares held in our Company by our Directors, as on the date of this Prospectus, is provided in the table given below:

Name of Director	Number of Equity Shares held	Percentage of the total paid-up capital (%)
Shibu Theckumpurath Varghese	3,49,78,109	17.03%
Biji Shibu	2,39,55,314	11.66%
Total	**5,89,33,423**	**28.69%**

Key Managerial Personnel

Our Company's Key Managerial Personnel are as follows:

1. ***Manoj Raveendran Nair***, aged 47 years, is the Chief Executive Officer of our Company. He holds a degree of Master of Business Administration from Bharathiar University. He was appointed as the Chief Executive Officer of our Company on January 12, 2022.

2. ***Thanish Dalee***, aged 41 years, is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from the Mahatma Gandhi University, Kottayam and he is also a certified chartered accountant from the Institute of Chartered Accountants of India. He was appointed as the Chief Financial Officer of our Company on August 8, 2017.

3. ***Srikanth G. Menon***, aged 33 years, is the Company Secretary of our Company. He is a certified company secretary from the Institute of Company Secretaries of India. He was appointed as the company secretary and the compliance officer of our Company on December 26, 2018. Prior to joining our Company, he was associated with Geo VPL Finance Private Limited.

For details about our Whole Time Director, please refer to "*Our Management – Brief profile of our Directors*" on page 130.

All our Key Managerial Personnel are permanent employees of our Company.

Except for the remuneration drawn from our Company, our Key Managerial Personnels do not have any other financial or material interest in the Issue.

Senior Management

Our Company's Senior Management are as follows:

1. **Eldho Varghese P:** aged 33 years is the Manager-Accounts & Finance of our company. He has been associated with our company for the past 11.2 years.

2. **Jasmine M P:** aged 41 years is the Senior Manager-Accounts & Finance of our company. She has been associated with our company for the past 8 months.

3. **Jersy Murukesh:** aged 45 years is the Chief Manager-Accounts & Finance of our company. She has been associated with our company for the past 15.8 years.

4. **V C Georgekutty:** aged 51 years is the Vice President-Sales & Marketing of our company. He has been associated with our company for the past 3.7 years

5. **Minni Sajan:** aged 48 years is the General Manager of our company. She has been associated with our company for the past 19.6 years.

6. **Srikanth Nair:** aged 43 years is the Business Head-ROI of our company. He has been associated with our company for the past 1.2 years.

7. **Tom Jyothis K:** aged 44 years is the Chief Information officer of our company. He has been associated with our company for the past 2.3 years

8. **Jayakrishnan P** aged 40 years is the AGM-Human Resources of our company. He has been associated with our company for the past 8 years.

9. **Prakash K** aged 39 years is the AGM-Human Resources of our company. He has been associated with our company for the past 3.2 years.

10. **Anil Kumar A K:** aged 56 years is the AGM-audit of our company. He has been associated with our company for the past 1.2 years.

11. **Radhakrishnan Nayar:** aged 63 years is the Senior Manager-Operations of our company. He has been associated with our company for the past 1.5 years

12. **Anto K A:** aged 39 years is the Senior Manager-General Audit of our company. He has been associated with our company for the past 4 years.

13. **Nisha Deepak:** aged 40 years is the Head-Branding & Corporate Communication of our company. She has been associated with our company for the past 5.5 years.

14. **Dipu Antony M:** aged 36 years is the Senior Manager-Marketing of our company. He has been associated with our company for the past 5 years.

15. **K B Venugopal:** aged 63 years is the Chief Vigilance Officer of our company. He has been associated with our company for the past 8 Months.

16. **Dhanesh K S:** aged 44 years is the Deputy Manager-Legal & Recovery of our company. He has been associated with our company for the past 3.10 years.

17. **Shibu K K:** aged 45 years is the Manager-third Party Products of our company. He has been associated with our company for the past 2.9 years.

Except for the remuneration drawn from our Company, our Senior Management do not have any other financial or material interest in the Issue.

Details of various Committees of the Board

1. **Audit Committee**

   Audit committee was constituted by the Board of directors through its resolution dated August 14, 2015 and was last reconstituted on June 21, 2023. It currently comprises of the following directors:

   a. K M Kuriakose (Chairman)
   b. Biji Shibu
   c. Issac Jacob
   d. Abraham Thariyan

   The scope and functions of the Audit committee are approved by the Board vide resolution dated July 7, 2023 are in accordance with Section 177 of the Companies Act, 2013 and its terms of reference are as follows:

1. *Oversight of the Company's financial reporting process and the disclosure of its financial information to*

ensure that the financial statement is correct, sufficient and credible;

2. *Recommend appointment, remuneration and terms of appointment of auditors, of the Company;*
3. *Approval of payment to statutory auditors, for any other services rendered by them;*
4. *Review with the management, the annual financial statements and auditor's report thereon before submission to the Board for its approval, with particular reference to:*
    a) *matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;*
    b) *changes, if any, in accounting policies and practices and reasons for the same;*
    c) *major accounting entries involving estimates based on the exercise of judgement by management;*
    d) *significant adjustments made in the financial statements arising out of audit findings;*
    e) *compliance with listing and other legal requirements relating to financial statements;*
    f) *disclosure of any related party transactions;*
    g) *modified opinion(s) in the draft audit report.*
5. *Review with the management, the quarterly financial statements before submission to the Board for approval;*
6. *Review with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter;*
7. *Review and monitor the auditor's independence and performance, and effectiveness of audit process;*
8. *Approval or any subsequent modification of transactions with related parties of the Company;*
9. *Scrutiny of inter-corporate loans and investments;*
10. *Valuation of undertakings or assets of the Company, wherever it is necessary;*
11. *Evaluation of internal financial controls and risk management systems;*
12. *Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.*
13. *Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;*
14. *Discuss with internal auditors of any significant findings and follow-up thereon;*
15. *Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;*
16. *Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;*
17. *Look into the reasons for substantial defaults, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;*
18. *Review the functioning of the Whistle Blower mechanism / oversee the vigil mechanism;*
19. *Approval of appointment of Chief Financial Officer after assessing qualifications, experience and background, etc. of the candidate;*
20. *Review the utilisation of loans and / or advances from / investment by the holding company in the subsidiary exceeding Rs.100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;*
21. *Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.*
22. *The Audit Committee shall mandatorily review the following:*
    a. *Management Discussion and Analysis of financial condition and results of operations;*
    b. *Management letters / letters of internal control weaknesses issued by the statutory auditors;*
    c. *Internal audit reports relating to internal control weaknesses;*
    d. *Appointment, removal and terms of remuneration of the chief internal auditor*
    e. *Statement of deviations:*
        i. *quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations);*
        ii. *annual statement of funds utilised for purpose other than those stated in the offer document / prospectus in terms of the Listing Regulations;*
23. *Monitor the end use of funds raised through public offers and related matters;*
24. *Examine the financial statements and the auditor's report thereon;*
25. *Review financial statements of the Company's subsidiaries if any, in particular the investments made by the subsidiaries;*

26. *Guidance on implementation of Indian Accounting Standards (Ind As);*
27. *Formulate the scope, functioning, periodicity of and methodology for conducting the internal audit;*
28. *Shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;*
29. *The Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;*
30. *All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the Company;*
31. *The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted to assess operational risks faced by the Company;*
32. *The rationale and justification for any change in the Expected Credit Losses (ECL) model and any adjustments to the ECL model output shall be approved by the Audit Committee;*
33. *Approval of the classification of accounts that are past due beyond 90 days but not treated as impaired, with the rationale for the same;*
34. *Carry out any other role as mandated by the Board from time to time and / or enforced by any statutory laws, notifications, circulars, RBI master directions, or amendments as may be applicable.*

2. Nomination and Remuneration Committee

The Nomination Committee was constituted by a board resolution dated August 14, 2015 and reconstituted as on July 7, 2023. It currently comprises the following Directors:

The Committee currently comprises:

a. K M Kuriakose (Chairman)
b. Biji Shibu
c. Issac Jacob
d. Abraham Thariyan

The scope and function of the Nomination and Remuneration Committee are approved by the Board vide Resolution dated July 7, 2023 is in accordance with Section 178 of the Companies Act and its terms of reference are as follows:

1. *Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal*
2. *Specify the manner for effective evaluation of performance of Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;*
3. *Formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;*
4. *For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:*
    a. *use the services of an external agencies, if required;*
    b. *consider candidates from a wide range of backgrounds, having due regard to diversity; and*
    c. *consider the time commitments of the candidates.*
5. *Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;*
6. *Devise a policy on Board diversity;*
7. *Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal;*
8. *Consider extension or continue the term of appointment of the Independent Directors on the basis of the report of performance evaluation of Independent Directors;*
9. *Recommend to the Board, all remuneration, in whatever form, payable to senior management;*

10. *to ensure 'fit and proper' status of proposed/ existing directors as per RBI Master Direction DNBR.PD.008/03.10.119/2016-17;*
11. *Carry out any other role as mandated by the Board from time to time and / or enforced by any statutory laws, notifications, circulars, RBI master directions, or amendments as may be applicable.*

3. Finance Committee

The Finance Committee was constituted by a Board Resolution dated March 31, 2016 and was last reconstituted on April 09, 2021 and it currently comprises:

a. Shibu Theckumpurath Varghese (Chairman)
b. Biji Shibu

The scope, function of the Finance Committee and its terms of references are altered by the Board of Directors of the Company *vide* board resolution dated July 7, 2023 to as follows:

1. *To oversee annual audit process;*
2. *To allot, transfer, transmit, dematerialize, re-materialise, split and consolidate equity shares and other securities issued by the Company;*
3. *Review company's financial policies, working capital and cash flow management and make such reports and recommendations to the Board with respect thereto as it may deem advisable;*
4. *Borrow monies from banks/financial institutions by way of short term/long term loans, cash credit requirements, overdraft facility, commercial papers (CP) and/or by way of other instruments (other than Debentures), securitization/assignment or receivables and exercise all powers for taking necessary actions connected therewith upto a limit of ₹ 500 crores.*
5. *Approval/Review of banking arrangements, cash management and arrangements with other financial institutions;*
6. *Opening and closing of accounts with Banks, change in authorised signatories and perform such other actions connected with Bank accounts of the Company;*
7. *Carry out any other functions as mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable;*
8. *Regularly review and make recommendations about the changes to the Charter of the Committee;*
9. *Invest the funds of the Company up to a limit of ₹ 100 crore;*
10. *Other transactions or financial issues that the Board may desire to have them reviewed by the Committee.*

4. Asset Liability Management Committee

The Asset Liability Management Committee was constituted by a Board Resolution dated November 15, 2017 and was last reconstituted on April 09, 2021 and it currently comprises:

a. Shibu Theckumpurath Varghese (Chairman)
b. Biji Shibu

The scope and function of the Asset Liability Committee and its terms of reference are approved by the Board vide resolution dated July 7, 2023 as follows:

1. *Ensuring adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company.*
2. *The role of the ALCO with respect to liquidity risk should include, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches.*
3. *The ALM Support Group consisting of the operating staff shall be responsible for analysing, monitoring and reporting the liquidity risk profile to the ALCO*
4. *To create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of the company.*
5. *To ensure proper balance of assets and liabilities of the company as per guidelines issued by Reserve Bank of India from time to time.*
6. *The objectives of the committee are as follows:*
   a. Liquidity risk management;

b. Management of market risks;
c. Funding and capital planning;
d. Profit planning and growth projection.

7. *Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.*

5. Risk Management Committee

The Risk Management Committee was constituted by a Board Resolution dated November 15, 2017 and was last reconstituted on June 21, 2023 and it currently comprises:

a. K M Kuriakose (Chairman)
b. Biji Shibu
c. Shibu Theckumpurath Varghese
d. Manoj Raveendran Nair (Chief Executive Officer)

The scope and function of the Risk Management Committee and its terms of reference are approved by the Board vide resolution dated July 7, 2023 as follows:

1. *To review the operations of the Company followed by identifying potential threats to the Company and the likelihood of their occurrence, and taking appropriate actions to address the most likely threats;*
2. *To identify the risks, the Company is subject to, deciding how to manage it, implementing the management technique, measuring the ongoing effectiveness of management and taking appropriate correction action;*
3. *To provide a framework that enables future activities to take place in a consistent & controlled manner*
4. *To improve the decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats.*
5. *To contribute towards more efficient use/ allocation of the resources within the organization.*
6. *To optimize operational efficiency in the organization*
7. *To formulate a detailed risk management policy which shall include:*
   (a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
   (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
   (c) Business continuity plan.
8. *To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;*
9. *To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;*
10. *To periodically review the risk management policy, including by considering the changing industry dynamics and evolving complexity;*
11. *To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;*
12. *The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.*
13. *The Committee shall be responsible for evaluating the overall risks faced by the Company including liquidity risk.*
14. *The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.*
15. *Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.*

6. Stakeholder Relationship Committee

Stakeholders Relationship Committee was constituted in compliance with the provisions of Section 178 of Companies Act, 2013 by a Board Resolution dated April 4, 2017 and was last reconstituted on June 21, 2023 and it currently comprises:

a. Biji Shibu (Chairman)
b. Shibu Theckumpurath Varghese
c. K M Kuriakose

The scope and function of the Stakeholder Relationship Committee are in accordance with Section 178 (6) of the Companies Act and its terms of reference are approved by the Board vide resolution dated July 7, 2023 and include the following:

1. *Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings;*
2. *Review of measures taken for effective exercise of voting rights by shareholders.*
3. *Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;*
4. *Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;*
5. *To monitor transfers, transmissions, dematerialization, re-materialization, splitting and consolidation and all matters connected therewith, of Equity Shares and other securities issued by the Company;*
6. *To coordinate with the statutory and regulatory authorities regarding investor grievances;*
7. *Carry out any other role as mandated by the Board from time to time and / or enforced by any statutory laws, notifications, circulars, RBI master directions, or amendments as may be applicable.*

7. Debenture Committee

The Debenture Committee was re-constituted by the Board of Directors through its resolution dated March 20, 2018 and was last reconstituted on April 09, 2021. The Debenture Committee comprises of the following persons:

a. Shibu Theckumpurath Varghese; (Chairman)
b. Biji Shibu;

The terms of reference of the Debenture Committee are approved by the Board vide resolution dated July 7, 2023 and includes the following:

1. *To determine and approve, the terms and conditions and number of the debentures to be issued, the timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of oversubscription, if any, etc.,*
2. *to approve and make changes to the draft prospectus, prospectus abridged prospectus, applications forms including any corrigendum, amendments supplements thereto, and the issue thereof;*
3. *to issue and allot the debentures and to approve all other matters relating to the issue;*
4. *to do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitation the utilisation of the issue proceeds, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, extension of issue and/or early closure of the issue in accordance with applicable laws;*

Other transactions or financial issues that the Board may desire to have them reviewed by the Committee.

8. Corporate Social Responsibility (CSR) Committee:

The CSR Committee constituted by the Board of Directors through its resolution dated April 3, 2018 and was last reconstituted on June 21, 2023. The CSR Committee comprises of the following persons:

a. K M Kuriakose (Chairman);
b. Shibu Theckumpurath Varghese
c. Biji Shibu;

The terms of reference of the CSR Committee are approved by the Board vide resolution dated July 7, 2023 and includes the following:

1. *To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;*
2. *To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;*
3. *To monitor the CSR policy of the Company from time to time;*
4. *To formulate and recommend to the Board, an annual action plan which shall include the following, namely: -*
    a. *the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;*
    b. *the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of the Companies (CSR) Rules, 2014;*
    c. *the modalities of utilisation of funds and implementation schedules for the projects or programmes;*
    d. *monitoring and reporting mechanism for the projects or programmes; and*
    e. *details of need and impact assessment, if any, for the projects undertaken by the company.*
5. *Carry out any other role as mandated by the Board from time to time and / or enforced by any statutory laws, notifications, circulars, RBI master directions, or amendments as may be applicable.*

9. Information Technology (IT) Strategy Committee

The IT Strategy Committee was constituted by the Board of Directors through its resolution dated August 26, 2021 and was last reconstituted on June 21, 2023. The IT Strategy Committee comprises of the following persons:

K M Kuriakose (Chairman)
Manoj Raveendran Nair (Chief Executive Officer)
Tom Jyothis K (Chief Information Officer)
Thanish Dalee (Chief Financial Officer)

The terms of reference of the IT Strategy Committee includes the following:

1. *Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;*
2. *Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;*
3. *Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;*
4. *Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;*
5. *Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.*
6. *Review and amend the IT strategies in line with the corporate strategies*
7. *Institute an effective governance mechanism and risk management process for all IT outsourced operations*

OUR PROMOTER

As on the date of this Prospectus, the Promoter of our Company is Biji Shibu and she holds 2,39,55,314 Equity Shares aggregating to 11.66% of the share capital of our Company as on June 30, 2023. Further our erstwhile Promoter Princy Josekutty has disassociated herself from the Company with effect from June 18, 2021 and had transferred 47,000 Equity Shares to Shibu Theckumpurath Varghese.

Profile of our Promoter

Biji Shibu

Biji Shibu, aged 53 years, is the Promoter and Non-Executive Director of our Company

Permanent Account Number: AFAPS5916A

Date of Birth: May 21, 1970

Address: Theckumpuram, Padamalli Road, Chelad, Pindimana, Chelad Junction, Ernakulam, Kerela – 686 681, India.

Education: She holds a bachelor's degree in arts from Mahatma Gandhi University.

Experience: She is associated with our Company from March 9, 2013

Achievements: NIL

She is serving as a director in Carbomix Polymers (India) Private Limited, Ente Naadu Nidhi Limited and KLM Tiana Gold & Diamonds Private Limited. For further details, see "*Our Management*" on page 128.

Our Company confirms that the permanent account number, aadhar number, driving license number, bank account number(s) and the passport number of the Promoter have been submitted to the Stock Exchange at the time of filing of the Draft Prospectus.

There have been no changes in the Promoter's holding in our Company during last financial year beyond the threshold prescribed by RBI.

Interest of our Promoter in our Company

Except as stated under "*Our Management*" beginning on page 128 and as stated above, to the extent of their shareholding and debenture holding in our Company and to the extent of remuneration received by them in their capacity as Biji Shibu as Director, our Promoter do not have any other interest in our Company's business. Further, our Promoter have no interest in any property acquired by our Company in the last two years from the date of this Prospectus, or proposed to be acquired by our Company, or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Our Promoter does not propose to subscribe to the Issue and none of our Promoter have any interest in the promotion of the Issue.

Our Promoter equity shareholding in our Company, as on June 30, 2023, is as set forth below:

S. No.	Name of Promoter	Total number of Equity Shares	Number of shares held in dematerialised Form	Percentage of issued Equity Share capital	Equity Shares pledged or otherwise encumbered	% of Equity Shares pledged
1.	Biji Shibu	2,39,55,314	2,39,55,314	11.66%	NIL	NIL

Other Confirmations

Our Promoter has not been identified as Wilful Defaulters by any financial institution or bank or a consortium thereof in accordance with the guidelines on identification of Wilful Defaulters prescribed by the RBI.

Our Promoter, was not a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with the SEBI Delisting Regulations, as amended.

No violations of securities laws have been committed by our Promoter in the past or no proceedings are currently pending against them.

None of the promoter of our Company is promoter of another company that is wilful defaulter.

Our Promoter has not been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchange in India or abroad. Further, our Promoter is a not a promoter of another company which is debarred from accessing the securities market or dealing in securities under any order or directions passed for any reasons by SEBI.

None of the member forming part of our Promoter Group have been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchange in India or abroad.

RELATED PARTY TRANSACTION

Related party transactions entered during the last three Fiscals i.e. 2021, 2022 and 2023 with regard to loans made or, guarantees given or securities provided:

On Standalone basis:

(₹ in Lakhs)

Name of related parties	Nature of transactions	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021
NIL	NA	NIL	NIL	NIL

On Consolidated basis:

(₹ in Lakhs)

Name of related parties	Nature of transactions	For the year ended March 31, 2021
NIL	NA	NIL

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of **KLM AXIVA FINVEST LIMITED**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **KLM Axiva Finvest Limited** (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2021, and the consolidated statement of profit and loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, of consolidated profit/loss (including Other Comprehensive Income), consolidated changes in equity and its consolidated cash flows and the for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis Of Matter

We draw attention to Note 3 to the consolidated Financial Statements, which describes that the Group has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic.

Due to the Covid-19 pandemic, we were not able to visit the branches of the Holding Company and hence could not verify the underlying security in respect of gold loans. We are relying on the internal control system in force and management representation with respect to the same.

Our opinion is not modified in respect of these matters.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters with respect to the Holding Company.

Key Audit Matter	How the matter was addressed in our audit
Provision for Expected Credit Losses (ECL) on Loans As against the provisioning norms earlier prescribed by Reserve Bank of India and adopted by the Company in prior years, Ind-AS 109 (Financial Instruments) requires the Company to recognise Expected Credit Loss (ECL) and impairment loss allowances on financial assets. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgment has been applied by the Management for: • Timely identification and classification of the impaired loans. • Staging of loans [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories]. • Determination and calculation of probability of default / Loss given default. • Consideration of probability weighted scenarios and forward looking macro-economic factors for determining credit quality of receivables. • Estimation of losses for loan products with no/minimal historical defaults The outbreak of the COVID – 19 pandemic during the year has necessitated a high degree of Management's judgement to consider the possible impact of uncertainties associated with the same and the Management's judgement involved in estimation of ECL.	We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates. These controls included, among others, controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments and disclosures. We assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3. We tested the appropriateness of determining the Exposure At Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) for a samples of exposure. We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable in considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment. We assessed disclosures included in the consolidated financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.
Information technology Financial accounting and reporting processes, are fundamentally reliant on IT systems and IT controls to process significant volumes of transaction. The Company's financial accounting and reporting processes are so highly dependent on the automated controls in information systems, that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially	We obtained an understanding of the Company's IT control environment and changes during the audit period that may be relevant to the audit. We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management. We evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated

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misstated. From a financial reporting perspective the Company uses and we have tested the financial accounting and reporting system and loan management systems and other tools for its overall financial reporting.	controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company and its subsidiary companies have adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other subsidiaries included in the consolidated financial statements, which has been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.**Except Ind AS-19 - Employee Benefits*

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies are 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 Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

ii. The Group 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 Group.

For R.B Jain and Associates,
Chartered Accountants
(FRN 103951W)

R.B. JAIN & ASSOCIATES * CHARTERED ACCOUNTANTS * KOSSERIL PALARIVATTOM COCHIN-25

K.J Thomas, FCA
Partner (M. No. 019454)
UDIN: 21019454AAAAUU5129
Palarivattom,
09.06.2021

"Annexure A" to the Independent Auditor's Report of even date on the Consolidated Financial Statements of KLM Axiva Finvest Limited

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to financial statements of KLM Axiva Finvest Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company and its subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary 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. 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 respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

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

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

R. JAIN & ASSOCIATES
KOSSERIL PALARIVATTOM COCHIN-25
CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the the Holding Company and its subsidiary company, have, 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 Holding Company and its subsidiary 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.

For R.B Jain and Associates,
Chartered Accountants
(FRN 103951W)

R.B. JAIN & ASSOCIATES * CHARTERED ACCOUNTANTS * KOSSERIL PALARIVATTOM COCHIN-25

K.J Thomas, FCA
Partner (M. No. 019454)
UDIN : 21019454AAAAUU5129
Palarivattom,
09.06.2021

KLM AXIVA FINVEST LIMITED
Hyderabad

Consolidated Balance Sheet as at March 31, 2021

Sl. No.	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
	ASSETS			
1	**Financial Assets**			
(a)	Cash and Cash Equivalents	8	34,12,62,919	36,35,93,482
(b)	Bank Balance Other than (a) above	9	1,50,000	1,01,50,000
(c)	Loans	10	7,32,97,07,005	4,97,82,99,347
(e)	Other Financial Assets	11	6,17,88,179	4,64,31,114
2	**Non-Financial Assets**			
(a)	Current Tax Assets (Net)	12	4,38,83,299	-
(b)	Deferred Tax Assets (Net)	13	4,63,83,569	4,69,46,240
(c)	Property, Plant and Equipment	14	32,87,07,771	18,72,54,438
(d)	Other Intangible Assets	15	54,32,438	32,96,454
(e)	Other Non-Financial Assets	16	8,44,82,833	8,16,93,334
	TOTAL		**8,24,17,98,013**	**5,71,76,64,408**
	LIABILITIES AND EQUITY			
1	**Financial Liabilities**			
(a)	Payables		-	-
(b)	Debt Securities	17	2,53,96,40,931	1,71,59,80,902
(c)	Borrowings (Other than Debt Securities)	18	10,20,39,091	10,17,76,639
(d)	Subordinated Liablities	19	4,25,07,88,000	3,05,03,36,000
(e)	Other Financial liabilities	20	33,97,74,412	18,69,24,212
2	**Non-Financial Liabilities**			
(a)	Current Tax Liabilities (Net)	21	3,21,90,005	69,54,730
(b)	Other Non-Financial Liabilities	22	1,13,84,902	28,50,222
3	**EQUITY**			
(a)	Equity Share Capital	23	67,92,82,280	53,12,82,280
(b)	Other Equity	24	28,66,98,392	12,15,59,424
	TOTAL		**8,24,17,98,013**	**5,71,76,64,408**

See accompanying notes forming part of the standalone financial statements

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN & ASSOCIATES, KOSSERIL PALARIVATTOM COCHIN-25, CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN: 21019454AAAAW5129

Place:Palarivattom
Date: 09-06-2021

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED
Hyderabad

Consolidated Statement of Profit and Loss for the year ended March 31, 2021

	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
I	**Revenue From Operations**			
	Interest Income	25	1,23,77,31,182	99,56,97,439
II	Other Income	26	2,75,04,600	2,68,40,068
III	Total income (I+II)		1,26,52,35,782	1,02,25,37,507
	EXPENSES			
	Finance Costs	27	72,87,23,395	51,19,85,421
	Impairment on Financial Instruments	28	-1,38,50,403	1,20,53,709
	Employee benefits expenses	29	18,83,71,141	18,97,93,424
	Depreciation, amortization and impairment	30	3,95,18,772	3,37,77,007
	Other expenses	31	21,10,43,816	19,93,05,886
IV	Total expenses		1,15,38,06,721	94,69,15,447
V	Profit/(Loss) before Tax (III-IV)		11,14,29,061	7,56,22,060
VI	Tax Expense:	32		
	1. Current Tax		3,21,90,005	3,80,07,044
	2. Deferred Tax		5,62,671	11,72,270
	3. Tax relating to prior years paid on settlement		72,65,499	3,11,30,905
VII	Profit /(Loss) for the Period (V-VI)		7,14,10,886	53,11,841
VIII	Other Comprehensive Income		-	-
IX	Total Comprehensive Income (VII+VIII)		7,14,10,886	53,11,841
X	Earnings per Equity Share	33		
	Basic & Diluted (Rs.)		1.25	0.10

See accompanying notes forming part of the standalone financial statements

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN : 21019454AAAAUU5129

Place:Palarivattom
Date: 09-06-2021

For and on behalf of the Board of Directors

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Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

R.B.JAIN & ASSOCIATES KOSSERIL PALARIVATTOM COCHIN-25 CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED

Hyderabad

Consolidated Statement of changes in Equity for the year ended March 31, 2021

A. Equity Share Capital

Equity Shares of ₹10 each issued, subscribed and fully paid

Particulars		Nos.	Amount
As at March 31, 2020		5,31,28,228	53,12,82,280
Issued during the year		1,48,00,000	14,80,00,000
As at March 31, 2021		6,79,28,228	67,92,82,280

B. Other Equity

Particulars	Reserves and Surplus						Revaluation Reserve	Other comprehensive Income	Total
	Statutory Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Capital Reserve	Retained Earnings			
As at March 31, 2020	**3,42,67,100**	7,90,17,562	-	4,08,000	8,55,063	**70,11,699**	-	-	**12,15,59,424**
Dividends	-	-	-	-		-5,31,28,228	-	-	-5,31,28,228
Transfer to/from Retained Earnings	1,41,16,743	-	-	-		(1,41,16,743)	-	-	-
Other Additions/Deductions during the year									
Securities premium received during the year	-	3,70,00,000	-	-		-	-	-	3,70,00,000
Net impact of assets revalued during the year	-	-	-	-		-	10,98,56,310	-	10,98,56,310
Profit for the year (net of taxes)	-	-	-	-		7,14,10,886	-	-	7,14,10,886
As at March 31, 2021	4,83,83,843	**11,60,17,562**	-	4,08,000		**1,11,77,614**	10,98,56,310	-	**28,66,98,392**

As per our report of even date attached

For R.B Jain and Associates.,
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K.J Thomas, BSc, FCA
Partner (M. No. 019454)
UDIN: 21019454AAAAUU5129
Place:Palarivattom
Date: 09-06-2021

R.B.JAIN & ASSOCIATES KOSSERIL PALARIVATTOM COCHIN-25 CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Thanish Dalee
Chief Financial Officer

Biji Shibu
Director (DIN: 06484566)

Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED
Hyderabad

Consolidated Cash Flow Statement for the year ended March 31, 2021

	PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net profit Before Taxation	11,14,29,061	7,56,22,060
	Adjustments for:		
	Depreciation and amortisation	3,95,18,772	3,37,77,007
	Finance costs	72,86,22,704	50,90,31,553
	Interest on income tax	1,00,691	29,53,868
	Impairment on financial instruments	(1,38,50,403)	1,20,53,709
	Operating Profit before Working Capital Changes	86,58,20,825	63,34,38,197
	(Increase)/Decrease in Loans & Advances -Financial Assets	(2,33,75,57,256)	(1,32,03,66,716)
	(Increase)/Decrease in Other financial Assets	(1,53,57,065)	(1,81,53,734)
	(Increase)/Decrease in Other non financial Assets	(27,89,499)	(5,63,97,506)
	Increase/(Decrease) in Other financial liabilities	15,28,50,200	3,54,84,442
	Increase/(Decrease) in Other Non financial liabilities	85,34,680	(47,10,659)
	Cash from operations	**(1,32,84,98,114)**	(73,07,05,977)
	Net income tax paid	(5,81,03,527)	(4,73,83,423)
	Net Cash From Operating Activities	**(1,38,66,01,642)**	**(77,80,89,400)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Capital Expenditure	(7,32,51,778)	(9,43,82,777)
	Acquisition of Subsidiary	-	11,67,160
	Bank balances not considered as cash and cash equivalents	1,00,00,000	1,26,348
	Net Cash From Investing Activities	**(6,32,51,778)**	**(9,30,89,268)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from issuance of equity shares	14,80,00,000	1,63,50,000
	Share Premium on issue of equity shares	3,70,00,000	32,70,000
	Proceeds from issue of Debentures	82,36,60,028	31,22,60,102
	Proceeds from issue of Subordinate debts	1,20,04,52,000	1,15,93,33,000
	(Repayment)/ Increase in long-term borrowings	2,62,452	5,36,26,926
	Dividend Paid	(5,31,28,228)	-
	Changes in ownership interest in a subsidiary		10,80,334
	Finance cost	(72,87,23,395)	(50,90,31,553)
	Net Cash From Financing Activities	**1,42,75,22,858**	**1,03,68,88,809**
	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(2,23,30,562)**	**16,57,10,141**
	OPENING CASH AND CASH EQUIVALENTS	36,35,93,481	**19,78,83,340**
	CLOSING CASH AND CASH EQUIVALENTS	**34,12,62,919**	**36,35,93,481**

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

R.B.JAIN & ASSOCIATES
KOSSERIL
PALARIVATTOM
COCHIN-25
CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
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UDIN: 21019454AAAAUU5129

Place:Palarivattom
Date: 09-06-2021

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

1. CORPORATE INFORMATION

KLM Axiva Finvest Limited, (the Company), is a Public limited company, incorporated on 28 April 1997. The Company was a Non-Systemically important Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The Company has received the certificate of registration 09.00006 on 13th December, 1997 enabling the Company to carry on business as Non-Banking Financial Company.

The Company offers broad suite of lending and other financial products such as mortgage loan, gold loan, loan against securities etc.

The registered office of the Company is at Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana – 500074.

The Company has a subsidiary KMLM Financial Services Limited. The Company along with the Subsidiary is collectively referred to as the "Group". KMLM Financial Services Limited is a public limited company and was incorporated on November 9, 2011.

2. BASIS OF PREPARATION AND PRESENTATION

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The above financial statements have been prepared in accordance with the Indian Accounting Standards prescribed read with relevant rules issued there under and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 7 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) which is the Group's functional currency. All financial information presented in INR has been rounded off to the nearest two decimals, unless otherwise stated.

PRESENTATION OF FINANCIAL STATEMENT

The consolidated financial statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis.

STATEMENT OF COMPLIANCE

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the generally accepted accounting principles as referred to above.

3. IMPACT OF COVID-19

The COVID-19 outbreak is on-going and the actual extent of its impact on the economy globally in general and in India, in particular remains uncertain. The outbreak has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Holding Company has offered an optional moratorium of six months on the payment of all principal instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue as on 29 February 2020. For all

R.B. JAIN & ASSOCIATES
KOSSERIL PALARIVATTOM COCHIN-25
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such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

Further, the Group has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial asset as at March 31, 2021. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate.

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2021. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group:

- Has power over the investee,
- Has exposure or rights to variable return from its involvement with the investee, and
- Has the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above three elements of control.

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:

- 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 and
- Size of the Group's holding of voting rights relative to the size and dispersion of holdings of other investees with voting rights.

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 consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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 March 31.

Consolidation procedure followed is as under:

- Items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries are combined like to like basis. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- The difference between carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary is subject to adjustment of goodwill.
- Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated subject to impact of deferred taxes.

Profit or loss and each component of other comprehensive income (OCI) are attributable to equity holders of the parent of the Group and to the non-controlling interest (NCI), even if this results in the NCI having deficit balance.

5. BUSINESS COMBINATION

The Group applies Ind AS 103, Business Combinations, to business combinations. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired.

R.B. JAIN & ASSOCIATES
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CHARTERED ACCOUNTANTS

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identified assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for that purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in Other Comprehensive Income and accumulates the same in equity as capital reserve. If there does not exist clear evidence of the underlying assets for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the statement of profit and loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

When a business combination is achieved in stages, the Group's previously held equity interest of the acquirer in the acquiree is remeasured to its acquisition date fair value and any resulting gain or loss is recognised in the Statement of Profit and Loss or OCI, as appropriate

6. SIGNIFICANT ACCOUNTING POLICIES

6.1. Financial Instruments

(I) Financial Assets

a) Initial recognition

All financial assets are recognised initially at fair value. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

b) Subsequent measurement

The Group classifies its financial assets into the following measurement categories depending on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets:

a. **Financial assets measured at amortised cost-** A financial asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. **Financial assets measured at fair value through other comprehensive income (FVOCI)** - A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c. **Financial assets measured at fair value through profit or loss (FVTPL)** - A financial asset which is not classified in any of the above categories is measured at FVTPL.

c) Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Group has elected to present the changes in fair value through other comprehensive income (FVOCI).

(II) Financial Liabilities

R.B. JAIN & ASSOCIATES
KOSSERIL
PALARIVATTOM
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CHARTERED ACCOUNTANTS

a) Initial recognition

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, non-convertible debentures, loans and borrowings including bank overdrafts.

b) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

6.2. Derecognition of financial assets and liabilities

(I) Financial Assets

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

(II) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

6.3. Impairment of financial assets

I. Overview of the Expected Credit Loss (ECL) model

The Group recognises impairment allowance for expected credit loss on financial assets held at amortised cost. The Group recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs or at fair value through other comprehensive income account.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. The 12-month ECL is the portion of the lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within 12 months after the reporting date.

The Group performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Group applies a three-stage approach to measuring expected credit losses (ECLs).

Stage 1: 12-months ECL

For financial assets 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.

Stage 2: Lifetime ECL – not credit impaired

For financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining life time of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

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Financial assets are 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 assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

The Group has identified a zero bucket for financial assets that are not overdue.

II. Estimation of Expected Credit Loss

The Group has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Group uses historical information where available to determine PD.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, whether scheduled by contract or otherwise, expected draw downs on committed facilities.

Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

6.4. Offsetting of financial instruments

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

6.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

6.6. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Advances paid towards the acquisition of fixed assets, outstanding at each reporting date are shown under other non-financial assets. The cost of property, plant and equipment not ready for its intended use at each reporting date are disclosed as capital work-in-progress.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income /expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

6.7. Intangible assets

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Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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

6.8. Depreciation and Amortisation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Useful life
Building	30-60Years
Computers and servers	3-6 Years
Office equipment	5 Years
Furniture and fixtures	10 Years
Vehicles	8-10 Years

* Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Intangible Assets are amortised on a Straight Line basis over the estimated useful economic life. Computer Software which is not an integral part of the related hardware is classified as an intangible asset, and amortised over a period of five years, being its estimated useful life.

6.9. Impairment of non-financial assets

At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Group's assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The carrying amount of the fixed 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 impairment loss is recognised in the Statement of Profit and Loss for the year.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on written down value basis over its remaining useful life.

6.10. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(I) Interest Income

The Group recognises Interest income by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets. For purchased or originated credit-impaired financial assets, the Group applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. Such interests, where instalments are overdue in respect of non-performing assets are recognised on realization basis.

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The EIR in case of a financial asset is computed

a) As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
b) By considering all the contractual terms of the financial instrument in estimating the cash flows
c) Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes.

Other Income: In respect of the other heads of income, the Group accounts the same on accrual basis.

(II) Recognition of revenue from sale of goods or services

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. The Group recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

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

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

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

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

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

Processing fee which is not form part of effective interest rate has been recognised as and when it is accrued.

(III) Dividend Income

Dividend income is recognised when the Group's right to receive the payment is established. This is established when it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

6.11.Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

a) As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
b) By considering all the contractual terms of the financial instrument in estimating the cash flows
c) Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

6.12.Employee Benefits

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Short Term Employee Benefits: All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Group recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense)

Defined Contribution Plan

Eligible employees of the Group receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Group make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund.

The Group's contribution to employee state insurance scheme is considered as defined contribution plans and is 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.

The Group has no further obligation to the plan beyond its monthly contributions.

6.13.Income taxes

Income tax comprises current and deferred income tax.

Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Group offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

6.14.Earnings per share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

6.15.Provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

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When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

6.16.Contingent liabilities

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

6.17.Cash flow statement

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

6.18.Segment Reporting

The Group is engaged in the business segment of Financing, whose operating results are regularly reviewed by the Board of Directors, which has been identified as being the chief operating decision maker, to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. The Group has concluded that the business of lending finance is the only reportable segment.

6.19.Leases

With effect from April 1, 2019, the Group has applied Ind AS 116 'Leases' to all lease contracts existing on April 01, 2019 by adopting the modified retrospective approach. Accordingly, the comparative information is not required to be restated.
The Group evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset.

The Group as a lessee
The Group has elected not to recognise right-of use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months and leases with low value assets. The Group determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Group is reasonably certain to exercise that option.

The Group recognises the lease payments associated with these leases as an expense in Statement of Profit and Loss on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit. The related cash flows are classified as operating activities.

Wherever the above exception permitted under Ind AS 116 is not applicable, the Group at the time of initial recognition:

• measures lease liability as present value of all lease payments discounted using the Group's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is increased by interest on lease liability, reduced by lease payments made and remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

• measures 'Right-of-use assets' as present value of all lease payments discounted using the Group's incremental cost of borrowing and any initial direct costs. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation (depreciated on straight line basis over the lease period) and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'

7. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

7.1. Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

7.2. Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

7.3. Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

7.4. Effective Interest Rate (EIR) method

The Group's EIR methodology recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, probable fluctuations in collateral value as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

7.5. Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

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Notes to Consolidated Financial Statements for the year ended March 31, 2021

Note 8 - Cash and Cash Equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Cash on hand	4,84,30,346	4,65,08,149
(b) Balance with banks		
In current accounts	23,05,02,573	19,20,85,332
Cheque in Hand	97,30,000	-
In fixed deposits (with maturity of less than 3 months)	5,26,00,000	12,50,00,000
TOTAL	34,12,62,919	36,35,93,482

Note 9 - Bank Balance Other Than Above

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Balance deposits with maturity more than 3 months	1,50,000	1,01,50,000
(b) On Escrow Accounts		
Unpaid Dividend account	-	-
TOTAL	1,50,000	1,01,50,000

Note 10 - Loans

Particulars	As at March 31, 2021				
		At Fair Value			
	Amortised Cost	Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	Total
Loans					
(A)					
Gold Loan	3,78,71,22,458	-	-	-	3,78,71,22,458
Business Loan	2,88,33,44,438	-	-	-	2,88,33,44,438
Personal Loan	11,93,66,346	-	-	-	11,93,66,346
Vehicle Loan	1,65,440	-	-	-	1,65,440
Microfinance Loan	68,30,11,833	-	-	-	68,30,11,833
Total (A) - Gross	**7,47,30,10,516**	-	-	-	**7,47,30,10,516**
Less: Impairment loss allowance	14,33,03,511	-	-	-	14,33,03,511
Total (A) - Net	**7,32,97,07,005**	-	-	-	**7,32,97,07,005**
(B)					
(i) Secured by tangible assets	6,78,99,98,683	-	-	-	6,78,99,98,683
(ii) Covered by Bank/Government guarantees	-	-	-	-	-
(ii) Unsecured	68,30,11,833	-	-	-	68,30,11,833
Total (B) - Gross	**7,47,30,10,516**	-	-	-	**7,47,30,10,516**
Less: Impairment loss allowance	14,33,03,511	-	-	-	14,33,03,511
Total (B) - Net	**7,32,97,07,005**	-	-	-	**7,32,97,07,005**
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	7,47,30,10,516	-	-	-	7,47,30,10,516
Total (C) - Gross	**7,47,30,10,516**	-	-	-	**7,47,30,10,516**
Less: Impairment loss allowance	14,33,03,511	-	-	-	14,33,03,511
Total (C) - Net	**7,32,97,07,005**	-	-	-	**7,32,97,07,005**

Notes to Consolidated Financial Statements for the year ended March 31, 2021

Particulars	As at March 31, 2020				
		At Fair Value			
	Amortised Cost	Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	Total
Loans					
(A)					
Gold Loan	2,55,40,40,423	-	-	-	2,55,40,40,423
Business Loan	1,89,74,68,431	-	-	-	1,89,74,68,431
Personal Loan	24,37,25,413	-	-	-	24,37,25,413
Vehicle Loan	7,28,590	-	-	-	7,28,590
Microfinance Loan	43,94,90,403	-	-	-	43,94,90,403
Total (A) - Gross	5,13,54,53,260	-	-	-	5,13,54,53,260
Less: Impairment loss allowance	15,71,53,914	-	-	-	15,71,53,914
Total (A) - Net	4,97,82,99,347	-	-	-	4,97,82,99,347
(B)					
(i) Secured by tangible assets	4,69,59,62,857	-	-	-	4,69,59,62,857
(ii) Covered by Bank/Government guarantees	-	-	-	-	-
(ii) Unsecured	43,94,90,403	-	-	-	43,94,90,403
Total (B) - Gross	5,13,54,53,260	-	-	-	5,13,54,53,260
Less: Impairment loss allowance	15,71,53,914	-	-	-	15,71,53,914
Total (B) - Net	4,97,82,99,347	-	-	-	4,97,82,99,347
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	5,13,54,53,260	-	-	-	5,13,54,53,260
Total (C) - Gross	5,13,54,53,260	-	-	-	5,13,54,53,260
Less: Impairment loss allowance	15,71,53,914	-	-	-	15,71,53,914
Total (C) - Net	4,97,82,99,347	-	-	-	4,97,82,99,347

Summary of ECL provisions

Particulars	F.Y. 2020-21			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	21,563	1,19,255	51,71,902	53,12,721
Business Loan	16,31,707	5,60,671	10,24,79,636	10,46,72,015
Personal Loan	-	-	1,79,04,952	1,79,04,952
Vehicle Loan	-	-	-	-
Microfinance Loan	10,834	59,093	1,53,43,897	1,54,13,824
Total Closing ECL provision	16,64,104	7,39,019	14,09,00,388	14,33,03,511
Particulars	**F.Y. 2019-20**			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	45,036	1,79,916	95,65,744	97,90,695
Business Loan	41,94,886	57,18,152	11,77,22,191	12,76,35,229
Personal Loan	4,068	12,16,960	3,47,991	15,69,019
Vehicle Loan	-	10,848	-	10,848
Microfinance Loan	10,87,501	63,754	1,69,96,867	1,81,48,122
Total Closing ECL provision	53,31,491	71,89,630	14,46,32,793	15,71,53,914

Notes to Consolidated Financial Statements for the year ended March 31, 2021

Note 11 - Other Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Interest accrued on fixed deposits	6,66,552	6,66,552
(b) Security Deposits	6,11,21,627	4,57,64,562
(c) Other Receivables		-
TOTAL	6,17,88,179	4,64,31,114

Note 12 - Current Tax Assets (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance tax and tax deducted at source	4,38,83,299	-
TOTAL	4,38,83,299	-

Note 13 - Deferred Tax

Deferred Tax Assets/(Liabilities)	As at March 31, 2021	As at March 31, 2020
Fixed Asset : Timing difference on account of depreciation and amortisation	1,29,18,027	88,19,490
Impairment of financial instruments	3,60,66,631	3,95,52,500
Amortisation of expenses & income under effective interest rate method	-26,01,088	(14,25,750)
Total	4,63,83,569	4,69,46,240
Net deferred tax asset	4,63,83,569	4,69,46,240

Note 16 - Other Non-Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Balance with revenue Authorities		
GST receivable	1,17,63,814	80,87,599
(b) Advances for land	7,06,41,635	7,06,32,635
(c) Other Advances	18,14,884	29,60,600
(d) Stock of Stationary	2,62,500	12,500
TOTAL	8,44,82,833	8,16,93,334

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Notes to Consolidated Financial Statements for the year ended March 31, 2021

Note 14 - Property,Plant and Equipment

Particulars	Land	Computers and data processing units	Electrical Installations and Equipment	Furniture and furnishings	Office Equipments	Motor Vehicles	Total
Cost:							
Deemed cost as at 1st April 2020	9,31,74,053	96,32,139	84,91,577	5,61,27,848	1,75,24,882	23,03,940	18,72,54,438
Additions	12,74,75,389	93,34,227	25,55,119	3,07,04,422	52,15,455	34,80,906	17,87,65,518
Disposals	-	-	-	-	-	-	-
Depreciation:							
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	-	61,74,987	21,54,539	2,40,47,071	34,35,709	14,99,880	3,73,12,186
Carrying Amount:							
As at 31st March 2020	9,31,74,053	96,32,139	84,91,577	5,61,27,848	1,75,24,882	23,03,940	18,72,54,438
As at 31st March 2021	22,06,49,442	1,27,91,379	88,92,157	6,27,85,199	1,93,04,628	42,84,966	32,87,07,771

Note 15 - Other Intangible Assets

Particulars	Computer Software
Cost:	
Deemed cost as at 1st April 2020	32,96,454
Additions	43,42,570
Disposals	-
Accumulated Amortisation:	
Disposals	-
Amortisation charge for the year	22,06,586
Carrying Amount:	
As at 31st March 2020	32,96,454
As at 31st March 2021	54,32,438

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Note 17 - Debt Securities

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:		
(a) Secured Non-Convertible Debentures - Privately Placed	11,38,80,000	15,74,30,000
(b) Secured Non-Convertible Debentures - Public Issue	2,42,57,60,931	1,55,85,50,902
Total (A)	**2,53,96,40,931**	**1,71,59,80,902**
Borrowings in India	2,53,96,40,931	1,71,59,80,902
Borrowings outside India	-	-
TOTAL	**2,53,96,40,931**	**1,71,59,80,902**

Nature of Security :

Secured by way of first ranking pari passu charge on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company and first ranking pari passu charge on the immovable property situated at Malligai Nagar, Kombai Village, Uthampalayam Taluk, Theni District, Tamil Nadu.

Extend of Security :

Equal to the value of one time (one hundred percentage) of the NCDs outstanding plus interest accrued thereon.

Series wise classification of secured non convertible debentures

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Non Convertible Debentures 2018 - 19 Series	2,44,60,000	2,76,60,000
Non Convertible Debentures 2017 - 18 Series	7,28,10,000	9,67,20,000
Non Convertible Debentures 2016 - 17 Series	1,63,90,000	3,28,30,000
Non Convertible Debentures 2015 - 16 Series	2,20,000	2,20,000
TOTAL	***11,38,80,000***	***15,74,30,000***

Interest wise classification of secured non convertible debentures

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Non Convertible Debentures - 12.5%	1,51,50,000	2,90,60,000
Non Convertible Debentures - 12%	6,88,80,000	9,23,70,000
Non Convertible Debentures - < 12%	2,98,50,000	3,60,00,000
TOTAL	***11,38,80,000***	***15,74,30,000***

Maturity wise classification of secured non convertible debentures

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Non Convertible Debentures - 60 months maturity	11,11,50,000	15,15,50,000
Non Convertible Debentures - 36 months maturity	27,30,000	58,80,000
TOTAL	***11,38,80,000***	***15,74,30,000***

17.2 - Secured Non Convertible Debentures - Public Issue

Series wise classification of secured non convertible debentures

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Non Convertible Debentures 2020 - 21 Series (Public Issue III)	1,24,28,93,000	-
Non Convertible Debentures 2019 - 20 Series (Public Issue II)	61,85,20,000	93,83,38,000
Non Convertible Debentures 2018 - 19 Series (Public Issue I)	58,12,07,000	63,24,02,000
Sub Total	***2,44,26,20,000***	***1,57,07,40,000***
Less: EIR impact of transaction cost	1,68,59,069	1,21,89,098
TOTAL	***2,42,57,60,931***	***1,55,85,50,902***

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Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures - > 12%	63,05,44,000	20,24,99,000
Non Convertible Debentures - 12%	33,47,00,000	30,06,80,000
Non Convertible Debentures - > 11.5% to 11.86%	1,01,08,15,000	40,20,41,000
Non Convertible Debentures - >11.25% to 11.5%	26,71,58,000	27,74,44,000
Non Convertible Debentures - 11% to 11.25%	19,94,03,000	38,80,76,000
Sub Total	**2,44,26,20,000**	**1,57,07,40,000**
Less: EIR impact of transaction cost	1,68,59,069	1,21,89,098
TOTAL	2,42,57,60,931	1,55,85,50,902

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures - 75 months maturity	21,68,10,000	8,23,70,000
Non Convertible Debentures - 72 months maturity	14,24,10,000	14,24,10,000
Non Convertible Debentures - 60 months maturity	77,66,65,000	50,10,47,000
Non Convertible Debentures - 45 months maturity	2,02,43,000	2,02,43,000
Non Convertible Debentures - 36 months maturity	54,15,11,000	30,61,05,000
Non Convertible Debentures - 24 months maturity	27,93,34,000	19,87,47,000
Non Convertible Debentures - 18 months maturity	12,86,06,000	-
Non Convertible Debentures - 13 months maturity	33,70,41,000	31,98,18,000
Non Convertible Debentures - 12 months maturity	-	-
Sub Total	2,44,26,20,000	1,57,07,40,000
Less: EIR impact of transaction cost	1,68,59,069	1,21,89,098
TOTAL	2,42,57,60,931	1,55,85,50,902

Note 18 - **Borrowings (Other than Debt Securities)**

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:		
(a) Term Loan		
Indian Rupee Loans from Banks (Secured)	31,22,491	18,41,373
(b) Loans repayable on demand		
Cash credit / overdraft facilities from banks (Secured)	9,89,16,600	9,99,35,266
Total (A)	10,20,39,091	10,17,76,639
Borrowings in India	10,20,39,091	10,17,76,639
Borrowings outside India	-	-
TOTAL	10,20,39,091	10,17,76,639

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Nature of Security :

(a) Term loan from bank - Vehicle loan - The loans are secured by hypothecation of respective vehicles against which the loans have been availed.

(b) Loans repayable on demand

Particulars	Primary	Collateral	Guarantors
South Indian Bank (Limit - Rs. 10 Crore)	All book debts and receivables of the Company.	1. EM of land in the name of Josekutty Xavier admeasuring 22.91 cents under Sy No: 1160/6B, 1160/6A; 32.57 cents under Sy No: 1160/8, 1160/7; 20.35 cents under Sy No:1159/9 and 21.61 cents under Sy No:1159/9 in Kothamangalam Village, Ernakulam District 2. EM of land admeasuring 19.224 cents with 23079 sq. ft. commercial building under Sy. No. 1267/9-2 with building no. 30/564 in Kothamangalam municipality, Kothamangalam taluk, Ernakulam District in the name of M/s KMLM Chits India Limited. 3. EM of 8 cents of vacant land under Sy. No. I/4A, I/4B, Re. Sy.No. 26/2 in Edappally North Village, Kanayannur Taluk, Ernakulam District in the name of M/s KLM Axiva Finvest Limited.	1. Josekutty Xavier 2. Shibu T. Varghese 3. Biji Shibu 4. James Joseph Armbankudiyil Corporate guarantee - 1. M/s KMLM Chits India Limited

Note 19 - Subordinated Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:		
(a) Subordinated Debts	4,25,07,88,000	3,05,03,36,000
Total (A)	**4,25,07,88,000**	**3,05,03,36,000**
Subordinated liability in India	4,25,07,88,000	3,05,03,36,000
Subordinated liability outside India	-	-
TOTAL	**4,25,07,88,000**	**3,05,03,36,000**

19.1 - Unsecured Subordinated Debt - Private Placement

Series wise classification of unsecured subordinated debt

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Unsecured Subordinated Debt 2020 - 22 Series	*1,20,04,52,000*	-
Unsecured Subordinated Debt 2019 - 20 Series	*1,15,93,33,000*	*1,15,93,33,000*
Unsecured Subordinated Debt 2018 - 19 Series	*83,54,22,000*	*83,54,22,000*
Unsecured Subordinated Debt 2017 - 18 Series	*94,94,67,000*	*94,94,67,000*
Unsecured Subordinated Debt 2016 - 17 Series	*10,61,14,000*	*10,61,14,000*
TOTAL	***4,25,07,88,000***	***3,05,03,36,000***

Interest wise classification of unsecured subordinated debt

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Unsecured Subordinated Debt - >12.5%	*18,97,87,000*	*17,47,12,000*
Unsecured Subordinated Debt - 12.5%	*20,39,77,000*	*19,13,02,000*
Unsecured Subordinated Debt - 12.25%	*3,74,13,000*	*3,74,13,000*
Unsecured Subordinated Debt - 12%	*85,16,87,000*	*72,69,47,000*
Unsecured Subordinated Debt < 12%	*2,96,79,24,000*	*1,91,99,62,000*
TOTAL	***4,25,07,88,000***	***3,05,03,36,000***

Maturity wise classification of unsecured subordinated debt

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Unsecured Subordinated Debt - 5 to 6 years maturity	*32,33,15,000*	*27,95,14,000*
Unsecured Subordinated Debt - 5 years maturity	*3,92,74,73,000*	*2,77,08,22,000*
TOTAL	***4,25,07,88,000***	***3,05,03,36,000***

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Note 20 - Other Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Interest payable on debt securities	12,19,80,463	6,32,49,688
(b) Interest payable on subordinated debts	18,41,26,128	9,79,89,975
(c) Others	3,36,67,821	2,56,84,549
TOTAL	33,97,74,412	18,69,24,212

Note 21 - Current Tax Liabilities (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Income tax provision (net of advance tax and tax deducted at source)	3,21,90,005	69,54,730
	3,21,90,005	69,54,730

Note 22 - Other Non-Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Statutory remittances	1,13,84,902	28,40,398
(b) Advance interest received on loans	-	9,824
TOTAL	1,13,84,902	28,50,222

Note 23 - Equity Share Capital
The reconciliation of equity shares outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
7,50,00,000 (March 31, 2020 6,00,00,000.) equity Shares of ₹10/- each	75,00,00,000	60,00,00,000
	75,00,00,000	60,00,00,000
Issued, Subscribed & Fully Paid Up		
6,79,28,228 (March 31, 2020: 5,31,28,228.) equity Shares of ₹10/- each	67,92,82,280	53,12,82,280
TOTAL	67,92,82,280	53,12,82,280

i. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	In Numbers	Amount
As at March 31, 2020	**5,31,28,228**	53,12,82,280
Shares Issued during the Year	1,48,00,000	14,80,00,000
As at March 31, 2021	**6,79,28,228**	67,92,82,280

ii. Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii. Details of equity shareholders holding more than 5% Shares

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	No: of shares	% of Holding	No: of shares	% of Holding
Shibu T Varghese	78,40,700	11.54	48,11,200	9.06
Aleyamma Varghese	58,41,450	8.60	37,56,450	7.07
Biji Shibu	49,26,300	7.25	31,90,300	6.00

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Note 24 - Other Equity

Particulars	Amount
Securities Premium	
As at March 31, 2020	7,90,17,562
Add: Additions upon share issue	3,70,00,000
As at March 31, 2021	11,60,17,562
Statutory Reserve	
As at March 31, 2020	3,42,67,100
Add: Additions/(Deductions) during the year	1,41,16,743
As at March 31, 2021	4,83,83,843
General Reserve	
As at March 31, 2020	4,08,000
Utilised during the year	-
As at March 31, 2021	4,08,000
Capital Reserve	
As at March 31, 2020	8,55,063
Add: Additions/(Deductions) during the year	-
As at March 31, 2021	8,55,063
Revaluation reserve	
Add: Additions/(Deductions) during the year	10,98,56,310
As at March 31, 2021	10,98,56,310
Retained Earnings	
As at March 31, 2020	70,11,699
Add: Profit for the year	7,14,10,886
Less: Dividend	(5,31,28,228)
less: Transfer to statutory reserve	(1,41,16,743)
As at March 31, 2021	1,11,77,614
Total Other Equity	
As at March 31, 2020	12,15,59,424
As at March 31, 2021	28,66,98,392

Nature and purpose of Reserves

Securities premium
This Reserve represents the premium on issue of equity shares. The reserve can be utilised only for the purposes in accordance with the provisions of the Companies Act, 2013.

Statutory reserve
Statutory Reserve is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934. It requires every non banking finance institution which is a Company to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. The Company has appropriated 20% of the Profit After Tax to the fund for the year.

General reserve
Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of profit for the period at a specified percentage in accordance with applicable regulations. After the introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Capital reserve
This reserve represents the reserve created pursuant to the business combination.

Revaluation reserve
The revaluation reserves represents the gain/ loss attained by the company while revaluing its assets to fair market value.During the year, the company revalued some of its landed property and the gain/loss has been tranferred to revaluation reserve.

Retained earnings

This reserve represents the cumulative profits of the Company.

Note 25 - Interest Income

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
On financial assets measured at amortised cost:		
(i) Interest on Loans		
Gold Loan	77,35,09,962	45,80,00,727
Business Loan	33,72,46,943	38,68,77,526
Personal Loan	1,12,75,980	5,24,04,827
Vehicle Loan	24,550	6,91,292
Microfinance Loans	10,45,22,973	9,09,58,479
(ii) Interest on deposit with banks	1,09,41,730	51,99,784
(iii) Other interest income	2,09,043	15,26,355
On financial assets measured at faur value through OCI:		
(i) Interest income		38,448
TOTAL	**1,23,77,31,182**	**99,56,97,439**

Note 26 - Other Income

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Commission Income	2,65,95,497	2,56,36,076
Notice Charge	30,069	36,142
Miscellaneous Income	8,79,034	11,67,850
TOTAL	**2,75,04,600**	**2,68,40,068**

Note 27 - Finance Cost

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
On financial liabilities measured at amortised cost:		
Interest on Borrowings (other than debt securities)	61,14,774	51,03,620
Interest on Subordinate Debt	41,38,73,189	28,90,83,089
Interest on Debenture	30,86,34,742	21,48,44,843
Others		
Interest on delayed payment of income tax	1,00,691	29,53,868
TOTAL	72,87,23,395	**51,19,85,421**

Note 28 - Impairment on Financial Instruments

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
On financial assets measured at amortised cost:		
Loan Assets	-1,38,50,403	1,20,53,709
TOTAL	**-1,38,50,403**	**1,20,53,709**

Note 29 - Employee benefits expenses

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Salaries & Wages	17,40,51,761	17,85,04,667
Contributions to provident and other funds	1,43,19,380	1,12,88,757
TOTAL	**18,83,71,141**	**18,97,93,424**

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Note 30 - Depreciation, amortisation and impairment

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Depreciation of tangible assets	3,73,12,186	3,24,07,248
Amortisation of intangible assets	22,06,586	13,69,759
TOTAL	3,95,18,772	3,37,77,007

Note 31 - Other expenses

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Advertisement	3,12,51,785	2,78,44,281
Audit Expenses	1,16,810	1,37,845
Audit Fee	8,47,250	7,79,750
Bank Charges	8,35,053	14,44,008
Bad Debts written off	8,17,500	64,44,995
Business Promotion	11,10,443	73,09,645
Canvasing Expenses	-	20,87,575
Celebration Expense	7,76,057	9,16,362
Collection Expenses	6,25,010	10,95,803
Computer & Software Expenses	10,16,719	11,46,102
Corporate social responsibility expenditure	7,24,715	16,74,109
Crisil rating expenses	-	3,54,098
Customer Meet expenses	19,078	12,03,983
Cibil Charges	2,66,773	-
Debenture Trustee Remuneration	1,10,000	1,20,000
Discount Given	37,06,630	10,01,618
Donation	-	28,841
Electricity Charges	55,77,809	47,97,499
Fuel Expenses	10,01,284	-
Inaugural Expense	2,44,565	3,67,334
Incentive	4,29,91,619	3,11,24,390
Insurance Charges	81,75,374	23,43,981
Internet Charges	23,70,640	20,42,209
Legal Expense	37,22,467	44,83,405
Loss on Auction Gold	3,555	23,90,972
Marketing Expenses	2,18,963	8,50,033
Meeting Expenses	16,32,355	25,38,660
Membership Fee	4,500	1,18,600
Miscellaneous Expense	7,798	2,42,531
Newspaper & Periodicals	1,65,356	93,330
Office Expense	87,53,447	1,23,32,919
Postage	9,80,109	11,67,737
Printing & Stationery	37,61,411	42,36,845
Professional Fee	26,64,129	69,95,862
Public Issue	41,39,587	31,67,257
Rates & Taxes	7,47,911	5,38,054
Rent	5,63,34,140	4,67,05,425
Repairs and Maintenance	7,64,655	6,61,460
Repairs and Maintenance-Building	3,37,812	4,63,421
ROC Filing Charge	14,17,080	52,751
Sitting Fees	1,35,000	2,30,000
Staff Training Expense	26,47,371	1,02,000
Telephone charges	41,23,109	35,46,035
Travelling expenses	85,46,551	89,28,005
GST & flood cess Paid	66,27,095	36,36,963
Vehicle Maintenance	4,47,586	13,18,093
Water Charges	2,76,714	2,41,099
TOTAL	21,10,43,816	19,93,05,886

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Note - 31.1

Payment to the auditors comprises :

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
As auditors - statutory audit	6,97,250	6,29,750
For taxation matters	1,50,000	1,50,000
TOTAL	8,47,250	7,79,750

Note 32 - Income Tax

The components of income tax expense for the year ended March 31, 2021 and year ended March 31, 2020 are:

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Current tax	3,21,90,005	3,80,07,044
Tax relating to prior years paid on settlement*	72,65,499	3,11,30,905
Deferred Tax	5,62,671	11,72,270
Income tax expense reported in statement of profit and loss	4,00,18,175	7,03,10,219

The Company has computed the tax expense of the current financial year as per the tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly, tax expense for the year comprising current and deferred tax as per Indian Accounting Standards -12 Income Taxes have been recognised using the reduced tax rates applicable.

* A search and seizure proceedings was initiated by the Income Tax Department under Section 132 of the Income-Tax Act, 1961 on October 5, 2015 in the business premises of the Company and other group Companies. Simultaneously, search was also conducted in the residential premises of the Directors. Further, a survey under section 133A of the Income Tax Act, 1961 was also conducted in the business premises of the branches of the Company. Pursuant to the IT Search and Seizure Proceedings, the Company received notices under section 148 of the Income Tax Act, 1961 issued by the Deputy Commissioner of Income Tax, Centre Circle, Kochi. It was alleged that the Company had generated undisclosed income and utilized the same over the period because of which the Company, subsequently, approached the Income Tax Settlement Commission, Chennai Bench ("The Commission"). The Company declared an additional income of ₹401.64 lakhs before the Settlement Commission for the assessment years 2013-14 to 2016-17. The Settlement Commission through its order dated December 28, 2017 allowed the settlement application of the Company. Further, The Commission, vide its order under section 245(D)4 of the Income Tax Act, 1961, dated May 24, 2019 settled the income for the assessment years which were subject matter of settlement and allowed the payment of tax including interest in six quarterly installments. The Assistant Commissioner of Income Tax, Central Circle - 1, Ernakulam, passed an order dated August 29, 2019 giving effect of the order of the Settlement Commission. The Company has as at March 31, 2021 paid off the entire tax liability including interest.

Note 33 - Earnings per share

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Net profit for calculation of basic earnings per share	7,14,10,886	52,90,644
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	5,69,90,865	5,17,97,831
Basic and diluted earnings per share (Rs.)	1.25	0.10

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Note 34 - Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled and considering contractual terms. For Loans and advances to customers, maturity analysis is based on expected repayment behaviour, historical pattern and experience of management.

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and Cash Equivalents	34,12,62,919	-	34,12,62,919	36,35,93,482	-	36,35,93,482
Bank Balance Other than above	-	1,50,000	1,50,000	1,01,50,000	-	1,01,50,000
Loans	5,56,68,59,498	1,90,61,51,018	7,47,30,10,516	4,64,53,04,140	49,01,49,121	5,13,54,53,260
- Adjustment on account of EIR/ECL	-	-14,33,03,511	(14,33,03,511)	-	-15,71,53,914	(15,71,53,914)
Other Financial Assets	6,66,552	6,11,21,627	6,17,88,179	6,66,552	4,57,64,562	4,64,31,114
Non-Financial Assets						
Current Tax Assets (Net)	4,38,83,299	-	4,38,83,299	-	-	-
Deffered Tax Assets (Net)	-	4,63,83,569	4,63,83,569	4,69,46,240		4,69,46,240
Property, Plant and Equipment	-	32,87,07,771	32,87,07,771	-	18,72,54,438	18,72,54,438
Other Intangible Assets	-	54,32,438	54,32,438	-	32,96,454	32,96,454
Other Non-Financial Assets	8,24,05,449	20,77,384	8,44,82,833	93,83,643	7,23,09,691	8,16,93,334
Total Assets	6,03,50,77,716	2,20,67,20,296	8,24,17,98,013	5,07,60,44,056	64,16,20,353	5,71,76,64,408
LIABILITIES						
Financial Liabilities						
Payables	-	-	-	-	-	-
Debt Securities	73,34,51,000	1,82,30,49,000	2,55,65,00,000	1,32,78,27,000	1,72,81,70,000	3,05,59,97,000
- Adjustment on account of EIR	-	-1,68,59,069	(1,68,59,069)	-	-1,21,89,098	-1,21,89,098
Borrowings (Other than Debt Securities)	9,89,16,600	31,22,491	10,20,39,091	10,10,80,254	6,96,385	10,17,76,639
Subordinated Liabilities	10,61,14,000	4,14,46,74,000	4,25,07,88,000	-	3,05,03,36,000	3,05,03,36,000
Other Financial liabilities	21,38,58,308	12,59,16,104	33,97,74,412	12,08,92,769	6,60,31,443	18,69,24,212
Non-Financial Liabilities						
Current Tax Liabilities (Net)	3,21,90,005	-	3,21,90,005	69,54,730	-	64,79,286
Other Non-Financial Liabilities	1,13,84,902	-	1,13,84,902	28,50,222	-	28,50,222
Total Liabilities	1,19,59,14,816	6,07,99,02,526	7,27,58,17,341	1,55,96,04,975	4,83,30,44,731	6,39,21,74,261
Net	4,83,91,62,901	(3,87,31,82,230)	96,59,80,671	3,51,64,39,081	(4,19,14,24,378)	-67,45,09,852

Notes to Consolidated Financial Statements for the year ended March 31, 2021

Note 35 - Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial lending institution, the Company is exposed to risks that are particular to its lending and the environment within which it operates. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The principal objective in Company's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks.

The Company's Risk Management Committee of the Board of Directors constituted is responsible for the overall risk management approach, approving risk management strategies and principles.

The Risk Management Committee shall be responsible for the following:

1. Reviewing the operations of the organization followed by identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.
2. Identifying the risks an organization is subject to, deciding how to manage it, implementing the management technique, measuring the ongoing effectiveness of management and taking appropriate correction action and provide a framework that enables future activities to take place in a consistent & controlled manner.

The Company is generally exposed to credit risk, liquidity risk, market risk and operational risk.

I. Credit risk

Credit risk is the possibility of loss due to the failure of any counterparty abiding by the terms and conditions of any financial contract obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances.

The Company addresses credit risk through following processes:

1. Through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy.
2. Minimise losses due to defaults or untimely payments by borrowers
3. Credit risk on Gold loan is considerably reduced as collateral is in the form of Gold ornaments which can be easily liquidated and adequate margin of 25% or more is retained while disbursing the loan.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;

Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;

Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes 90 days past due (DPD) on its contractual payments. All financial assets are deemed to have suffered a significant increase in credit risk when they are 30 DPD and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

Exposure at Default (EAD)
The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, whether scheduled by contract or otherwise.

Probability of default (PD)
The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information wherever available to determine PD.

Loss Given Default (LGD)
LGD is the estimated loss that the Company might bear if the borrower defaults.The Company determines its recovery by analysing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset. In estimating LGD, the company reviews macro-economic developments taking place in the economy.

II. Liquidity risk
Liquidity risk is the non-availability of cash to pay a liability that falls due. A company is deemed to be financially sound if it is in a position to carry on its business smoothly and meet all the obligations - both long term as well as short term - without strain. Liquidity Risk arises largely due to maturity mismatch associated with assets and liabilities of the Company. Liquidity risk stems from the inability of the Company to fund increase in assets, manage unplanned changes in funding sources and meet financial commitments when required.

Company has implemented liquidity management policy for reducing the risk relating to liquidity issues. Currently the policies relating to liquidity are as follows:
1. The Company is maintaining high capital adequacy ratio over and above limits prescribed by regulators.
2. The Company ensures to keep liquidity to cover unexpected repayment obligation.
3. Promoting fund infusion by way of Non-Convertible debentures and subordinated debts so that due date for interest and maturity can be pre known.
4. Funding from long terms sources and lending as short term loans.
5. Reducing the percentage of unsecured lending so that repayment up to a level is not affected.

Asset Liability Management (ALM)
The table below shows the maturity pattern of significant financial assets and financial liabilities. In the case of loans, contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the below maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

R.B.JAIN & ASSOCIATES * CHARTERED ACCOUNTANTS * KOSSERIL PALARIVATTOM COCHIN-25

KLM AXIVA FINVEST LIMITED

Hyderabad

Notes to Consolidated Financial Statements for the year ended March 31, 2021

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

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM*	Total
Financial Assets										
Cash and Cash Equivalents	34,12,62,919	-	-	-	-	-	-	-	-	34,12,62,919
Bank Balance Other than Cash and Cash Equivalents	-	-	-		-	-	-	1,50,000	-	1,50,000
Loans	41,39,87,460	1,86,95,680	22,62,35,698	47,64,92,820	4,43,14,47,840	1,90,61,51,018	-	-	(14,33,03,511)	7,32,97,07,005
Financial Liabilities										-
Debt Securities				33,72,61,000	39,61,90,000	99,73,62,000	69,12,47,000	13,44,40,000	(1,68,59,069)	2,53,96,40,931
Borrowings (Other than Debt Securities)					9,89,16,600	31,22,491	-	-	-	10,20,39,091
Subordinated Liabilities	-	-	-	-	10,61,14,000	1,78,48,89,000	1,96,04,57,000	39,93,28,000	-	4,25,07,88,000

** represents adjustments on account of EIR/ECL*

III. Market risk

Market risk refers to potential losses arising from the movement in market values of interest rates in the Company's line of business. The objective of market risk management is to avoid excessive exposure of our earnings to loss.

Interest rate risk

Interest rate risk is the risk where changes in the market interest rates might adversely affect the Company's financial condition. The interest rate risks are viewed from earning perspective and economic value perspective, respectively. Over the last several years, the Government of India has substantially deregulated the financial sector. As a result, interest rates are now primarily determined by the market, which has increased the interest rate risk exposure.

The results of the Company's operations are substantially dependent upon the level of the net interest margins. Interest rates are sensitive to many factors beyond the Company's control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors. Rise in inflation, and consequent changes in the bank rates, repo rates and reserve repo rates by the RBI has led to an increase in interest rates on loans provided by banks and financial institutions.

In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans and the company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

IV. Operational risk

Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to certain other external events. The Company has instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Any loss on account of failure by employees to comply with defined appraisal mechanism is recovered out of their variable incentive. The Company also has detailed guidelines on movement and security measures of cash or gold. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

Note 36 - Related party disclosures

Names of Related Parties

(A) Subsidiaries

1) KMLM Financial Services Limited

(B) Key Management Personnel	**Designation**
1) Shibu Thekkumpurathu Varghese	Whole-time Director
2) Josekutty Xavier	Whole-time Director (Change in designation to Director w.e.f. October 28, 2019)
3) Thanish Dalee	Chief Financial Officer
4) Srikanth G. Menon	Company Secretary

(C) Entities in which KMP / Relatives of KMP can exercise significant influence

1) KLM Tiana Gold & Diamonds Private Limited
2) Payyoli Granites Private Limited

(D) Relatives of Key Management Personnel

Biji Shibu	w/o Shibu Thekkumpurathu Varghese
Elen Elu Shibu	d/o Shibu Thekkumpurathu Varghese
Aleyamma Varghese	Mother of Shibu Thekkumpurathu Varghese
Princy Josekutty	w/o Josekutty Xavier
Vithya Mathew	w/o Thanish Dalee
Lakshmi P. S.	w/o Srikanth G. Menon

Related Party transactions during the year:

Particulars	KMP		Relatives of KMP	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Shares subscribed including share premium	2,50,00,000	3,00,00,000	7,50,00,000	72,00,000
Purchase of listed NCD of the Company	3,00,000	7,00,000.00	4,00,000	11,00,000
Purchase of sub-debts of the Company	-	-		2,25,000
Interest paid on listed NCD	67,778	38,079.00	1,01,422	59,938
Interest paid on subordinate debts	-	-	25,875	9,712
Remuneration paid	55,93,085	88,48,974	-	-
Professional consulting fees	5,50,000	6,00,000.00	-	-
Sitting Fees	55,000	80,000.00	55,000	40,000

Particulars	Subsidiary Company		Entities in which KMP / Relatives of KMP can exercise significant influence	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Shares subscribed including share premium	-	-	-	-
Investment in equity shares	-	-	-	-
Purchase of listed NCD of the Company	-	-	-	-
Purchase of sub-debts of the Company	-	-	-	-
Interest paid on listed NCD			-	-
Interest paid on subordinate debts	-	-	-	-
Remuneration paid	-	-	-	-
Professional consulting fees	-	-	-	-
Sitting Fees	-	-	-	-

Notes to Consolidated Financial Statements for the year ended March 31, 2021

Balance outstanding as at the year end: Asset/ (Liability)

Particulars	KMP		Relatives of KMP	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Equity shares subscribed	(7,84,07,000)	(4,81,12,000)	(13,43,33,050)	(7,39,23,050)
NCD - Listed	(2,97,929)	(6,95,180)	(3,97,239)	(10,92,426)
Subordinate debt	-	-	(2,25,000)	(2,25,000)
Interest payable on NCD	(2,803)	(6,522)	(3,737)	-14,856

Particulars	Subsidiary Company		Entities in which KMP / Relatives of KMP can exercise significant influence	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Investment in Subsidiary Company	-	-	-	-
Equity shares subscribed	-	-	-	-
NCD - Listed	-	-	-	-
Subordinate debt	-	-	-	-
Interest payable on NCD	-	-	-	-

Note:

Related parties have been identified on the basis of the declaration received by the management and other records available and the same has been relied upon by the auditors.

KLM AXIVA FINVEST LIMITED
Hyderabad

Notes to Consolidated Financial Statements for the year ended March 31, 2021

Note 37 - Disclosure with regard to dues to Micro Enterprises and Small Enterprises

Based on the information available with the Group and has been relied upon by the auditors, none of the suppliers have confirmed to

Note 38 - Previous year's figures have been regrouped/rearranged, wherever necessary to conform to current year's

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN: 21019454AAAAUU5129

Place:Palarivattom
Date: 09-06-2021

R.B. JAIN & ASSOCIATES KOSSERIL PALARIVATTOM COCHIN-25 CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of **KLM AXIVA FINVEST LIMITED**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **KLM Axiva Finvest Limited** ("the Company"), which comprise the balance sheet as at 31st March 2021, and 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit/loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis Of Matter

We draw attention to Note 3 to the Standalone Financial Statements, which describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic.

Due to the Covid-19 pandemic, we were not able to visit the branches of the Company and hence could not verify the underlying security in respect of gold loans. We are relying on the internal control system in force and management representation with respect to the same.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Provision for Expected Credit Losses (ECL) on Loans	
As against the provisioning norms earlier prescribed by Reserve Bank of India and adopted by the Company in prior years, Ind-AS 109 (Financial Instruments) requires the Company to recognise	We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company.

Expected Credit Loss (ECL) and impairment loss allowances on financial assets. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgment has been applied by the Management for: • Timely identification and classification of the impaired loans. • Staging of loans [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories]. • Determination and calculation of probability of default / Loss given default. • Consideration of probability weighted scenarios and forward looking macro-economic factors for determining credit quality of receivables. • Estimation of losses for loan products with no/minimal historical defaults The outbreak of the COVID – 19 pandemic during the year has necessitated a high degree of Management's judgement to consider the possible impact of uncertainties associated with the same and the Management's judgement involved in estimation of ECL.	We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates. These controls included, among others, controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments and disclosures. We assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3. We tested the appropriateness of determining the Exposure At Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) for a samples of exposure. We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable in considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment. We assessed disclosures included in the standalone financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.
Information technology Financial accounting and reporting processes, are fundamentally reliant on IT systems and IT controls to process significant volumes of transaction. The Company's financial accounting and reporting processes are so highly dependent on the automated controls in information systems, that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. In the month of Feb 2020 company implemented a new IT Software, and most of the post live fine tuning was during the F.Y 2020-21. The outbreak of the COVID – 19 pandemic during the year; subsequent lockdown and travel restrictions affected the speed of IT Software implementation related work. From a financial reporting perspective the Company uses and we have tested the financial accounting and reporting system and loan management systems and other tools for its overall financial reporting.	We obtained an understanding of the Company's IT control environment and changes during the audit period that may be relevant to the audit. We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management. We evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. We obtained an understanding of the Company's Internal control environment and check available IT set up, to counter the shortfalls if any in the IT infrastructure.

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

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

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

R.B. JAIN & ASSOCIATES CHARTERED ACCOUNTANTS

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.**Except Ind AS-19 - Employee Benefits*

(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 financialreporting 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 against the company 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.B Jain and Associates,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN & ASSOCIATES
KOSSERIL PALARIVATTOM COCHIN-25
CHARTERED ACCOUNTANTS

K.J Thomas BSc, FCA
Partner **(M. No. 019454)**
UDIN: 21019454AAAAUO2910
Palarivattom,
09-06-2021

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2021:

1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deed provided to us by the Company, the title deeds of immovable properties are held in the name of the company;

2) In our opinion and according to the information and explanations given to us, the nature of the Company's business is such that it is not required to hold any inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company

3) 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 provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.

4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

5) According to the information and explanations given to us, the Company has not accepted any public deposit from the public within the meaning of section 73 to 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified.

6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.

7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2021 for a period of more than six months from the date on when they become payable.

b) According to the information and explanation given to us, there are no dues of income tax, sales tax, goods and service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions or debenture holders.The Company has not taken any loans or borrowings from government.

R.B. JAIN & ASSOCIATES
KOSSERIL PALARIVATTOM COCHIN-25
CHARTERED ACCOUNTANTS

9) Based upon the audit procedures performed and the information and explanations given by the management, the Company has raised moneys by way of public issue of debt instruments and term loans and the money raised has been applied for the purpose for which they have been raised.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the Company has complied with the requirements of section 42 of the Companies Act, 2013 and the amount raised by preferential allotment or private placement of shares during the year under review have been used for the purposes for which the funds were raised. During the year, the Company has not made any preferential allotment or private placement of fully or partly convertible debentures.

15) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.

For R.B Jain and Associates,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN & ASSOCIATES * CHARTERED ACCOUNTANTS * KOSSERIL PALARIVATTOM COCHIN-25

K.J Thomas BSc, FCA
Partner (M.No.019454)
UDIN : 21019454AAAAUO2910
Palarivattom,
09-06-2021

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of KLM Axiva Finvest Limited

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

We have audited the internal financial controls over financial reporting of KLM Axiva Finvest Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

B.JAIN & ASSOCIATES
KOSSERIL PALARIVATTOM COCHIN-25
CHARTERED ACCOUNTANTS

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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 Institute of Chartered Accountants of India.

For **R.B Jain and Associates,**
Chartered Accountants
(FRN 103951W)

R.B. JAIN & ASSOCIATES
KOSSERIL PALARIVATTOM COCHIN-25
CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
Partner (M.No.019454)
UDIN: 21019454AAAAU02910
Palarivattom,
09-06-2021

Standalone Balance Sheet as at March 31, 2021

Sl. No.	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
	ASSETS			
1	**Financial Assets**			
(a)	Cash and Cash Equivalents	6	31,31,13,858	36,18,16,424
(b)	Bank Balance Other than (a) above	7	1,50,000	1,01,50,000
(c)	Loans	8	7,32,97,07,005	4,97,82,99,347
(d)	Investments	9	2,47,70,000	2,47,70,000
(e)	Other Financial Assets	10	6,17,88,179	4,64,31,114
2	**Non-Financial Assets**			
(a)	Current Tax Assets (Net)	11	4,38,83,299	-
(b)	Deferred Tax Assets (Net)	12	4,63,83,569	4,69,46,240
(c)	Property, Plant and Equipment	13	32,87,07,771	18,72,54,438
(d)	Other Intangible Assets	14	54,32,438	32,96,454
(e)	Other Non-Financial Assets	15	8,44,82,833	8,16,93,334
	TOTAL		8,23,84,18,951	5,74,06,57,351
	LIABILITIES AND EQUITY			
1	**Financial Liabilities**			
(a)	Payables		-	-
(b)	Debt Securities	16	2,53,96,40,931	1,74,09,80,902
(c)	Borrowings (Other than Debt Securities)	17	10,20,39,091	10,17,76,639
(d)	Subordinated Liablities	18	4,25,07,88,000	3,05,03,36,000
(e)	Other Financial liabilities	19	33,97,42,787	18,75,71,852
2	**Non-Financial Liabilities**			
(a)	Current Tax Liabilities (Net)	20	3,18,48,995	64,79,286
(b)	Other Non-Financial Liabilities	21	1,13,84,902	28,50,222
3	**EQUITY**			
(a)	Equity Share Capital	22	67,92,82,280	53,12,82,280
(b)	Other Equity	23	28,36,91,965	11,93,80,170
	TOTAL		8,23,84,18,951	5,74,06,57,351

See accompanying notes forming part of the standalone financial statements

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN: 21019454AAAAUO2910

Place:Palarivattom
Date: 09-06-2021

R.B. JAIN & ASSOCIATES
KOSSERIL PALARIVATTOM COCHIN-25
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED
Hyderabad

Standalone Statement of Profit and Loss for the year ended March 31, 2021

	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
I	Revenue From Operations			
	Interest Income	24	1,23,76,15,874	99,56,58,991
II	Other Income	25	2,75,04,600	2,68,40,068
III	Total income (I+II)		1,26,51,20,474	1,02,24,99,059
	EXPENSES			
	Finance Costs	26	73,04,05,267	51,31,80,363
	Impairment on Financial Instruments	27	-1,38,50,403	1,20,53,709
	Employee benefits expenses	28	18,78,23,938	18,94,18,924
	Depreciation, amortization and impairment	29	3,95,18,772	3,37,77,007
	Other expenses	30	21,09,62,022	19,91,66,296
IV	Total expenses		1,15,48,59,596	94,75,96,300
V	Profit/(Loss) before Tax (III-IV)		11,02,60,878	7,49,02,759
VI	Tax Expense:	31		
	1. Current Tax		3,18,48,995	3,75,31,600
	2. Deferred Tax		5,62,671	11,72,270
	3. Tax relating to prior years paid on settlement		72,65,499	3,11,30,905
VII	Profit /(Loss) for the Period (V-VI)		7,05,83,713	50,67,984
VIII	Other Comprehensive Income		-	-
IX	Total Comprehensive Income (VII+VIII)		7,05,83,713	50,67,984
X	Earnings per Equity Share	32		
	Basic & Diluted (Rs.)		1.24	0.10

See accompanying notes forming part of the standalone financial statements

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN & ASSOCIATES KOSSERIL PALARIVATTOM COCHIN-25 CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN: 21019454AAAAUO2910

Place:Palarivattom
Date: 09-06-2021

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED
Hyderabad

Standalone Cash Flow Statement for the year ended March 31, 2021

	PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net profit Before Taxation	11,02,60,878	7,49,02,759
	Adjustments for:		
	Depreciation and amortisation	3,95,18,772	3,37,77,007
	Finance costs	73,03,90,383	51,02,26,495
	Interest on income tax	14,884	29,53,868
	Impairment on financial instruments	(1,38,50,403)	1,20,53,709
	Operating Profit before Working Capital Changes	86,63,34,514	63,39,13,838
	(Increase)/Decrease in Loans & Advances -Financial Assets	(2,33,75,57,256)	(1,32,03,66,716)
	(Increase)/Decrease in Other financial Assets	(1,53,57,065)	(1,81,53,734)
	(Increase)/Decrease in Other non financial Assets	(27,89,499)	(5,63,97,506)
	Increase/(Decrease) in Other financial liabilities	15,21,70,935	3,64,44,179
	Increase/(Decrease) in Other Non financial liabilities	85,34,680	(47,10,659)
	Cash from operations	**(1,32,86,63,691)**	**(72,92,70,599)**
	Net income tax paid	(5,76,28,083)	(4,73,83,423)
	Net Cash From Operating Activities	**(1,38,62,91,774)**	**(77,66,54,021)**
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	Capital Expenditure	(7,32,51,778)	(9,43,82,777)
	Purchase of investments	-	(2,47,70,000)
	Bank balances not considered as cash and cash equivalents	1,00,00,000	1,26,348
	Net Cash From Investing Activities	**(6,32,51,778)**	**(11,90,26,428)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from issuance of equity shares	14,80,00,000	1,63,50,000
	Share Premium on issue of equity shares	3,70,00,000	32,70,000
	Proceeds from issue of Debentures	79,86,60,028	33,72,60,102
	Proceeds from issue of Subordinate debts	1,20,04,52,000	1,15,93,33,000
	(Repayment)/ Increase in long-term borrowings	2,62,452	5,36,26,926
	Dividend Paid	(5,31,28,228)	-
	Finance cost	(73,04,05,267)	(51,02,26,495)
	Net Cash From Financing Activities	**1,40,08,40,986**	**1,05,96,13,534**
	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(4,87,02,566)**	**16,39,33,084**
	OPENING CASH AND CASH EQUIVALENTS	36,18,16,424	**19,78,83,340**
	CLOSING CASH AND CASH EQUIVALENTS	**31,31,13,858**	**36,18,16,424**

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN & ASSOCIATES
KOSSERIL
PALARIVATTOM
COCHIN- 25
CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN: 21019454AAAAU02910

Place:Palarivattom
Date: 09-06-2021

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED

Hyderabad

Standalone Statement of changes in Equity for the year ended March 31, 2021

A. Equity Share Capital

Equity Shares of ₹10 each issued, subscribed and fully paid

Particulars		Nos.	Amount
As at March 31, 2020		5,31,28,228	53,12,82,280
Issued during the year		1,48,00,000	14,80,00,000
As at March 31, 2021		6,79,28,228	67,92,82,280

B. Other Equity

Particulars	Reserves and Surplus					Revaluation Reserve	Other comprehensive Income	Total
	Statutory Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Retained Earnings			
As at March 31, 2020	3,42,67,100	7,90,17,562	-	4,08,000	56,87,508	-	-	11,93,80,170
Dividends	-	-	-	-	-5,31,28,228	-	-	-5,31,28,228
Transfer to/from Retained Earnings	1,41,16,743	-	-	-	(1,41,16,743)	-	-	-
Other Additions/Deductions during the year								
Securities premium received during the year	-	3,70,00,000	-	-	-	-	-	3,70,00,000
Net impact of assets revalued during the year	-	-	-	-	-	10,98,56,310	-	10,98,56,310
Profit for the year (net of taxes)	-	-	-	-	7,05,83,713	-	-	7,05,83,713
As at March 31, 2021	4,83,83,843	11,60,17,562	-	4,08,000	90,26,251	10,98,56,310	-	28,36,91,965

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN & ASSOCIATES KOSSERIL PALARIVATTOM COCHIN-25 CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
Partner (M. No. 019454)
UDIN : 21019454AAAAU02910
Place: Palarivattom
Date: 09-06-2021

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Thanish Dalee
Chief Financial Officer

Biji Shibu
Director (DIN: 06484566)

Srikanth G. Menon
Company Secretary

1. CORPORATE INFORMATION

KLM Axiva Finvest Limited, (the Company), is a Public limited company, incorporated on 28 April 1997. The Company was a Non-Systemically important Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The Company has received the certificate of registration 09.00006 on 13th December, 1997 enabling the Company to carry on business as Non-Banking Financial Company. The total assets size of the Company, during the year crossed ₹500 crore and the Company became a Systemically important non-deposit taking non-banking financial company.

The Company offers broad suite of lending and other financial products such as mortgage loan, gold loan, loan against securities etc.

The registered office of the Company is at Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana - 500074.

2. BASIS OF PREPARATION AND PRESENTATION

The standalone financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

For the period up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended). The financial statements for the year ended March 31, 2020 are the first financial statement of the Company prepared in accordance with Ind AS. Refer to Note 37 on First time adoption to Ind AS for information on adoption of Ind AS by the Company.

The above financial statements have been prepared in accordance with the Indian Accounting Standards prescribed read with relevant rules issued there under and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 5 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR).

PRESENTATION OF FINANCIAL STATEMENT

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis.

STATEMENT OF COMPLIANCE

These separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the generally accepted accounting principles as referred to above.

3. IMPACT OF COVID-19

The COVID-19 outbreak is on-going and the actual extent of its impact on the economy globally in general and in India, in particular remains uncertain. The outbreak has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Company has offered an optional moratorium of six months on the payment of all principal instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue as on 29 February 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

Further, the Company has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial asset as at March 31, 2021. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Financial Instruments

(I) Financial Assets

a) Initial recognition

All financial assets are recognised initially at fair value. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

b) Subsequent measurement

The Company classifies its financial assets into the following measurement categories depending on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets:

a. **Financial assets measured at amortised cost-** A financial asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. **Financial assets measured at fair value through other comprehensive income (FVOCI)** - A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c. **Financial assets measured at fair value through profit or loss (FVTPL)** - A financial asset which is not classified in any of the above categories is measured at FVTPL.

c) Investment in subsidiary

The Company has accounted for its investments in Subsidiaries at cost less impairment loss, if any.

d) Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the changes in fair value through other comprehensive income (FVOCI).

R.B. JAIN & ASSOCIATES CHARTERED ACCOUNTANTS KOSSERIL PALAMATTOM COCHIN-25

(II) Financial Liabilities

a) Initial recognition

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, non-convertible debentures, loans and borrowings including bank overdrafts.

b) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

4.2. Derecognition of financial assets and liabilities

(I) Financial Assets

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

(II) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.3. Impairment of financial assets

I. Overview of the Expected Credit Loss (ECL) model

The Company recognises impairment allowance for expected credit loss on financial assets held at amortised cost. The Company recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs or at fair value through other comprehensive income account.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. The 12-month ECL is the portion of the lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Company applies a three-stage approach to measuring expected credit losses (ECLs).

Stage 1: 12-months ECL

For financial assets 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.

Stage 2: Lifetime ECL – not credit impaired

For financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining life time of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Financial assets are 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 assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

The Company has identified a zero bucket for financial assets that are not overdue.

II. Estimation of Expected Credit Loss

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, whether scheduled by contract or otherwise, expected draw downs on committed facilities.

Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

4.4. Offsetting of financial instruments

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

4.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

4.6. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Advances paid towards the acquisition of fixed assets, outstanding at each reporting date are shown under other non-financial assets. The cost of property, plant and equipment not ready for its intended use at each reporting date are disclosed as capital work-in-progress.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income /expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

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4.7. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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

4.8. Depreciation and Amortisation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Useful life
Building	30-60Years
Computers and servers	3-6 Years
Office equipment	5 Years
Furniture and fixtures	10 Years
Vehicles	8-10 Years

* Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Intangible Assets are amortised on a Straight Line basis over the estimated useful economic life. Computer Software which is not an integral part of the related hardware is classified as an intangible asset, and amortised over a period of five years, being its estimated useful life.

4.9. Impairment of non-financial assets

At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The carrying amount of the fixed 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 impairment loss is recognised in the Statement of Profit and Loss for the year.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on written down value basis over its remaining useful life.

4.10. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(I) Interest Income

The Company recognises Interest income by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets. For purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. Such interests, where instalments are overdue in respect of non-performing assets are recognised on realization basis.

The EIR in case of a financial asset is computed

a) As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
b) By considering all the contractual terms of the financial instrument in estimating the cash flows
c) Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes.

Other Income: In respect of the other heads of income, the Company accounts the same on accrual basis.

(II) Recognition of revenue from sale of goods or services

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

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

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

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

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

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

Processing fee which is not form part of effective interest rate has been recognised as and when it is accrued.

(III) Dividend Income

Dividend income is recognised when the Company's right to receive the payment is established. This is established when it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

4.11.Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

a) As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
b) By considering all the contractual terms of the financial instrument in estimating the cash flows
c) Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

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4.12.Employee Benefits

Short Term Employee Benefits: All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense)

Defined Contribution Plan

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund.

The Company's contribution to employee state insurance scheme is considered as defined contribution plans and is 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.

The Company has no further obligation to the plan beyond its monthly contributions.

4.13.Income taxes

Income tax comprises current and deferred income tax.

Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.14.Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

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4.15.Provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

4.16.Contingent liabilities

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

4.17.Cash flow statement

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

4.18.Segment Reporting

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the Board of Directors, which has been identified as being the chief operating decision maker, to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. The Company has concluded that the business of lending finance is the only reportable segment.

4.19.Leases

With effect from April 1, 2019, the Company has applied Ind AS 116 'Leases' to all lease contracts existing on April 01, 2019 by adopting the modified retrospective approach. Accordingly, the comparative information is not required to be restated.

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset.

The Company as a lessee

The Company has elected not to recognise right-of use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months and leases with low value assets. The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company recognises the lease payments associated with these leases as an expense in Statement of Profit and Loss on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit. The related cash flows are classified as operating activities.

Wherever the above exception permitted under Ind AS 116 is not applicable, the Company at the time of initial recognition:

• measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is increased by interest on lease liability, reduced by lease payments made and remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

• measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing and any initial direct costs. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation (depreciated on straight line basis over the lease period) and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'

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5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

5.1. Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.2. Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5.3. Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5.4. Effective Interest Rate (EIR) method

The Company's EIR methodology recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, probable fluctuations in collateral value as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

5.5. Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

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Notes on Standalone Financial Statements for the year ended March 31, 2021

Note 6 - Cash and Cash Equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Cash on hand	4,84,24,347	4,65,02,149
(b) Balance with banks		
In current accounts	21,20,89,511	19,03,14,275
In fixed deposits (with maturity of less than 3 months)	5,26,00,000	12,50,00,000
TOTAL	31,31,13,858	36,18,16,424

Note 7 - Bank Balance Other Than Above

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Balance deposits with maturity more than 3 months	1,50,000	1,01,50,000
(b) On Escrow Accounts		
Unpaid Dividend account	-	-
TOTAL	1,50,000	1,01,50,000

Particulars	As at March 31, 2021				
	Amortised Cost	At Fair Value			Total
		Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	
Loans					
(A)					
Gold Loan	3,78,71,22,458	-	-	-	3,78,71,22,458
Business Loan	2,88,33,44,438	-	-	-	2,88,33,44,438
Personal Loan	11,93,66,346	-	-	-	11,93,66,346
Vehicle Loan	1,65,440	-	-	-	1,65,440
Microfinance Loan	68,30,11,833	-	-	-	68,30,11,833
Total (A) - Gross	7,47,30,10,516	-	-	-	7,47,30,10,516
Less: Impairment loss allowance	14,33,03,511	-	-	-	14,33,03,511
Total (A) - Net	7,32,97,07,005	-	-	-	7,32,97,07,005
(B)					
(i) Secured by tangible assets	6,78,99,98,683	-	-	-	6,78,99,98,683
(ii) Covered by Bank/Government guarantees	-	-	-	-	-
(ii) Unsecured	68,30,11,833	-	-	-	68,30,11,833
Total (B) - Gross	7,47,30,10,516	-	-	-	7,47,30,10,516
Less: Impairment loss allowance	14,33,03,511	-	-	-	14,33,03,511
Total (B) - Net	7,32,97,07,005	-	-	-	7,32,97,07,005
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	7,47,30,10,516	-	-	-	7,47,30,10,516
Total (C) - Gross	7,47,30,10,516	-	-	-	7,47,30,10,516
Less: Impairment loss allowance	14,33,03,511	-	-	-	14,33,03,511
Total (C) - Net	7,32,97,07,005	-	-	-	7,32,97,07,005

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Notes on Standalone Financial Statements for the year ended March 31, 2021

Note 8 - Loans

Particulars	As at March 31, 2020				
	Amortised Cost	At Fair Value			Total
		Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	
Loans					
(A)					
Gold Loan	2,55,40,40,423	-	-	-	2,55,40,40,423
Business Loan	1,89,74,68,431	-	-	-	1,89,74,68,431
Personal Loan	24,37,25,413	-	-	-	24,37,25,413
Vehicle Loan	7,28,590	-	-	-	7,28,590
Microfinance Loan	43,94,90,403	-	-	-	43,94,90,403
Total (A) - Gross	**5,13,54,53,260**	-	-	-	**5,13,54,53,260**
Less: Impairment loss allowance	15,71,53,914	-	-	-	15,71,53,914
Total (A) - Net	**4,97,82,99,347**	-	-	-	**4,97,82,99,347**
(B)					
(i) Secured by tangible assets	4,69,59,62,857	-	-	-	4,69,59,62,857
(ii) Covered by Bank/Government guarantees	-	-	-	-	-
(ii) Unsecured	43,94,90,403	-	-	-	43,94,90,403
Total (B) - Gross	**5,13,54,53,260**	-	-	-	**5,13,54,53,260**
Less: Impairment loss allowance	15,71,53,914	-	-	-	15,71,53,914
Total (B) - Net	**4,97,82,99,347**	-	-	-	**4,97,82,99,347**
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	5,13,54,53,260	-	-	-	5,13,54,53,260
Total (C) - Gross	**5,13,54,53,260**	-	-	-	**5,13,54,53,260**
Less: Impairment loss allowance	15,71,53,914	-	-	-	15,71,53,914
Total (C) - Net	**4,97,82,99,347**	-	-	-	**4,97,82,99,347**

Summary of ECL provisions

Particulars	F.Y. 2020-21			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	21,563	1,19,255	51,71,902	53,12,721
Business Loan	16,31,707	5,60,671	10,24,79,636	10,46,72,015
Personal Loan	-	-	1,79,04,952	1,79,04,952
Vehicle Loan	-	-	-	-
Microfinance Loan	10,834	59,093	1,53,43,897	1,54,13,824
Total Closing ECL provision	**16,64,104**	**7,39,019**	**14,09,00,388**	**14,33,03,511**

Particulars	F.Y. 2019-20			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	45,036	1,79,916	95,65,744	97,90,695
Business Loan	41,94,886	57,18,152	11,77,22,191	12,76,35,229
Personal Loan	4,068	12,16,960	3,47,991	15,69,019
Vehicle Loan	-	10,848	-	10,848
Microfinance Loan	10,87,501	63,754	1,69,96,867	1,81,48,122
Total Closing ECL provision	**53,31,491**	**71,89,630**	**14,46,32,793**	**15,71,53,914**

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Notes on Standalone Financial Statements for the year ended March 31, 2021

Note 9 - Investments

Particulars	As at 31st March, 2021				
	Amortised Cost	At Fair Value		Others	Total
		Through other Comprehensive Income	Through profit/loss		
(A) Equity instruments in subsidiaries					
(i) Wholly owned subsidiary (Unquoted) 21,550 equity shares of Rs. 1,000/- each fully paid in KMLM Financial Services Limited	-	-	-	2,47,70,000	2,47,70,000
Total (A) - Gross				2,47,70,000	2,47,70,000
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	-	-	-	2,47,70,000	2,47,70,000
Total (B) - Gross	-	-	-	2,47,70,000	2,47,70,000
Less:Impairment loss allowance	-	-	-	-	-
Total - Net	-	-	-	2,47,70,000	2,47,70,000

Note 10 - Other Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Interest accrued on fixed deposits	6,66,552	6,66,552
(b) Security Deposits	6,11,21,627	4,57,64,562
(c) Other Receivables		-
TOTAL	6,17,88,179	4,64,31,114

Note 11 - Current Tax Assets (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance tax and tax deducted at source	4,38,83,299	-
TOTAL	4,38,83,299	-

Note 12 - Deferred Tax

Deferred Tax Assets/(Liabilities)	As at March 31, 2021	As at March 31, 2020
Fixed Asset : Timing difference on account of depreciation and amortisation	1,29,18,027	88,19,490
Impairment of financial instruments	3,60,66,631	3,95,52,500
Amortisation of expenses & income under effective interest rate method	-26,01,088	(14,25,750)
Total	4,63,83,569	4,69,46,240
Net deferred tax asset	4,63,83,569	4,69,46,240

Note 15 - Other Non-Financial Assets

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Balance with revenue Authorities		
GST receivable	1,17,63,814	80,87,599
(b) Advances for land	7,06,41,635	7,06,32,635
(c) Other Advances	18,14,884	29,60,600
(d) Stock of Stationary	2,62,500	12,500
TOTAL	8,44,82,833	8,16,93,334

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Notes on Standalone Financial Statements for the year ended March 31, 2021

Note 13 - Property,Plant and Equipment

Particulars	Land	Computers and data processing units	Electrical Installations and Equipment	Furniture and furnishings	Office Equipments	Motor Vehicles	Total
Cost:							
Deemed cost as at 1st April 2020	9,31,74,053	96,32,139	84,91,577	5,61,27,848	1,75,24,882	23,03,940	18,72,54,438
Additions	12,74,75,389	93,34,227	25,56,119	3,07,04,422	52,15,455	34,80,906	17,87,65,518
Disposals	-	-	-	-	-	-	-
Depreciation:							
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	-	61,74,987	21,54,539	2,40,47,071	34,35,709	14,99,880	3,73,12,186
Carrying Amount:							
As at 31st March 2020	9,31,74,053	96,32,139	84,91,577	5,61,27,848	1,75,24,882	23,03,940	18,72,54,438
As at 31st March 2021	22,06,49,442	1,27,91,379	88,92,157	6,27,85,199	1,93,04,628	42,84,966	32,87,07,771

Note 14 - Other Intangible Assets

Particulars	Computer Software
Cost:	
Deemed cost as at 1st April 2020	32,96,454
Additions	43,42,570
Disposals	-
Accumulated Amortisation:	
Disposals	-
Amortisation charge for the year	22,06,586
Carrying Amount:	
As at 31st March 2020	32,96,454
As at 31st March 2021	54,32,438

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Notes on Standalone Financial Statements for the year ended March 31, 2021

Note 16 - Debt Securities

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:		
(a) Secured Non-Convertible Debentures - Privately Placed	11,38,80,000	15,74,30,000
(b) Secured Non-Convertible Debentures - Public Issue	2,42,57,60,931	1,58,35,50,902
Total (A)	**2,53,96,40,931**	**1,74,09,80,902**
Borrowings in India	2,53,96,40,931	1,74,09,80,902
Borrowings outside India	-	-
TOTAL	**2,53,96,40,931**	**1,74,09,80,902**

Nature of Security :

Secured by way of first ranking pari passu charge on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company and first ranking pari passu charge on the immovable property situated at Malligai Nagar, Kombai Village, Uthampalayam Taluk, Theni District, Tamil Nadu.

Extend of Security :

Equal to the value of one time (one hundred percentage) of the NCDs outstanding plus interest accrued thereon

16.1 - Secured Non Convertible Debentures - Private Placement

Series wise classification of secured non convertible debentures

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Non Convertible Debentures 2018 - 19 Series	*2,44,60,000*	*2,76,60,000*
Non Convertible Debentures 2017 - 18 Series	*7,28,10,000*	*9,67,20,000*
Non Convertible Debentures 2016 - 17 Series	*1,63,90,000*	*3,28,30,000*
Non Convertible Debentures 2015 - 16 Series	*2,20,000*	*2,20,000*
TOTAL	***11,38,80,000***	***15,74,30,000***

Interest wise classification of secured non convertible debentures

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Non Convertible Debentures - 12.5%	*1,51,50,000*	*2,90,60,000*
Non Convertible Debentures - 12%	*6,88,80,000*	*9,23,70,000*
Non Convertible Debentures - < 12%	*2,98,50,000*	*3,60,00,000*
TOTAL	***11,38,80,000***	***15,74,30,000***

Maturity wise classification of secured non convertible debentures

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Non Convertible Debentures - 60 months maturity	*11,11,50,000*	*15,15,50,000*
Non Convertible Debentures - 36 months maturity	*27,30,000*	*58,80,000*
TOTAL	***11,38,80,000***	***15,74,30,000***

16.2 - Secured Non Convertible Debentures - Public Issue

Series wise classification of secured non convertible debentures

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Non Convertible Debentures 2020 - 21 Series (Public Issue III)	*1,24,28,93,000*	*-*
Non Convertible Debentures 2019 - 20 Series (Public Issue II)	*61,85,20,000*	*93,83,38,000*
Non Convertible Debentures 2018 - 19 Series (Public Issue I)	*58,12,07,000*	*65,74,02,000*
Sub Total	***2,44,26,20,000***	***1,59,57,40,000***
Less: EIR impact of transaction cost	*1,68,59,069*	*1,21,89,098*
TOTAL	*2,42,57,60,931*	*1,58,35,50,902*

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Notes on Standalone Financial Statements for the year ended March 31, 2021

Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures - > 12%	63,05,44,000	22,74,99,000
Non Convertible Debentures - 12%	33,47,00,000	30,06,80,000
Non Convertible Debentures - > 11.5% to 11.86%	1,01,08,15,000	40,20,41,000
Non Convertible Debentures - >11.25% to 11.5%	26,71,58,000	27,74,44,000
Non Convertible Debentures - 11% to 11.25%	19,94,03,000	38,80,76,000
Sub Total	2,44,26,20,000	1,59,57,40,000
Less: EIR impact of transaction cost	1,68,59,069	1,21,89,098
TOTAL	2,42,57,60,931	1,58,35,50,902

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures - 75 months maturity	21,68,10,000	8,23,70,000
Non Convertible Debentures - 72 months maturity	14,24,10,000	14,24,10,000
Non Convertible Debentures - 60 months maturity	77,66,65,000	52,60,47,000
Non Convertible Debentures - 45 months maturity	2,02,43,000	2,02,43,000
Non Convertible Debentures - 36 months maturity	54,15,11,000	30,61,05,000
Non Convertible Debentures - 24 months maturity	27,93,34,000	19,87,47,000
Non Convertible Debentures - 18 months maturity	12,86,06,000	-
Non Convertible Debentures - 13 months maturity	33,70,41,000	31,98,18,000
Non Convertible Debentures - 12 months maturity	-	-
Sub Total	2,44,26,20,000	1,59,57,40,000
Less: EIR impact of transaction cost	1,68,59,069	1,21,89,098
TOTAL	2,42,57,60,931	1,58,35,50,902

Note 17 - Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:		
(a) Term Loan		
Indian Rupee Loans from Banks (Secured)	31,22,491	18,41,373
(b) Loans repayable on demand		
Cash credit / overdraft facilities from banks (Secured)	9,89,16,600	9,99,35,266
Total (A)	**10,20,39,091**	**10,17,76,639**
Borrowings in India	10,20,39,091	10,17,76,639
Borrowings outside India	-	-
TOTAL	10,20,39,091	10,17,76,639

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Notes on Standalone Financial Statements for the year ended March 31, 2021

Nature of Security :

(a) Term loan from bank - Vehicle loan - The loans are secured by hypothecation of respective vehicles against which the loans have been availed.

(b) Loans repayable on demand

Particulars	Primary	Collateral	Guarantors
South Indian Bank (Limit - Rs. 10 Crore)	All book debts and receivables of the Company.	1. EM of land in the name of Josekutty Xavier admeasuring 22.91 cents under Sy No: 1160/6B, 1160/6A; 32.57 cents under Sy No: 1160/8, 1160/7; 20.35 cents under Sy No:1159/9 and 21.61 cents under Sy No:1159/9 in Kothamangalam Village, Ernakulam District 2. EM of land admeasuring 19.224 cents with 23079 sq. ft. commercial building under Sy. No. 1267/9-2 with building no. 30/564 in Kothamangalam municipality, Kothamangalam taluk, Ernakulam District in the name of M/s KMLM Chits India Limited. 3. EM of 8 cents of vacant land under Sy. No. 1/4A, 1/4B, Re. Sy.No. 26/2 in Edappally North Village, Kanayannur Taluk, Ernakulam District in the name of M/s KLM Axiva Finvest Limited.	1. Josekutty Xavier 2. Shibu T. Varghese 3. Biji Shibu 4. James Joseph Armbankudiyil Corporate guarantee - 1. M/s KMLM Chits India Limited

Note 18 - Subordinated Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:		
(a) Subordinated Debts	4,25,07,88,000	3,05,03,36,000
Total (A)	**4,25,07,88,000**	**3,05,03,36,000**
Subordinated liability in India	4,25,07,88,000	3,05,03,36,000
Subordinated liability outside India	-	-
TOTAL	**4,25,07,88,000**	**3,05,03,36,000**

18.1 - Unsecured Subordinated Debt - Private Placement

Series wise classification of unsecured subordinated debt

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Unsecured Subordinated Debt 2020 - 22 Series	*1,20,04,52,000*	*-*
Unsecured Subordinated Debt 2019 - 20 Series	*1,15,93,33,000*	*1,15,93,33,000*
Unsecured Subordinated Debt 2018 - 19 Series	*83,54,22,000*	*83,54,22,000*
Unsecured Subordinated Debt 2017 - 18 Series	*94,94,67,000*	*94,94,67,000*
Unsecured Subordinated Debt 2016 - 17 Series	*10,61,14,000*	*10,61,14,000*
TOTAL	***4,25,07,88,000***	***3,05,03,36,000***

Interest wise classification of unsecured subordinated debt

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Unsecured Subordinated Debt - >12.5%	*18,97,87,000*	*17,47,12,000*
Unsecured Subordinated Debt - 12.5%	*20,39,77,000*	*19,13,02,000*
Unsecured Subordinated Debt - 12.25%	*3,74,13,000*	*3,74,13,000*
Unsecured Subordinated Debt - 12%	*85,16,87,000*	*72,69,47,000*
Unsecured Subordinated Debt < 12%	*2,96,79,24,000*	*1,91,99,62,000*
TOTAL	*4,25,07,88,000*	*3,05,03,36,000*

Maturity wise classification of unsecured subordinated debt

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Unsecured Subordinated Debt - 5 to 6 years maturity	*32,33,15,000*	*27,95,14,000*
Unsecured Subordinated Debt - 5 years maturity	*3,92,74,73,000*	*2,77,08,22,000*
TOTAL	***4,25,07,88,000***	***3,05,03,36,000***

R.B. JAIN & ASSOCIATES KOSSERIL PARAMBATTOM COCHIN - 25 CHARTERED ACCOUNTANTS

Note 19 - Other Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Interest payable on debt securities	12,19,80,463	6,44,83,078
(b) Interest payable on subordinated debts	18,41,26,128	9,79,89,975
(c) Others	3,36,36,196	2,50,98,799
TOTAL	33,97,42,787	18,75,71,852

Note 20 - Current Tax Liabilities (Net)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Income tax provision (net of advance tax and tax deducted at source)	3,18,48,995	64,79,286
	3,18,48,995	64,79,286

Note 21 - Other Non-Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Statutory remittances	1,13,84,902	28,40,398
(b) Advance interest received on loans	-	9,824
TOTAL	1,13,84,902	28,50,222

Note 22 - Equity Share Capital

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

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
7,50,00,000 (March 31, 2020 6,00,00,000.) equity Shares of ₹10/- each	75,00,00,000	60,00,00,000
	75,00,00,000	60,00,00,000
Issued, Subscribed & Fully Paid Up		
6,79,28,228 (March 31, 2020: 5,31,28,228.) equity Shares of ₹10/- each	67,92,82,280	53,12,82,280
TOTAL	67,92,82,280	53,12,82,280

i. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	In Numbers	Amount
As at March 31, 2020	5,31,28,228	53,12,82,280
Shares Issued during the Year	1,48,00,000	14,80,00,000
As at March 31, 2021	6,79,28,228	67,92,82,280

ii. Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii. Details of equity shareholders holding more than 5% Shares

Name of shareholder	As at March 31, 2021		As at March 31, 2020	
	No: of shares	% of Holding	No: of shares	% of Holding
Shibu T Varghese	78,40,700	11.54	48,11,200	9.06
Aleyamma Varghese	58,41,450	8.60	37,56,450	7.07
Biji Shibu	49,26,300	7.25	31,90,300	6.00

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Notes on Standalone Financial Statements for the year ended March 31, 2021

Note 23 - Other Equity

Particulars	Amount
Securities Premium	
As at March 31, 2020	7,90,17,562
Add: Additions upon share issue	3,70,00,000
As at March 31, 2021	11,60,17,562
Statutory Reserve	
As at March 31, 2020	3,42,67,100
Add: Additions/(Deductions) during the year	1,41,16,743
As at March 31, 2021	4,83,83,843
General Reserve	
As at March 31, 2021	4,08,000
Utilised during the year	-
Revaluation reserve	
Add: Additions/(Deductions) during the year	10,98,56,310
As at March 31, 2021	10,98,56,310
Retained Earnings	
As at March 31, 2020	56,87,508
Add: Profit for the year	7,05,83,713
Less: Dividend	(5,31,28,228)
less: Transfer to statutory reserve	(1,41,16,743)
	90,26,251
Total Other Equity	
As at March 31, 2020	11,93,80,170
As at March 31, 2021	28,36,91,965

Nature and purpose of Reserves

Securities premium

This Reserve represents the premium on issue of equity shares. The reserve can be utilised only for the purposes in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Statutory Reserve is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934. It requires every non banking finance institution which is a Company to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. The Company has appropriated 20% of the Profit After Tax to the fund for the year.

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of profit for the period at a specified percentage in accordance with applicable regulations. After the introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Revaluation reserve

The revaluation reserves represents the gain/ loss attained by the company while revaluing its assets to fair market value.During the year, the company revalued some of its landed property and the gain/loss has been tranferred to revaluation reserve.

Retained earnings

This reserve represents the cumulative profits of the Company.

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Notes on Standalone Financial Statements for the year ended March 31, 2021

Note 24 - Interest Income

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
On financial assets measured at amortised cost:		
(i) Interest on Loans		
Gold Loan	77,35,09,962	45,80,00,727
Business Loan	33,72,46,943	38,68,77,526
Personal Loan	1,12,75,980	5,24,04,827
Vehicle Loan	24,550	6,91,292
Microfinance Loans	10,45,22,973	9,09,58,479
(ii) Interest on deposit with banks	1,08,26,422	51,99,784
(iii) Other interest income	2,09,043	15,26,355
TOTAL	1,23,76,15,874	99,56,58,991

Note 25 - Other Income

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Commission Income	2,65,95,497	2,56,36,076
Notice Charge	30,069	36,142
Miscellaneous Income	8,79,034	11,67,850
TOTAL	2,75,04,600	2,68,40,068

Note 26 - Finance Cost

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
On financial liabilities measured at amortised cost:		
Interest on Borrowings (other than debt securities)	61,14,774	51,03,620
Interest on Subordinate Debt	41,38,73,189	28,90,83,089
Interest on Debenture	31,04,02,421	21,60,39,786
Others		
Interest on delayed payment of income tax	14,884	29,53,868
TOTAL	73,04,05,267	51,31,80,363

Note 27 - Impairment on Financial Instruments

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
On financial assets measured at amortised cost:		
Loan Assets	-1,38,50,403	1,20,53,709
TOTAL	-1,38,50,403	1,20,53,709

Note 28 - Employee benefits expenses

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Salaries & Wages	17,35,04,558	17,81,30,167
Contributions to provident and other funds	1,43,19,380	1,12,88,757
TOTAL	18,78,23,938	18,94,18,924

Note 29 - Depreciation, amortisation and impairment

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Depreciation of tangible assets	3,73,12,186	3,24,07,248
Amortisation of intangible assets	22,06,586	13,69,759
TOTAL	3,95,18,772	3,37,77,007

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Notes on Standalone Financial Statements for the year ended March 31, 2021

Note 30 - Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertisement	3,12,51,785	2,78,44,281
Audit Expenses	1,16,810	1,37,845
Audit Fee	8,17,500	7,50,000
Bank Charges	8,35,053	14,44,008
Bad Debts written off	8,17,500	64,44,995
Business Promotion	11,10,443	73,09,645
Canvasing Expenses	-	20,87,575
Celebration Expense	7,76,057	9,16,362
Collection Expenses	6,25,010	10,95,803
Computer & Software Expenses	10,16,719	11,46,102
Corporate social responsibility expenditure	7,24,715	16,74,109
Crisil rating expenses	-	3,54,098
Customer Meet expenses	19,078	12,03,983
Cibil Charges	2,66,773	-
Debenture Trustee Remuneration	1,10,000	1,20,000
Discount Given	37,06,630	10,01,618
Donation	-	28,841
Electricity Charges	55,77,809	47,97,499
Fuel Expenses	10,01,284	-
Inaugural Expense	2,44,565	3,67,334
Incentive	4,29,91,619	3,11,24,390
Insurance Charges	81,75,374	23,43,981
Internet Charges	23,70,640	20,42,209
Legal Expense	37,22,467	44,83,405
Loss on Auction Gold	3,555	23,90,972
Marketing Expenses	2,18,963	8,50,033
Meeting Expenses	16,32,355	25,38,660
Membership Fee	4,500	1,18,600
Miscellaneous Expense	7,798	2,42,531
Newspaper & Periodicals	1,65,356	93,330
Office Expense	87,07,503	1,23,32,919
Postage	9,80,109	11,67,737
Printing & Stationery	37,61,411	42,36,845
Professional Fee	26,64,129	69,95,862
Public Issue	41,39,587	31,67,257
Rates & Taxes	7,47,911	5,38,054
Rent	5,63,34,140	4,66,05,425
Repairs and Maintenance	7,64,655	6,61,460
Repairs and Maintenance-Building	3,37,812	4,63,421
ROC Filing Charge	14,10,980	42,911
Sitting Fees	1,35,000	2,30,000
Staff Training Expense	26,47,371	1,02,000
Telephone charges	41,23,109	35,46,035
Travelling expenses	85,46,551	89,28,005
GST & flood cess Paid	66,27,095	36,36,963
Vehicle Maintenance	4,47,586	13,18,093
Water Charges	2,76,714	2,41,099
TOTAL	21,09,62,022	19,91,66,296

Notes on Standalone Financial Statements for the year ended March 31, 2021

Note - 30.1

Payment to the auditors comprises :

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
As auditors - statutory audit	6,00,000	6,00,000
For taxation matters	1,50,000	1,50,000
TOTAL	7,50,000	7,50,000

Note 31 - Income Tax

The components of income tax expense for the year ended March 31, 2021 and year ended March 31, 2020 are:

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Current tax	3,18,48,995	3,75,31,600
Tax relating to prior years paid on settlement*	72,65,499	3,11,30,905
Deferred Tax	5,62,671	11,72,270
Income tax expense reported in statement of profit and loss	3,96,77,164	6,98,34,775

The Company has computed the tax expense of the current financial year as per the tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly, tax expense for the year comprising current and deferred tax as per Indian Accounting Standards -12 Income Taxes have been recognised using the reduced tax rates applicable.

* A search and seizure proceedings was initiated by the Income Tax Department under Section 132 of the Income-Tax Act, 1961 on October 5, 2015 in the business premises of the Company and other group Companies. Simultaneously, search was also conducted in the residential premises of the Directors. Further, a survey under section 133A of the Income Tax Act, 1961 was also conducted in the business premises of the branches of the Company. Pursuant to the IT Search and Seizure Proceedings, the Company received notices under section 148 of the Income Tax Act, 1961 issued by the Deputy Commissioner of Income Tax, Centre Circle, Kochi. It was alleged that the Company had generated undisclosed income and utilized the same over the period because of which the Company, subsequently, approached the Income Tax Settlement Commission, Chennai Bench ("The Commission"). The Company declared an additional income of ₹401.64 lakhs before the Settlement Commission for the assessment years 2013-14 to 2016-17. The Settlement Commission through its order dated December 28, 2017 allowed the settlement application of the Company. Further, The Commission, vide its order under section 245(D)4 of the Income Tax Act, 1961, dated May 24, 2019 settled the income for the assessment years which were subject matter of settlement and allowed the payment of tax including interest in six quarterly installments. The Assistant Commissioner of Income Tax, Central Circle - 1, Ernakulam, passed an order dated August 29, 2019 giving effect of the order of the Settlement Commission. The Company has as at March 31, 2021 paid off the entire tax liability including interest.

Note 32 - Earnings per share

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Net profit for calculation of basic earnings per share	7,05,83,713	50,67,984
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	5,69,90,865	5,17,97,831
Basic and diluted earnings per share (Rs.)	1.24	0.10

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Notes on Standalone Financial Statements for the year ended March 31, 2021

Note 33 - Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled and considering contractual terms. For Loans and advances to customers, maturity analysis is based on expected repayment behaviour.

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and Cash Equivalents	31,31,13,858	-	31,31,13,858	36,18,16,424	-	36,18,16,424
Bank Balance Other than above		1,50,000	1,50,000		1,01,50,000	1,01,50,000
Loans	5,56,68,59,498	1,90,61,51,018	7,47,30,10,516	49,01,49,121	4,64,53,04,140	5,13,54,53,260
- Adjustment on account of EIR/ECL	-	-14,33,03,511	(14,33,03,511)	-	-15,71,53,914	(15,71,53,914)
Investments	-	2,47,70,000	2,47,70,000	-	2,47,70,000	2,47,70,000
Other Financial Assets	6,66,552	6,11,21,627	6,17,88,179	6,66,552	4,57,64,562	4,64,31,114
Non-Financial Assets						
Current Tax Assets (Net)	4,38,83,299	-	4,38,83,299	-	-	-
Deffered Tax Assets (Net)	-	4,63,83,569	4,63,83,569	-	4,69,46,240	4,69,46,240
Property, Plant and Equipment	-	32,87,07,771	32,87,07,771	-	18,72,54,438	18,72,54,438
Other Intangible Assets	-	54,32,438	54,32,438	-	32,96,454	32,96,454
Other Non-Financial Assets	8,24,05,449	20,77,384	8,44,82,833	93,83,643	7,23,09,691	8,16,93,334
Total Assets	6,00,69,28,655	2,23,14,90,296	8,23,84,18,951	86,20,15,739	4,87,86,41,612	5,74,06,57,351
LIABILITIES						
Financial Liabilities						
Payables	-	-	-	-	-	-
Debt Securities	73,34,51,000	1,82,30,49,000	2,55,65,00,000	40,03,43,000	1,35,28,27,000	1,75,31,70,000
- Adjustment on account of EIR	-	-1,69,59,069	(1,68,59,069)	-	-1,21,89,098	(1,21,89,098)
Borrowings (Other than Debt Securities)	9,89,16,600	31,22,491	10,20,39,091	10,10,80,254	6,96,385	10,17,76,639
Subordinated Liabilities	10,61,14,000	4,14,46,74,000	4,25,07,88,000	-	3,05,03,36,000	3,05,03,36,000
Other Financial liabilities	21,38,26,683	12,59,16,104	33,97,42,787	12,15,40,409	6,60,31,443	18,75,71,852
Non-Financial Liabilities						
Current Tax Liabilities (Net)	3,18,48,995	-	3,18,48,995	64,79,286	-	64,79,286
Other Non-Financial Liabilities	1,13,84,902	-	1,13,84,902	28,50,222	-	28,50,222
Total Liabilities	1,19,55,42,180	6,07,98,02,526	7,27,54,44,706	63,22,93,171	4,45,77,01,730	5,08,99,94,901
Net	4,81,13,86,475	(3,84,83,12,229)	96,29,74,245	22,97,22,569	42,09,39,881	65,06,62,450

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Note 34 - Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial lending institution, the Company is exposed to risks that are particular to its lending and the environment within which it operates. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The principal objective in Company's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks.

The Company's Risk Management Committee of the Board of Directors constituted is responsible for the overall risk management approach, approving risk management strategies and principles.

The Risk Management Committee shall be responsible for the following:
1. Reviewing the operations of the organization followed by identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.
2. Identifying the risks an organization is subject to, deciding how to manage it, implementing the management technique, measuring the ongoing effectiveness of management and taking appropriate correction action and provide a framework that enables future activities to take place in a consistent & controlled manner.

The Company is generally exposed to credit risk, liquidity risk, market risk and operational risk.

I. Credit risk

Credit risk is the possibility of loss due to the failure of any counterparty abiding by the terms and conditions of any financial contract obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances.

The Company addresses credit risk through following processes:
1. Through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy.
2. Minimise losses due to defaults or untimely payments by borrowers
3. Credit risk on Gold loan is considerably reduced as collateral is in the form of Gold ornaments which can be easily liquidated and adequate margin of 25% or more is retained while disbursing the loan.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:
Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;
Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;
Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes 90 days past due (DPD) on its contractual payments. All financial assets are deemed to have suffered a significant increase in credit risk when they are 30 DPD and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

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Exposure at Default (EAD)
The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, whether scheduled by contract or otherwise.

Probability of default (PD)
The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information wherever available to determine PD.

Loss Given Default (LGD)
LGD is the estimated loss that the Company might bear if the borrower defaults.The Company determines its recovery by analysing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset. In estimating LGD, the company reviews macro-economic developments taking place in the economy.

II. Liquidity risk
Liquidity risk is the non-availability of cash to pay a liability that falls due. A company is deemed to be financially sound if it is in a position to carry on its business smoothly and meet all the obligations - both long term as well as short term - without strain. Liquidity Risk arises largely due to maturity mismatch associated with assets and liabilities of the Company. Liquidity risk stems from the inability of the Company to fund increase in assets, manage unplanned changes in funding sources and meet financial commitments when required.

Company has implemented liquidity management policy for reducing the risk relating to liquidity issues. Currently the policies relating to liquidity are as follows:
1. The Company is maintaining high capital adequacy ratio over and above limits prescribed by regulators.
2. The Company ensures to keep liquidity to cover unexpected repayment obligation.
3. Promoting fund infusion by way of Non-Convertible debentures and subordinated debts so that due date for interest and maturity can be pre known.
4. Funding from long terms sources and lending as short term loans.
5. Reducing the percentage of unsecured lending so that repayment up to a level is not affected.

Asset Liability Management (ALM)
The table below shows the maturity pattern of significant financial assets and financial liabilities. In the case of loans, contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the below maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

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Notes on Standalone Financial Statements for the year ended March 31, 2021

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

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM*	Total
Financial Assets										
Cash and Cash Equivalents	31,31,13,858	-	-	-	-	-	-	-	-	31,31,13,858
Bank Balance Other than Cash and Cash Equivalents	-	-	-		-	-	-	1,50,000	-	1,50,000
Loans	41,39,87,460	1,86,95,680	22,62,35,698	47,64,92,820	4,43,14,47,840	1,90,61,51,018	-	-	(14,33,03,511)	7,32,97,07,005
Investments	-	-	-	-	-	-	-	2,47,70,000	-	2,47,70,000
Financial Liabilities										-
Debt Securities				33,72,61,000	39,61,90,000	99,73,62,000	69,12,47,000	13,44,40,000	(1,68,59,069)	2,53,96,40,931
Borrowings (Other than Debt Securities)					9,89,16,600	31,22,491	-	-	-	10,20,39,091
Subordinated Liabilities	-	-	-	-	10,61,14,000	1,78,48,89,000	1,96,04,57,000	39,93,28,000	-	4,25,07,88,000

** represents adjustments on account of EIR/ECL*

III. Market risk

Market risk refers to potential losses arising from the movement in market values of interest rates in the Company's line of business. The objective of market risk management is to avoid excessive exposure of our earnings to loss.

Interest rate risk

Interest rate risk is the risk where changes in the market interest rates might adversely affect the Company's financial condition. The interest rate risks are viewed from earning perspective and economic value perspective, respectively. Over the last several years, the Government of India has substantially deregulated the financial sector. As a result, interest rates are now primarily determined by the market, which has increased the interest rate risk exposure.

The results of the Company's operations are substantially dependent upon the level of the net interest margins. Interest rates are sensitive to many factors beyond the Company's control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors. Rise in inflation, and consequent changes in the bank rates, repo rates and reserve repo rates by the RBI has led to an increase in interest rates on loans provided by banks and financial institutions.

In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans and the company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

IV. Operational risk

Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to certain other external events. The Company has instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Any loss on account of failure by employees to comply with defined appraisal mechanism is recovered out of their variable incentive. The Company also has detailed guidelines on movement and security measures of cash or gold. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

Notes on Standalone Financial Statements for the year ended March 31, 2021

Note 35 - Related party disclosures

Names of Related Parties

(A) Subsidiaries

1) KMLM Financial Services Limited

(B) Key Management Personnel	**Designation**
1) Shibu Thekkumpurathu Varghese	Whole-time Director
2) Josekutty Xavier	Director
3) Thanish Dalee	Chief Financial Officer
4) Srikanth G. Menon	Company Secretary

(C) Entities in which KMP / Relatives of KMP can exercise significant influence

1) KLM Tiana Gold & Diamonds Private Limited
2) Payyoli Granites Private Limited

(D) Relatives of Key Management Personnel

Biji Shibu	w/o Shibu Thekkumpurathu Varghese
Elen Elu Shibu	d/o Shibu Thekkumpurathu Varghese
Aleyamma Varghese	Mother of Shibu Thekkumpurathu Varghese
Princy Josekutty	w/o Josekutty Xavier
Vithya Mathew	w/o Thanish Dalee
Lakshmi P. S.	w/o Srikanth G. Menon

Related Party transactions during the year:

Particulars	KMP		Relatives of KMP	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Shares subscribed including share premium	2,50,00,000	3,00,00,000	7,50,00,000	72,00,000
Purchase of listed NCD of the Company	3,00,000	7,00,000.00	4,00,000	11,00,000
Purchase of sub-debts of the Company	-	-	-	2,25,000
Interest paid on listed NCD	67,778	38,079.00	1,01,422	59,938
Interest paid on subordinate debts	-	-	25,875	9,712
Remuneration paid	55,93,085	88,48,974	-	-
Professional consulting fees	5,50,000	6,00,000.00	-	-
Sitting Fees	55,000	80,000.00	55,000	40,000

Particulars	Subsidiary Company		Entities in which KMP / Relatives of KMP can exercise significant influence	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Shares subscribed including share premium	-	-	-	-
Investment in equity shares	2,47,70,000	2,47,70,000	-	-
Purchase of listed NCD of the Company	-	-	-	-
Purchase of sub-debts of the Company	-	-	-	-
Interest paid on listed NCD	18,82,987	30,70,890	-	-
Interest paid on subordinate debts	-	-	-	-
Remuneration paid	-	-	-	-
Professional consulting fees	-	-	-	-
Sitting Fees	-	-	-	-

Balance outstanding as at the year end: Asset/ (Liability)				
Particulars	KMP		Relatives of KMP	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Investment in Subsidiary Company	-	-	-	-
Equity shares subscribed	(7,84,07,000)	(4,81,12,000)	(13,43,33,050)	(7,39,23,050)
NCD - Listed	(2,97,929)	(6,95,180)	(3,97,239)	(10,92,426)
Subordinate debt	-	-	(2,25,000)	(2,25,000)
Interest payable on NCD	(2,803)	(6,522)	(3,737)	(6,522)
Particulars	Subsidiary Company		Entities in which KMP / Relatives of KMP can exercise significant influence	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Investment in Subsidiary Company	2,47,70,000	2,47,70,000	-	-
NCD - Listed	-	(2,48,35,019)	-	-
Interest payable on NCD	-	(12,33,390)	-	-

Note:

Related parties have been identified on the basis of the declaration received by the management and other records available and the same has been relied upon by the auditors.

Note 36 - Capital

Capital Management

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks– which include credit, liquidity and interest rate.The Company monitors its capital to risk-weighted assets ratio (CRAR) on a regular basis through its Assets Liability Management Committee (ALCO).

Regulatory Capital

Particulars	As at March 31, 2021	As at March 31, 2020
Tier I Capital	80,13,01,928	60,04,19,756
Tier II Capital	46,34,75,058	30,55,41,369
Total capital	**1,26,47,76,986**	**90,59,61,125**
Risk Weighted Assets	**7,87,33,39,086**	**5,32,37,79,723**
Tier I CRAR	**10.18%**	**11.28%**
Tier II CRAR	**5.89%**	**5.74%**
Total capital ratio	**16.06%**	**17.02%**

Regulatory capital consists of Tier I capital, which comprises share capital, share premium, statutory reserve and retained earnings including current year profit. The other component of regulatory capital is other Tier 2 Capital Instruments.

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Notes on Standalone Financial Statements for the year ended March 31, 2021

Note 38 - Disclosure with regard to dues to Micro Enterprises and Small Enterprises

Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2021 together with interest paid /payable are required to be furnished.

Note 39 - Details of the Auctions conducted with respect to Gold Loan

Year	Number of Loan Accounts	Amount due as on the date of auction	Value Fetched
31-03-21	281	90,39,724	89,38,974
31-03-20	710	2,69,54,466	2,45,63,494

Note 40 - Disclosures required as per Reserve Bank of India Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(₹ in lakhs)

Sl. No.		Particulars	As at March 31, 2021	
		Liabilities side :	Amount out-standing	Amount overdue
1		**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		
	(a)	Debentures : Secured	25,396.41	-
		: Unsecured	-	-
		(other than falling within the meaning of public deposits)	-	-
	(b)	Deferred Credits	-	-
	(c)	Term Loans	31.22	-
	(d)	Inter-corporate loans and borrowing	-	-
	(e)	Commercial Paper	-	-
	(f)	Public Deposits	-	-
	(g)	Other Loans -	-	-
		Subordinated debt	42,507.88	-
		Cash credit / overdraft facilities from banks	989.17	-
2		**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a)	In the form of Unsecured debentures	-	-
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c)	Other public deposits	-	-
		Assets side :	Amount out-standing	
3		**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**		
	(a)	Secured	67,899.99	
	(b)	Unsecured	6,830.12	
4		**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**		
	(i)	Lease assets including lease rentals under sundry debtors :		
		(a) Financial lease	-	
		(b) Operating lease	-	
	(ii)	Stock on hire including hire charges under sundry debtors:		
		(a) Assets on hire	-	
		(b) Repossessed Assets	-	
	(iii)	Other loans counting towards asset financing activities		
		(a) Loans where assets have been repossessed	-	
		(b) Loans other than (a) above	-	

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Notes on Standalone Financial Statements for the year ended March 31, 2021

5		**Break-up of Investments**	
		Current Investments :	
	1	Quoted :	
	(i)	Shares	
		(a) Equity	-
		(b) Preference	-
	(ii)	Debentures and Bonds	-
	(iii)	Units of mutual funds	-
	(iv)	Government Securities	-
	(v)	Others (please specify)	-
	2	Unquoted :	
	(i)	Shares	
		(a) Equity	-
		(b) Preference	-
	(ii)	Debentures and Bonds	-
	(iii)	Units of mutual funds	-
	(iv)	Government Securities	-
	(v)	Others (please specify)	-
		Long Term investments :	
	1	Quoted :	
	(i)	Shares	
		(a) Equity	-
		(b) Preference	-
	(ii)	Debentures and Bonds	-
	(iii)	Units of mutual funds	-
	(iv)	Government Securities	-
	(v)	Others (please specify)	-
	2	Unquoted :	
	(i)	Shares	
		(a) Equity	247.70
		(b) Preference	-
	(ii)	Debentures and Bonds	-
	(iii)	Units of mutual funds	-
	(iv)	Government Securities	-
	(v)	Others (please specify)	-

6 Borrower group-wise classification of assets financed as in (3) and (4) above :

	Category	Amount net of provisions		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2	Other than related parties	67,899.99	6,830.12	74,730.11

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties		
	(a) Subsidiaries	-	247.70
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than related parties	-	-
	Total	-	247.70

8	Other information		
		Particulars	Amount
	(i)	Gross Non-Performing Assets*	
		(a) Related parties	-
		(b) Other than related parties	4,904.84
	(ii)	Net Non-Performing Assets*	
		(a) Related parties	-
		(b) Other than related parties	3,495.84
	(iii)	Assets acquired in satisfaction of debt	-

* Stage 3 loan assets under Ind AS

Note 40.2 - Capital

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	CRAR (%)	16.06%	17.02%
2	CRAR - Tier I Capital (%)	10.18%	11.28%
3	CRAR - Tier II Capital (%)	5.89%	5.74%
4	Amount of subordinated debt raised as Tier - II capital	4,006.51	3,002.10
5	Amount raised by issue of perpetual debt instruments	-	-

Note 40.3 - Investments

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	2,47,70,000.00	247.7
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	2,47,70,000.00	247.7
	(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write off / write back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

Note 40.4 - Ratings assigned by Credit rating Agencies

Sl. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Bank Loans - Cash Credit/overdraft	CRISIL BB+/ Stable; CARE BB+/Stable	CRISIL BB+/ Stable; CARE BB+/Stable
2	Non Convertible Debentures - Public issue	CARE BB+/Stable	CARE BB+/Stable

Migration in rating during the year - Change in outlook from CARE BB/Stable to CARE BB+/Stable.

Note 40.5 - Provisions and Contingencies

(₹ in lakhs)

Sl. No.	Break up of Provisions and Contingencies shown under the head Expenses in the Statement of Profit and Loss	As at March 31, 2021	As at March 31, 2020
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA (Expected Credit Loss)	-138.50	120.54
3	Provision made towards Income Tax	318.49	375.32
4	Other Provision and Contingencies (with details)	-	-
5	Provision for Standard Assets	-	-

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Note 40.6 - Concentration of Advances

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Total Advances to twenty largest borrowers	7,956.82	6,410.88
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	10.65%	12.48%

Note 40.7 - Concentration of Exposures

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Total Exposures to twenty largest borrowers/customers	7,956.82	6,410.88
2	Percentage of Exposures to twenty largest borrowers/Customers to Total Exposures of the NBFC on borrowers/Customers.	10.65%	12.48%

Note 40.8 - Concentration of NPAs

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Total Exposures to top four NPA accounts	76.47	1,066.06

Note 40.9 - Sector wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		As at March 31, 2021	As at March 31, 2020
1	Agriculture & allied activities	-	-
2	MSME	12.27%	17.73%
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans (vehicle loan)	-	-
7	Other loans	1.85%	3.55%

Note 40.10 - Movement of NPAs

Sl. No.	Particulars	As at March 31, 2021	As at March 31, 2020
(i)	Net NPAs* to Net Advances (%)	4.77%	6.14%
(ii)	Movement of NPAs* (Gross)		
	(a) Opening balance	45,12,05,447	60,59,11,019
	(b) Net additions during the year	3,92,78,915	-15,47,05,571
	(c) Closing balance	49,04,84,362	45,12,05,447
(iii)	Movement of Net NPAs*		
	(a) Opening balance	30,65,72,654	47,11,11,479
	(b) Net additions during the year	4,30,11,320	-16,45,38,824
	(c) Closing balance	34,95,83,974	30,65,72,654
(iv)	Movement of provisions for NPAs* (excluding Provisions on Standard Assets)		
	(a) Opening balance	14,46,32,793	13,47,99,540
	(b) Provisions made during the year	-	98,33,253
	(c) Write-off/ write-back of excess provisions	-37,32,405	-
	(d) Closing balance	14,09,00,388	14,46,32,793

* Stage 3 loan assets under Ind AS.

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Note 41 - Disclosure required as per Reserve Bank of India Notification No. DOR (NBFC). CC . PD. No.109/ 22.10.106 /2019-20 dated March 13,2020

A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 - Financial instruments.

Asset Classification as per RBI Norms (1)	Asset Classification as per IND AS 109 (2)	Gross Carrying Amount as per IND AS (3)	Loss Allowances (Provisions) as required under IND AS 109 (4)	Net carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between IND AS 109 provisions and IRACP norms (7)=(4)-(6)
Performing Assets						
	Zero overdue	6,44,75,37,529	-	6,44,75,37,529	2,57,90,150	(2,57,90,150)
Standard Assets	Stage 1	48,36,72,849	16,64,104	48,20,08,745	19,34,691	(2,70,587)
	Stage 2	5,13,15,776	7,39,019	5,05,76,757	2,05,263	5,33,756
Subtotal		**6,98,25,26,154**	**24,03,123**	**6,98,01,23,031**	**2,79,30,105**	**(2,55,26,982)**
Non-Performing Assets						
Sub Standard	Stage 3	18,90,75,819	5,92,80,667	12,97,95,152	1,89,07,582	4,03,73,085
Doubtful- up to 1 year	Stage 3	9,54,57,549	3,34,10,142	6,20,47,407	1,90,91,510	1,43,18,632
1 to 3 years	Stage 3	20,59,50,994	4,82,09,579	15,77,41,415	6,17,85,298	(1,35,75,720)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**30,14,08,543**	**8,16,19,721**	**21,97,88,822**	**8,08,76,808**	**7,42,913**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**49,04,84,362**	**14,09,00,388**	**34,95,83,974**	**9,97,84,390**	**4,11,15,998**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Zero overdue**	6,44,75,37,529	-	6,44,75,37,529	2,57,90,150	(2,57,90,150)
	Stage 1	48,36,72,849	16,64,104	48,20,08,745	19,34,691	(2,70,587)
	Stage 2	5,13,15,776	7,39,019	5,05,76,757	2,05,263	5,33,756
	Stage 3	49,04,84,362	14,09,00,388	34,95,83,974	9,97,84,390	4,11,15,998
	Total	7,47,30,10,516	14,33,03,511	7,32,97,07,005	12,77,14,495	1,55,89,016

Notes on Standalone Financial Statements for the year ended March 31, 2021

Note 42 - Customer complaints

Sl. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	No. of complaints pending as at the beginning of the year	Nil	Nil
2	No. of complaints received during the year	Nil	Nil
3	No. of complaints redressed during the year	Nil	Nil
4	No. of complaints pending as at the end of the year	Nil	Nil

Note 43 - Percentage of Loans granted against collateral of gold jewellery to total assets

Sl. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Gold Loans granted against collateral of gold jewellery	3,78,71,22,458	2,55,40,40,423
2	Total Financial assets of the Company	7,72,95,29,041	5,42,14,66,885
3	Percentage of Gold Loans to Total Assets	49.00%	47.11%

Note 44 - Previous year's figures have been regrouped/rearranged, wherever necessary to conform to current year's classifications/disclosure.

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN & ASSOCIATES KOSSERIL PALARIVATTOM COCHIN-25 CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN: 21019454AAAAU02910

Place:Palarivattom
Date: 09-06-2021

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS
CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

INDEPENDENT AUDITORS' REPORT

To the Members of **KLM AXIVA FINVEST LIMITED**

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying financial statement of **KLM Axiva Finvest Limited** ("the Company"), which comprise the balance sheet as at 31st March 2022, and the statement of profit and loss (including Other Comprehensive Income), the statement of cash flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statement, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statement give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit/loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We have conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statement under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statement.

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

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Emphasis of Matter

We draw attention to Note 3 to the Financial Statement, which describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic.

Due to the Covid-19 pandemic, we were not able to visit the branches of the Company and hence could not verify the underlying security in respect of gold loans. We are relying on the internal control system in force and management representation with respect to the same.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statement of the current period. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Provision for Expected Credit Losses (ECL) on Loans	
As against the provisioning norms earlier prescribed by Reserve Bank of India and adopted by the Company in prior years, Ind-AS 109 (Financial Instruments) requires the Company to recognise Expected Credit Loss (ECL) and impairment loss allowances on financial assets. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and	We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates. These controls included, among others, controls over the allocation of assets into stages including

forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgment has been applied by the Management for: • Timely identification and classification of the impaired loans. • Staging of loans [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories]. • Determination and calculation of probability of default / Loss given default. • Consideration of probability weighted scenarios and forward looking macro-economic factors for determining credit quality of receivables. • Estimation of losses for loan products with no/minimal historical defaults The outbreak of the COVID – 19 pandemic during the year has necessitated a high degree of Management's judgement to consider the possible impact of uncertainties associated with the same and the Management's judgement involved in estimation of ECL.	management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments and disclosures. We assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3. We tested the appropriateness of determining the Exposure At Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) for a samples of exposure. We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable in considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment. We assessed disclosures included in the financial statement in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.
Information technology Financial accounting and reporting	We obtained an understanding of the Company's IT control environment and changes during the audit

processes, are fundamentally reliant on IT systems and IT controls to process significant volumes of transaction. The Company's financial accounting and reporting processes are so highly dependent on the automated controls in information systems, that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. In the month of Feb 2020 company implemented a new IT Software, and most of the post live fine tuning was during the F.Y 2020-21. The outbreak of the COVID – 19 pandemic during the year; subsequent lockdown and travel restrictions affected the speed of IT Software implementation related work. From a financial reporting perspective the Company uses and we have tested the financial accounting and reporting system and loan management systems and other tools for its overall financial reporting.	period that may be relevant to the audit. We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management. We evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. We obtained an understanding of the Company's Internal control environment and check available IT set up, to counter the shortfalls if any in the IT infrastructure.

Information Other than the Financial Statement and Auditor's Report Thereon

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statement and our auditor's report thereon.

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

RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS
CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

In connection with our audit of the financial statement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the ***"Annexure A"*** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

RB JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under. **Except Ind AS-19 - Employee Benefits (Provision for Gratuity Payable has not been made in accordance with IND AS. However the company has created specific reserve of Rs.81.33 Lakhs in this regard.)*

(e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls 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 against the company 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.B Jain and Associates,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

K.J Thomas BSc, FCA
Partner **(M. No. 019454)**
UDIN:22019454AMHBNO5587
Palarivattom,
23-05-2022

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2022:

1) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(B)The Company has maintained proper records showing full particulars of Intangible assets.

(b) The Property, Plant and Equipment have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, a portion of the Property, Plant and Equipment has been physically verified by the management during the year and no material discrepancies between the book's records and the physical Property, Plant and Equipment have been noticed.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deed provided to us by the Company, the title deeds of immovable properties are held in the name of the company;

(d) According to the information and explanations given to us and based on the valuation report issued by a registered valuer, the value of one of the property has been enhanced from Rs.172.48 Lakhs to 328.48 Lakhs which accounts to 90.70% of its purchase value. A change up to 4.18% in net carrying value of class of asset is affected by such enhancement.

(e) According to the information and explanations given to us, there are no proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

2) (a)In our opinion and according to the information and explanations given to us, the nature of the Company's business is such that it is not required to hold any inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.

(b)Based upon the audit procedures performed and the information and explanations given by the management, the company has been sanctioned working capital limits in excess of five crore rupees from banking institution on the basis of security of current assets. The quarterly returns filed by the company with bank are in agreement with the books of the company.

3) (a)The company being an NBFC whose principle business is to give loans is exempt from clause 3(iii)(a)

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees are, prima facie, not prejudicial to the company's interest.

(c) In respect of loans granted by the company, the schedule of repayment of principal and payment of interest has been stipulated and repayments of principal amounts and receipts of interest are generally been regular except in few cases.

(d) According to the information and explanations given to us and based on the audit procedures performed by us, there is an overdue amount of Rs.4,292.53/- lakhs for more than ninety days. Reasonable steps have been taken by the company for the recovery of principle and interest.

(e) The company being an NBFC whose principle business is to give loans is exempt from clause 3(iii) (e).

(f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying the terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

5) According to the information and explanations given to us, the Company has not accepted any public deposit from the public within the meaning of section 73 to 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Thus reporting under clause 3(v) of the order is not applicable to the Company.

6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.

7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2022 for a period of more than six months from the date on when they become payable.

(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, goods and service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) According to information and explanations given to us and on the basis of our examination of the books of account, there are no transactions surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961 (43 of 1961) which are not recorded in the books of account.

9) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanation given to us, the company has not declared as wilful defaulter by any bank or financial institution or other lender.

(c) Based upon the audit procedures performed and the information and explanations given by the management, the loans are applied by the company for the purpose for which the same has obtained.

(d) The company has not raised any funds on short term basis from any lender. Accordingly, clause 3 (ix) (d) of the order is not applicable for the company.

(e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures hence clause 3 (ix) (e) does not apply to company.

(f) The company does not have subsidiaries, joint ventures, or associate companies. Accordingly, the provisions of clause 3 (ix) (f) of the Order are not applicable to the Company and hence not commented upon.

10)(a) Based upon the audit procedures performed and the information and explanations given by the management, the Company has raised money by way of public issue of debt instruments and the money raised has been applied for the purpose for which they have been raised.

(b) Based upon the audit procedures performed and the information and explanations given by the management, the Company has complied with the requirements of section 42 and 62 of the Companies Act, 2013 and the amount raised by preferential allotment or private placement of

shares during the year under review have been used for the purposes for which the funds were raised. During the year, the Company has not made any preferential allotment or private placement of fully, partially or optionally convertible debentures.

11)(a) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(b) Based upon the audit procedures performed and the information and explanations given by the management, no offence involving fraud is being or has been committed against the company by officers or employees of the company. Accordingly, clause 3 (xi) (c) doesn't apply to the company.

(c) According to the information and explanation given to us, the company has not received any whistle – blower complaints during the year.

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 of the Companies Act 2013 and there was no transactions falling under the

purview of section 188 during the year. The transactions with related parties have been disclosed in the Financial Statement as required by the applicable accounting standards.

14)(a)The company has an adequate internal audit system commensurate with the size and nature of its business.

(b)To ensure the robustness of internal audit system and internal control system in the company we have reviewed the reports made by internal auditors of the company for the period of auditing and found that the internal control systems implemented by management are effective and internal audit procedures are adequate for the company.

15) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.

(b) The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) In our opinion, the Company is not a Core Investment Company (CIC) Company. Therefore, the provisions of clause 3 (xvi)(c) of the Order are not applicable to the Company.

(d) In our opinion, there is no core investment company with in the group and accordingly reporting under clause 3(xvi)(d) of the order is not applicable.

17) Based upon the audit procedures performed and the information and explanations given by the management, the company has not incurred cash, losses in the financial year and in the immediately preceding financial year.

18) During the year there was no resignation of Statutory Auditor.

RB JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

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

20)(a)There are no unspent amount towards Corporate Social responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub – section (5) of section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b)There are no unspent amount on ongoing projects which requires to be transferred to special account in compliance with 135(6) of the Companies Act. Accordingly, reporting under clause 3(xx)(b) of the order is not applicable for the year.

For R.B Jain and Associates,
Chartered Accountants
(FRN: 103951W)

R.B JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

K.J Thomas BSc, FCA
Partner **(M.No.019454)**
UDIN :22019454AMHBNO5587
Palarivattom,
23-05-2022.

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"Annexure B" to the Independent Auditor's Report of even date on the Financial Statement of KLM Axiva Finvest Limited

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

E-Mail:kjtassociates@gmail.com

PH : 0484-2337964, 4055866 MOB: 09349254789

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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.

For **R.B Jain and Associates,**
Chartered Accountants
(FRN 103951W)

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
Partner (M.No.019454)
UDIN : 22019454AMHBNO5587
Palarivattom,
23-05-2022.

KLM AXIVA FINVEST LIMITED
Hyderabad

Balance Sheet as at March 31, 2022

Sl. No.	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
	ASSETS			
1	**Financial Assets**			
(a)	Cash and Cash Equivalents	6	3,173,944,267	313,113,858
(b)	Bank Balance Other than (a) above	7	67,850,000	150,000
(c)	Loans & Advances	8	10,580,030,470	7,329,707,005
(d)	Investments	9	-	24,770,000
(e)	Other Financial Assets	10	96,980,545	61,788,179
2	**Non-Financial Assets**			
(a)	Current Tax Assets (Net)	11	77,304,475	43,883,299
(b)	Deferred Tax Assets (Net)	12	35,264,034	46,383,569
(c)	Property, Plant and Equipment	13	557,735,114	328,707,771
(d)	Other Intangible Assets	14	4,207,129	5,432,438
(e)	Other Non-Financial Assets	15	128,522,604	84,482,833
	TOTAL		**14,721,838,638**	**8,238,418,952**
	LIABILITIES AND EQUITY			
1	**Financial Liabilities**			
(a)	Payables			-
(b)	Debt Securities	16	6,641,139,387	2,539,640,931
(c)	Borrowings (Other than Debt Securities)	17	636,967,066	102,039,091
(d)	Subordinated Liablities	18	5,333,154,000	4,250,788,000
(e)	Other Financial liabilities	19	486,365,773	339,742,787
2	**Non-Financial Liabilities**			
(a)	Current Tax Liabilities (Net)	20	48,884,435	31,848,995
(b)	Other Non-Financial Liabilities	21	7,203,322	11,384,902
3	**EQUITY**			
(a)	Equity Share Capital	22	1,148,751,280	679,282,280
(b)	Other Equity	23	419,373,374	283,691,966
	TOTAL		**14,721,838,638**	**8,238,418,952**

See accompanying notes forming part of the financial statements

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN: 22019454AMHBNO5587

Place:Palarivattom
Date: 23-05-2022

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Manoj Raveendran Nair
Chief Executive Officer

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED
Hyderabad

Statement of Profit and Loss for the Period ended March 31, 2022

	Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
I	**Revenue From Operations**			
	Interest Income	24	1,794,343,418	1,237,615,874
II	**Other Income**	25	64,782,924	27,504,600
III	**Total income (I+II)**		**1,859,126,342**	**1,265,120,474**
	EXPENSES			
	Finance Costs	26	1,045,039,707	730,405,267
	Impairment on Financial Instruments	27	6,336,969	-13,850,403
	Employee benefits expenses	28	296,039,394	187,823,938
	Depreciation, amortization and impairment	29	52,212,487	39,518,772
	Other expenses	30	285,659,385	210,962,022
IV	**Total expenses**		**1,685,287,942**	**1,154,859,596**
V	**Profit/(Loss) before Tax (III-IV)**		173,838,401	110,260,878
VI	**Tax Expense:**	31		
	1. Current Tax		48884434.7	31,848,995
	2. Deferred Tax		11,119,536	562,671
	3. Tax relating to prior years paid on settlement		-	7,265,499
VII	**Profit /(Loss) for the Period (V-VI)**		**113,834,430**	**70,583,713**
VIII	**Other Comprehensive Income**		-	-
IX	**Total Comprehensive Income (VII+VIII)**		**113,834,430**	**70,583,713**
X	**Earnings per Equity Share**	32		
	Basic & Diluted (Rs.)		2.16	1.24

See accompanying notes forming part of the financial statements

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN:22019454AMHBNO5581

Place:Palarivattom
Date: 23-05-2022

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Manoj Raveendran Nair
Chief Executive Officer

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED
Hyderabad

Cash Flow Statement for the year ended March 31, 2022

	PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net profit Before Taxation	173,838,401	110,260,878
	Adjustments for:		
	Depreciation and Amortisation	52,212,487	39,518,772
	Finance costs	1,045,011,723	730,390,383
	Interest on income tax	27,984	14,884
	Impairment on financial instruments	6,336,969	(13,850,403)
	Operating Profit before Working Capital Changes	**1,277,427,563**	**866,334,514**
	(Increase)/Decrease in Loans & Advances -Financial Assets	(3,256,660,434)	(2,337,557,256)
	(Increase)/Decrease in Other Financial Assets	(35,192,366)	(15,357,065)
	(Increase)/Decrease in Other non Financial Assets	(44,039,771)	(2,789,499)
	Increase/(Decrease) in Other Financial Liabilities	146,622,986	152,170,935
	Increase/(Decrease) in Other Non financial Liabilities	(4,181,581)	8,534,680
	Cash from operations	**(1,916,023,603)**	**(1,328,663,691)**
	Net income tax paid	(65,270,171)	(57,628,083)
	Net Cash From Operating Activities	**(1,981,293,774)**	**(1,386,291,774)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Capital Expenditure	(327,692,210)	(73,251,778)
	Purchase of investments	24,770,000	-
	Bank balances not considered as cash and cash equivalents	(67,700,000)	10,000,000
	Net Cash From Investing Activities	**(370,622,210)**	**(63,251,778)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from issuance of equity shares	469,469,000	148,000,000
	Share Premium on issue of equity shares	123,867,250	37,000,000
	Proceeds from issue of Debentures	4,101,498,457	798,660,028
	Proceeds from issue of Subordinate debts	1,082,366,000	1,200,452,000
	(Repayment)/ Increase in long-term borrowings	534,927,975	262,452
	Dividend Paid	(54,342,582)	(53,128,228)
	Finance cost	(1,045,039,707)	(730,405,267)
	Net Cash From Financing Activities	**5,212,746,392**	**1,400,840,986**
	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**2,860,830,409**	**(48,702,566)**
	OPENING CASH AND CASH EQUIVALENTS	**313,113,858**	**361,816,424**
	CLOSING CASH AND CASH EQUIVALENTS	**3,173,944,266**	**313,113,858**

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN AND ASSOCIATES
COCHIN-25
CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN: 22019454AMHBNO5587

Place:Palarivattom
Date: 23-05-2022

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Manoj Raveendran Nair
Chief Executive Officer

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED

Hyderabad

Statement of changes in Equity for the year ended March 31, 2022

A. Equity Share Capital

Equity Shares of `10 each issued, subscribed and fully paid

Particulars	Nos.	Amount
As at March 31, 2021	67,928,228	679,282,280
Issued during the year	46,946,900	469,469,000
As at March 31, 2022	114,875,128	1,148,751,280

B. Other Equity

Particulars	Reserves and Surplus							Other comprehensive Income	Total
	Statutory Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Retained Earnings	Revaluation Reserve	Specific Reserve		
As at March 31, 2021	48,383,843	116,017,562	-	408,000	9,026,251	109,856,310	-	-	283,691,966
Dividends	-	-	-	-	(54,342,582)	-	-	-	-54,342,582
Transfer to/from Retained Earnings	22,766,886	-	-	-	(22,766,886)	-	-	-	-
Specific Purpose	-	-	-	-	(8,133,136)	-	8,133,136	-	-
Other Additions/Deductions during the year									
Securities premium received during the year	-	123,867,250	-	-	-	-	-	-	123,867,250
Net impact of assets revalued during the year	-	-	-	-	-	-47,677,690	-	-	-47,677,690
Profit for the year (net of taxes)	-	-	-	-	113,834,430	-	-	-	113,834,430
As at March 31, 2022	71,150,729	239,884,812	-	408,000	37,618,077	62,178,620	8,133,136	-	419,373,374

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

K.J Thomas, BSc, FCA
Partner (M. No. 019454)
UDIN : 22019454AMHBNO5587
Place:Palarivattom
Date: 23-05-2022

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Manoj Raveendran Nair
Chief Executive Officer

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

1. CORPORATE INFORMATION

KLM Axiva Finvest Limited, (the Company), is a Public limited company, incorporated on 28 April 1997. The Company was registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The Company has received the certificate of registration 09.00006 on 13th December, 1997 enabling the Company to carry on business as Non-Banking Financial Company.

The Company offers broad suite of lending and other financial products such as gold loan, mortgage loan, loan against securities, micro finance loans etc.

The registered office of the Company is at Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana – 500074.

2. BASIS OF PREPARATION AND PRESENTATION

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The above financial statements have been prepared in accordance with the Indian Accounting Standards prescribed read with relevant rules issued there under and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 5 - Significant accounting judgements, estimates and assumptions.

Consolidation of financial statement is not applicable to the company as KMLM Financial Services Limited the wholly owned subsidiary of KLM Axiva Finvest Limited pursuant to Extra Ordinary General Meeting resolution dated 25th January 2022 initiated the voluntary winding up procedure and appointed Mr. P D Vincent as the official liquidator of the company who manage the accounts and affairs of the company there after. National Company Law Tribunal passed the winding up order on 5th May 2022 (Order No : CP(IB) /28/KOB/2022, Under Section 59 of the Insolvency and Bankruptcy Code 2016)

The financial statements are presented in Indian Rupees (INR).

PRESENTATION OF FINANCIAL STATEMENT

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis.

R.B. JAIN AND ASSOCIATES CHARTERED ACCOUNTANTS COCHIN

STATEMENT OF COMPLIANCE

These separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the generally accepted accounting principles as referred to above.

3. IMPACT OF COVID-19

The COVID-19 outbreak is on-going and the actual extent of its impact on the economy globally in general and in India, in particular remains uncertain. The outbreak has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Company has offered an optional moratorium of six months on the payment of all principal instalments and/or interest, as applicable, for the loans disbursed up to covid period and during the year 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

Further, the Company has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial asset as at March 31, 2020. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Financial Instruments

(I) Financial Assets

a) Initial recognition

All financial assets are recognised initially at fair value. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

b) Subsequent measurement

The Company classifies its financial assets into the following measurement categories depending on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets:

a. **Financial assets measured at amortised cost-** A financial asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. **Financial assets measured at fair value through other comprehensive income (FVOCI) -** A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c. **Financial assets measured at fair value through profit or loss (FVTPL) -** A financial asset which is not classified in any of the above categories is measured at FVTPL.

c) Investment in Subsidiary

The company does not have any investment in subsidiaries as on 31st March 2022. An income of Rs. 15,25,924 received on 30th March 2022 from Profit on sale of investment in a subsidiary which was subsequently wounded up has been considered in preparation of company's financials.

d) Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the changes in fair value through other comprehensive income (FVOCI).

(II) Financial Liabilities

a) Initial recognition

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, non-convertible debentures, loans and borrowings including bank overdrafts.

b) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

4.2. Derecognition of financial assets and liabilities

(I) Financial Assets

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

(II) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.3. Impairment of financial assets

I. Overview of the Expected Credit Loss (ECL) model

The Company recognises impairment allowance for expected credit loss on financial assets held at amortised cost. The Company recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs or at fair value through other comprehensive income account.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. The 12-month ECL is the portion of the lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Company applies a three-stage approach to measuring expected credit losses (ECLs).

Stage 1: 12-months ECL

For financial assets 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.

Stage 2: Lifetime ECL – not credit impaired

For financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining life time of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Financial assets are 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 assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

The Company has identified a zero bucket for financial assets that are not overdue.

II. Estimation of Expected Credit Loss

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, whether scheduled by contract or otherwise, expected draw downs on committed facilities.

Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

4.4. Offsetting of financial instruments

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

4.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits,
as defined above.

4.6. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Advances paid towards the acquisition of fixed assets, outstanding at each reporting date are shown under other non-financial assets. The cost of property, plant and equipment not ready for its intended use at each reporting date are disclosed as capital work-in-progress.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income /expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

4.7. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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

4.8. Depreciation and Amortisation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method. Freehold land is not depreciated.

RT JAIN AND ASSOCIATES
COCHIN
CHARTERED ACCOUNTANTS

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Useful life
Building	30-60Years
Computers and servers	3-6 Years
Office equipment	5 Years
Furniture and fixtures	10 Years
Vehicles	8-10 Years

* Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Intangible Assets are amortised on a Straight Line basis over the estimated useful economic life. Computer Software which is not an integral part of the related hardware is classified as an intangible asset, and amortised over a period of five years, being its estimated useful life.

4.9. Impairment of non-financial assets

At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The carrying amount of the fixed 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 impairment loss is recognised in the Statement of Profit and Loss for the year.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on written down value basis over its remaining useful life.

4.10.Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(I) Interest Income

The Company recognises Interest income by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets. For purchased or originated credit-impaired financial assets, the Company applies the

credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. Such interests, where instalments are overdue in respect of non-performing assets are recognised on realization basis.

The EIR in case of a financial asset is computed

a) As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
b) By considering all the contractual terms of the financial instrument in estimating the cash flows

c) Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes.

Other Income: In respect of the other heads of income, the Company accounts the same on accrual basis.

(II) Recognition of revenue from sale of goods or services

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

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

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

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

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

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

Processing fee which is not form part of effective interest rate has been recognised as and when it is accrued.

(III) Dividend Income

Dividend income is recognised when the Company's right to receive the payment is established. This is established when it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

4.11.Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

a) As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
b) By considering all the contractual terms of the financial instrument in estimating the cash flows
c) Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

4.12.Employee Benefits

Short Term Employee Benefits: All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense)

Defined Contribution Plan
Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund.

The Company's contribution to employee state insurance scheme is considered as defined contribution plans and is 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.

The Company has not made any provision for gratuity payable during the year in accordance with IND AS. However, the company has created a specific reserve of Rs. 81,33,136 during the year.

4.13.Income taxes

Income tax comprises current and deferred income tax.

Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.14.Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after attributable taxes) by the weighted average number of equities shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

4.15.Provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

4.16.Contingent liabilities

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

4.17.Cash flow statement

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

4.18.Segment Reporting

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the Board of Directors, which has been identified as being the chief operating decision maker, to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. The Company has concluded that the business of lending finance is the only reportable segment.

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4.19.Leases

With effect from April 1, 2019, the Company has applied Ind AS 116 'Leases' to all lease contracts existing on April 01, 2019 by adopting the modified retrospective approach. Accordingly, the comparative information is not required to be restated.

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset.

The Company as a lessee

The Company has elected not to recognise right-of use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months and leases with low value assets. The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company recognises the lease payments associated with these leases as an expense in Statement of Profit and Loss on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit. The related cash flows are classified as operating activities.

Wherever the above exception permitted under Ind AS 116 is not applicable, the Company at the time of initial recognition:

• measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is increased by interest on lease liability, reduced by lease payments made and remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

• measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing and any initial direct costs. Subsequently, 'Right-of-use assets' is measured using cost model i.e., at cost less any accumulated depreciation (depreciated on straight line basis over the lease period) and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

5.1. Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.2. Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5.3. Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5.4. Effective Interest Rate (EIR) method

The Company's EIR methodology recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, probable fluctuations in collateral value as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

5.5. Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

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COCHIN-25
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Notes on Financial Statements for the year ended march 31, 2022

Note 6 - Cash and Cash Equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Cash on hand	112,401,385.74	48,424,347
(b) Balance with banks		
In current accounts	1,104,642,881.67	212,089,511
In fixed deposits (with maturity of less than 3 months)	1,956,900,000.00	52,600,000
TOTAL	3,173,944,267	313,113,858

Note 7 - Bank Balance Other Than Above

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Balance deposits with maturity more than 3 months	67,850,000.00	150,000
(b) On Escrow Accounts		
Unpaid Dividend account	-	-
TOTAL	67,850,000	150,000

Note 8 - Loans

Particulars	As at March 31, 2022				
	Amortised Cost	At Fair Value			Total
		Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	
Loans					
(A)					
Gold Loan	6,254,693,601	-	-	-	6,254,693,601
Business Loan	3,470,024,529	-	-	-	3,470,024,529
Personal Loan	119,726,898	-	-	-	119,726,898
Vehicle Loan	145,901	-	-	-	145,901
Microfinance Loan	885,080,021	-	-	-	885,080,021
Total (A) - Gross	10,729,670,950	-	-	-	10,729,670,950
Less: Impairment loss allowance	149,640,480	-	-	-	149,640,480
Total (A) - Net	10,580,030,470	-	-	-	10,580,030,470
(B)					
(i) Secured by tangible assets	9,844,590,929	-	-	-	9,844,590,929
(ii) Covered by Bank/Government guarantees	-	-	-	-	-
(ii) Unsecured	885,080,021	-	-	-	885,080,021
Total (B) - Gross	10,729,670,950	-	-	-	10,729,670,950
Less: Impairment loss allowance	149,640,480	-	-	-	149,640,480
Total (B) - Net	10,580,030,470	-	-	-	10,580,030,470
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	
(ii) Others	10,729,670,950	-	-	-	10,729,670,950
Total (C) - Gross	10,729,670,950	-	-	-	10,729,670,950
Less: Impairment loss allowance	149,640,480	-	-	-	149,640,480
Total (C) - Net	10,580,030,470	-	-	-	10,580,030,470

B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

Particulars	As at March 31, 2021				
	Amortised Cost	At Fair Value			Total
		Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	
Loans					
(A)					
Gold Loan	3,787,122,458	-	-	-	3,787,122,458
Business Loan	2,883,344,438	-	-	-	2,883,344,438
Personal Loan	119,366,346	-	-	-	119,366,346
Vehicle Loan	165,440	-	-	-	165,440
Microfinance Loan	683,011,833	-	-	-	683,011,833
Total (A) - Gross	**7,473,010,516**	**-**	**-**	**-**	**7,473,010,516**
Less: Impairment loss allowance	143,303,511	-	-	-	143,303,511
Total (A) - Net	**7,329,707,005**	**-**	**-**	**-**	**7,329,707,005**
(B)					
(i) Secured by tangible assets	6,789,998,683	-	-	-	6,789,998,683
(ii) Covered by Bank/Government guarantees	-	-	-	-	-
(ii) Unsecured	683,011,833	-	-	-	683,011,833
Total (B) - Gross	**7,473,010,516**	**-**	**-**	**-**	**7,473,010,516**
Less: Impairment loss allowance	143,303,511	-	-	-	143,303,511
Total (B) - Net	**7,329,707,005**	**-**	**-**	**-**	**7,329,707,005**
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	7,473,010,516	-	-	-	7,473,010,516
Total (C) - Gross	**7,473,010,516**	**-**	**-**	**-**	**7,473,010,516**
Less: Impairment loss allowance	143,303,511	-	-	-	143,303,511
Total (C) - Net	**7,329,707,005**	**-**	**-**	**-**	**7,329,707,005**

Summary of ECL provisions

Particulars	F.Y. 2021-22			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	662,608	6,649,617	5,135,591	12,447,816
Business Loan	4,957	1,863,996	59,976,893	61,845,846
Personal Loan	-	-	36,822,189	36,822,189
Vehicle Loan	-	-	51,244	51,244
Microfinance Loan	668,895	385,275	37,419,216	38,473,386
Total Closing ECL provision	**1,336,460**	**8,898,888**	**139,405,132**	**149,640,480**

R.B. JAIN AND ASSOCIATES
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Summary of ECL provisions

Particulars	F.Y. 2020-21			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	21,563	119,255	5,171,902	5,312,721
Business Loan	1,631,707	560,671	102,479,636	104,672,015
Personal Loan	-	-	17,904,952	17,904,952
Vehicle Loan	-	-	-	-
Microfinance Loan	10,834	59,093	15,343,897	15,413,824
Total Closing ECL provision	**1,664,104**	**739,019**	**140,900,388**	**143,303,511**

Note 9 - Investments

Particulars	As at March 31, 2021				
	Amortised Cost	At Fair Value		Others	Total
		Through other Comprehensive Income	Through profit/loss		
(A) Equity instruments in subsidiaries					
(i) Wholly owned subsidiary (Unquoted)					
21,550 equity shares of Rs. 1,000/- each fully paid in KMLM Financial Services Limited	-	-	-	24,770,000	24,770,000
Total (A) - Gross				**24,770,000**	**24,770,000**
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	-	-	-	24,770,000	24,770,000
Total (B) - Gross	-	-	-	**24,770,000**	**24,770,000**
Less:Impairment loss allowance	-	-	-	-	-
Total - Net	-	-	-	**24,770,000**	**24,770,000**

KLM AXIVA FINVEST LIMITED
Hyderabad

Notes on Financial Statements for the year ended march 31, 2022

Note 10 - Other Financial Assets

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Interest accrued on fixed deposits	2,925,493.00	666,552
(b) Security Deposits	92,283,947.18	61,121,627
(c) Other Receivables	1,771,105.00	-
TOTAL	**96,980,545**	**61,788,179**

Note 11 - Current Tax Assets (Net)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance tax and tax deducted at source	77,304,474.78	43,883,299
TOTAL	**77,304,475**	**43,883,299**

Note 12 - Deferred Tax

Deferred Tax Assets/(Liabilities)	As at March 31, 2022	As at March 31, 2021
Fixed Asset : Timing difference on account of depreciation and amortisation	14,862,356	12,918,027
Impairment of financial instruments	37,661,519	36,066,631
Amortisation of expenses & income under effective interest rate method	(17,259,842)	(2,601,088)
Total	35,264,034	46,383,569
Net deferred tax asset	**35,264,034**	**46,383,569**

Note 15 - Other Non-Financial Assets

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Balance with revenue Authorities		
GST receivable	13,442,753.00	11,763,814
(b) Advances for land	100,024,500.00	70,641,635
(c) Other Advances	14,792,851.38	1,814,884
(d) Stock of Stationary	262,500.00	262,500
TOTAL	**128,522,604**	**84,482,833**

Note 16 - Debt Securities

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost:		
(a) Secured Non-Convertible Debentures - Privately Placed	76,820,000.00	113,880,000
(b) Secured Non-Convertible Debentures - Public Issue	6,564,319,387	2,425,760,931
Total (A)	**6,641,139,387**	**2,539,640,931**
Borrowings in India	6,641,139,387	2,539,640,931
Borrowings outside India		-
TOTAL	**6,641,139,387**	**2,539,640,931**

Nature of Security :

Secured by way of first ranking pari passu charge on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company and first ranking pari passu charge on the immovable property situated at Malligai Nagar, Kombai Village, Uthampalayam Taluk, Theni District, Tamil Nadu.

Extend of Security:

Equal to the value of one time (one hundred percentage) of the NCDs outstanding plus interest accrued thereon.

16.i - Secured Non Convertible Debentures - Private Placement

Series wise classification of secured non convertible debentures

Particulars	As at March 31, 2022	*As at March 31, 2021*
Non Convertible Debentures 2018 - 19 Series	*19,710,000*	*24,460,000*
Non Convertible Debentures 2017 - 18 Series	*52,010,000*	*72,810,000*
Non Convertible Debentures 2016 - 17 Series	*4,880,000*	*16,390,000*
Non Convertible Debentures 2015 - 16 Series	*220,000*	*220,000*
TOTAL	*76,820,000*	*113,880,000*

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

Notes on Financial Statements for the year ended march 31, 2022

Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures - 12.5%	9,770,000	15,150,000
Non Convertible Debentures - 12%	44,950,000	68,880,000
Non Convertible Debentures - < 12%	22,100,000	29,850,000
TOTAL	76,820,000	113,880,000

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures - 60 months maturity	74,390,000	111,150,000
Non Convertible Debentures - 36 months maturity	2,430,000	2,730,000
TOTAL	76,820,000	113,880,000

16.2 - Secured Non Convertible Debentures - Public Issue

Series wise classification of secured non convertible debentures

Particulars	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures 2021 - 22 Series (Public Issue VI)	1,776,522,000	-
Non Convertible Debentures 2021 - 22 Series (Public Issue V)	1,621,077,000	-
Non Convertible Debentures 2021 - 22 Series (Public Issue IV)	1,500,000,000	-
Non Convertible Debentures 2020 - 21 Series (Public Issue III)	788,481,000	1,242,893,000
Non Convertible Debentures 2019 - 20 Series (Public Issue II)	495,968,000	618,520,000
Non Convertible Debentures 2018 - 19 Series (Public Issue I)	452,608,000	581,207,000
Sub Total	6,634,656,000	2,442,620,000
Less: EIR impact of transaction cost	70,336,613	16,859,069
TOTAL	6,564,319,387	2,425,760,931

Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures - > 12%	227499000	630,544,000
Non Convertible Debentures - 12%	285056000	334,700,000
Non Convertible Debentures - > 11.5% to 11.86%	713,385,000	1,010,815,000
Non Convertible Debentures - >11.25% to 11.5%	437,079,000	267,158,000
Non Convertible Debentures - 11% to 11.25%	1,888,839,000	
Non Convertible Debentures - <11%	3082798000	199,403,000
Sub Total	6,634,656,000	2,442,620,000
Less: EIR impact of transaction cost	70,336,613	16,859,069
TOTAL	6,564,319,387	2,425,760,931

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures - 80 months maturity	94,853,000	-
Non Convertible Debentures - 78 months maturity	183,719,000	-
Non Convertible Debentures - 75 months maturity	217,735,000	216,810,000
Non Convertible Debentures - 72 months maturity	142,410,000	142,410,000
Non Convertible Debentures - 60 months maturity	1,951,273,000	776,665,000
Non Convertible Debentures - 45 months maturity	20,243,000	20,243,000
Non Convertible Debentures - 36 months maturity	1,176,339,000	541,511,000
Non Convertible Debentures - 24 months maturity	783,154,000	279,334,000
Non Convertible Debentures - 18 months maturity	591,134,000	128,606,000
Non Convertible Debentures - 13 months maturity	680,445,000	337,041,000
Non Convertible Debentures - 12 months maturity	793,351,000	-
Sub Total	6,634,656,000	2,442,620,000
Less: EIR impact of transaction cost	70,336,613	16,859,069
TOTAL	6,564,319,387	2,425,760,931

R.B. JAIN AND ASSOCIATES COCHIN 25 CHARTERED ACCOUNTANTS

Note 17 - Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost:		
(a) Term Loan		
Indian Rupee Loans from Banks (Secured)	501,392,235.00	3,122,491
(b) Loans repayable on demand		
Cash credit / overdraft facilities from banks (Secured)	140,340,903.95	98,916,600
Less: EIR impact of transaction cost	4,766,072.57	
Total (A)	**636,967,066**	**102,039,091**
Borrowings in India	636,967,066	102,039,091
Borrowings outside India	-	-
TOTAL	**636,967,066**	**102,039,091**

Nature of Security :

(a) Term loan from bank -

Vehicle loan - The loans are secured by hypothecation of respective vehicles against which the loans have been availed.

Particulars	Primary	Collateral	Guarantors
State Bank of India -Term Loan Of Rs 50.00Crs	Hypothecation of Book Debts , Loan Receivables and other Current Assets on First Pari Passu basis with Debenture Trustees of the Company and other Banks in MBA.	1. Exclusive Equitable Mortage charge over the commerical plot bearing survey number:Sy.no 549,570/3-2,570 /3-3, Situated at door no 5/699, muringoor Thekkummuri, Chalakkudy. 680308, Admeasuring total Area:4.09 Acres,Belonging to KLM Axiva Finvest Limited(Sale Deed No.561/2019). 2.Exclusive Charge(Lien) Over the Fixed Depositof Rs 16.00 Crs held in the name of the company with SBI	1. Shibu T Varghese 2.Biji Shibu

(b) Loans repayable on demand

Particulars	Primary	Collateral	Guarantors
South Indian Bank (Limit - Rs 10.00 Crore)	All book debts and receivables of the Company.	1. EM of land in the name of Josekutty Xavier admeasuring 22.91 cents under Sy No: 1160/6B, 1160/6A; 32.57 cents under Sy No: 1160/8, 1160/7; 20.35 cents under Sy No:1159/9 and 21.61 cents under Sy No:1159/9 in Kothamangalam Village, Ernakulam District 2. EM of land admeasuring 19.224 cents with 23079 sq. ft. commercial building under Sy. No. 1267/9-2 with building no. 30/564 in Kothamangalam municipality, Kothamangalam taluk, Ernakulam District in the name of M/s KMLM Chits India Limited. 3. EM of 8 cents of vacant land under Sy. No. 1/4A, 1/4B, Re. Sy.No. 26/2 in Edappally North Village, Kanayannur Taluk, Ernakulam District in the name of M/s KLM Axiva Finvest Limited.	1. Josekutty Xavier 2. Shibu T. Varghese 3. Biji Shibu 4. James Joseph Armbankudiyil Corporate guarantee - 1. M/s KMLM Chits India Limited
Dhanalakshi Bank (Limit - Rs 4.50 Crore)	First ranking pari passu charge with existing secured creditors including debenture trustees on all movable assets inclusing book debts and receivables, cash and bank balances, Loans & advances both present and future of the company at a margin of 30%.(For DP calculation only gold loan portifolio to be reckoned at the stipulatedmargin level of 30%.)	1.Residential Land(301) -EM of 54.73 Ares land under Sy no 322/4 of 8.90 ares, Syno.322/5 of 45.83 ares of Mazhuvannur Village, Kunnathunadu Taluk, Ernakulam District 2.Residental land with residential building(305) - EM of 82.35 Ares of Residential land and 479.03Sq meter residential building (82.35 ares(203.40 cents) under Re Sy no 470/11-3-3 of 21.22 ares, Re Sy no 470/11 of 2.26 ares Re Sy 470/11-3-2 of 22.54ares, Re Sy 470/11-1-2 of 19.95 ares, Re Sy 470/11-3 of 3.24 Ares,Re Sy470/2 of 8.44 Ares and Re Sy no 470/15 of 4.70 Ares)of valakam village ,Muvattupuzha taluk, Ernakulam District 3.Residental Land_EM of 19.94 Ares of land under Sy No 385/2-2-4 of 6.07 ares ,Sy No 385/2-2-5 of 7.80 ares and sy no.385/2-2-6 of 6.07 ares of Mazhuvannor Village , Kunnathunadu taluk,Ernakulam District.	1. Shibu T Varghese 2. Biji Shibu

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Notes on Financial Statements for the year ended march 31, 2022

Note 18 - Subordinated Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost:		
(a) Subordinated Debts	5,231,604,000	4,250,788,000
(b)Tier- 1 Capital - Perpectual Debt Instruments	101,550,000	-
Total (A)	**5,333,154,000**	**4,250,788,000**
Subordinated liability in India	5,333,154,000	4,250,788,000
Subordinated liability outside India	-	-
TOTAL	**5,333,154,000**	**4,250,788,000**

18.1 - Unsecured Subordinated Debt - Private Placement

Series wise classification of unsecured subordinated debt

Particulars	As at March 31, 2022	*As at March 31, 2021*
Unsecured Subordinated Debt 2020 - 22 Series	*2,238,774,000*	*1,200,452,000*
Unsecured Subordinated Debt 2019 - 20 Series	*1,159,333,000*	*1,159,333,000*
Unsecured Subordinated Debt 2018 - 19 Series	*835,422,000*	*835,422,000*
Unsecured Subordinated Debt 2017 - 18 Series	*949,467,000*	*949,467,000*
Unsecured Subordinated Debt 2016 - 17 Series	*48,608,000*	*106,114,000*
TOTAL	*5,231,604,000*	*4,250,788,000*

Interest wise classification of unsecured subordinated debt

Particulars	As at March 31, 2022	*As at March 31, 2021*
Unsecured Subordinated Debt - >12.5%	*148016000*	*189,787,000*
Unsecured Subordinated Debt - 12.5%	*211259000*	*203,977,000*
Unsecured Subordinated Debt - 12.25%	*37413000*	*37,413,000*
Unsecured Subordinated Debt - 12%	*979976000*	*851,687,000*
Unsecured Subordinated Debt < 12%	*3854940000*	*2,967,924,000*
TOTAL	*5,231,604,000*	*4,250,788,000*

Maturity wise classification of unsecured subordinated debt

Particulars	As at March 31, 2022	*As at March 31, 2021*
Unsecured Subordinated Debt - 5 to 6 years maturity	*307,052,000*	*323,315,000*
Unsecured Subordinated Debt - 5 years maturity	*4,924,552,000*	*3,927,473,000*
TOTAL	*5,231,604,000*	*4,250,788,000*

Note 19 - Other Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Interest payable on debt securities	223,062,696.81	121,980,463
(b) Interest payable on subordinated debts	240,058,126.54	184,126,128
(c) Interest payable on PDI	498,476.71	-
(d) Others	22,746,472.70	33,636,196
TOTAL	**486,365,773**	**339,742,787**

Note 20 - Current Tax Liabilities (Net)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Income tax provision	48,884,434.70	31,848,995
	48,884,435	**31,848,995**

Note 21 - Other Non-Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Statutory remittances	7,203,321.55	11,384,902
TOTAL	**7,203,322**	**11,384,902**

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Notes on Financial Statements for the year ended march 31, 2022

Note 22 - Equity Share Capital

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

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
115,000,000 (March 31, 2021 7,50,00,000.) equity Shares of `10/- each	1,150,000,000	750,000,000
	1,150,000,000	750,000,000
Issued, Subscribed & Fully Paid Up		
114,875,128(March 31, 2021: 6,79,28,228.) equity Shares of `10/- each	1,148,751,280	679,282,280
TOTAL	1,148,751,280	679,282,280

i. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	In Numbers	Amount
As at March 31, 2021	67,928,228	679,282,280
Shares Issued during the Year	46,946,900	469,469,000
As at March 31, 2022	114,875,128	1,148,751,280

ii. Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of `10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii. Details of equity shareholders holding more than 5% Shares

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No: of shares	% of Holding	No: of shares	% of Holding
Shibu T Varghese	13,141,220	11.44	7,840,700	11.54
Aleyamma Varghese	9,998,380	8.70	5,841,450	8.60
Biji Shibu	8,758,800	7.62	4,926,300	7.25
Elen Elu Shibu	6,070,555	5.28	2,665,555	3.92

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Note 23 - Other Equity

Particulars	Amount
Securities Premium	
As at March 31, 2021	**116,017,562**
Add: Additions upon share issue	123,867,250
As at March 31, 2022	**239,884,812**
Statutory Reserve	
As at March 31, 2021	**48,383,843**
Add: Additions/(Deductions) during the year	22,766,886
As at March 31, 2022	**71,150,729**
General Reserve	
As at March 31, 2022	**408,000**
Utilised during the year	-
Specific Reserve	
As at March 31, 2021	-
Add: Additions/(Deductions) during the year	8,133,136
As at March 31, 2022	**8,133,136**
Revaluation reserve	
As at March 31, 2021	**109,856,310**
Add: Additions/(Deductions) during the year	(47,677,690)
As at March 31, 2022	**62,178,620**
Retained Earnings	
As at March 31, 2021	**9,026,251**
Add: Profit for the year	113,834,430
Less: Dividend	(54,342,582)
less: Transfer to statutory reserve	(22,766,886)
less: Transfer to Specific reserve	(8,133,136)
	37,618,077
Total Other Equity	
As at March 31, 2021	**283,691,966**
As at March 31, 2022	**419,373,374**

Nature and purpose of Reserves

Securities premium

This Reserve represents the premium on issue of equity shares. The reserve can be utilised only for the purposes in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Statutory Reserve is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934. It requires every non banking finance institution which is a Company to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. The Company has appropriated 20% of the Profit After Tax to the fund for the year.

Specific reserve

Specific reserves refers to the reserves that are created for a specific purpose in business. These reserves cannot be used for any other purpose apart from the purpose for which they were created.Rs 81.33 lakhs is towards gratuity liabilities of employees who have completed 5 years of service.

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of profit for the period at a specified percentage in accordance with applicable regulations. After the introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Revaluation reserve

The revaluation reserves represents the gain/ loss attained by the company while revaluing its assets to fair market value.During the year, the company revalued some of its landed property and the gain/loss has been tranferred to revaluation reserve.

Retained earnings

This reserve represents the cumulative profits of the Company.

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Notes on Financial Statements for the year ended march 31, 2022

Note 24 - Interest Income

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
On financial assets measured at amortised cost:		
(i) Interest on Loans		
Gold Loan	1,170,983,221.20	773,509,962
Business Loan	422,226,807.60	337,246,943
Personal Loan	130,915.00	11,275,980
Vehicle Loan	8,661.74	24,550
Microfinance Loans	189,592,599.00	104,522,973
(ii) Interest on deposit with banks	10,392,155.59	10,826,422
(iii) Other interest income	1,009,057.54	209,043
TOTAL	**1,794,343,418**	**1,237,615,874**

Note 25 - Other Income

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Commission Income	57,435,443.67	26,595,497
Notice Charge	432,111.29	30,069
Miscellaneous Income	5,389,445.14	879,034
Profit on Investment	1,525,924.38	-
TOTAL	**64,782,924**	**27,504,600**

Note 26 - Finance Cost

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
On financial liabilities measured at amortised cost:		
Interest on Borrowings (other than debt securities)	1,245,235.23	6,114,774
Interest on Subordinate Debt	584,498,327.19	413,873,189
Interest on Debenture	456,969,401.60	310,402,421
Interest on PDI	2,298,759.03	-
Others		
Interest on delayed payment of income tax	27,984.00	14,884
TOTAL	**1,045,039,707**	**730,405,267**

Note 27 - Impairment on Financial Instruments

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
On financial assets measured at amortised cost:		
Loan Assets	6,336,969.05	-13,850,403
TOTAL	**6,336,969.05**	**-13,850,403**

Note 28 - Employee benefits expenses

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Salaries & Wages	284,505,635.11	173,504,558
Contributions to provident and other funds	11,179,351.00	14,319,380
Gratuity	354,408.00	
TOTAL	**296,039,394**	**187,823,938**

Note 29 - Depreciation, amortisation and impairment

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Depreciation of tangible assets	50,810,377.00	37,312,186
Amortisation of intangible assets	1,402,109.50	2,206,586
TOTAL	**52,212,487**	**39,518,772**

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Notes on Financial Statements for the year ended march 31, 2022

Note 30 - Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Advertisement	51,180,983.00	31,251,785
Audit Expenses	50,944.00	116,810
Audit Fee	1,000,000.00	817,500
Bank Charges	3,115,571.61	835,053
Bad Debts written off	-	817,500
Business Promotion	4,371,013.58	1,110,443
Celebration Expense	754,166.00	776,057
Collection Expenses	614,996.50	625,010
Computer & Software Expenses	837,660.94	1,016,719
Corporate social responsibility expenditure	1,475,190.44	724,715
Crisil rating expenses	185,115.44	-
Customer Meet expenses	111,486.00	19,078
Cibil Charges	489,219.00	266,773
Debenture Trustee Remuneration	100,000.00	110,000
Discount Given	6,198,915.00	3,706,630
Electricity Charges	7,028,293.64	5,577,809
Fuel Expenses	1,139,064.00	1,001,284
Inaugural Expense	955,889.12	244,565
Incentive	34,957,333.83	42,991,619
Insurance Charges	1,686,855.00	8,175,374
Internet Charges	2,294,853.72	2,370,640
Legal Expense	2,499,758.00	3,722,467
Loss on Auction Gold	3,555,862.50	3,555
Marketing Expenses	528,584.00	218,963
Meeting Expenses	1,327,062.00	1,632,355
Membership Fee	57,300.00	4,500
Miscellaneous Expense	2,194.01	7,798
Newspaper & Periodicals	251,419.00	165,356
Office Expense	12,386,589.78	8,707,503
Postage	2,043,819.60	980,109
Printing & Stationery	8,298,119.40	3,761,411
Professional Fee	5,192,270.27	2,664,129
Public Issue	9,965,049.22	4,139,587
Rates & Taxes	1,088,471.70	747,911
Rent	88,614,264.46	56,334,140
Repairs and Maintenance	873,473.31	764,655
Repairs and Maintenance-Building	466,129.46	337,812
ROC Filing Charge	974,438.31	1,410,980
Sitting Fees	275,000.00	135,000
Staff Training Expense	6,347,035.92	2,647,371
Telephone charges	4,965,289.33	4,123,109
Travelling expenses	14,731,246.91	8,546,551
GST & flood cess Paid	1,515,623.36	6,627,095
Vehicle Maintenance	780,151.45	447,586
Water Charges	372,682.00	276,714
TOTAL	**285,659,385**	**210,962,022**

Note - 30.1

Payment to the auditors comprises :

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
As auditors - statutory audit	800,000	600,000
For taxation matters	200,000	150,000
TOTAL	**1,000,000**	**750,000**

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Notes on Financial Statements for the year ended march 31, 2022

Note 31 - Income Tax

The components of income tax expense for the year ended March 31, 2021 and year ended March 31, 2020 are:

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Current tax	48,884,435	31,848,995
Tax relating to prior years paid on settlement*	-	7,265,499
Deferred Tax	11,119,536	562,671
Income tax expense reported in statement of profit and loss	60,003,970	39,677,164

The Company has computed the tax expense of the current financial year as per the tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly, tax expense for the year comprising current and deferred tax as per Indian Accounting Standards -12 Income Taxes have been recognised using the reduced tax rates applicable.

* A search and seizure proceedings was initiated by the Income Tax Department under Section 132 of the Income-Tax Act, 1961 on October 5, 2015 in the business premises of the Company and other group Companies. Simultaneously, search was also conducted in the residential premises of the Directors. Further, a survey under section 133A of the Income Tax Act, 1961 was also conducted in the business premises of the branches of the Company. Pursuant to the IT Search and Seizure Proceedings, the Company received notices under section 148 of the Income Tax Act, 1961 issued by the Deputy Commissioner of Income Tax, Centre Circle, Kochi. It was alleged that the Company had generated undisclosed income and utilized the same over the period because of which the Company, subsequently, approached the Income Tax Settlement Commission, Chennai Bench ("The Commission"). The Company declared an additional income of `401.64 lakhs before the Settlement Commission for the assessment years 2013-14 to 2016-17. The Settlement Commission through its order dated December 28, 2017 allowed the settlement application of the Company. Further, The Commission, vide its order under section 245(D)4 of the Income Tax Act, 1961, dated May 24, 2019 settled the income for the assessment years which were subject matter of settlement and allowed the payment of tax including interest in six quarterly installments. The Assistant Commissioner of Income Tax, Central Circle - 1, Ernakulam, passed an order dated August 29, 2019 giving effect of the order of the Settlement Commission. The Company has as at March 31, 2021 paid off the entire tax liability including interest.

Note 32 - Earnings per share

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Net profit for calculation of basic earnings per share	113,834,430	70,583,713
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	52,776,961	56,990,865
Basic and diluted earnings per share (Rs.)	2.16	1.24

Note 35 - Related party disclosures

Names of Related Parties

(A) Key Management Personnel	**Designation**
1) Shibu Thekkumpurathu Varghese	Whole-time Director
2) Manoj Raveendran Nair (From 31.12.2021 onwards)	Chief Executive Officer
3) Thanish Dalee	Chief Financial Officer
4) Srikanth G. Menon	Company Secretary

(B) Entities in which KMP / Relatives of KMP can exercise significant influence

1) KLM Tiana Gold & Diamonds Private Limited
2) Payyoli Granites Private Limited

(C) Relatives of Key Management Personnel

Biji Shibu	w/o Shibu Thekkumpurathu Varghese
Elen Elu Shibu	d/o Shibu Thekkumpurathu Varghese
Erin Lizbeth Shibu	d/o Shibu Thekkumpurathu Varghese
Aleyamma Varghese	Mother of Shibu Thekkumpurathu Varghese
Vithya Mathew	w/o Thanish Dalee
Lakshmi P. S.	w/o Srikanth G. Menon

Notes on Financial Statements for the year ended march 31, 2022

Related Party transactions during the year:

Particulars	KMP		Relatives of KMP	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Shares subscribed including share premium	63,756,500	25,000,000	186,867,875	75,000,000
Purchase of listed NCD of the Company	1,000,000	300,000.00	100,000	400,000
Purchase of sub-debts of the Company	-	-		-
Interest paid on listed NCD	57,145	67,778.08	7,450	101,422
Interest paid on subordinate debts	-	-		25,875
Remuneration paid	8,458,207	5,593,085		-
Professional consulting fees	-	550,000.00	-	-
Sitting Fees	100,000	55,000.00		55,000

Particulars	Subsidiary Company		Entities in which KMP / Relatives of KMP can exercise significant influence	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Shares subscribed including share premium	-	-	-	-
Investment in equity shares		24,770,000	-	-
Purchase of listed NCD of the Company	-	-	-	-
Purchase of sub-debts of the Company	-	-	-	-
Interest paid on listed NCD		1,882,987	-	-
Interest paid on subordinate debts	-	-	-	-
Remuneration paid	-	-	-	-
Professional consulting fees	-	-	-	-
Sitting Fees	-	-	-	-

Balance outstanding as at the year end: Asset/ (Liability)

Particulars	KMP		Relatives of KMP	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Investment in Subsidiary Company	-	-		-
Equity shares subscribed	131,412,200	(78,407,000)	281,802,350	(134,333,050)
NCD - Listed	1,000,000	(297,929)	100,000	(397,239)
Subordinate debt	-	-	-	(225,000)
Interest payable on NCD	21,905	(2,803)	7,450	(3,737)

Particulars	Subsidiary Company		Entities in which KMP / Relatives of KMP can exercise significant influence	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Investment in Subsidiary Company	-	24,770,000	-	-
NCD - Listed	-		-	-
Interest payable on NCD	-		-	-

Note:

Related parties have been identified on the basis of the declaration received by the management and other records available and the same has been relied upon by the auditors.

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Note 36 - Capital

Capital Management

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks- which include credit, liquidity and interest rate.The Company monitors its capital to risk-weighted assets ratio (CRAR) on a regular basis through its Assets Liability Management Committee (ALCO).

Regulatory Capital

Particulars	As at March 31, 2022	As at March 31, 2021
Tier I Capital	1,568,024,872	801,301,928
Tier II Capital	828,446,025	463,475,058
Total capital	**2,396,470,896**	**1,264,776,986**
Risk Weighted Assets	**11,440,573,208**	**7,873,339,086**
Tier I CRAR	**13.71%**	**10.18%**
Tier II CRAR	**7.24%**	**5.89%**
Total capital ratio	**20.95%**	**16.06%**

Regulatory capital consists of Tier I capital, which comprises share capital, share premium, Perpectual Debt Instructment, statutory reserve and retained earnings including current year profit. The other component of regulatory capital is other Tier 2 Capital Instruments.

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Note 13 - Property,Plant and Equipment

Particulars	Land	Computers and data processing units	Electrical Installations and Equipment	Furniture and furnishings	Office Equipments	Motor Vehicles	Total
Cost:							
Deemed cost as at 1st April 2021	220,649,442	12,791,379	8,892,157	62,785,199	19,304,628	4,284,966	328,707,771
Additions	152,744,236	17,977,568	8,149,774	57,535,168	43,273,774	157,200	279,837,720
Disposals	-	-	-	-	-	-	-
Depreciation:							
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	-	11,323,809	2,622,840	24,801,199	10,534,268	1,528,261	50,810,377
Carrying Amount:							
As at 31st March 2021	**220,649,442**	**12,791,379**	**8,892,157**	**62,785,199**	**19,304,628**	**4,284,966**	**328,707,771**
As at 31st March 2022	**373,393,678**	**19,445,137**	**14,419,091**	**95,519,168**	**52,044,134**	**2,913,905**	**557,735,114**

Note 14 - Other Intangible Assets

Particulars	Computer Software
Cost:	
Deemed cost as at 1st April 2021	5,432,438
Additions	176,800
Disposals	-
Accumulated Amortisation:	
Disposals	-
Amortisation charge for the year	1,402,110
Carrying Amount:	
As at 31st March 2021	**5,432,438**
As at 31st March 2022	**4,207,129**

B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED

Hyderabad

Notes on Financial Statements for the year ended march 31, 2022

Note 33 - Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled and considering contractual terms. For Loans and advances to customers, maturity analysis is based on expected repayment behaviour.

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and Cash Equivalents	3,173,944,267	-	3,173,944,267	313,113,858	-	313,113,858
Bank Balance Other than above	67,700,000	150,000	67,850,000		150,000	150,000
Loans	2,672,289,912	8,057,381,038	10,729,670,950	5,566,859,498	1,906,151,018	7,473,010,516
- Adjustment on account of EIR/ECL	-	-149,640,480	-149,640,480	-	-143,303,511	(143,303,511)
Investments	-	-	-	-	24,770,000	24,770,000
Other Financial Assets	4,696,598	92,283,947	96,980,545	666,552	61,121,627	61,788,179
Non-Financial Assets						
Current Tax Assets (Net)	77,304,475	-	77,304,475	43,883,299	-	43,883,299
Deffered Tax Assets (Net)	-	35,264,034	35,264,034	-	46,383,569	46,383,569
Property, Plant and Equipment	-	557,735,114	557,735,114	-	328,707,771	328,707,771
Other Intangible Assets	-	4,207,129	4,207,129	-	5,432,438	5,432,438
Other Non-Financial Assets	114,817,351	13,705,253	128,522,604	82,405,449	2,077,384	84,482,833
Total Assets	**6,110,752,603**	**8,611,086,034**	**14,721,838,638**	**6,006,928,655**	**2,231,490,296**	**8,238,418,951**
LIABILITIES						
Financial Liabilities						
Payables	-	-	-	-	-	-
Debt Securities	1,775,500,000	4,935,976,000	6,711,476,000	733,451,000	1,823,049,000	2,556,500,000
- Adjustment on account of EIR	-	-70,336,613	-70,336,613	-	-16,959,069	(16,859,069)
Borrowings (Other than Debt Securities)	247,985,952	388,981,114	636,967,066	98,916,600	3,122,491	102,039,091
Subordinated Liabilities	998,075,000	4,335,079,000	5,333,154,000	106,114,000	4,144,674,000	4,250,788,000
Other Financial liabilities	283,884,733	202,481,039	486,365,773	213,826,683	125,916,104	339,742,787
Non-Financial Liabilities			-			
Current Tax Liabilities (Net)	48,884,435	-	48,884,435	31,848,995	-	31,848,995
Other Non-Financial Liabilities	7,203,322	-	7,203,322	11,384,902	-	11,384,902
Total Liabilities	**3,361,533,442**	**9,792,180,541**	**13,153,713,983**	**1,195,542,180**	**6,079,802,526**	**7,275,444,706**
Net	**2,749,219,162**	**(1,181,094,507)**	**1,568,124,655**	**4,811,386,475**	**(3,848,312,230)**	**962,974,245**

Notes on Financial Statements for the year ended march 31, 2022

Note 34 - Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial lending institution, the Company is exposed to risks that are particular to its lending and the environment within which it operates. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The principal objective in Company's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks.

The Company's Risk Management Committee of the Board of Directors constituted is responsible for the overall risk management approach, approving risk management strategies and principles.

The Risk Management Committee shall be responsible for the following:

1. Reviewing the operations of the organization followed by identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.
2. Identifying the risks an organization is subject to, deciding how to manage it, implementing the management technique, measuring the ongoing effectiveness of management and taking appropriate correction action and provide a framework that enables future activities to take place in a consistent & controlled manner.

The Company is generally exposed to credit risk, liquidity risk, market risk and operational risk.

I. Credit risk

Credit risk is the possibility of loss due to the failure of any counterparty abiding by the terms and conditions of any financial contract obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances.

The Company addresses credit risk through following processes:

1. Through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy.
2. Minimise losses due to defaults or untimely payments by borrowers
3. Credit risk on Gold loan is considerably reduced as collateral is in the form of Gold ornaments which can be easily liquidated and adequate margin of 25% or more is retained while disbursing the loan.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;

Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;

Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes 90 days past due (DPD) on its contractual payments. All financial assets are deemed to have suffered a significant increase in credit risk when they are 30 DPD and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, whether scheduled by contract or otherwise.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information wherever available to determine PD.

Loss Given Default (LGD)

LGD is the estimated loss that the Company might bear if the borrower defaults.The Company determines its recovery by analysing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset. In estimating LGD, the company reviews macro-economic developments taking place in the economy.

II. Liquidity risk

Liquidity risk is the non-availability of cash to pay a liability that falls due. A company is deemed to be financially sound if it is in a position to carry on its business smoothly and meet all the obligations - both long term as well as short term – without strain. Liquidity Risk arises largely due to maturity mismatch associated with assets and liabilities of the Company. Liquidity risk stems from the inability of the Company to fund increase in assets, manage unplanned changes in funding sources and meet financial commitments when required

Company has implemented liquidity management policy for reducing the risk relating to liquidity issues. Currently the policies relating to liquidity are as follows:

1. The Company is maintaining high capital adequacy ratio over and above limits prescribed by regulators.
2. The Company ensures to keep liquidity to cover unexpected repayment obligation.
3. Promoting fund infusion by way of Non-Convertible debentures and subordinated debts so that due date for interest and maturity can be pre known.
4. Funding from long terms sources and lending as short term loans.
5. Reducing the percentage of unsecured lending so that repayment up to a level is not affected.

Asset Liability Management (ALM)

The table below shows the maturity pattern of significant financial assets and financial liabilities. In the case of loans, contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the below maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED

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Notes on Financial Statements for the year ended march 31, 2022

Maturity pattern of assets and liabilities as on March 31, 2022:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM*	Total
Financial Assets										
Cash and Cash Equivalents	112,401,386	1,104,642,882	1,956,900,000	-	-	-	-	-	-	3,173,944,267
Bank Balance Other than Cash and Cash Equivalents	-	-	-	67,700,000	-	-	-	150,000	-	67,850,000
Loans	2,411,397,959	183,085,976	488,339,223	1,012,227,346	2,854,085,813	3,780,534,634	-	-	(149,640,480)	10,580,030,470
Investments	-	-	-	-	-	-	-	-	-	-
Financial Liabilities										-
Debt Securities	1,110,000	1,600,000	155,000	160,017,000	1,630,192,000	3,079,239,000	1,054,297,000	784,866,000	(70,336,613)	6,641,139,387
Borrowings (Other than Debt Securities)	8,930,000	8,930,000	8,930,000	26,790,000	123,750,452	214,320,000	250,082,687	-	(4,766,073)	636,967,066
Subordinated Liabilities	7,402,000	2,582,000	3,550,000	35,074,000	949,467,000	835,422,000	1,159,333,000	2,340,324,000	-	5,333,154,000

** represents adjustments on account of EIR/ECL*

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

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM*	Total
Financial Assets										
Cash and Cash Equivalents	313,113,858	-	-	-	-	-	-	-	-	313,113,858
Bank Balance Other than Cash and Cash Equivalents	-	-	-		-	-	-	150,000	-	150,000
Loans	413,987,460	18,695,680	226,235,698	476,492,820	4,431,447,840	1,906,151,018	-	-	(143,303,511)	7,329,707,005
Investments	-	-	-	-	-	-	-	24,770,000	-	24,770,000
Financial Liabilities										-
Debt Securities				337,261,000	396,190,000	997,362,000	691,247,000	134,440,000	(16,859,069)	2,539,640,931
Borrowings (Other than Debt Securities)					98,916,600	3,122,491	-	-	-	102,039,091
Subordinated Liabilities	-	-	-	-	106,114,000	1,784,889,000	1,960,457,000	399,328,000	-	4,250,788,000

** represents adjustments on account of EIR/ECL*

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Notes on Financial Statements for the year ended march 31, 2022

III. Market risk

Market risk refers to potential losses arising from the movement in market values of interest rates in the Company's line of business. The objective of market risk management is to avoid excessive exposure of our earnings to loss.

Interest rate risk

Interest rate risk is the risk where changes in the market interest rates might adversely affect the Company's financial condition. The interest rate risks are viewed from earning perspective and economic value perspective, respectively. Over the last several years, the Government of India has substantially deregulated the financial sector. As a result, interest rates are now primarily determined by the market, which has increased the interest rate risk exposure.

The results of the Company's operations are substantially dependent upon the level of the net interest margins. Interest rates are sensitive to many factors beyond the Company's control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors. Rise in inflation, and consequent changes in the bank rates, repo rates and reserve repo rates by the RBI has led to an increase in interest rates on loans provided by banks and financial institutions.

In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans and the company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

IV. Operational risk

Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to certain other external events. The Company has instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Any loss on account of failure by employees to comply with defined appraisal mechanism is recovered out of their variable incentive. The Company also has detailed guidelines on movement and security measures of cash or gold. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

Note 38 - Disclosure with regard to dues to Micro Enterprises and Small Enterprises

Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2022 together with interest paid / payable are required to be furnished.

Note 39 - Details of the Auctions conducted with respect to Gold Loan

Year	Number of Loan Accounts	Amount due as on the date of auction	Value Fetched
31/03/2022	8431	892,222,276	888,666,413
31/03/2021	281	9,039,724	8,938,974

Note 40 - Disclosures required as per Reserve Bank of India Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(₹ in lakhs)

Sl. No.		Particulars	As at March 31, 2022		As at March 31, 2021	
		Liabilities side :	Amount out-standing	Amount overdue	Amount out-standing	Amount overdue
1		**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**				
	(a)	Debentures : Secured	66,411.39	-	25,396.41	-
		: Unsecured	-	-	-	-
		(other than falling within the meaning of public deposits)	-	-	-	-
	(b)	Deferred Credits	-	-	-	-
	(c)	Term Loans	4,966.26	-	31.22	-
	(d)	Inter-corporate loans and borrowing	-	-	-	-
	(e)	Commercial Paper	-	-	-	-
	(f)	Public Deposits	-	-	-	-
	(g)	Other Loans -	-	-	-	-
		Subordinated debt	52,316.04	-	42,507.88	-
		Perpectual Debt Instruments	1,015.50	-	-	-
		Cash credit / overdraft facilities from banks	1,403.41	-	989.17	-
2		**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a)	In the form of Unsecured debentures	-	-	-	-
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c)	Other public deposits	-	-	-	-
		Assets side :	Amount out-standing			
3		**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**	As at March 31, 2022		As at March 31, 2021	
	(a)	Secured	98,445.91		67,899.99	
	(b)	Unsecured	8,850.80		6,830.12	
4		**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**				
	(i)	Lease assets including lease rentals under sundry debtors :				
		(a) Financial lease	-		-	
		(b) Operating lease	-		-	
	(ii)	Stock on hire including hire charges under sundry debtors:				
		(a) Assets on hire	-		-	
		(b) Repossessed Assets	-		-	
	(iii)	Other loans counting towards asset financing activities				
		(a) Loans where assets have been repossessed	-		-	
		(b) Loans other than (a) above	-		-	

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Hyderabad

Notes on Financial Statements for the year ended march 31, 2022

		As at March 31, 2022	As at March 31, 2021
5	**Break-up of Investments**		
	Current Investments :		
	1 Quoted :		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2 Unquoted :		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	Long Term investments :	As at March 31, 2022	As at March 31, 2021
	1 Quoted :		
	(i) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2 Unquoted :		
	(i) Shares		
	(a) Equity	-	247.70
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-

6 **Borrower group-wise classification of assets financed as in (3) and (4) above :**

Category	Amount net of provisions as at March 31, 2022			Amount net of provisions as at March 31, 2021		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1 Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2 Other than related parties	98,445.91	8,850.80	107,296.71	67,899.99	6,830.12	74,730.11

7 **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)**

Category	As at March 31, 2022		As at March 31, 2021	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties				247.70
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2 Other than related parties	-	-	-	-
Total	-	-	-	247.70

8 **Other information**

Particulars	Amount As at Marh 31, 2022	Amount As at Marh 31, 2021
(i) Gross Non-Performing Assets*		
(a) Related parties	-	-
(b) Other than related parties	4,292.53	4,904.84
(ii) Net Non-Performing Assets*	-	-
(a) Related parties	-	-
(b) Other than related parties	2,898.48	3,495.84
(iii) Assets acquired in satisfaction of debt	-	-

* Stage 3 loan assets under Ind AS

R.B. JAIN AND ASSOCIATES
COCHIN-25
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Note 40.2 - Capital

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	CRAR (%)	20.95%	16.06%
2	CRAR - Tier I Capital (%)	13.71%	10.18%
3	CRAR - Tier II Capital (%)	7.24%	5.89%
4	Amount of subordinated debt raised as Tier - II capital	7,840.12	4,006.51
5	Amount raised by issue of perpetual debt instruments	1,015.50	-

Note 40.3 - Investments

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	-	247.7
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	-	247.7
	(b) Outside India		-
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write off / write back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

Note 40.4 - Ratings assigned by Credit rating Agencies

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	Bank Loans - Cash Credit/overdraft	CRISIL BB+/ Stable; CARE BB+/Stable	CRISIL BB+/ Stable; CARE BB+/Stable
2	Non Convertible Debentures - Public issue	CARE BB+/Stable	CARE BB+/Stable

Migration in rating during the year - Change in outlook from CARE BB/Stable to CARE BB+/Stable.

Note 40.5 - Provisions and Contingencies

(₹ in lakhs)

Sl. No.	Break up of Provisions and Contingencies shown under the head Expenses in the Statement of Profit and Loss	As at March 31, 2022	As at March 31, 2021
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA (Expected Credit Loss)	63.37	-138.50
3	Provision made towards Income Tax	488.84	318.49
4	Other Provision and Contingencies (with details)	-	-
5	Provision for Standard Assets	-	-

Note 40.6 - Concentration of Advances

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	Total Advances to twenty largest borrowers	9,461.26	7,956.82
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	8.82%	10.65%

Note 40.7 - Concentration of Exposures

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	Total Exposures to twenty largest borrowers/customers	9,461.26	7,956.82
2	Percentage of Exposures to twenty largest borrowers/Customers to Total Exposures of the NBFC on borrowers/Customers.	8.82%	10.65%

Note 40.8 - Concentration of NPAs

(` in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	Total Exposures to top four NPA accounts	559.91	76.47

Note 40.9 - Sector wise NPAs

		sector	
Sl. No.	Sector	As at March 31, 2022	As at March 31, 2021
1	Agriculture & allied activities	-	-
2	MSME	8.83%	12.27%
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans (vehicle loan)	100%	-
7	Other loans	0.55%	1.85%

Note 40.10 - Movement of NPAs

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Net NPAs* to Net Advances (%)	2.64%	4.77%
(ii)	Movement of NPAs* (Gross)		
	(a) Opening balance	490,484,362	451,205,447
	(b) Net additions during the year	(61,230,972)	39,278,915
	(c) Closing balance	429,253,390	490,484,362
(iii)	Movement of Net NPAs*		
	(a) Opening balance	349,583,974	306,572,654
	(b) Net additions during the year	(59,735,717)	43,011,320
	(c) Closing balance	289,848,257	349,583,974
(iv)	Movement of provisions for NPAs* (excluding Provisions on Standard Assets)		
	(a) Opening balance	140,900,388	144,632,793
	(b) Provisions made during the year	-	-
	(c) Write-off/ write-back of excess provisions	-1,495,256	-3,732,405
	(d) Closing balance	139,405,132	140,900,388

* Stage 3 loan assets under Ind AS.

Note 42 - Customer complaints

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	No. of complaints pending as at the beginning of the year	Nil	Nil
2	No. of complaints received during the year	Nil	Nil
3	No. of complaints redressed during the year	Nil	Nil
4	No. of complaints pending as at the end of the year	Nil	Nil

Note 43 - Percentage of Loans granted against collateral of gold jewellery to total assets

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	Gold Loans granted against collateral of gold jewellery	6,254,693,601	3,787,122,458
2	Total Financial assets of the Company	13,918,805,282	7,729,529,041
3	Percentage of Gold Loans to Total Assets	44.94%	49.00%

Note 44 - Previous year's figures have been regrouped/rearranged, wherever necessary to conform to current year's classifications/disclosure.

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN: 22019454AMHNBO5581

Place:Palarivattom
Date:23-05-2022

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Manoj Raveendran Nair
Chief Executive Officer

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED

Hyderabad

Notes on Financial Statements for the year ended march 31, 2022

Note 41 - Disclosure required as per Reserve Bank of India Notification No. DOR (NBFC). CC . PD. No.109/ 22.10.106 /2019-20 dated March 13,2020

A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 - Financial instruments.

Asset Classification as per RBI Norms (1)	Asset Classification as per IND AS 109 (2)	Gross Carrying Amount as per IND AS (3)	Loss Allowances (Provisions) as required under IND AS 109 (4)	Net carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between IND AS 109 provisions and IRACP norms (7)=(4)-(6)
Performing Assets						
	Zero overdue	8,650,091,109	-	8,650,091,109	34,600,364	(34,600,364)
Standard Assets	Stage 1	634,267,873	1,336,460	632,931,413	2,537,071	(1,200,612)
	Stage 2	1,016,058,577	8,898,888	1,007,159,689	4,064,234	4,834,653
Subtotal		**10,300,417,559**	**10,235,348**	**10,290,182,211**	**41,201,670**	(30,966,323)
Non-Performing Assets						
Sub Standard	Stage 3	147,050,359	31,469,339	115,581,020	14,705,036	16,764,303
Doubtful- up to 1 year	Stage 3	95,036,945	33,262,931	61,774,014	19,007,389	14,255,542
1 to 3 years	Stage 3	126,067,869	44,123,754	81,944,115	37,820,361	6,303,393
More than 3 years	Stage 3	61,098,218	30,549,109	30,549,109	30,549,109	-
Subtotal for doubtful		**282,203,032**	**107,935,794**	**174,267,238**	**87,376,859**	**20,558,935**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**429,253,391**	**139,405,132**	**289,848,258**	**102,081,895**	**37,323,238**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Zero overdue**	8,650,091,109	-	8,650,091,109	34,600,364	(34,600,364)
	Stage 1	634,267,873	1,336,460	632,931,413	2,537,071	(1,200,612)
	Stage 2	1,016,058,577	8,898,888	1,007,159,689	4,064,234	4,834,653
	Stage 3	429,253,391	139,405,132	289,848,258	102,081,895	37,323,238
	Total	10,729,670,950	149,640,480	10,580,030,470	143,283,565	6,356,915

As at March 31, 2021

Note 41 - Disclosure required as per Reserve Bank of India Notification No. DOR (NBFC). CC . PD. No.109/ 22.10.106 /2019-20 dated March 13,2020

A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 - Financial instruments.

Asset Classification as per RBI Norms (1)	Asset Classification as per IND AS 109 (2)	Gross Carrying Amount as per IND AS (3)	Loss Allowances (Provisions) as required under IND AS 109 (4)	Net carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between IND AS 109 provisions and IRACP norms (7)=(4)-(6)
Performing Assets	Zero overdue	6,447,537,529	-	6,447,537,529	25,790,150	(25,790,150)
Standard Assets	Stage 1	483,672,849	1,664,104	482,008,745	1,934,691	(270,587)
	Stage 2	51,315,776	739,019	50,576,757	205,263	533,756
Subtotal		6,982,526,154	2,403,123	6,980,123,031	27,930,105	(25,526,982)
Non-Performing Assets						
Sub Standard	Stage 3	189,075,819	59,280,667	129,795,152	18,907,582	40,373,085
Doubtful- up to 1 year	Stage 3	95,457,549	33,410,142	62,047,407	19,091,510	14,318,632
1 to 3 years	Stage 3	205,950,994	48,209,579	157,741,415	61,785,298	(13,575,720)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		301,408,543	81,619,721	219,788,822	80,876,808	742,913
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		490,484,362	140,900,388	349,583,974	99,784,390	41,115,998
Other items such as guarantees, loan comn	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Zero overdue	6,447,537,529	-	6,447,537,529	25,790,150	(25,790,150)
	Stage 1	483,672,849	1,664,104	482,008,745	1,934,691	(270,587)
	Stage 2	51,315,776	739,019	50,576,757	205,263	533,756
	Stage 3	490,484,362	140,900,388	349,583,974	99,784,390	41,115,998
	Total	7,473,010,516	143,303,511	7,329,707,005	127,714,495	15,589,016

RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

INDEPENDENT AUDITORS' REPORT

To the Members of **KLM AXIVA FINVEST LIMITED**

Report on the Audit of Standalone Financial Results

Opinion

We have audited the accompanying standalone annual financial results of **KLM Axiva Finvest Limited** for the year ended March 31,2023 ('the statement') being submitted by the Company pursuant to the requirement of regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'),

In our opinion and to the best of our information and according to the explanations given to us, these standalone financial results:

a. are presented in accordance with the requirements of regulation 52 of the Listing Regulations in this regard and

b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 as amended to the extent applicable, and other accounting principles generally accepted in India, of standalone net profit and standalone other comprehensive income and other financial information of the Company for the year ended March 31, 2023.

RB JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

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Basis for Opinion

We have conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial results, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3 to the Financial Statement, which describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statement of the current period. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Provision for Expected Credit Losses (ECL) on Loans	
As against the provisioning norms earlier prescribed by Reserve Bank of India and adopted by the Company in prior years, Ind-AS 109 (Financial Instruments) requires the Company to recognise Expected Credit Loss (ECL) and impairment loss allowances on financial assets. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgment has been applied by the Management for:	We examined methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates. These controls included, among others, controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments and disclosures. We assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under

• Timely identification and classification of the impaired loans. • Staging of loans [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories]. • Determination and calculation of probability of default / Loss given default. • Consideration of probability weighted scenarios and forward looking macro-economic factors for determining credit quality of receivables. • Estimation of losses for loan products with no/minimal historical defaults The outbreak of the COVID – 19 pandemic during the year has necessitated a high degree of Management's judgement to consider the possible impact of uncertainties associated with the same and the Management's judgement involved in estimation of ECL.	stage 2 or 3. We tested the appropriateness of determining the Exposure At Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) for a samples of exposure. We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable in considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment. We assessed disclosures included in the financial statement in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation. Company has started providing for higher of provisions as per IND AS and IRAC norms.
Information technology	We obtained an understanding of the Company's IT control environment and changes during the audit period that may be relevant to the audit.

RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

Financial accounting and reporting processes, are fundamentally reliant on IT systems and IT controls to process significant volumes of transaction. The Company's financial accounting and reporting processes are so highly dependent on the automated controls in information systems, that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. In the month of Feb 2020 company implemented a new IT Software, and most of the post live fine tuning was during the F.Y 2020-21. The outbreak of the COVID – 19 pandemic during the year; subsequent lockdown and travel restrictions affected the speed of IT Software implementation related work. From a financial reporting perspective the Company uses and we have tested the financial accounting and reporting system and loan management systems and other tools for its overall financial reporting.	We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management. We evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. We obtained an understanding of the Company's Internal control environment and check available IT set up, to counter the shortfalls if any in the IT infrastructure.

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Information Other than the Financial Statement and Auditor's Report Thereon

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statement and our auditor's report thereon.

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

In connection with our audit of the financial statement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

Board of Directors' Responsibility for the Standalone Financial Results

These standalone financial results have been compiled from the interim standalone financial statements. The Company's Board of Directors are responsible for the preparation of these standalone Financial Results that give a true and fair view of the net profit/ loss and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34) "Interim Financial Reporting" specified under section 133 of the Act/ issued by the Institute of Chartered Accountants of India, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ('RBI Guidelines') and other accounting principles generally accepted in India and in compliance with regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act/ Banking Regulation Act, 1949/non – banking financial company – systematically important non – deposit taking company and deposit taking company (Reserve Bank) directions, 2016 for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities;

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "***Annexure A***" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.

   (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified during the reporting period 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 against the company 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.

(h) In our opinion the remuneration paid by the company to its wholetime director is in accordance with the provisions of section 197 and rules framed there under read with schedule V of Companies Act 2013.

For R.B Jain and Associates,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

K.J Thomas BSc, FCA
Partner **(M. No. 019454)**
UDIN: **23019454BGWFQW5187**
Palarivattom
26-05-2023

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2023:

1) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(B)The Company has maintained proper records showing full particulars of Intangible assets.

(b) The Property, Plant and Equipment have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, a portion of the Property, Plant and Equipment has been physically verified by the management during the year and no material discrepancies between the book's records and the physical Property, Plant and Equipment have been noticed.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deed provided to us by the Company, the title deeds of immovable properties are held in the name of the company;

(d) According to the information and explanations given to us and based on the valuation report issued by a registered valuer, the value of one one of the property has been enhanced from Rs. 917.47 Lakhs to 988.83 Lakhs which accounts to 92.78% of its purchase value. A change up to 1.12% in net carrying value of class of asset is affected by such enhancement.

(e) According to the information and explanations given to us, there are no proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

2) (a)In our opinion and according to the information and explanations given to us, the nature of the Company's business is such that it is not required to hold any inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.

   (b)Based upon the audit procedures performed and the information and explanations given by the management, the company has been sanctioned working capital limits in excess of five crore rupees from banking institution on the basis of security of current assets. The quarterly returns filed by the company with bank are in agreement with the books of the company.

3) (a)The company being an NBFC whose principle business is to give loans is exempt from clause 3(iii)(a)

   (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees are, prima facie, not prejudicial to the company's interest.

   (c) In respect of loans granted by the company, the schedule of repayment of principal and payment of interest has been stipulated and repayments of principal amounts and receipts of interest are generally been regular except in few cases.

   (d) According to the information and explanations given to us and based on the audit procedures performed by us, there is an overdue amount of Rs.2,692.13/- lakhs for more than ninety days. Reasonable steps have been taken by the company for the recovery of principle and interest.

   (e) The company being an NBFC whose principle business is to give loans is exempt from clause 3(iii) (e).

(f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying the terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

5) According to the information and explanations given to us, the Company has not accepted any public deposit from the public within the meaning of section 73 to 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Thus reporting under clause 3(v) of the order is not applicable to the Company.

6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.

7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2023 for a period of more than six months from the date on when they become payable.

(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, goods and service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) According to information and explanations given to us and on the basis of our examination of the books of account, there are no transactions surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961 (43 of 1961) which are not recorded in the books of account.

9) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanation given to us, the company has not declared as wilful defaulter by any bank or financial institution or other lender.

(c)Based upon the audit procedures performed and the information and explanations given by the management, the loans are applied by the company for the purpose for which the same has obtained.

(d)The company has not raised any funds on short term basis from any lender. Accordingly, clause 3 (ix) (d) of the order is not applicable for the company.

(e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures hence clause 3 (ix) (e) does not apply to company.

(f) The company does not have subsidiaries, joint ventures, or associate companies. Accordingly, the provisions of clause 3 (ix) (f) of the Order are not applicable to the Company and hence not commented upon.

10)(a) Based upon the audit procedures performed and the information and explanations given by the management, the Company has raised money by way of public issue of debt instruments and the money raised has been applied for the purpose for which they have been raised.

(b)Based upon the audit procedures performed and the information and explanations given by the management, the Company has complied with the requirements of section 42 and 62 of the Companies Act, 2013 and the amount raised by preferential allotment or private placement of shares during the year under review have been used for the purposes for which the funds were raised. During the year, the Company has not made any preferential allotment or private placement of fully, partially or optionally convertible debentures.

11)(a)Based upon the audit procedures performed and the information and explanations given by the management, an amount aggregating to Rs. 164.59 lakhs resulting from various fraud cases on the company has been reported during the year. The same are intimated by the company with Reserve Bank of India.

(b)Based upon the audit procedures performed and the information and explanations given by the management, no offence involving fraud is being or has been committed against the company by officers or employees of the company. Accordingly, clause 3 (xi) (c) doesn't apply to the company.

(c) According to the information and explanation given to us, the company has not received any whistle – blower complaints during the year.

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 of the Companies Act 2013 and there was no transactions falling under the purview of section 188 during the year. The transactions with related parties have been disclosed in the Financial Statement as required by the applicable accounting standards.

14)(a)The company has an adequate internal audit system commensurate with the size and nature of its business.

(b)To ensure the robustness of internal audit system and internal control system in the company we have reviewed the reports made by internal auditors of the company for the period of auditing and found that the internal control systems implemented by management are effective and internal audit procedures are adequate for the company.

15) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.

(b) The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) In our opinion, the Company is not a Core Investment Company (CIC) Company. Therefore, the provisions of clause 3 (xvi)(c) of the Order are not applicable to the Company.

(d) In our opinion, there is no core investment company with in the group and accordingly reporting under clause 3(xvi)(d) of the order is not applicable.

17) Based upon the audit procedures performed and the information and explanations given by the management, the company has not incurred cash, losses in the financial year and in the immediately preceding financial year.

18) During the year there was no resignation of Statutory Auditor.

19) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of

Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of audit report indicating that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the company and when they fall due.

20)(a)There are no unspent amount towards Corporate Social responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub – section (5) of section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b)There are no unspent amount on ongoing projects which requires to be transferred to special account in compliance with 135(6) of the Companies Act. Accordingly, reporting under clause 3(xx)(b) of the order is not applicable for the year.

For R.B Jain and Associates,
Chartered Accountants
(FRN: 103951W)

K.J Thomas BSc, FCA
Partner **(M.No.019454)**
UDIN : **23019454BGWFQW5187**
Palarivattom
26-05-2023

RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

"Annexure B" to the Independent Auditor's Report of even date on the Financial Statement of KLM Axiva Finvest Limited

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

We have audited the internal financial controls over financial reporting of KLM Axiva Finvest Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statement of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and

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plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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.

For **R.B Jain and Associates,**
Chartered Accountants
(FRN 103951W)

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
Partner (M.No.019454)
UDIN : **23019454BGWFQW5187**
Palarivattom
26-05-2023

KLM AXIVA FINVEST LIMITED
Hyderabad

Balance Sheet as at March 31, 2023

(Rs in lakhs)

Sl. No.	Particulars	Note No.	As at March 31,2023	As at March 31, 2022
	ASSETS			
1	**Financial Assets**			
(a)	Cash and Cash Equivalents	6	9,420.09	31,739.44
(b)	Bank Balance Other than (a) above	7	1,755.45	678.50
(c)	Loans & Advances	8	1,44,464.58	1,05,800.30
(d)	Investments	9	-	-
(e)	Other Financial Assets	10	1,755.36	969.81
2	**Non-Financial Assets**			
(a)	Current Tax Assets (Net)	11	1,486.93	773.04
(b)	Deferred Tax Assets (Net)	12	417.82	352.64
(c)	Property	13	6,396.33	3,471.01
(d)	Plant and Equipment		5,062.81	1,843.41
(e)	Capital work- in- progress		555.18	262.93
(f)	Other Intangible Assets	14	90.98	42.07
(g)	Other Non-Financial Assets	15	524.13	1,285.23
			-	
	TOTAL		**1,71,929.65**	**1,47,218.39**
	LIABILITIES AND EQUITY			
1	**Financial Liabilities**			
(a)	Payables			
(b)	Debt Securities	16	81,079.39	66,411.39
(c)	Borrowings (Other than Debt Securities)	17	7,562.82	6,369.67
(d)	Subordinated Liablities	18	50,289.45	53,331.54
(e)	Other Financial liabilities	19	6,613.26	4,863.66
2	**Non-Financial Liabilities**			
(a)	Current Tax Liabilities (Net)	20	694.86	488.84
(b)	Other Non-Financial Liabilities	21	233.10	72.03
3	**EQUITY**			
(a)	Equity Share Capital	22	18,672.81	11,487.51
(b)	Other Equity	23	6,783.97	4,193.73
	TOTAL		**1,71,929.65**	**1,47,218.39**

See accompanying notes forming part of the financial statements

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

UDIN : 23019454BGWFQW5187
Place:Palarivattom
Date:26-05-2023

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Manoj Raveendran Nair
Chief Executive Officer

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED
Hyderabad

Statement of Profit and Loss for the Period ended March 31, 2023

(Rs in lakhs)

	Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
I	**Revenue From Operations**			
	Interest Income	24	27,540.07	17,943.43
II	**Other Income**	25	334.91	647.83
III	**Total income (I+II)**		**27,874.98**	**18,591.26**
	EXPENSES			
	Finance Costs	26	14,336.45	10,450.40
	Impairment on Financial Instruments	27	71.98	63.37
	Employee benefits expenses	28	5,232.07	2,960.39
	Depreciation, amortization and impairment	29	1,094.76	522.12
	Other expenses	30	4,676.94	2,856.59
IV	**Total expenses**		**25,412.20**	**16,852.88**
V	**Profit/(Loss) before Tax (III-IV)**		**2,462.78**	**1,738.38**
VI	**Tax Expense:**	31		
	1. Current Tax		694.86	488.84
	2. Deferred Tax		-65.18	111.20
	3. Tax relating to prior years paid on settlement			
VII	**Profit /(Loss) for the Period (V-VI)**		**1,833.10**	**1,138.34**
VIII	**Other Comprehensive Income**			
IX	**Total Comprehensive Income (VII+VIII)**		**1,833.10**	**1,138.34**
X	**Earnings per Equity Share**	32		
	Basic & Diluted (Rs.)		1.33	2.16

See accompanying notes forming part of the financial statements

As per our report even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN : 23019454BGWFQW5187
Place:Palarivattom
Date:26-05-2023

For and on behalf of the Board of Directors

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Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Manoj Raveendran Nair
Chief Executive Officer

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED
Hyderabad

Cash Flow Statement for the Period ended March 31, 2023

(Rs in lakhs)

	PARTICULARS	For the Period ended March 31, 2023	For the year ended March 31, 2022
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net profit Before Taxation	2,462.78	1,738.38
	Adjustments for:		
	Depreciation and Amortisation	1,094.76	522.12
	Finance costs	14,336.45	10,450.12
	Interest on income tax	-	0.28
	Impairment on financial instruments	71.98	63.37
	Operating Profit before Working Capital Changes	17,965.97	12,774.28
	(Increase)/Decrease in Loans & Advances -Financial Assets	(38,736.26)	(32,566.60)
	(Increase)/Decrease in Other Financial Assets	(785.55)	(351.92)
	(Increase)/Decrease in Other non Financial Assets	761.09	(440.40)
	Increase/(Decrease) in Other Financial Liabilities	1,749.60	1,466.23
	Increase/(Decrease) in Other Non financial Liabilities	161.06	(41.82)
	Cash from operations	(18,884.08)	(19,160.24)
	Net income tax paid	(1,202.73)	(652.70)
	Net Cash From Operating Activities	(20,086.81)	(19,812.94)
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	Capital Expenditure	(7,509.27)	(3,276.92)
	Purchase of investments	-	247.70
	Bank balances not considered as cash and cash equivalents	(1,076.95)	(677.00)
	Net Cash From Investing Activities	(8,586.22)	(3,706.22)
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from issuance of equity shares	7,185.30	4,694.69
	Share Premium on issue of equity shares	767.11	1,238.67
	Additions/Deductions in Specific Reserve	(81.33)	-
	Proceeds from issue of Debentures	14,668.00	41,014.98
	Proceeds from issue of Subordinate debts	(3042.09)	10,823.66
	(Repayment)/ Increase in long-term borrowings	1,193.14	5,349.28
	Dividend Paid		(543.43)
	Finance cost	(14,336.45)	(10,450.40)
	Net Cash From Financing Activities	6,353.67	52,127.46
	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(22,319.36)	28,608.30
	OPENING CASH AND CASH EQUIVALENTS	31,739.44	3,131.14
	CLOSING CASH AND CASH EQUIVALENTS	9,420.09	31,739.44

As per our report even date attached

For R.B Jain and Associates,,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

K.J Thomas, ~~BSc~~, FCA
Partner (M. No. 019454)

UDIN : 23019454BGWFQW5187
Place:Palarivattom
Date:26-05-2023

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Manoj Raveendran Nair
Chief Executive Officer

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED
Hyderabad

Statement of changes in Equity for the year ended March 31, 2023

A. Equity Share Capital

(Rs in lakhs)

Equity Shares of Rs 10 each issued, subscribed and fully paid	Nos.	Amount
Particulars		
As at March 31, 2022	11,48,75,128.00	11,487.51
Issued during the year	7,18,52,950.00	7,185.30
As at March 31, 2023	18,67,28,078.00	18,672.81

B. Other Equity

(Rs in lakhs)

Particulars	Reserves and Surplus							Other comprehensive Income	Total
	Statutory Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Retained Earnings	Revaluation Reserve	Specific Reserve		
As at March 31, 2022	711.51	2,398.85	-	4.08	376.18	621.79	81.33	-	4,193.73
Dividends	-	-	-	-		-	-	-	-
Transfer to/from Retained Earnings	366.62	-	-	-	-366.62	-		-	-
Specific Purpose	-	-	-	-		-			-
Other Additions/Deductions during the year					-	-	-	-	-
Net impact of Securities premium during the year	-	767.11	-	-	-	71.36	-	-	-
Net impact of assets revalued during the year	-	-	-	-	-	-	-81.33	-	-
Net impact of specific reserve during the year	-	-	-	-	-	-	-	-	
Profit for the year (net of taxes)	-	-	-	-	1,833.10	-	-	-	
As at March 31, 2023	1,078.13	3,165.95	-	4.08	1,842.66	693.15	-	-	6,783.97

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

K.J Thomas, BSc, FCA
Partner (M. No. 019454)
UDIN : 23019454BGWFQW5187
Place:Palarivattom
Date:26-05-2023

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Manoj Raveendran Nair
Chief Executive Officer

Srikanth G. Menon
Company Secretary

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

1. CORPORATE INFORMATION

KLM Axiva Finvest Limited, (the Company), is a Public limited company, incorporated on 28 April 1997. The Company was registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The Company has received the certificate of registration 09.00006 on 13th December, 1997 enabling the Company to carry on business as Non-Banking Financial Company.

The Company offers broad suite of lending and other financial products such as gold loan, mortgage loan, loan against securities, micro finance loans etc.

The registered office of the Company is at Plot No. 39, Door No. 8-13, 1st Floor, Ashoka Complex, Mythripuram Colony, Gayathri Nagar X Road, Vaishalinagar PO. Hyderabad, Rangareddi, Telangana, 500079.

2. BASIS OF PREPARATION AND PRESENTATION

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The above financial statements have been prepared in accordance with the Indian Accounting Standards prescribed read with relevant rules issued there under and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 5 - Significant accounting judgements, estimates and assumptions.

Consolidation of financial statement is not applicable to the company as KMLM Financial Services Limited the wholly owned subsidiary of KLM Axiva Finvest Limited pursuant to Extra Ordinary General Meeting resolution dated 25th January 2022 initiated the voluntary winding up procedure and appointed Mr. P D Vincent as the official liquidator of the company who manage the accounts and affairs of the company there after. National Company Law Tribunal passed the winding up order on 5th May 2022 (Order No : CP(IB) /28/KOB/2022, Under Section 59 of the Insolvency and Bankruptcy Code 2016)

The financial statements are presented in Indian Rupees (INR).

PRESENTATION OF FINANCIAL STATEMENT

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis.

STATEMENT OF COMPLIANCE

These separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the generally accepted accounting principles as referred to above.

3. IMPACT OF COVID-19

The COVID-19 outbreak is on-going and the actual extent of its impact on the economy globally in general and in India, in particular remains uncertain. The outbreak has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Company has offered an optional moratorium of six months on the payment of all principal instalments and/or interest, as applicable, for the loans disbursed up to covid period and during the year 2020-21. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

A lot of requests were received during the year 2022-23 from customers under stress and concerned branches seeking extension in repayment period. The board noted that the RBI has given a total period of 2 years (including already given moratorium period, if any) for FITL, vide its circular dated May 5, 2021 and granted additional time of eighteen months.

Further, the Company has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial asset as at March 31, 2023. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Financial Instruments

(I) Financial Assets

a) Initial recognition

All financial assets are recognised initially at fair value. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

b) Subsequent measurement

The Company classifies its financial assets into the following measurement categories depending on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets:

a. **Financial assets measured at amortised cost-** A financial asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. **Financial assets measured at fair value through other comprehensive income (FVOCI) -** A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c. **Financial assets measured at fair value through profit or loss (FVTPL)** - A financial asset which is not classified in any of the above categories is measured at FVTPL.

c) Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the changes in fair value through other comprehensive income (FVOCI).

(II) Financial Liabilities

a) Initial recognition

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, non-convertible debentures, loans and borrowings including bank overdrafts.

b) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

4.2. Derecognition of financial assets and liabilities

(I) Financial Assets

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

(II) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.3. Impairment of financial assets

I. Overview of the Expected Credit Loss (ECL) model

The Company recognises impairment allowance for expected credit loss on financial assets held at amortised cost. The Company recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs or at fair value through other comprehensive income account.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. The 12-month ECL is the portion of the lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Company applies a three-stage approach to measuring expected credit losses (ECLs).

Stage 1: 12-months ECL

For financial assets 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.

Stage 2: Lifetime ECL – not credit impaired

For financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining life time of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Financial assets are 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 assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

The Company has identified a zero bucket for financial assets that are not overdue.

II. Estimation of Expected Credit Loss

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, whether scheduled by contract or otherwise, expected draw downs on committed facilities.

Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

4.4. Offsetting of financial instruments

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

4.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits,
as defined above.

4.6. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Advances paid towards the acquisition of fixed assets, outstanding at each reporting date are shown under other non-financial assets. The cost of property, plant and equipment not ready for its intended use at each reporting date are disclosed as capital work-in-progress.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income /expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

4.7. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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

4.8. Depreciation and Amortisation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Useful life
Building	30-60Years
Computers and servers	3-6 Years
Office equipment	5 Years
Furniture and fixtures	10 Years
Vehicles	8-10 Years

* Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Intangible Assets are amortised on a Straight Line basis over the estimated useful economic life. Computer Software which is not an integral part of the related hardware is classified as an intangible asset, and amortised over a period of five years, being its estimated useful life.

4.9. Impairment of non–financial assets

At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The carrying amount of the fixed 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 impairment loss is recognised in the Statement of Profit and Loss for the year.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on written down value basis over its remaining useful life.

4.10.Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(I) Interest Income

The Company recognises Interest income by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets. For purchased or originated credit-impaired financial assets, the Company applies the

credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. Such interests, where instalments are overdue in respect of non-performing assets are recognised on realization basis.

The EIR in case of a financial asset is computed

a) As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
b) By considering all the contractual terms of the financial instrument in estimating the cash flows

c) Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes.

Other Income: In respect of the other heads of income, the Company accounts the same on accrual basis.

(II) Recognition of revenue from sale of goods or services

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

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

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

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

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

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

Processing fee which is not form part of effective interest rate has been recognised as and when it is accrued.

(III) Dividend Income

Dividend income is recognised when the Company's right to receive the payment is established. This is established when it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

4.11.Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

a) As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
b) By considering all the contractual terms of the financial instrument in estimating the cash flows
c) Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

4.12.Employee Benefits

Short Term Employee Benefits: All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense)

Defined Contribution Plan
Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund.

The Company's contribution to employee state insurance scheme is considered as defined contribution plans and is 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.

The Company has not made any provision for gratuity payable during the year in accordance with IND AS. However, the company has created a specific reserve of Rs. 81,33,136 during the year 2021-22.

4.13.Income taxes

Income tax comprises current and deferred income tax.

Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.14.Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after attributable taxes) by the weighted average number of equities shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

4.15.Provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

4.16.Contingent liabilities

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

4.17.Cash flow statement

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

4.18.Segment Reporting

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the Board of Directors, which has been identified as being the chief operating decision maker, to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. The Company has concluded that the business of lending finance is the only reportable segment.

COCHIN-25

4.19.Leases

With effect from April 1, 2019, the Company has applied Ind AS 116 'Leases' to all lease contracts existing on April 01, 2019 by adopting the modified retrospective approach. Accordingly, the comparative information is not required to be restated.

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset.

The Company as a lessee

The Company has elected not to recognise right-of use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months and leases with low value assets. The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company recognises the lease payments associated with these leases as an expense in Statement of Profit and Loss on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit. The related cash flows are classified as operating activities.

Wherever the above exception permitted under Ind AS 116 is not applicable, the Company at the time of initial recognition:

• measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is increased by interest on lease liability, reduced by lease payments made and remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

• measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing and any initial direct costs. Subsequently, 'Right-of-use assets' is measured using cost model i.e., at cost less any accumulated depreciation (depreciated on straight line basis over the lease period) and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

5.1. Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.2. Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5.3. Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5.4. Effective Interest Rate (EIR) method

The Company's EIR methodology recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, probable fluctuations in collateral value as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

5.5. Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

KLM AXIVA FINVEST LIMITED
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Notes on Financial Statements for the period ended March 31 ,2023

(Rs` in lakhs)

Note 6 - Cash and Cash Equivalents

Particulars	As at March 31 , 2023	As at March 31, 2022
(a) Cash on hand	1,366.80	1,124.01
(b) Balance with banks		
In current accounts	3,992.29	11,046.43
In fixed deposits (with maturity of less than 3 months)	4,061.00	19,569.00
TOTAL	9,420.09	31,739.44

Note 7 - Bank Balance Other Than Above

Particulars	As at March 31 , 2023	As at March 31, 2022
(a) Balance deposits with maturity more than 3 months	1,755.45	678.50
(b) On Escrow Accounts		
Unpaid Dividend account	-	-
TOTAL	1,755.45	678.50

Note 8 - Loans & Advances

Particulars	As at March 31, 2023				
	Amortised Cost	At Fair Value			Total
		Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	
Loans					
(A)					
Gold Loan	93,796.18	-	-	-	93,796.18
MSME & Other Receivables	37,840.92	-	-	-	37,840.92
Microfinance Loan	14,395.87	-	-	-	14,395.87
					-
Total (A) - Gross	1,46,032.97	-	-	-	1,46,032.97
Less: Impairment loss allowance	1,568.39	-	-	-	1,568.39
Total (A) - Net	1,44,464.58	-	-	-	1,44,464.58
(B)					
(i) Secured by tangible assets	1,31,637.10	-	-	-	1,31,637.10
(ii) Covered by Bank/Government guarantees		-	-	-	
(ii) Unsecured	14,395.87	-	-	-	14,395.87
Total (B) - Gross	1,46,032.97	-	-	-	1,46,032.97
Less: Impairment loss allowance	1,568.39	-	-	-	1,568.39
Total (B) - Net	1,44,464.58	-	-	-	1,44,464.58
(C)					
Loans in India					
(i) Public Sector		-	-	-	-
(ii) Others	1,46,032.97	-	-	-	1,46,032.97
Total (C) - Gross	1,46,032.97	-	-	-	1,46,032.97
Less: Impairment loss allowance	1,568.39	-	-	-	1,568.39
Total (C) - Net	1,44,464.58	-	-	-	1,44,464.58

(Rs in lakhs)

Note 8 - Loans & Advances

Particulars	As at March 31, 2022				
	Amortised Cost	At Fair Value			Total
		Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	
Loans					
(A)					
Gold Loan	62,546.94	-	-	-	62,546.94
MSME & Other Receivables	35,898.97	-	-	-	35,898.97
Microfinance Loan	8,850.80	-	-	-	8,850.80
Total (A) - Gross	1,07,296.71	-	-	-	1,07,296.71
Less: Impairment loss allowance	1,496.40	-	-	-	1,496.40
Total (A) - Net	1,05,800.30	-	-	-	1,05,800.30
(B)	-				
(i) Secured by tangible assets	98,445.91	-	-	-	98,445.91
(ii) Covered by Bank/Government guarantees	-	-	-	-	-
(ii) Unsecured	8,850.80	-	-	-	8,850.80
Total (B) - Gross	1,07,296.71	-	-	-	1,07,296.71
Less: Impairment loss allowance	- 1,496.40 -	-	-	-	1,496.40
Total (B) - Net	1,05,800.30	-	-	-	1,05,800.30
(C)	-				
Loans in India	-				
(i) Public Sector	-	-	-	-	-
(ii) Others	1,07,296.71	-	-	-	1,07,296.71
Total (C) - Gross	1,07,296.71	-	-	-	1,07,296.71
Less: Impairment loss allowance	1,496.40	-	-	-	1,496.40
Total (C) - Net	1,05,800.30	-	-	-	1,05,800.30

Summary of ECL provisions

Particulars	F.Y. 2022-23			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	3.28	18.29	16.04	37.60
MSME & Other Receivables	0.06	25.90	1,040.84	1,066.80
Microfinance Loan	14.06	5.22	444.70	463.98
Total Closing ECL provision	17.40	49.41	1,501.58	1,568.39

Summary of ECL provisions

Particulars	F.Y. 2021-22			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	6.63	66.50	51.36	124.48
MSME & Other Receivables	0.05	18.64	968.50	987.19
Microfinance Loan	6.69	3.85	374.19	384.73
Total Closing ECL provision	13.36	88.99	1,394.05	1,496.40

Note 10 - Other Financial Assets

Particulars	As at March 31 , 2023	As at March 31, 2022
(a) Interest accrued on fixed deposits	43.02	29.25
(b) Security Deposits	1,450.40	922.84
(c) Other Receivables	261.93	17.71
TOTAL	1,755.36	969.81

Note 11 - Current Tax Assets (Net)

Particulars	As at March 31 , 2023	As at March 31, 2022
Advance tax and tax deducted at source	1,486.93	773.04
TOTAL	1,486.93	773.04

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

Notes on Financial Statements for the period ended March 31 ,2023

(Rs in lakhs)

Note 12 - Deferred Tax

Deferred Tax Assets/(Liabilities)	As at March 31 , 2023	As at March 31, 2022
Fixed Asset : Timing difference on account of depreciation and amortisation	156.14	148.62
Impairment of financial instruments	394.73	376.62
Amortisation of expenses & income under effective interest rate method	(133.04)	(172.60)
Total	417.82	352.64
Net deferred tax asset	**417.82**	**352.64**

Note 15 - Other Non-Financial Assets

Particulars	As at March 31 , 2023	As at March 31, 2022
(a) Balance with revenue Authorities		
GST receivable	83.28	134.43
(b) Advances for land	-	1,000.25
(c) Other Advances	438.23	147.93
(d) Stock of Stationary	2.63	2.63
	-	-
TOTAL	**524.13**	**1,285.23**

Note 16 - Debt Securities

Particulars	As at March 31 , 2023	As at March 31, 2022
At Amortised Cost:		
(a) Secured Non-Convertible Debentures - Privately Placed	235.10	768.20
(b) Secured Non-Convertible Debentures - Public Issue	80,844.29	65,643.19
Total (A)	**81,079.39**	**66,411.39**
Borrowings in India	81,079.39	66,411.39
Borrowings outside India		
TOTAL	**81,079.39**	**66,411.39**

Nature of Security :

Secured by way of first ranking pari passu charge on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company and first ranking pari passu charge on the immovable property situated at Malligai Nagar, Kombai Village, Uthampalayam Taluk, Theni District, Tamil Nadu.

Extend of Security:

Equal to the value of one time (one hundred percentage) of the NCDs outstanding plus interest accrued thereon.

16.1 - Secured Non Convertible Debentures - Private Placement

Series wise classification of secured non convertible debentures

Particulars	*As at March 31 , 2023*	As at March 31, 2022
Non Convertible Debentures 2018 - 19 Series	*158.10*	*197.10*
Non Convertible Debentures 2017 - 18 Series	*62.70*	*520.10*
Non Convertible Debentures 2016 - 17 Series	*12.10*	*48.80*
Non Convertible Debentures 2015 - 16 Series	*2.20*	*2.20*
TOTAL	*235.10*	*768.20*

KLM AXIVA FINVEST LIMITED
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Notes on Financial Statements for the period ended March 31 ,2023

(Rs in lakhs)

Interest wise classification of secured non convertible debentures

Particulars	As at March 31 , 2023	As at March 31, 2022
Non Convertible Debentures - 12.5%	29.30	97.70
Non Convertible Debentures - 12%	155.30	449.50
Non Convertible Debentures - < 12%	50.50	221.00
TOTAL	235.10	768.20

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31 , 2023	As at March 31, 2022
Non Convertible Debentures - 60 months maturity	220.80	743.90
Non Convertible Debentures - 36 months maturity	14.30	24.30
TOTAL	235.10	768.20

16.2 - Secured Non Convertible Debentures - Public Issue

Series wise classification of secured non convertible debentures

Particulars	As at March 31 , 2023	As at March 31, 2022
Non Convertible Debentures 2022 - 23 Series (Public Issue VIII)	13,612.96	-
Non Convertible Debentures 2022 - 23 Series (Public Issue VII)	18,798.56	-
Non Convertible Debentures 2021 - 22 Series (Public Issue VI)	15,551.43	17,765.22
Non Convertible Debentures 2021 - 22 Series (Public Issue V)	10,525.35	16,210.77
Non Convertible Debentures 2021 - 22 Series (Public Issue IV)	8,892.45	15,000.00
Non Convertible Debentures 2020 - 21 Series (Public Issue III)	6,306.99	7,884.81
Non Convertible Debentures 2019 - 20 Series (Public Issue II)	3,184.62	4,959.68
Non Convertible Debentures 2018 - 19 Series (Public Issue I)	4,526.08	4,526.08
Sub Total	81,398.44	66,346.56
Less: EIR impact of transaction cost	554.15	703.37
TOTAL	80,844.29	65,643.19

Interest wise classification of secured non convertible debentures

Particulars	As at March 31 , 2023	As at March 31, 2022
Non Convertible Debentures - > 12%	2,274.99	2,274.99
Non Convertible Debentures - 12%	2,850.56	2,850.56
Non Convertible Debentures - > 11.5% to 11.86%	6,810.64	7,133.85
Non Convertible Debentures - >11.25% to 11.5%	2,444.58	4,370.79
Non Convertible Debentures - 11% to 11.25%	15,990.60	18,888.39
Non Convertible Debentures - <11%	51,027.07	30,827.98
Sub Total	81,398.44	66,346.56
Less: EIR impact of transaction cost	554.15	703.37
TOTAL	80,844.29	65,643.19

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31 , 2023	As at March 31, 2022
Non Convertible Debentures - 82 months maturity	1,551.69	-
Non Convertible Debentures - 80 months maturity	948.53	948.53
Non Convertible Debentures - 78 months maturity	1,837.19	1,837.19
Non Convertible Debentures - 75 months maturity	2,177.35	2,177.35
Non Convertible Debentures - 72 months maturity	1,424.10	1,424.10
Non Convertible Debentures - 60 months maturity	28,710.95	19,512.73
Non Convertible Debentures - 45 months maturity	202.43	202.43
Non Convertible Debentures - 36 months maturity	13,948.93	11,763.39
Non Convertible Debentures - 24 months maturity	12,324.96	7,831.54
Non Convertible Debentures - 18 months maturity	6,892.49	5,911.34
Non Convertible Debentures - 16 months maturity	6,030.00	-
Non Convertible Debentures - 13 months maturity	2,525.53	6,804.45
Non Convertible Debentures - 12 months maturity	2,824.29	7,933.51
Sub Total	81,398.44	66,346.56
Less: EIR impact of transaction cost	554.15	703.37
TOTAL	80,844.29	65,643.19

Note 17 - Borrowings (Other than Debt Securities)

Particulars	As at March 31 , 2023	As at March 31, 2022
At Amortised Cost:		
(a) Term Loan		
Indian Rupee Loans from Banks (Secured)	3,941.88	5,013.92
(b) Loans repayable on demand		
Cash credit / overdraft facilities from banks (Secured)	3,660.66	1,403.41
Less: EIR impact of transaction cost	39.72	47.66
Total (A)	**7,562.82**	**6,369.67**
Borrowings in India	7,562.82	6,369.67
Borrowings outside India	-	-
TOTAL	**7,562.82**	**6,369.67**

KLM AXIVA FINVEST LIMITED
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Notes on Financial Statements for the period ended March 31 ,2023

(Rs in lakhs)

Nature of Security :

(a) Term loan from bank -

Vehicle loan - The loans are secured by hypothecation of respective vehicles against which the loans have been availed.

Particulars	Primary	Collateral	Guarantors
State Bank of India -Term Loan Of Rs 50.00Crs	Hypothecation of Book Debts , Loan Receivables and other Current Assets on First Pari Passu basis with Debenture Trustees of the Company and other Banks in MBA.	a. Exclusive Equitable Mortage charge over the commerical plot bearing survey number:Sy.no 549,570/3-2,570 /3-3, Situated at door no 5/699, muringoor Thekkummuri, Chalakkudy. 680308, Admeasuring total Area:4.09 Acres,Belonging to KLM Axiva Finvest Limited(Sale Deed No.561/2019). b.Exclusive Equitable Mortgage charge over the Commercial Plot bearing Survey Number: Sy. No 379 /1,-2 and 379 /2, situated near Vallakkunnu junction, Oppo. Two Pole Structure No. IIKU/RS/207, R S Road, Vallakkunnu, Irinjalakuda, Thrissur 680683 Admeasuring Total Area: 2.93 Acres, Belonging to KLM Axiva F'invest Limited [Sale Deed No 1291'/2022). c.Exclusive Charge(Lien) Over the Fixed Deposit of Rs 9.54 Crs held in the name of the company with SBI d.Exclusive Charge(Lien) Over the Fixed Deposit of Rs 15.00 Crs held in the name of the company with SBI	1. Shibu T Varghese 2.Biji Shibu

(b) Loans repayable on demand

Particulars	Primary	Collateral	Guarantors
South Indian Bank (Limit - Rs 10.00 Crore)	All book debts and receivables of the Company.	1. EM of land in the name of Josekutty Xavier Managing Director KLM Axiva Finvest ltd,admeasuring 22.91 cents under Sy No: 1160/6B, 1160/6A; 32.57 cents under Sy No: 1160/8, 1160/7; 20.35 cents under Sy No:1159/9 and 21.61 cents under Sy No:1159/9 in Kothamangalam Village, Ernakulam District 2. EM of land admeasuring 19.224 cents with 23079 sq. ft. commercial building under Sy. No. 1267/9-2 with building no. 30/564 in Kothamangalam municipality, Kothamangalam taluk, Ernakulam District in the name of M/s KMLM Chits India Limited. 3. EM of 8 cents of vacant land under Sy. No. 1/4A, 1/4B, Re. Sy.No. 26/2 in Edappally North Village, Kanayannur Taluk, Ernakulam District in the name of M/s KLM Axiva Finvest Limited.	1. Shibu T. Varghese 2. Biji Shibu Corporate guarantee - 1. M/s KMLM Chits India Limited
Dhanalakshi Bank (Limit - Rs 4.50 Crore)	First ranking pari passu charge with existing secured creditors including debenture trustees on all movable assets inclusing book debts and receivables, cash and bank balances, Loans & advances both present and future of the company at a margin of 30% .(For DP calculation only gold loan portifolio to be reckoned at the stipulatedmargin level of 30% .)	1.Residential Land(301) -EM of 54.73 Ares land under Sy no 322/4 of 8.90 ares, Syno.322/5 of 45.83 ares of Mazhuvannur Village, Kunnathunadu Taluk, Ernakulam District 2.Residental land with residential building(305) - EM of 82.35 Ares of Residential land and 479.03Sq meter residential building (82.35 ares(203.40 cents) under Re Sy no 470/11-3-3 of 21.22 ares, Re Sy no 470/11 of 2.26 ares Re Sy 470/11-3-2 of 22.54ares, Re Sy 470/11-1-2 of 19.95 ares, Re Sy 470/11-3 of 3.24 Ares,Re Sy470/2 of 8.44 Ares and Re Sy no 470/15 of 4.70 Ares)of valakam village ,Muvattupuzha taluk, Ernakulam District 3.Residental Land_EM of 19.94 Ares of land under Sy No 385/2-2-4 of 6.07 ares ,Sy No 385/2-2-5 of 7.80 ares and sy no.385/2-2-6 of 6.07 ares of Mazhuvannor Village , Kunnathunadu taluk,Ernakulam District.	1. Shibu T Varghese 2. Biji Shibu
State Bank of India (Limit- Rs 25.00 Crore)	Hypothecation of Book Debts , Loan Receivables and other Current Assets on First Pari Passu basis with Debenture Trustees of the Company and other Banks in MBA.	a. Exclusive Equitable Mortage charge over the commerical plot bearing survey number:Sy.no 549,570/3-2,570 /3-3, Situated at door no 5/699, muringoor Thekkummuri, Chalakkudy. 680308, Admeasuring total Area:4.09 Acres,Belonging to KLM Axiva Finvest Limited(Sale Deed No.561/2019). b.Exclusive Equitable Mortgage charge over the Commercial Plot bearing Survey Number: Sy. No 379 /1,-2 and 379 /2, situated near Vallakkunnu junction, Oppo. Two Pole Structure No. IIKU/RS/207, R S Road, Vallakkunnu, Irinjalakuda, Thrissur 680683 Admeasuring Total Area: 2.93 Acres, Belonging to KLM Axiva F'invest Limited [Sale Deed No 1291'/2022). c.Exclusive Charge(Lien) Over the Fixed Deposit of Rs 9.54 Crs held in the name of the company with SBI d.Exclusive Charge(Lien) Over the Fixed Deposit of Rs 15.00 Crs held in the name of the company with SBI	1. Shibu T Varghese 2.Biji Shibu

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Notes on Financial Statements for the period ended March 31 ,2023

(Rs in lakhs)

Note 18 - Subordinated Liabilities

Particulars	As at March 31 , 2023	As at March 31, 2022
At Amortised Cost:		
(a) Subordinated Debts	47,845.52	52,316.04
(b)Tier- 1 Capital - Perpectual Debt Instruments	2,443.93	1,015.50
Total (A)	**50,289.45**	**53,331.54**
Subordinated liability in India	50,289.45	53,331.54
Subordinated liability outside India	-	
TOTAL	**50,289.45**	**53,331.54**

18.1 - Unsecured Subordinated Debt - Private Placement

Series wise classification of unsecured subordinated debt

Particulars	As at March 31 , 2023	As at March 31, 2022
Unsecured Subordinated Debt 2020 - 22 ,22-23Series	*27,632.67*	*22,387.74*
Unsecured Subordinated Debt 2019 - 20 Series	*11,593.33*	*11,593.33*
Unsecured Subordinated Debt 2018 - 19 Series	*8,354.22*	*8,354.22*
Unsecured Subordinated Debt 2017 - 18 Series	*265.30*	*9,494.67*
Unsecured Subordinated Debt 2016 - 17 Series	-	*486.08*
TOTAL	*47,845.52*	*52,316.04*

Interest wise classification of unsecured subordinated debt

Particulars	As at March 31 , 2023	As at March 31, 2022
Unsecured Subordinated Debt - >12.5%	*1,284.57*	*1,480.16*
Unsecured Subordinated Debt - 12.5%	*201.21*	*2,112.59*
Unsecured Subordinated Debt - 12.25%	*376.13*	*374.13*
Unsecured Subordinated Debt - 12%	*3,369.15*	*9,799.76*
Unsecured Subordinated Debt < 12%	*42,614.46*	*38,549.40*
TOTAL	*47,845.52*	*52,316.04*

Maturity wise classification of unsecured subordinated debt

Particulars	As at March 31 , 2023	As at March 31, 2022
Unsecured Subordinated Debt - 5 to 6 years maturity	*4,351.23*	*3,070.52*
Unsecured Subordinated Debt - 5 years maturity	*43,494.29*	*49,245.52*
TOTAL	*47,845.52*	*52,316.04*

Note 19 - Other Financial Liabilities

Particulars	As at March 31 , 2023	As at March 31, 2022
(a) Interest payable on debt securities	3,594.98	2,230.63
(b) Interest payable on subordinated debts	2,346.61	2,400.58
(c) Interest payable on PDI	28.79	4.98
(d) Others	642.89	227.46
TOTAL	**6,613.26**	**4,863.66**

Note 20 - Current Tax Liabilities (Net)

Particulars	As at March 31 , 2023	As at March 31, 2022
(a) Income tax provision	694.86	488.84
	694.86	**488.84**

Note 21 - Other Non-Financial Liabilities

Particulars	As at March 31 , 2023	As at March 31, 2022
(a) Statutory remittances	233.10	72.03
TOTAL	233.10	72.03

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Notes on Financial Statements for the period ended March 31 ,2023

Note 22 - Equity Share Capital

(Rs in lakhs)

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

Particulars	As at March 31 , 2023	As at March 31, 2022
Authorised		
250,000,000 (March 31, 2022: 115,000,000.) equity Shares of `10/- each	**25,000.00**	**11,500.00**
	25,000.00	**11,500.00**
Issued, Subscribed & Fully Paid Up		
186,728,078(March 31, 2022:114,875,128.) equity Shares of `10/- each	18,672.81	11,487.51
TOTAL	**18,672.81**	**11,487.51**

i. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	In Numbers	Amount
As at March 31, 2022	**1,145.75**	**11,457.51**
Shares Issued during the Year	721.53	7,215.30
As at March 31, 2023	**1,867.28**	**18,672.81**

ii. Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of `10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii. Details of equity shareholders holding more than 5% Shares

Name of shareholder	As at March 31 , 2023		As at March 31, 2022	
	No: of shares	% of Holding	No: of shares	% of Holding
Shibu T Varghese	317.98	17.03	131.41	11.44
Aleyamma Varghese	104.98	5.62	99.98	8.70
Biji Shibu	221.97	11.89	87.59	7.62
Elen Elu Shibu	88.74	4.75	60.71	5.28

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Notes on Financial Statements for the period ended March 31 ,2023

Note 23 - Other Equity (Rs in lakhs)

Particulars	Amount
Securities Premium	
As at March 31, 2022	2,398.85
Add: Additions upon share issue	767.11
As at March 31, 2023	3,165.95
Statutory Reserve	
As at March 31, 2022	711.51
Add: Additions/(Deductions) during the year	366.62
As at March 31, 2023	1,078.13
General Reserve	
As at March 31, 2023	4.08
Utilised during the year	-
Specific Reserve	
As at March 31, 2022	81.33
Add: Additions/(Deductions) during the year	-81.33
As at March 31, 2023	-
Revaluation reserve	
As at March 31, 2022	621.79
Add: Additions/(Deductions) during the year	71.36
As at March 31, 2023	693.15
Retained Earnings	
As at March 31, 2022	376.18
Add: Profit for the year	1,833.10
Less: Dividend	-
less: Transfer to statutory reserve	(366.62)
less: Transfer to Specific reserve	-
	1,842.66
Total Other Equity	
As at March 31, 2022	4,193.73
As at March 31, 2023	6,783.97

Nature and purpose of Reserves

Securities premium

This Reserve represents the premium on issue of equity shares. The reserve can be utilised only for the purposes in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Statutory Reserve is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934. It requires every non banking finance institution which is a Company to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. The Company has appropriated 20% of the Profit After Tax to the fund for the year.

Specific reserve

Specific reserves refers to the reserves that are created for a specific purpose in business. These reserves cannot be used for any other purpose apart from the purpose for which they were created.Rs 81.33 lakhs is towards gratuity liabilities of employees who have completed 5 years of service as on 31.03.2022 and has transfered to other financial liabilities during the year.

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of profit for the period at a specified percentage in accordance with applicable regulations. After the introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Revaluation reserve

The revaluation reserves represents the gain/ loss attained by the company while revaluing its assets to fair market value.During the year, the company revalued some of its landed property and the gain/loss has been tranferred to revaluation reserve.

Retained earnings

This reserve represents the cumulative profits of the Company.

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Notes on Financial Statements for the period ended March 31 ,2023

(Rs in lakhs)

Note 24 - Interest Income

Particulars	March 31, 2023	March 31, 2022
On financial assets measured at amortised cost:		
(i) Interest on Loans		
Gold Loan	18,008.58	11,709.83
MSME & Other Loans	5,680.42	4,223.66
Microfinance Loans	3,356.25	1,895.93
(ii) Interest on deposit with banks	488.73	103.92
(iii) Other interest income	6.09	10.09
TOTAL	27,540.07	17,943.43

Note 25 - Other Income

Particulars	March 31, 2023	March 31, 2022
Commission Income	175.68	574.35
Notice Charge	12.29	4.32
Miscellaneous Income	142.11	53.89
Profit on Investment	4.83	15.26
TOTAL	334.91	647.83

Note 26 - Finance Cost

Particulars	March 31, 2023	March 31, 2022
On financial liabilities measured at amortised cost:		
Interest on Borrowings (other than debt securities)	496.97	12.45
Interest on Subordinate Debt	6,137.10	5,844.98
Interest on Debenture	7,455.17	4,569.69
Interest on PDI	247.21	22.99
Others	-	-
Interest on delayed payment of income tax	-	0.28
	-	-
TOTAL	14,336.45	10,450.40

Note 27 - Impairment on Financial Instruments

Particulars	March 31, 2023	March 31, 2022
On financial assets measured at amortised cost:		
Loan Assets	71.98	63.37
TOTAL	71.98	63.37

Note 28 - Employee benefits expenses

Particulars	March 31, 2023	March 31, 2022
Salaries & Wages	4,877.00	2,845.06
Contributions to provident and other funds	293.88	111.79
Gratuity	61.19	3.54
TOTAL	5,232.07	2,960.39

Note 29 - Depreciation, amortisation and impairment

Particulars	March 31, 2023	March 31, 2022
Depreciation of tangible assets	1,080.39	508.10
Amortisation of intangible assets	14.37	14.02
TOTAL	1,094.76	522.12

Note 30 - Other expenses

(Rs' in lakhs)

Particulars	March 31, 2023	March 31, 2022
Advertisement	184.31	511.81
Audit Expenses	0.40	0.51
Audit Fee	11.50	10.00
Bank Charges	39.00	31.16
Business Promotion	129.91	43.71
Celebration Expense	9.51	7.54
Collection Expenses	3.17	6.15
Computer & Software Expenses	17.14	8.38
Corporate social responsibility expenditure	24.39	14.75
Crisil rating expenses	2.74	1.85
Customer Meet expenses	5.12	1.11
Cibil Charges	4.70	4.89
Debenture Trustee Remuneration	1.20	1.00
Discount Given	70.97	61.99
Electricity Charges	126.50	70.28
Fuel Expenses	14.22	11.39
Inaugural Expense	21.19	9.56
Incentive	957.57	349.57
Insurance Charges	21.88	16.87
Internet Charges	31.62	22.95
Legal Expense	30.93	25.00
Loss on Auction Gold	68.79	35.56
Marketing Expenses	5.52	5.29
Meeting Expenses	36.65	13.27
Membership Fee	2.01	0.57
Miscellaneous Expense	0.10	0.02
Newspaper & Periodicals	1.78	2.51
Office Expense	162.53	123.87
Postage	36.11	20.44
Printing & Stationery	107.31	82.98
Professional Fee	97.33	51.92
Public Issue	246.07	99.65
Rates & Taxes	42.10	10.88
Rent	1,636.20	886.14
Repairs and Maintenance	12.40	8.73
Repairs and Maintenance-Building	6.31	4.66
ROC Filing Charge	14.67	9.74
Sitting Fees	6.00	2.75
Staff Training Expense	99.88	63.47
Telephone charges	73.87	49.65
Travelling expenses	299.07	147.31
GST & flood cess Paid	-	15.16
Vehicle Maintenance	6.99	7.80
Water Charges	7.31	3.73
TOTAL	4,676.94	2,856.59

Note - 30.1

Payment to the auditors comprises :

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
As auditors - statutory audit	9.20	8.00
For taxation matters	2.30	2.00
TOTAL	11.50	10.00

COCHIN-25

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Notes on Financial Statements for the period ended March 31 ,2023

Note 31 - Income Tax

(Rs` in lakhs)

The components of income tax expense for the year ended March 31, 2023 and year ended March 31, 2022 are:

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Current tax	694.86	488.84
Deferred Tax	(65.18)	111.20
Income tax expense reported in statement of profit and loss	629.68	600.04

Note 32 - Earnings per share

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Net profit for calculation of basic earnings per share	1,833.10	1,138.34
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	1,376.54	527.77
Basic and diluted earnings per share (Rs.)	1.33	2.16

Note 35 - Related party disclosures

Names of Related Parties

(A) Key Management Personnel

	Designation
1) Shibu Thekkumpurathu Varghese	Whole-time Director
2) Manoj Raveendran Nair	Chief Executive Officer
3) Thanish Dalee	Chief Financial Officer
4) Srikanth G. Menon	Company Secretary

(B) Entities in which KMP / Relatives of KMP can exercise significant influence

1) KLM Tiana Gold & Diamonds Private Limited
2) Payyoli Granites Private Limited
3) Ente Naadu Nidhi Limited *
4) Axiva Mfin Limited
5) Carbomix Polymers (India) Private Limited

* Ente Naadu Nidhi Limited is also related party for the financial year 2021-22

(C) Relatives of Key Management Personnel

Biji Shibu	w/o Shibu Thekkumpurathu Varghese
Elen Elu Shibu	d/o Shibu Thekkumpurathu Varghese
Erin Lizbeth Shibu	d/o Shibu Thekkumpurathu Varghese
Aleyamma Varghese	Mother of Shibu Thekkumpurathu Varghese
Vithya Mathew	w/o Thanish Dalee
Lakshmi P. S.	w/o Srikanth G. Menon

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED
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Notes on Financial Statements for the period ended March 31 ,2023

Related Party transactions during the year:

(Rs' in lakhs)

Particulars	KMP		Relatives of KMP	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Shares subscribed including share premium	2,315.71	637.57	2,394.65	1,868.68
Purchase of listed NCD of the Company	-	10.00	-	1.00
Purchase of sub-debts of the Company	-	-	-	
Interest paid on listed NCD	-	0.57	0.17	0.07
Interest paid on subordinate debts	-	-	-	
Remuneration paid	166.57	84.58	-	-
Professional consulting fees	-	-	-	-
Sitting Fees	-	1.00	-	-

Balance outstanding as at the year end: Asset/ (Liability)

Particulars	KMP		Relatives of KMP	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Investment in Subsidiary Company	-	-	-	-
Equity shares subscribed	3,179.83	1,314.12	4,758.92	2,818.02
NCD - Listed	2.50	10.00	-	1.00
Subordinate debt	-	-	-	-
Interest payable on NCD	0.26	0.22	-	0.07

Note:

Related parties have been identified on the basis of the declaration received by the management and other records available and the same has been relied upon by the auditors.

Note 36 - Capital

Capital Management

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks– which include credit, liquidity and interest rate.The Company monitors its capital to risk-weighted assets ratio (CRAR) on a regular basis through its Assets Liability Management Committee (ALCO).

Regulatory Capital

Particulars	As at March 31, 2023	As at March 31, 2022
Tier I Capital	26,698.76	15,680.25
Tier II Capital	13,797.42	8,284.46
Total capital	**40,496.18**	**23,964.71**
Risk Weighted Assets	**1,60,245.31**	**1,14,405.73**
Tier I CRAR	16.66%	13.71%
Tier II CRAR	8.61%	7.24%
Total capital ratio	25.27%	20.95%

Regulatory capital consists of Tier I capital, which comprises share capital, share premium, Perpectual Debt Instructment, statutory reserve and retained earnings including current year profit. The other component of regulatory capital is other Tier 2 Capital Instruments.

B. JAIN AND ASSOCIATES
COCHIN-25
CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED
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Notes on Financial Statements for the year ended march 31, 2023

Note 33 - Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled and considering contractual terms. For Loans and advances to customers, maturity analysis is based on expected repayment behaviour.

(Rs`in lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and Cash Equivalents	9,420.09	-	9,420.09	31,739.44	-	31,739.44
Bank Balance Other than above	1,755.45	-	1,755.45	677.00	1.50	678.50
Loans	1,10,628.74	35,404.23	1,46,032.97	69,491.36	37,805.35	1,07,296.71
- Adjustment on account of EIR/ECL	-	(1,568.39)	(1,568.39)	-	(1,496.40)	(1,496.40)
Investments	-	-	-	-	-	-
Other Financial Assets	304.95	1,450.40	1,755.36	46.97	922.84	969.81
Non-Financial Assets						
Current Tax Assets (Net)	1,486.93	-	1,486.93	773.04	-	773.04
Deffered Tax Assets (Net)	-	417.82	417.82	-	352.64	352.64
Property, Plant and Equipment	-	12,014.32	12,014.32	-	5,577.35	5,577.35
Other Intangible Assets	-	90.98	90.98	-	42.07	42.07
Other Non-Financial Assets	524.13	-	524.13	1,148.17	137.05	1,285.23
Total Assets	**1,24,120.29**	**47,809.36**	**1,71,929.65**	**1,03,875.99**	**43,342.40**	**1,47,218.39**
LIABILITIES						
Financial Liabilities						
Payables	-	-	-	-	-	-
Debt Securities	22,914.90	58,719.64	81,634.54	17,930.74	49,184.02	67,114.76
- Adjustment on account of EIR	-	(554.15)	(554.15)	-	(703.37)	(703.37)
Borrowings (Other than Debt Securities)	4,740.27	2,822.55	7,562.82	1,773.30	4,596.37	6,369.67
Subordinated Liabilities	8,901.31	41,388.14	50,289.45	9,980.75	43,350.79	53,331.54
Other Financial liabilities	2,211.02	4,402.24	6,613.26	2,838.85	2,024.81	4,863.66
Non-Financial Liabilities						
Current Tax Liabilities (Net)	694.85	-	694.85	488.84	-	488.84
Other Non-Financial Liabilities	233.10	-	233.10	72.03	-	72.03
Total Liabilities	**39,695.44**	**1,06,777.42**	**1,46,472.87**	**33,084.52**	**98,452.62**	**1,31,537.14**
Net	**84,424.85**	**(58,968.06)**	**25,456.78**	**70,791.47**	**(55,110.22)**	**15,681.25**

KLM AXIVA FINVEST LIMITED
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Notes on Financial Statements for the year ended march 31, 2023

Note 34 - Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial lending institution, the Company is exposed to risks that are particular to its lending and the environment within which it operates. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The principal objective in Company's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks.

The Company's Risk Management Committee of the Board of Directors constituted is responsible for the overall risk management approach, approving risk management strategies and principles.

The Risk Management Committee shall be responsible for the following:

1. Reviewing the operations of the organization followed by identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

2. Identifying the risks an organization is subject to, deciding how to manage it, implementing the management technique, measuring the ongoing effectiveness of management and taking appropriate correction action and provide a framework that enables future activities to take place in a consistent & controlled manner.

The Company is generally exposed to credit risk, liquidity risk, market risk and operational risk.

I. Credit risk

Credit risk is the possibility of loss due to the failure of any counterparty abiding by the terms and conditions of any financial contract obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances.

The Company addresses credit risk through following processes:

1. Through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy.
2. Minimise losses due to defaults or untimely payments by borrowers
3. Credit risk on Gold loan is considerably reduced as collateral is in the form of Gold ornaments which can be easily liquidated and adequate margin of 25% or more is retained while disbursing the loan.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:
Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;
Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;
Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes 90 days past due (DPD) on its contractual payments. All financial assets are deemed to have suffered a significant increase in credit risk when they are 30 DPD and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

Notes on Financial Statements for the year ended march 31, 2023

Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, whether scheduled by contract or otherwise.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information wherever available to determine PD.

Loss Given Default (LGD)

LGD is the estimated loss that the Company might bear if the borrower defaults.The Company determines its recovery by analysing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset. In estimating LGD, the company reviews macro-economic developments taking place in the economy.

II. Liquidity risk

Liquidity risk is the non-availability of cash to pay a liability that falls due. A company is deemed to be financially sound if it is in a position to carry on its business smoothly and meet all the obligations - both long term as well as short term - without strain. Liquidity Risk arises largely due to maturity mismatch associated with assets and liabilities of the Company. Liquidity risk stems from the inability of the Company to fund increase in assets, manage unplanned changes in funding sources and meet financial commitments when required.

Company has implemented liquidity management policy for reducing the risk relating to liquidity issues. Currently the policies relating to liquidity are as follows:
1. The Company is maintaining high capital adequacy ratio over and above limits prescribed by regulators.
2. The Company ensures to keep liquidity to cover unexpected repayment obligation.
3. Promoting fund infusion by way of Non-Convertible debentures and subordinated debts so that due date for interest and maturity can be pre known.
4. Funding from long terms sources and lending as short term loans.
5. Reducing the percentage of unsecured lending so that repayment up to a level is not affected.

Asset Liability Management (ALM)

The table below shows the maturity pattern of significant financial assets and financial liabilities. In the case of loans, contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the below maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

KLM AXIVA FINVEST LIMITED

Hyderabad

Notes on Financial Statements for the year ended march 31, 2023

Maturity pattern of assets and liabilities as on March 31, 2023:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM*	Total
Financial Assets										
Cash and Cash Equivalents	1,413.01	2,355.02	5,652.05	-	-	-	-	-	-	9,420.09
Bank Balance Other than Cash and Cash Equivalents	-	-	-	1,755.45	-	-	-	-	-	1,755.45
Loans	19,440.83	2,213.09	2,829.24	8,132.50	78,013.08	26,872.89	7,282.26	1,249.08	(1,568.39)	1,44,464.58
Investments	-	-	-	-	-	-	-	-	-	-
Financial Liabilities										-
Debt Securities	4,098.78	28.50	26.00	9,073.45	9,688.17	45,183.01	13,535.63	-	(554.15)	81,079.39
Borrowings (Other than Debt Securities)	90.16	90.17	90.18	270.58	4,199.18	2,862.26	-	-	(39.72)	7,562.82
Subordinated Liabilities	336.13	573.53	227.42	1,240.41	6,523.82	22,120.92	16,823.29	2,443.93	-	50,289.45

** represents adjustments on account of EIR/ECL*

Maturity pattern of assets and liabilities as on March 31, 2022:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM*	Total
Financial Assets										
Cash and Cash Equivalents	1,124.01	11,046.43	19,569.00	-	-	-	-	-	-	31,739.44
Bank Balance Other than Cash and Cash Equivalents	-	-	-	677.00	-	-	-	1.50	-	678.50
Loans	24,113.98	1,830.86	4,883.39	10,122.27	28,540.86	37,805.35	-	-	(1,496.40)	1,05,800.30
Investments	-	-	-	-	-	-	-	-	-	-
Financial Liabilities										-
Debt Securities	11.10	16.00	1.55	1,600.17	16,301.92	30,792.39	10,542.97	7,848.66	(703.37)	66,411.39
Borrowings (Other than Debt Securities)	89.30	89.30	89.30	267.90	1,237.50	2,143.20	2,500.83	-	(47.66)	6,369.67
Subordinated Liabilities	74.02	25.82	35.50	350.74	9,494.67	8,354.22	11,593.33	23,403.24	-	53,331.54

** represents adjustments on account of EIR/ECL*

III. Market risk

Market risk refers to potential losses arising from the movement in market values of interest rates in the Company's line of business. The objective of market risk management is to avoid excessive exposure of our earnings to loss.

Interest rate risk

Interest rate risk is the risk where changes in the market interest rates might adversely affect the Company's financial condition. The interest rate risks are viewed from earning perspective and economic value perspective, respectively. Over the last several years, the Government of India has substantially deregulated the financial sector. As a result, interest rates are now primarily determined by the market, which has increased the interest rate risk exposure.

The results of the Company's operations are substantially dependent upon the level of the net interest margins. Interest rates are sensitive to many factors beyond the Company's control, including the RBI's monetary policies, domestic and international economic and political conditions and other factors. Rise in inflation, and consequent changes in the bank rates, repo rates and reserve repo rates by the RBI has led to an increase in interest rates on loans provided by banks and financial institutions.

In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans and the company adopts funding strategies to ensure
diversified resource-raising options to minimize cost and maximize stability of funds. The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

IV. Operational risk

Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to certain other external events. The Company has instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Any loss on account of failure by employees to comply with defined appraisal mechanism is recovered out of their variable incentive. The Company also has detailed guidelines on movement and security measures of cash or gold. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

KLM AXIVA FINVEST LIMITED
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Notes on Financial Statements for the year ended march 31, 2023

Note 38 - Disclosure with regard to dues to Micro Enterprises and Small Enterprises

Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2022 together with interest paid / payable are required to be furnished.

Note 39 - Details of the Auctions conducted with respect to Gold Loan

Year	Number of Loan Accounts	Amount due as on the date of auction	Value Fetched
31-03-2023	16078	17,290.33	17,221.55
31-03-2022	8431	8,891.95	8,886.66

Note 40 - Disclosures required as per Reserve Bank of India Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(`Rs in lakhs)

Sl. No.		Particulars	As at March 31, 2023		As at March 31, 2022	
		Liabilities side :	Amount out-standing	Amount overdue	Amount out-standing	Amount overdue
1		**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**				
	(a)	Debentures : Secured	81,079.39	-	66,411.39	-
		: Unsecured	-	-	-	-
		(other than falling within the meaning of public deposits)	-	-	-	-
	(b)	Deferred Credits	-	-	-	-
	(c)	Term Loans	-	-	-	-
	(d)	Inter-corporate loans and borrowing	3,941.88	-	4,966.26	-
	(e)	Commercial Paper	-	-	-	-
	(f)	Public Deposits	-	-	-	-
	(g)	Other Loans –	-	-	-	-
		Subordinated debt	47,845.52	-	52,316.04	-
		Perpectual Debt Instruments	2,443.93	-	1,015.50	-
		Cash credit / overdraft facilities from banks	3,660.66	-	1,403.41	-
2		**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a)	In the form of Unsecured debentures	-	-	-	-
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c)	Other public deposits	-	-	-	-
		Assets side :	Amount out-standing			
3		**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**	As at March 31, 2023		As at March 31, 2022	
	(a)	Secured	1,31,637.10		98,445.91	
	(b)	Unsecured	14,395.87		8,850.80	
4		**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**				
	(i)	Lease assets including lease rentals under sundry debtors :				
		(a) Financial lease	-		-	
		(b) Operating lease	-		-	
	(ii)	Stock on hire including hire charges under sundry debtors:				
		(a) Assets on hire	-		-	
		(b) Repossessed Assets	-		-	
	(iii)	Other loans counting towards asset financing activities				
		(a) Loans where assets have been repossessed	-		-	
		(b) Loans other than (a) above	-		-	

B. JAIN AND ASSOCIATES
COCHIN-25
CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED
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Notes on Financial Statements for the year ended march 31, 2023

5	Break-up of Investments		
	Current Investments :	As at March 31, 2023	As at March 31, 2022
1	Quoted :		
(i)	Shares		
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
2	Unquoted :		
(i)	Shares		
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
	Long Term investments :	As at March 31, 2023	As at March 31, 2022
1	Quoted :		
(i)	Shares		
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
2	Unquoted :		
(i)	Shares		
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-

6 Borrower group-wise classification of assets financed as in (3) and (4) above :

	Category	Amount net of provisions as at March 31, 2023			Amount net of provisions as at March 31, 2022		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	-	-	-	-	-	-
2	Other than related parties	1,31,637.10	14,395.87	1,46,032.97	98,445.91	8,850.80	1,07,296.71

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

	Category	As at March 31, 2023		As at March 31, 2022	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	Other than related parties	-	-	-	-
	Total	-	-	-	-

8 Other information

	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Gross Non-Performing Assets*		
	(a) Related parties	-	-
	(b) Other than related parties	2,692.14	4,292.53
(ii)	Net Non-Performing Assets*		
	(a) Related parties	-	-
	(b) Other than related parties	1,123.75	2,898.48
(iii)	Assets acquired in satisfaction of debt	-	-

*Stage 3 loan assets under Ind AS

Note 40.2 - Capital

(Rs in lakhs)

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	CRAR (%)	25.27%	20.95%
2	CRAR - Tier I Capital (%)	16.66%	13.71%
3	CRAR - Tier II Capital (%)	8.61%	7.24%
4	Amount of subordinated debt raised as Tier - II capital	13,349.38	7,840.12
5	Amount raised by issue of perpetual debt instruments	2,443.93	1,015.50

Note 40.3 - Investments

(Rs in lakhs)

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	-	-
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	-	-
	(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write off / write back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

Note 40.4 - Ratings assigned by Credit rating Agencies

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Bank Loans - Cash Credit/overdraft	CARE BBB-/Stable; IND BBB-/Stable; BWR BBB-/ Stable	CRISIL BB+/ Stable; CARE BB+/Stable
2	Non Convertible Debentures - Public issue	CARE BBB-/Stable; IND BBB-/Stable;	CARE BB+/Stable

Migration in rating during the year - Change in outlook from CARE BB+/Stable to CARE BBB-/Stable.

Note 40.5 - Provisions and Contingencies

(Rs in lakhs)

Sl. No.	Break up of Provisions and Contingencies shown under the head Expenses in the Statement of Profit and Loss	As at March 31, 2023	As at March 31, 2022
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA (Expected Credit Loss)	-	63.37
3	Provision made towards Income Tax	694.86	488.84
4	Other Provision and Contingencies (with details)	-	-
5	Provision for Standard Assets	-	-

Note 40.6 - Concentration of Advances

(Rs in lakhs)

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Total Advances to twenty largest borrowers	14,834.20	9,461.26
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	10.16%	8.82%

Note 40.7 - Concentration of Exposures

(Rs in lakhs)

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Total Exposures to twenty largest borrowers/customers	14,834.20	9,461.26
2	Percentage of Exposures to twenty largest borrowers/Customers to Total Exposures of the NBFC on borrowers/Customers.	10.16%	8.82%

B. JAIN AND ASSOCIATES COCHIN 25 CHARTERED ACCOUNTANTS

Note 40.8 - Concentration of NPAs

(Rs in lakhs)

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Total Exposures to top four NPA accounts	134.76	559.91

Note 40.9 - Sector wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		As at March 31, 2023	As at March 31, 2022
1	Agriculture & allied activities	-	-
2	MSME	3.64%	8.83%
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans (vehicle loan)	-	100%
7	Other loans	0.05%	0.55%

Note 40.10 - Movement of NPAs

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Net NPAs* to Net Advances (%)	0.78%	2.64%
(ii)	Movement of NPAs* (Gross)		
	(a) Opening balance	4,292.53	4,904.84
	(b) Net additions during the year	(1,600.40)	(612.31)
	(c) Closing balance	2,692.14	4,292.53
(iii)	Movement of Net NPAs*		
	(a) Opening balance	2,898.48	3,495.84
	(b) Net additions during the year	(1,774.73)	(597.36)
	(c) Closing balance	1,123.75	2,898.48
(iv)	Movement of provisions for NPAs* (excluding Provisions on Standard Assets)		
	(a) Opening balance	1,394.05	1,409.00
	(b) Provisions made during the year	107.53	-
	(c) Write-off/ write-back of excess provisions	-	(14.95)
	(d) Closing balance	1,501.58	1,394.05

* Stage 3 loan assets under Ind AS.

Note 42 - Customer complaints

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	No. of complaints pending as at the beginning of the year	Nil	Nil
2	No. of complaints received during the year	6	Nil
3	No. of complaints redressed during the year	6	Nil
4	No. of complaints pending as at the end of the year	Nil	Nil

Note 43 - Percentage of Loans granted against collateral of gold jewellery to total assets

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Gold Loans granted against collateral of gold jewellery	93,796.18	62,546.94
2	Total Financial assets of the Company	1,46,219.93	1,06,770.11
3	Percentage of Gold Loans to Total Assets	64.15%	58.58%

Note 44 - Previous year's figures have been regrouped/rearranged, wherever necessary to conform to current year's classifications/disclosure.

As per our report of even date attached

For R.B Jain and Associates.,
Chartered Accountants
(FRN: 103951W)

K.J Thomas, BSc, FCA
Partner (M. No. 019454)

UDIN : 23019454BGWFQW5187
Place:Palarivattom
Date:26-05-2023

For and on behalf of the Board of Directors

Shibu Thekkumpurathu Varghese
Whole-time Director (DIN: 02079917)

Biji Shibu
Director (DIN: 06484566)

Manoj Raveendran Nair
Chief Executive Officer

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

COCHIN-25

As at March 31, 2023

Note 41 - Disclosure required as per Reserve Bank of India Notification No. DOR (NBFC). CC . PD. No.109/ 22.10.106 /2019-20 dated March 13,2020

A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 - Financial instruments.

(`Rs in lakhs)

Asset Classification as per RBI Norms (1)	Asset Classification as per IND AS 109 (2)	Gross Carrying Amount as per IND AS (3)	Loss Allowances (Provisions) as required under IND AS 109 (4)	Net carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between IND AS 109 provisions and IRACP norms (7)=(4)-(6)
Performing Assets						
	Zero overdue	1,35,547.33	-	1,35,547.33	542.19	(542.19)
Standard Assets	Stage 1	4,970.02	17.40	4,952.63	19.88	(2.49)
	Stage 2	2,823.48	49.41	2,774.07	11.29	38.12
Subtotal		**1,43,340.83**	**66.81**	**1,43,274.02**	**573.36**	**(506.55)**
Non-Performing Assets						
Sub Standard	Stage 3	993.95	115.39	878.56	99.40	16.00
Doubtful- up to 1 year	Stage 3	313.21	156.60	156.60	62.64	93.96
1 to 3 years	Stage 3	621.55	466.16	155.39	186.46	279.70
More than 3 years	Stage 3	763.43	763.43	-	381.71	381.71
Subtotal for doubtful		**1,698.18**	**1,386.19**	**311.99**	**630.82**	**755.37**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**2,692.14**	**1,501.58**	**1,190.55**	**730.21**	**771.37**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Zero overdue**	**1,35,547.33**	**-**	**1,35,547.33**	**542.19**	**(542.19)**
	Stage 1	**4,970.02**	**17.40**	**4,952.63**	**19.88**	**(2.49)**
	Stage 2	**2,823.48**	**49.41**	**2,774.07**	**11.29**	**38.12**
	Stage 3	**2,692.14**	**1,501.58**	**1,190.55**	**730.21**	**771.37**
	Total	**1,46,032.97**	**1,568.39**	**1,44,464.58**	**1,303.58**	**264.80**

As at March 31, 2022

Note 41 - Disclosure required as per Reserve Bank of India Notification No. DOR (NBFC). CC . PD. No.109/ 22.10.106 /2019-20 dated March 13,2020

A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 - Financial instruments.

Asset Classification as per RBI Norms (1)	Asset Classification as per IND AS 109 (2)	Gross Carrying Amount as per IND AS (3)	Loss Allowances (Provisions) as required under IND AS 109 (4)	Net carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between IND AS 109 provisions and IRACP norms (7)=(4)-(6)
Performing Assets						
Standard Assets	Zero overdue	86,500.91	-	86,500.91	346.00	(346.00)
	Stage 1	6,342.68	13.36	6,329.31	25.37	(12.01)
	Stage 2	10,160.59	88.99	10,071.60	40.64	48.35
Subtotal		**1,03,004.18**	**102.35**	**1,02,901.82**	**412.02**	**(309.66)**
Non-Performing Assets						
Sub Standard	Stage 3	1,470.50	314.69	1,155.81	147.05	167.64
Doubtful- up to 1 year	Stage 3	950.37	332.63	617.74	190.07	142.56
1 to 3 years	Stage 3	1,260.68	441.24	819.44	378.20	63.03
More than 3 years	Stage 3	610.98	305.49	305.49	305.49	-
Subtotal for doubtful		**2,822.03**	**1,079.36**	**1,742.67**	**873.77**	**205.59**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**4,292.53**	**1,394.05**	**2,898.48**	**1,020.82**	**373.23**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-			
Subtotal		-	-	-	-	-
Total	**Zero overdue**	**86,500.91**	-	**86,500.91**	**346.00**	**(346.00)**
	Stage 1	**6,342.68**	**13.36**	**6,329.31**	**25.37**	**(12.01)**
	Stage 2	**10,160.59**	**88.99**	**10,071.60**	**40.64**	**48.35**
	Stage 3	**4,292.53**	**1,394.05**	**2,898.48**	**1,020.82**	**373.23**
	Total	**1,07,296.71**	**1,496.40**	**1,05,800.30**	**1,432.84**	**63.57**

KLM AXIVA FINVEST LIMITED

Hyderabad

Notes on Financial Statements for the year ended march 31, 2023

Note 13 - Property,Plant and Equipment

(Rs`in lakhs)

Particulars	Land	Computers and data processing units	Electrical Installations and Equipment	Furniture and furnishings	Building	Office Equipments	Motor Vehicles	Capital Work in progress	Total
Cost:									
Deemed cost as at 1st April 2022	3,471.01	194.45	144.19	955.19	-	520.44	29.14	262.93	5,577.35
Additions	2,925.32	394.47	152.63	2,367.21	651.08	719.39	15.00	292.25	7,517.36
Disposals	-	-	-	-		-	-	-	-
Depreciation:									
Disposals	-	-	-	-		-	-	-	-
Depreciation charge for the year	-	189.25	49.77	433.31	58.60	335.65	13.81	-	1,080.39
Carrying Amount:									
As at 31st March 2022	**3,471.01**	**194.45**	**144.19**	**955.19**	-	**520.44**	**29.14**	262.93	**5,577.35**
As at 31st March 2023	**6,396.33**	**399.67**	**247.04**	**2,889.10**	**592.48**	**904.18**	**30.33**	555.18	**12,014.32**

Note 14 - Other Intangible Assets

Particulars	Computer Software
Cost:	
Deemed cost as at 1st April 2022	42.07
Additions	63.27
Disposals	-
Accumulated Amortisation:	
Disposals	-
Amortisation charge for the year	14.37
Carrying Amount:	
As at 31st March 2022	**42.07**
As at 31st March 2023	**90.98**

RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

INDEPENDENT AUDITORS LIMITED REVIEW REPORT ON UNAUDITED QUARTERLY AND YEAR TO DATE FINANCIAL RESULTS OF KLM AXIVA FINVEST LIMITED PURSUANT TO REGULATION 52 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AS AMENDED

To,
The Board of Directors
KLM AXIVA FINVEST LTD

1. We have reviewed the accompanying statement of unaudited financial results of KLM AXIVA FINVEST LIMITED (CIN : U65910TG1997PLC026983) for the period ended June 30, 2023.This statement is the responsibility of the Company's Management and approved by the Company's Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant

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MOB: 8891537093, 09349254789, 8075768998

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

Our conclusion is not modified in respect of this matter.

For RB JAIN and ASSOCIATES
Chartered Accountants
FRN: 103951W

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

K J Thomas BSc, FCA
Partner
M No.019454
UDIN : 23019454BGWFYA3841
Date : 11-08-2023

E-Mail:kjtassociates@gmail.com
MOB: 8891537093, 09349254789, 8075768998

KLM AXIVA FINVEST LTD

(Formerly known as Needs Finvest Ltd)
CIN: U65910TG1997PLC026983

Statement of financial results for the quarter ended June 30, 2023
(As per regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

(Rs. In Lakhs)

	Particulars	3 months ended 30/06/2023	Preceding 3 months ended 31/03/2023	Corresponding 3 months ended of previous year (30/06/2022)	Previous year ended (31/03/2023)
		Unaudited	Audited	Unaudited	Audited
I	**Revenue From Operations**				
	Interest Income	6,987.18	7467.03	6626.34	27540.07
II	**Other Income**	207.45	17.09	50.68	334.91
III	**Total income (I+II)**	7,194.63	7484.12	6677.02	27874.98
	EXPENSES				
	Finance Costs	3,732.22	3451.37	3617.25	14336.45
	Impairment on Financial Instruments	2.90	64.57	-40.95	71.98
	Employee benefits expenses	1,532.63	1695.1	980.91	5232.07
	Depreciation, amortization and impairment	306.94	294.97	182.13	1094.76
	Other expenses	1004.39	1540	1439.30	4676.94
IV	**Total expenses**	6,579.08	7046.01	6178.65	25412.20
V	**Profit/(Loss) before Tax (III-IV)**	615.56	438.1	498.37	2462.78
VI	**Tax Expense:**				
	1. Current Tax	160.35	120.36	145.55	694.86
	2. Deferred Tax	-0.73	-94.03	1.54	-65.18
VII	**Profit /(Loss) for the Period (V-VI)**	455.93	411.76	351.29	1833.10
VIII	**Other Comprehensive Income**				
IX	**Total Comprehensive Income (VII+VIII)**	455.93	411.76	351.29	1833.10
X	**Earnings per Equity Share**				
	Basic & Diluted (Rs.)	0.24	0.22	0.31	1.33

For KLM Axiva Finvest Limited

Date: August 11, 2023
Place: Ernakulam

Shibu Theckumpurathu Varghese
Wholetime Director
DIN: 02079917

Notes

1. The above financial results have been reviewed by the Audit Committee and approved Board of Directors of the Company in their respective meeting held on August 11, 2023

2. In compliance with Regulation 52 of the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015, a Limited Review of standalone financial results for the quarter ended June 30, 2023 has been carried out by the Statutory Auditor of the Company.

3. The working results have been arrived at after considering impairment as per Ind AS provisions, depreciation on fixed assets and other usual and necessary provisions.

4. Previous year figures have been regrouped/reclassified wherever necessary to confirm to current year presentation.

5. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating Segments.

6. The figures for the quarter ended March 31, 2023 are balancing figures between audited figures for the year ended March 31, 2023 and unaudited figures for the quarter ended December 31, 2022 which was subject to "Limited Review".

7. Disclosures required under regulation 52(4), 52(7), 52(7A), 54(2) and 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached herewith as Annexure I.

For KLM Axiva Finvest Limited

Shibu Theckumpurath Varghese
Wholetime Director
DIN: 02079917

Date: August 11, 2023
Place: Ernakulam

KLM AXIVA FINVEST LTD

(Formerly known as Needs Finvest Ltd)
CIN: U65910TG1997PLC026983

Annexure I

Disclosure under 52(4) of Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015

We would like to submit the following details as required under clause 52(4) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), 2015 for the Quarter ended June 30, 2023.

Sl. No	Particulars	Disclosures
1	Debt equity ratio	5.65
2	Debt service coverage ratio	0.050
3	Interest service coverage ratio	1.16
4	Outstanding redeemable preference shares (Quantity and Value)	Nil
5	Capital redemption reserve/Debenture redemption reserve	Not Applicable
6	Net worth (Excl. revaluation reserve)	24,659.38 Lakhs
7	Net profit /loss after tax	455.93 Lakhs
8	Earnings per share: Basic Diluted	 0.24 0.24
9	Current Ratio	3.07
10	Long term debt to working capital	1.34
11	Bad debts to account receivable ratio	Nil
12	Current liability ratio	0.23
13	Total debt to total assets	0.81
14	Debtors turnover	Nil
15	Inventory turnover	Nil
16	Operating Margin (%)	8.56%
17	Net profit Margin (%)	6.34%
18	Sector specific equivalent ratios, as applicable a. CRAR (Tier I) b. GNPA c. NNPA	 16.08% 1.61% 0.58%

KLM AXIVA FINVEST LTD

(Formerly known as Needs Finvest Ltd)
CIN: U65910TG1997PLC026983

Disclosure under 52(7) and 52(7A) of Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015

Statement of utilization of issue proceeds of non–convertible securities during the quarter ended June 30, 2023.

Public Issue (NCD VIII) allotted on March 10, 2023.

Name of the Issuer	ISIN	Mode of Fund Raising (Public issues/ Private placement)	Type of instrument	Date of raising funds	Amount Raised (Rs. In Lakhs)	Funds utilized (Rs. In Lakhs)	Any deviation (Yes/ No)	If 8 is Yes, then specify the purpose of for which the funds were utilized	Remarks, if any
1	2	3	4	5	6	7	8	9	10
KLM Axiva Finvest Limited	INE01I507711 INE01I507745 INE01I507760 INE01I507778 INE01I507786 INE01I507794 INE01I507729 INE01I507737 INE01I507703 INE01I507752	Public issues	Non-Convertible Debentures	March 10, 2023	13,612.96	13,612.96	No	NA	Rs. 5,118.35 lakhs utilized during the quarter ended June 30, 2023

There are no material deviations in the use of issue proceeds of non-convertible securities as compared to the objects of the issue.

For KLM Axiva Finvest Limited

Shibu Theckumpurath Varghese
Wholetime Director
DIN: 02079917

Date: August 11, 2023
Place: Ernakulam

Corporate Office : 4th Floor, No: 1871A24 VM Plaza, Palarivattom, Cochin - 682025 | TEL +91 484 4281 111 | +91 7025540000 | E-mail : admindvn@klmaxiva.com | Website : www.klmaxiva.com | Regd Office : Door No. 8-13, Plot No. 39, First Floor, Ashoka Complex, Above Indian Bank, Mythripuram-Colony, Gayathri Nagar X Road, Vaishalinagar P.O., Hyderabad, Ranga Reddy, Telangana - 500079.

Disclosure under 54(2) of Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015

Sl. No	Particulars	Disclosures
1.	Extend of Security	Equal to the value of one time (one hundred percentage) of the NCDs outstanding plus interest accrued thereon.
2.	Nature of Security	Nature of Security for NCD I and III: Secured by way of first ranking pari passu charge with existing secured creditors on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company equal to the value of one time of the secured NCDs outstanding plus interest accrued thereon and first ranking pari passu charge on the immovable property situated at Theni District, Periyakulam Reg. Dt., Thevaram SRO, Uthampalyam Taluk, Kombai Village, Malligai Nagar, Plot No.10 in Survey No. 595/1. Nature of Security for NCD II: Secured by way of first ranking pari passu charge with existing secured creditors on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company equal to the value of one time of the secured NCDs outstanding plus interest accrued thereon and first ranking pari passu charge on the immovable property situated at Plot No. 10 & Plot No. 15. Malligai Nagar, Kombai Village, Uthampalaym Taluk, Theni District, Tamil Nadu. Nature of Security for NCD IV and V: Secured by way of first ranking pari passu charge with existing secured creditors on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company equal to the value of one time of the secured NCDs outstanding plus interest accrued thereon. Nature of Security for NCD VI, VII & VIII: secured by way of first ranking pari passu charge with Existing Secured Creditors, on all movable assets, including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.

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RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

CERTIFICATE ON SECURITY COVER

To,

KLM Axiva Finvest Limited,
4th Floor, Door No.1871A24,
VM Plaza, Palarivattom,
Ernakulam – 682025

Dear Sir,

Based on the unaudited financial statements and information and explanation made available by the Company, we certify that the security coverage for the secured debts as on June 30, 2023, would be as follows:

R.B. JAIN AND ASSOCIATES
COCHIN-25
CHARTERED ACCOUNTANTS

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(Amounts in Lakhs)

Column A	Column B	Column C i	Column D ii	Column E iii	Column F iv	Column G v	Column H vi	Column I vii	Column J	Column K	Column L	Column M	Column N	Column O
Particulars		Exclusive Charge	Exclusive Charge	Pari- Passu Charge	Pari- Passu Charge	Pari- Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate				
	Description of asset for which this certificate relate	Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari- Passu charge (excluding items covered in column F)		debt amount considere d more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets [viii]	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=K+L+M + N)
												Relating to Column F		
		Book Value	Book Value	Yes/ No	Book Value	Book Value								
ASSETS														
Property, Plant and Equipment		-	4,406.60	NO	-	-	7,593.32	-	11,999.93	-	4,406.60	-	-	4,406.60
Capital Work-in-Progress		-	-	-	-	-	710.60	-	710.60	-	-	-	-	-
Right of Use Assets		-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill		-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets				NO	-	-	83.95	-	83.95	-	-	-	-	-

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RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

Intangible Assets under Developme nt		-	-	-	-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-	-	-	-
Loans				YES	1,49,612.99	-	-	-	1,49,612.99	-	-	-	1,49,612.99	1,49,612.99
Inventories		-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Receivable s		-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents		-	-	YES	2,024.24	-	-	-	2,024.24	-	-	-	2,024.24	2,024.24
Bank Balances other than Cash and Cash Equivalents		-	2,532.95	YES	1,301.50	-	-	-	3,834.45	-	2,532.95	-	1,301.50	1,301.50
Others		-	-	YES	29.25	-	3,542.43	-	3571.69	-	-	-	29.25	29.25
Total		-	**6,939.55**	NA	**1,52,985.99**	-	**11,930.31**	-	**1,71,855.85**	-	**6,939.55**	-	**1,52,985.99**	**1,59,925.54**

R.B. JAIN AND ASSOCIATES ★ COCHIN-25 ★ CHARTERED ACCOUNTANTS

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RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

LIABILITIES														
Debt securities to which this certificate pertains	Issued NCDs	-	-	YES	74,139.70	-	-	-	74,139.70	-	-	-	-	-
Other debt sharing pari-passu charge with above debt			-	-	-	-	-	-	-	-	-	-	-	-
Other Debt			-	NO	-	-	-	-	-	-	-	-	-	-
Subordinated debt			-	NO	-	-	52,430.10	-	52,430.10	-	-	-	-	-
Borrowings			-	-	-	-	-	-	-	-	-	-	-	-
Bank	Borrowings from Bank		10,079.35	-	10,079.35	-	-	-10,079.35	10,079.35	-	-	-	-	-
Debt Securities	NCD Issued under private placement		-	Yes	187.80	-	-	-	187.80	-	-	-	-	-
Others	Perpetual Debt		-	-	-	-	2,443.93	-	2,443.93	-	-	-	-	-
Trade payables			-	-	-	-	-	-	-	-	-	-	-	-
Lease Liabilities			-	-	-	-	-	-	-	-	-	-	-	-
Provisions			-	-	-	-	160.35	-	160.35	-	-	-	-	-
Others			-	-	3,647.21	-	3,400.14	-	7,047.35	-	-	-	-	-
Total			**10,079.35**	-	**88,054.06**	-	**58,434.53**	**-10,079.35**	**1,46,488.59**	-	-	-	-	-
Cover on Book Value			**0.69 Times**		**1.74 Times**					-	-	-	-	-
Cover on Market Value[ix]	-	-	-	-	-	-	-	-	-					

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R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

	-	Exclusive Security Cover Ratio	0.69 Times	-	Pari-Passu Security Cover Ratio	1.74 Times	-	-	-					

Note :

a. Compliance of all the covenants/terms of the issue in respect of listed debt securities of the listed Entity

We have examined the compliances made by the listed entity in respect of the covenants/terms of the issue of the listed debt securities (NCD's) and certify that the such covenants/terms of the issue have been complied by the listed entity.

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

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Mobile: 8891537093, 09349254789, 8075768988

RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

For R.B Jain and Associates,
Chartered Accountants
(FRN: 103951W)

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

K.J Thomas BSc, FCA
Partner **(M. No. 019454)**
UDIN : **23019454BGWFXZ9484**
Place : **Palarivattom**
Date : **11.08.2023**

E-Mail:kjtassociates@gmail.com
Mobile: 8891537093, 09349254789, 8075768988

MATERIAL DEVELOPMENTS

There have been no material developments since March 31, 2023 and there have not arisen any circumstances that would materially or adversely affect the operations, or financial condition or profitability of our Company or the value of its assets or its ability to pay its liabilities within the next 12 months, except as stated below:

1. **Relating to appointment and resignation of Directors**

- Tenure of Mr. Ambramoli Purushothaman (DIN: 07706484) as Independent Director expired with effect from April 12, 2023;

- Mr. Sivadas Chettoor (DIN: 01773249) has resigned as the Independent Director of the Company (before expiry of his tenure) with effect from May 19, 2023 due to health reasons;

- The shareholders of the Company at the EGM held on May 23, 2023 approved the reappointment of Mr. Issac Jacob (DIN: 02078308) as Independent Director for his 2nd term of 5 years with effect from March 17, 2023;

- The shareholders of the Company at the EGM held on May 23, 2023 approved the Appointment of Mr. Sreenivasan Thettalil Parameswaran Pillai (DIN: 03048551) as Chairman and Non-Executive Director of the Company;

- The Board of Directors through resolution passed through circulation May 23, 2023 appointed Mr. K. M. Kuriakose (DIN: 08924909) as Additional Director (Non-Executive and Independent). Further, in the Annual General Meeting vide shareholders resolution dated August 18, 2023 approved appointment as Independent Director.

- The Board of Directors through resolution passed through circulation June 08, 2023 appointed Mr. Joseph Paul Menacherry (DIN: 06540233) as Additional Director (Non-Executive and Independent). Further, in the Annual General Meeting vide shareholders resolution dated August 18, 2023 approved appointment as Independent Director.

- The Board of Directors through resolution passed through circulation June 21, 2023 appointed Mr. Abraham Thariyan (DIN: 07132831 as Additional Director (Non-Executive and Independent). Further, in the Annual General Meeting vide shareholders resolution dated August 18, 2023 approved appointment as an Independent Director.

2. **Remuneration to Directors**

- The shareholders of the Company at the AGM held on August 18, 2023 accorded to pay Mr. Shibu Theckumpurath Varghese, (DIN: 02079917) Wholetime Director an annual remuneration of Rs. 96,00,000/- (Rupees Ninety-Six Lakhs only) by way of monthly payment with effect from September 01, 2023;

- The shareholders of the Company at the AGM held on August 18, 2023 accorded to pay Mrs. Biji Shibu (DIN: 06484566), Non-Executive Director an annual remuneration of Rs. 12,00,000/- (Rupees Twelve Lakhs only) by way of monthly payment with effect from September 01, 2023.

3. **Fund Raising and Redemption**

- The shareholders of the Company at the EGM held on May 23, 2023 approved the capitalization of a sum not exceeding Rs. 20,00,00,000 (Rupees Twenty crores only) from and out of the securities premium account for the purpose of issue of bonus equity shares to be credited as fully paid up to the eligible members of the Company in the ratio of 1:10 i.e. 1 (One) new fully paidup equity share each for every 10 (Ten) fully paid-up equity shares and pursuant to the same, finance committee vide resolution dated May 31, 2023 allotted 1,86,72,779 bonus Equity Shares.

- **The following events occurred between 01/04/2023 to 31/07/2023**:

  1. The Company has redeemed secured non – convertible debentures amounting to ₹ 8,504.19 lakhs, during April 1, 2023 to July 31, 2023.

  2. The Company has redeemed Sub – ordinated debts amounting to ₹ 1,821.76 lakhs, during April 1, 2023 to July 31, 2023.

  3. The Company has issued Sub – ordinated debts amounting to ₹ 9,284.49 lakhs, during April 1, 2023 to July 31, 2023.

4. Other matters.

- The shareholders of the Company at the EGM held on May 23, 2023 approved the alteration of Articles of Association (AOA) with respect to appointment of Nominee Director by Debenture Trustee and affixing of Common seal;

- The Board of Directors of the Company at the meeting held on May 26, 2023 approved payment of interim dividend at the rate of 3% per share;

- The Board of Directors of the Company at the meeting held on May 26, 2023 approved the public issue of Secured Redeemable Non-Convertible Debenture (NCD IX) for a base issue of ₹7,500 lakhs with an option to retain an over-subscription of ₹7,500 lakhs aggregating to ₹15,000 lakhs;

FINANCIAL INDEBTEDNESS

As on June 30, 2023, the Company had outstanding secured borrowing of ₹ 87,571.80 lakhs and unsecured borrowing of ₹ 54,874.03 lakhs on standalone basis. A summary of all the outstanding secured and unsecured borrowings, on standalone basis, together with a brief description of certain significant terms of such financing arrangements are as under:

A. Secured Borrowings

Secured Loan Facilities

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2023 (in ₹ lakhs)	Security	Repayment date/ schedule	Credit Rating, if applicable	Asset Classification
The South Indian Bank Limited *Over Draft - Working capital* Renewal letter dated **15.06.2023**	1,000.00	998.48	**Primary Security** Hypothecation of book debts, loan receivables and other current assets on first pari passu basis with debenture trustees of the company and other banks MBA. **Collateral Security** 1.EM of property admeasuring to 7.92 ares of land situated under Sy No 1160/6B of village Kothamangalam, Taluk Kothamangalam, District Ernakulam in the name of M/s. KLM Axiva Finvest Limited together with all buildings, existing and/or to be constructed thereon in	Repayable on Demand	India Rating BBB- Stable	Standard

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2023 (in ₹ lakhs)	Security	Repayment date/ schedule	Credit Rating, if applicable	Asset Classification
			future. 2.EM of property admeasuring to 9.27 ares of land situated under Sy No. 1160/6A,1160 /6B of village Kothamangalam, Taluk Kothamangalam, District Ernakulam in the name of M/s. KLM Axiva Finvest Limited together with all buildings, existing and/or to be constructed thereon in future. 3. EM of property admeasuring to 8.75 ares of land situated under Sy No 1159/9 village Kothamangalam, Taluk Kothamangalam, District Ernakulam in the name of M/s. KLM Axiva Finvest Limited together with all buildings, existing, and / or to be constructed thereon in future. 4. EM of property admeasuring			

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2023 (in ₹ lakhs)	Security	Repayment date/ schedule	Credit Rating, if applicable	Asset Classification
			to 8.24 ares of land situated under Sy No 1159/9 village Kothamangalam, Taluk Kothamangalam, District Ernakulam, in the name of M/s. KLM Axiva Finvest Limited together with all buildings, existing and / or to be constructed there on in future. 5. EM of property admeasuring to 63.94 ares (61.92 Ares + 2.02 Ares) situated under Sy No 571/3-20 (61.92 Ares) and 571/4-4 (2.02 ares) of Village Muringoor Thekkummuri, Taluk Chalakudy, District Thrissur in the name of M/s. KLM Axiva Finvest Limited together with all buildings, existing and / or to be constructed thereon in future.			
Kotak Mahindra			Hypothecation on vehicle	Repayable in 36 months		Standard

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2023 (in ₹ lakhs)	Security	Repayment date/ schedule	Credit Rating, if applicable	Asset Classification
Prime Vehicle loan	45.61	11.09		equate monthly installments		
The South Indian Bank Loan against Deposit	9.50	-	Lien on Fixed Deposit	Repayable on Demand		Standard
ICICI Loan against deposit	4.50	-	Lien on Fixed Deposit	Repayable on Demand		Standard
HDFC Bank Limited Loan against Deposit	5.00	-	Lien on Fixed Deposit	Repayable on Demand		Standard
State Bank of India - Term Loan	3,893.00	3,659.05	Primary Security Hypothecation of book debts, loan receivables and other current assets on first pari passu basis with Debenture Trustees of the Company and other banks in MBA. Collateral Security 1.Exclusive equitable mortgage charge over the commercial plot bearing survey number: Sy.no 549,570/3-2,570/3-3, situated at door no 5/699, Muringoor Thekkummuri	Repayable in 55 monthly instalments of ₹ 89,30,000 and one (last) monthly instalment of ₹ 88,50,000	India Rating BBB-	Standard

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2023 (in ₹ lakhs)	Security	Repayment date/ schedule	Credit Rating, if applicable	Asset Classification
			, Chalakkudy 680308, admeasuring total area: 4.09 acres, belonging to KLM Axiva Finvest Limited (Sale Deed No.561/2019). 2.Exclusive equitable mortgage charge over the commercial plot bearing survey number: Sy. No 379/1-2 and 379/2 situated near Vallakkunnu junction, oppo. two pole structure no. IJKU/RS/207, R S Road, Vallakkunnu, Irinjalakkuda, Thrissur 680683, admeasuring total area: 2.93 acres, belonging to KLM Axiva Finvest Limited (Sale Deed No. 1291/2022). 3.Exclusive charge (Lien) over the fixed deposit of ₹9.54 crores held in the name of the Company			

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2023 (in ₹ lakhs)	Security	Repayment date/ schedule	Credit Rating, if applicable	Asset Classification
			with SBI. 4.Exclusive charge (Lien) over the fixed deposit of ₹ 15.00 crores held in the name of the Company with SBI			
State Bank of India – Term Loan	2,500.00	2,500.00	**Primary Security** Hypothecation of book debts, loan receivables and other current assets on first pari passu basis with Debenture Trustees of the Company and other banks in MBA. **Collateral Security** 1.Exclusive equitable mortgage charge over the commercial plot bearing survey number: Sy.no 549,570/3-2,570/3-3, situated at door no 5/699, Muringoor Thekkummuri, Chalakkudy 680308, admeasuring total area: 4.09 acres,	Repayable in 35 monthly instalments of ₹ 69,44,000 and one (last) monthly instalment of ₹ 69,60,000	India Ratings BBB-	Standard

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2023 (in ₹ lakhs)	Security	Repayment date/ schedule	Credit Rating, if applicable	Asset Classification
			belonging to KLM Axiva Finvest Limited (Sale Deed No.561/2019). 2.Exclusive equitable mortgage charge over the commercial plot bearing survey number: Sy. No 379/1-2 and 379/2 situated near Vallakkunnu junction, oppo. two pole structure no. IJKU/RS/207, R S Road, Vallakkunnu, Irinjalakkuda, Thrissur 680683, admeasuring total area: 2.93 acres, belonging to KLM Axiva Finvest Limited (Sale Deed No. 1291/2022). 3.Exclusive charge (Lien) over the fixed deposit of ₹9.54 crores held in the name of the Company with SBI. 4.Exclusive charge (Lien) over the fixed			

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2023 (in ₹ lakhs)	Security	Repayment date/ schedule	Credit Rating, if applicable	Asset Classification
			deposit of ₹ 15.00 crores held in the name of the Company with SBI.			
State Bank of India - Overdraft Facility – Working Capital	2,500.00	2,459.06	**Primary Security** Hypothecation of book debts, loan receivables and other current assets on first pari passu basis with Debenture Trustees of the Company and other banks in MBA. **Collateral Security** 1.Exclusive equitable mortage charge over the commercial plot bearing survey number: Sy.no 549,570/3-2,570 /3-3, situated at door no 5/699, muringoor Thekkummuri, Chalakkudy. 680308, admeasuring total Area:4.09 acres, belonging to KLM Axiva Finvest Limited (Sale	Repayable on Demand	India Ratings BBB- Stable	Standard

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2023 (in ₹ lakhs)	Security	Repayment date/ schedule	Credit Rating, if applicable	Asset Classification
			Deed No.561/2019) 2.Exclusive Equitable Mortgage charge over the Commercial plot bearing Survey Number: Sy. No 379/1-2 and 379/2 situated near Vallakkunnu junction, Oppo. Two pole Structure No. IJKU/RS/207, R S Road, Vallakkunnu, Irinjalakkuda, Thrissur 680683, Admeasuring total area: 2.93 acres, belonging to KLM Axiva Finvest Limited (Sale Deed No. 1291/2022). 3.Exclusive Charge (Lien) Over the Fixed Deposit of ₹ 9.54 crores held in the name of the Company with SBI 4.Exclusive Charge (Lien) Over the Fixed Deposit of ₹ 15.00 crores held in the name of the Company			

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2023 (in ₹ lakhs)	Security	Repayment date/ schedule	Credit Rating, if applicable	Asset Classification
			with SBI			
Dhanlaxmi Bank – *Overdraft Facility – Working Capital*	450.00	451.66	**Primary Security** First ranking pari passu charge with existing secured creditors including debenture trustees on all movable assets including book debts and receivables, cash and bank balances, loans & advances both present and future of the company at a margin of 30%. (For DP calculation only gold loan portfolio to be reckoned at the stipulated margin level of 30%.) **Collateral Security** 1. EM of 54.73 ares of dry residential vacant land under Sy no 322/4 of 8.90 ares, Sy.no. 322/5 of	Repayable on Demand	India Ratings BBB-	Standard

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2023 (in ₹ lakhs)	Security	Repayment date/ schedule	Credit Rating, if applicable	Asset Classification
			45.83 ares of Valakom Village, Kunnakkal Desom, Mavattupuzha Taluk, Ernakulam District, Kerala in the name of M/s KLM Axiva Finvest Limited. 2. EM of 82.35 ares of dry residential land and 479.03 sq meter residential building bearing door no. 5-173 & 5-174 under Re.Sy.no 470/11-3-3 of 21.22 ares, Re.Sy,no 470/11 of 2.26 ares Re.Sy.No 470/11-3-2 of 22.54 ares, Re.Sy.No 470/11-1-2 of 19.95 ares, Re.Sy.No 470/11-3 of 3.24 ares, Re.Sy.No 470/2 of 8.44 ares and Re.Sy.No 470/15 of 4.70 Aresat block 32, Ward No. V, TP No. 6822 of Mazhuvannur village,			

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2023 (in ₹ lakhs)	Security	Repayment date/ schedule	Credit Rating, if applicable	Asset Classification
			Muvattupuzha GP, Veettoor Desom, Puthencruz SRO, Kunnatgunad Taluk, Ernakulam District, Kerala in the name of M/s KLM Axiva Finvest Limited. 3. EM of 19.94 ares of dry residential vacant land under Re.Sy.No 385/2-2-4 of 6.07 ares, Re.Sy.No 385/2-2-5 of 7.80 ares and Re.Sy.No.385/2-2-6 of 6.07 ares at Block 6, TP No. 1957, Koovapddy village, Imuri Desom, Perumbavoor SRO, Kunnathunadu Taluk, Ernakulam District, Kerala in the name of M/s KLM Axiva Finvest Limited.			
Total	**10,407.61**	**10,079.34**				

Restrictive Covenants

Many of the financing agreements of the Company include various restrictive conditions and covenants restricting certain corporate actions, and the Company is required to take the prior approval of the lender before carrying out such activities. For instance, the Company, inter alia, is required to obtain the prior written consent in the following instances:

- to declare and/or pay dividend to any of its Shareholders whether equity or preference, during any financial year unless the Company has paid to the lender the dues payable by the Company in that year;
- to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction or disposal of whole of the undertaking;
- to create or permit any charges or lien, sell or dispose of any encumbered assets;
- to alter its capital structure, or otherwise acquire any share capital;
- to effect a change of ownership or control, or management of the Company;
- to enter into long term contractual obligations directly affecting the financial position of the Company;
- to borrow or obtain credit facilities from any bank or financial institution;
- to undertake any guarantee obligations on behalf of any other company; and
- sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the banks.

Secured Non-Convertible Debentures

The details of the secured non-convertible debentures issued by the Company, outstanding as on June 30, 2023 are provided below:

1. **Private placement of secured redeemable non-convertible debentures**

The Company has issued, on private placement basis, secured redeemable non-convertible debentures under various series of which ₹ 187.80 lakhs was cumulatively outstanding as on June 30, 2023, the details of which are set forth below:

Debenture Series	ISIN	Date of Allotment	Coupon (in %)	Amount outstanding as on June 30, 2023 (₹ in lakhs)	Tenor	Redemption Date	Security	Credit Rating
Non-Convertible Debentures 15-16/A	NA	March 8, 2016 to March 31, 2016	12% To 12.50%	2.20*	1 year to 3 years	March 7, 2017 to March 30, 2019	Pari Passu floating charge on the book debts of the Company, loan receivable and unencumbered assets having a market value being equivalent to 110% of the outstanding balance of debentures at any time. The security created shall be renewed every month for its adequacy and for reduction in value of security or for any other	NA
Non-Convertible Debentures 16-17/A	NA	May 12, 2016 to September 6, 2016	12% To 12.50%	6.10*	1 year to 3 years	May 11, 2017 to September 5, 2019		NA
Non-Convertible Debentures 16-17/C		March 31, 2017	12% To 12.50%	6.00*	1 year to 5 years	February 28, 2022		NA
Non-Convertible Debentures 17-18/A		April 26, 2017 to June 6, 2017	11% To 12.50%	21.00*	1 year to 5 years	April 25, 2018 to June 5, 2022		NA
Non-Convertible Debentures 17-18/B		June 23, 2017 to August 14, 2017	11% To 12.50%	39.20*	1 year to 5 years	June 22, 2018 to August 13, 2022		NA

Debenture Series	ISIN	Date of Allotment	Coupon (in %)	Amount outstanding as on June 30, 2023 (₹ in lakhs)	Tenor	Redemption Date	Security	Credit Rating
Non-Convertible Debentures 17-18/C		August 28, 2017 to March 31, 2018	11% To 12.50%	2.50*	1 year to 5 years	August 27, 2018 to March 31, 2023	reason shall be compensated by additional adequate security of similar nature	NA
Non-Convertible Debentures 18-19/A		April 01, 2018 to August 31 2018	11.5% To 12.50%	110.80	1 year to 5 years	March 31, 2019 to August 30, 2023		NA
Total				**187.80**				

**Matured but not redeemed, as amount remains unclaimed.*

2. **Public issue of secured redeemable non-convertible debentures**

a. Public Issue I

The Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹ 4,526.08 lakhs were outstanding as on June 30, 2023, the details of which are set forth below:

Debenture Public Issue	ISIN	Tenor	Coupon Rate (in %)	Amount outstanding as on June 30, 2023 (₹ in lakhs)	Date of allotment	Redemption date	Total Issue Size (principal amount) (in ₹ lakhs)	Security	Credit Rating
(Public Issue I) Secured Redeemable Non-Convertible Debentures	INE01I507042 INE01I507083 INE01I507091	1 year to 6 years	11.25% To 12.25%	4,526.08	November 6, 2018	November 5, 2020 to November 5, 2024	10,000.00	The principal amount of the secured NCDs to be issued in terms of the prospectus together with all interest due on the secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with the existing	CARE BBB-Stable

								secured creditors on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one time of the secured NCDs outstanding plus interest accrued thereon and first ranking pari passu charge on the immovable property situated at Theni District, Periyakulam Reg. Dt., Thevaram SRO, Uthampalyam Taluk, Kombai Village,	

								Malligai Nagar, Plot No.10 in Survey No. 595/1	

b. Public Issue II

The Company vide public offer, issued secured redeemable non-convertible debentures of which ₹ 3184.62 lakhs was outstanding as on June 30, 2023 the details of which are set forth below:

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
(Public Issue II) Secured Redeemable Non- Convertible Debentures	INE01I507166 INE01I507174 INE01I507190	400 Days to 75 Months	11.00% to 12.00%	3,184.62	03-October-2019	05-November-20 To 02-January-26	9,383.40	The principal amount of the NCDs to be issued in terms of the prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with existing secured creditors, on all movable assets and	CARE BBB-; Stable

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
								fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon and first ranking pari passu charge on the immovable property situated at Plot No. 10 & plot No. 15. Malligai Nagar, Kombai Village, Uthampalaym Taluk, Theni District, Tamil Nadu	

c. Public Issue III

The Company vide public offer, issued secured redeemable non-convertible debentures of which ₹ 6,306.99 lakhs was outstanding as on June 30, 2023, the details of which are set forth below:

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
(Public Issue III) Secured Redeemable Non-Convertible Debentures	INE01I507257 INE01I507265 INE01I507273 INE01I507281 INE01I507299	400 Days to 75 Months	11.17% to 12.40%	6,306.99	01-July-2020	05-August-21 To 02-October-26	12,428.93	The principal amount of the secured NCDs to be issued in terms of the prospectus together with all interest due on the secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with the existing secured creditors on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one	CARE BBB-; Stable

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
								time of the secured NCDs outstanding plus interest accrued thereon and first ranking pari passu charge on the immovable property situated at Theni District, Periyakulam Reg. Dt., Thevaram SRO, Uthampalyam Taluk, Kombai Village, Malligai Nagar, Plot No.10 in Survey No. 595/1.	

d. Public Issue IV

The Company vide public offer, issued secured redeemable non-convertible debentures of which ₹ 8,892.45 lakhs was outstanding as on June 30, 2023, the details of which are set forth below:

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
(Public Issue IV) Secured Redeemable Non-Convertible Debentures	INE01I507323 INE01I507331 INE01I507349 INE01I507356 INE01I507364 INE01I507372 INE01I507380 INE01I507398	1 Year to 79 Months	10.50% to 11.85%	8,892.45	30-July -2021	29 – July – 2022 To 29-February-2028	15,000.00	The principal amount of the secured NCDs to be issued in terms of the prospectus together with all interest due on the secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with the existing secured creditors on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one	CARE BBB-; Stable

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
								time of the secured NCDs outstanding plus interest accrued thereon.	

e. Public Issue V

The Company vide public offer, issued secured redeemable non-convertible debentures of which ₹ 8,957.10 lakhs was outstanding as on June 30, 2023, the details of which are set forth below:

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
(Public Issue V) Secured Redeemable Non- Convertible Debentures	INE01I507430 INE01I507448 INE01I507455 INE01I507463 INE01I507471 INE01I507489 INE01I507497	1 Year to 80 Months	10.00 % to 11.25%	8,957.10	01-November-2021	01-November-2022 To 30-June-2028	16,210.77	The principal amount of the NCDs to be issued in terms of the Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof	CARE BBB+; Stable

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
								shall be secured by way of first ranking pari passu charge with Existing Secured Creditors, on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.	

f. Public Issue VI

The Company vide public offer, issued secured redeemable non-convertible debentures of which ₹ 13,025.90 lakhs was outstanding as on June 30, 2023, the details of which are set forth below:

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
(Public Issue VI) Secured Redeemable Non-Convertible Debentures	INE01I507505 INE01I507513 INE01I50752 INE01I507539 INE01I507547 INE01I507554 INE01I507562 INE01I507570 INE01I507588 INE01I507596	1 Year To 80 Months	9.75 % To 11.25%	13,025.90	17-March-2022	17-March-2023 To 16-November-2028	17,765.22	The principal amount of the NCDs to be issued in terms of the Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with Existing Secured Creditors, on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.	CARE BBB-Stable

g. Public Issue VII

The Company vide public offer, issued secured redeemable non-convertible debentures of which ₹ 18,798.56 lakhs was outstanding as on June 30, 2023, the details of which are set forth below:

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
(Public Issue VII) Secured Redeemable Non-Convertible Debentures	INE01I507604 INE01I507687 INE01I507695 INE01I507612 INE01I507620 INE01I507638 INE01I507646 INE01I507653 INE01I507661 INE01I507679	400 days To 82 Months	8.75 % To 10.75%	18,798.56	18-October-2022	21-November - 2023 To 17-August-2029	18,798.56	The principal amount of the NCDs to be issued in terms of the Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with Existing Secured Creditors, on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus	IND BBB-/Stable

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
								interest accrued thereon.	

h. Public Issue VIII

The Company vide public offer, issued secured redeemable non-convertible debentures of which ₹ 13,612.96 lakhs was outstanding as on June 30, 2023, the details of which are set forth below:

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
(Public Issue VIII) Secured Redeemable Non-Convertible Debentures	INE01I507711 INE01I507745 INE01I507760 INE01I507778 INE01I507786 INE01I507794 INE01I507729 INE01I507737 INE01I507703 INE01I507752	400 Days to 82 Months	8.75 % To 10.75%	13,612.96	10-March-2023	12-April-2024 to 09-January-2030	13,612.96	The principal amount of the NCDs to be issued in terms of the Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with existing secured creditors, on all	IND BBB-; Stable

Nature of debenture	ISIN	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2023 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
								movable assets, including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.	

Unsecured

1. **Sub-ordinated debt**

The outstanding amount of subordinated debt was ₹ 52,430.10 lakhs as on June 30, 2023, the details of which are set forth below:

Subordinated Debt Series	Tenure	Coupon (in %)	Amount outstanding as on June 30, 2023 (₹ in lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)	Credit rating
2017-18/A	5 - 6 years	12.00 % To 12.50%	175.30	April 1, 2017 To March 31, 2018	April 1, 2022 To March 31, 2024	9,494.67	NA
2018-19/A	5 - 6 years	12.00 % To 12.50%	7,307.14	April 1, 2018 To March 31, 2019	April 1, 2023 To March 31, 2025	7,307.14	
2019-20/A	60-75 months	11.50% To 12.50%	11,593.33	April 1,2019 To December31, 2019	April 1, 2024 To March 31, 2026	11,593.33	
2020-22, 2022-23	60-75 months	11.25 % To 12.50%	33,354.33	April 1,2020 To January 31,2022	April 1, 2025 To March 31, 2029	33,354.33	
Total			**52,430.10**				

2. **Tier- 1 Capital - Perpetual Debt Instruments**

The outstanding amount of Perpetual Debt Instrument was ₹ 2,443.93 lakhs as on June 30, 2023 the details of which are set forth below:

PDI	Tenure*	Coupon (in %)	Amount outstanding as on June 30, 2023 (₹ in lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)	Credit rating
PDI - I	10 years	11.75 % to 12.00%	1,015.50	21-January-2022		1,015.50	NA
PDI - II	10 years	11.75 % to 12.00%	1,428.43	30-June-2022		1,428.43	NA
TOTAL			**2,443.93**			**2,443.93**	

**The Company may exercise call option after 10 years.*

Commercial Papers

The Company has not issued any commercial papers.

Loan from Directors and Relatives of Directors

The Company has not taken any loan from Directors or relative of Directors.

Inter Corporate Loans

The Company has not borrowed any amount in the nature of demand loans from companies under same management.

Guarantees to Third Parties

NIL

Details of the rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares)

NIL

Servicing behaviour on existing debt securities, payment of interest on due dates on financing facilities or securities

The Company has not defaulted upon or delayed in payment of any interest and/or principal for the existing term loan, the non-convertible debentures and other financial indebtedness in the last three financial years.

SECTION VI - ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue by our Company of NCDs of face value ₹ 1,000 each, for an amount aggregating up to ₹ 7,500 lakhs with an option to retain over-subscription up to ₹ 7,500 lakhs, aggregating to a total of ₹ 15,000 lakhs on the terms and in the manner set forth herein.

The Issue has been authorised by resolution of the Board passed during meeting held on May 26, 2023.

Principal Terms and Conditions of the Issue

Terms and Conditions in connection with the NCDs

Issuer	KLM Axiva Finvest Limited
Lead Manager	Vivro Financial Services Private Limited
Debenture Trustee	Vistra ITCL (India) Limited
Registrar to the Issue	KFin Technologies Limited
Type and nature of Instrument	Secured redeemable non-convertible debentures
Face Value of NCDs (₹/NCD)	₹ 1,000
Issue Price (₹/NCD)	₹ 1,000
Minimum Application	5 NCDs i.e. ₹ 5,000 (across all options of NCDs)
In multiples, of	One NCD after the minimum application
Seniority	Senior (the claims of the Debenture Holders holding NCDs shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The NCDs would constitute secured obligations of our Company and shall have first ranking *pari passu* charge with existing secured creditors, on all movable assets including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.
Mode of Issue	Public Issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Minimum Subscription	Minimum subscription is 75% of the Base Issue, i.e. ₹ 5,625 lakhs
Issue	Public Issue by our Company of NCDs aggregating up to ₹ 7,500 lakhs with an option to retain over-subscription up to ₹ 7,500 lakhs, aggregating to a total of ₹ 15,000 lakhs
Base Issue	₹ 7,500 lakhs
Stock Exchange proposed for listing of the NCDs	BSE Limited, the Designated Stock Exchange
Listing and timeline for Listing	The NCDs shall be listed within 6 Working Days of Issue Closing Date
Depositories	NSDL and CDSL
Description regarding Security (where applicable) including type of security (movable/ immovable/ tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover,	The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon. The tentative date of creation of the security for the NCDs shall be finalised upon execution of the Debenture Trust Deed.

revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in this Prospectus	Replacement of security – Our Company shall within such period as may be permitted by the Debenture Trustee, furnish to the Debenture Trustee as additional security, if the Debenture Trustee is of the opinion that during the subsistence of these presents, the security for the NCDs has become inadequate on account of the margin requirement as provided in the financial covenants and conditions and the Debenture Trustee has, accordingly, called upon our Company to furnish such additional security. In such case, our Company shall, at its own costs and expenses, furnish to the Debenture Trustee such additional security, in form and manner satisfactory to the Debenture Trustee, as security for the NCDs and upon creation of such additional security, the same shall vest in the Debenture Trustee subject to all the trusts, provisions and covenants contained in these presents. For further details, please refer to the Secured Debenture Trust Deed. Minimum security cover: Please refer to "- *Security Cover*" below. Interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in this Prospectus: N.A.
Security Cover	Our Company shall maintain a minimum 100 percent security cover on the outstanding balance of the NCDs plus accrued interest thereon
Who can apply	**Category I** • Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations; • Scheduled commercial banks, co-operative banks, regional rural banks, and multilateral and bilateral development finance institutions which are authorised to invest in the NCDs; • Provident Funds of minimum corpus of ₹ 2,500 lakhs, Pension Funds of minimum corpus of ₹ 2,500 lakhs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident venture capital funds registered with SEBI; • Insurance Companies registered with the IRDA; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; • Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India; • Mutual Funds, registered with SEBI; and • Systemically Important NBFCs. **Category II** • Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Educational institutions and Associations of Persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs; • Trust including Public/private charitable/ religious trusts which are authorised to invest in the NCDs; • Association of persons • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners;

	• Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and • Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 5 lakhs. **Category III*** • Resident Indian individuals; and • Hindu undivided families through the Karta. * Applications aggregating to a value not more than ₹ 5 lakhs.
Credit Rating	<table><tr><th>Rating agency</th><th>Instrument</th><th>Rating symbol</th><th>Date of credit rating rationale letter</th><th>Amount rated</th><th>Rating Definition</th></tr><tr><td>India Ratings & Research Private Limited</td><td>Non-convertible debentures</td><td>IND BBB-/Stable</td><td>July 21, 2023</td><td>₹ 15,000 lakhs</td><td>Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk.</td></tr></table>
Issue Size	Public Issue by our Company of NCDs aggregating up to ₹ 7,500 lakhs with an option to retain over-subscription up to ₹ 7,500 lakhs, aggregating to a total of ₹ 15,000 lakhs.
Pay-in date	Application Date. The entire Application Amount is payable on Application.
Application Money	The entire Application Amount is payable on submitting the application.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 Working Days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Issue Schedule	The Issue shall be open from Thursday, August 24, 2023 to Wednesday, September 6, 2023 with an option to close earlier as may be determined by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier date of closure.
Objects of the Issue	Please see "*Objects of the Issue*" on page 75.
In case the Issuer is an NBFC and the objects of the Issue entail loan to any entity who is a 'group company'	None
Put/Call Option	None
Put date	NA
Put price	NA
Call date	NA
Call price	NA

Put notification time	NA
Call notification time	NA
Details of the utilization of the proceeds of the Issue	Please see "*Objects of the Issue*" on page 75.
Coupon rate and redemption premium	Please see "*Issue Structure – Terms and Conditions in connection with the NCDs*" on page 178.
Step up/ Step down coupon rate	Not applicable
Coupon payment frequency	Please see "*Issue Structure – Terms and Conditions in connection with the NCDs*" on page 178 .
Coupon payment dates	Please see "*Issue Structure – Terms and Conditions in connection with the NCDs*" on page 178.
Coupon type (fixed, floating or other structure)	Please see "*Issue Structure – Terms and Conditions in connection with the NCDs*" on page 178.
Working Days convention/Day count convention/Effect of holidays on payment	If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. In case the redemption date (also being the last interest payment date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.
Issue Opening Date	Thursday, August 24, 2023
Issue Closing Date	Wednesday, September 6, 2023
Issue Timing	Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date as may be decided by the Board of Directors of our Company ("Board") or Debenture Committee of the Board. In the event of such early closure, our Company shall ensure that notice of such early closure is given to the prospective investors through advertisement in an English national daily newspaper and a regional daily newspaper in Telangana where the registered office is located, with wide circulation on or before such earlier date of closure. Application Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.
Default interest date	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust Deed.
Deemed Date of Allotment	The date on which the Board or a duly authorised committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
Day count basis	Actual
Tenor	Please see "*Issue Structure – Terms and Conditions in connection with the NCDs*" on page 178.
Redemption Date	Please see "*Issue Structure – Terms and Conditions in connection with the NCDs*" on page 178.
Redemption Amount	The principal amount of the NCDs along with interest accrued on them, if any, as on the Redemption Date
Redemption premium/ discount	Not applicable
Discount at which security is issued and the effective	NA

yield as a result of such discount	
Transaction documents	This Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Debenture Trust Deed and other security documents, if applicable, and various other documents/agreements/undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trusteeship Agreement, the Public Issue Account Agreement, the Agreement with the Registrar and the Agreement with the Lead Manager. For further details, see "*Material Contracts and Documents for Inspection*" on page 288.
Conditions precedent to disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions precedents to disbursement.
Conditions subsequent to disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions subsequent to disbursement.
Affirmative and Negative covenants precedent and subsequent to the Issue	The covenants precedent and subsequent to the Issue will be finalised upon execution of the Debenture Trust Deed which shall be executed within the timeline as specified under Regulation 18 of SEBI NCS Regulations. Further, in the event our Company fails to execute the Debenture Trust Deed within a period specific under Regulation 18 of SEBI NCS Regulations, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed.
All covenants of the Issue (including side letters, accelerated payment clause, etc)	Please refer to the chapter titled "*Terms of Issue*" on page 186
Events of default (including manner of voting/ conditions of joining inter creditor agreement)	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 189
Cross Default	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 189
Creation of recovery expense fund	The creation of recovery expense fund will be finalised upon the execution of the Debenture Trust Deed, as applicable in accordance with the applicable provisions of SEBI NCS Regulations and other applicable laws. For further details, please refer to the chapter titled "*Terms of Issue – Recovery Expense Fund*" on page 187
Conditions for breach of covenants (as specified in Secured Debenture Trust Deed)	The conditions for breach of covenants will be finalised upon execution of the Debenture Trust Deed which shall be executed as per Regulation 18 of SEBI NCS Regulations.
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled "*Terms of Issue – Debenture Trustees for the Debenture Holders*" on page 189
Risk factor pertaining to the Issue	Please see "*Risk Factors*" on page 17.
Settlement Mode	Please refer to the chapter titled "*Terms of Issue - Payment on Redemption*" on page 197
Depository	NSDL and CDSL
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Kochi, India.

Note:

(a) *The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date as may be decided by the Board of Directors of our Company ("**Board**") or Debenture Committee of the Board. In the event of such early closure, our Company shall ensure that notice of such early closure is given to the prospective investors through advertisement in an English national daily newspaper and a regional daily newspaper in Telangana where the registered office is located, with wide circulation on or before such earlier date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m.*

(Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

(b) *In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this Issue of NCDs in dematerialized form. However, in terms of Section 8(1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the NCDs post allotment in physical form, will fulfil such request through the process of dematerialization, if the NCDs were originally issued in dematerialized form. However, any trading of the NCDs shall be compulsorily in dematerialised form only.*

Terms of the NCDs

Tenure	**400 Days**	**16 Months**	**18 Months**	**2 Years**	**2 Years**	**3 Years**	**3 Years**	**5 Years**	**5 Years**	**82 Months**
Nature	**Secured**									
Options	**I**	**II**	**III**	**IV**	**V**	**VI**	**VII**	**VIII**	**IX**	**X**
Frequency of Interest Payment	**Monthly**	**Cumulative**	**Monthly**	**Monthly**	**Annual**	**Monthly**	**Annual**	**Monthly**	**Annual**	**Cumulative**
Minimum Application	5 NCDs (₹ 5,000) (across all options of NCDs)									
In multiples, of	1 NCD after the minimum application									
Face Value of NCDs (₹ /NCD)	₹ 1,000									
Issue Price (₹ /NCD)	₹ 1,000									
Mode of Interest Payment/ Redemption	Through various options available									
Coupon (%) per annum	9.00%	NA	9.35%	9.50%	9.75%	9.75%	10.00%	10.50%	10.75%	NA
Coupon Type	Fixed									
Redemption Amount (₹ /NCD) for Debenture Holders	₹1,000	₹1,130	₹1,000	₹1,000	₹1,000	₹1,000	₹1,000	₹1,000	₹1,000	₹2,000
Effective Yield (%)(per annum)	9.38%	9.60%	9.76%	9.92%	9.75%	10.20%	10.00%	11.02%	10.75%	10.68%
Maturity/ Redemption Date (Years from the Deemed Date of	400 Days	16 Months	18 Months	2 Years	2 Years	3 Years	3 Years	5 Years	5 Years	82 Months

Tenure	400 Days	16 Months	18 Months	2 Years	2 Years	3 Years	3 Years	5 Years	5 Years	82 Months
Allotment)										
Put and Call Option	Not applicable									
Deemed Date of Allotment	The date on which the Board or the Debenture Committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on the NCDs shall be available to the Investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment									

Interest and Payment of Interest

1. Monthly interest payment options

Interest would be paid monthly under Option I, III, IV, VI and VIII at the following rates of interest in connection with the relevant categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category of NCD Holder	Rate of Interest (p.a.) for the following tenures				
	400 Days	18 Months	2 Years	3 Years	5 Years
	Option I	Option III	Option IV	Option VI	Option VIII
Category I, II and III (%)	9.00%	9.35%	9.50%	9.75%	10.50%

For avoidance of doubt where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs, and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options if the Deemed Date of Allotment is prior to the fifteenth of that month, interest for that month will be paid on first day of the subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

2. Annual Interest payment options

Option V, VII and IX of the NCDs shall be redeemed as below:

Category of NCD Holder	Rate of Interest (p.a.)		
	2 Years	3 Years	5 Years
	Option V	Option VII	Option IX
Category I, II, III (%)	9.75%	10.00%	10.75%

For avoidance of doubt where interest is to be paid on an annual basis, relevant interest will be calculated from the first day till the last date of every year on an actual/actual basis during the tenor of such NCDs and paid on the first day of every subsequent year. The last interest payment under this option shall be made at the time of redemption of the NCDs.

3. Cumulative interest payment options

Option II and X of the NCDs shall be redeemed as below:

Category of NCD Holder	Redemption Amount (per NCD)	
	16 Months	82 Months
	Option II	Option X
Category I, II and III (in ₹)	1,130.00	2,000.00

Day count convention

Please refer to Annexure I for details pertaining to the cash flows of the Company in accordance with the SEBI

Master Circular.

Please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the Record Date.

Terms of Payment

The entire face value per NCDs is payable on application. The entire face value per NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of the submission of the Application Form. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of specified in "*Terms of Issue – Manner of Payment of Interest/ Redemption Amounts*" on page 195.

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue. For further details, please see the chapter titled "*Issue Procedure*" on page 201.

TERMS OF THE ISSUE

Authority for the Issue

This Issue has been authorised by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on May 26, 2023. Further, the present borrowing is within the borrowing limits under Section 180(1) (c) of the Companies Act, 2013 duly approved by the shareholders' *vide* their resolution passed at their EGM held on January 05, 2022.

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations and the SEBI Master Circular, the applicable provisions of Companies Act, 2013, the Memorandum of Association and Articles of Association of our Company, the terms of the Prospectus, the Application Forms, the terms and conditions of the Debenture Trusteeship Agreement, the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs being offered through this Issue would constitute direct and secured obligations of the Company and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first charge on the identified movable assets of our Company. The claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements. We have received necessary consents from the relevant lenders, debenture trustees and security trustees for creating an exclusive charge in favour of the Debenture Trustee in relation to the NCDs.

In terms of the SEBI Master Circular for Debenture Trustees, our Company is required to obtain permissions or consents from or provide intimations to the prior creditors for proceeding with this Issue, if pari passu security is sought to be created. However, exclusive charge by way of hypothecation of identified book debts of the Company is being provided as security for this Issue and these assets have no prior charge by any creditor of our Company.

Security

The Issue comprises of public issue of NCDs of face value of ₹ 1,000 each.

The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.

Our Company will create the security for the NCDs in favour of the Debenture Trustee for the Debenture Holders holding the NCDs on the assets to ensure 100.00% security cover or higher security cover of the amount outstanding including interest in respect of the NCDs at any time.

In terms of the SEBI Master Circular for Debenture Trustees, our Company has entered into the Debenture Trusteeship Agreement and in furtherance thereof intends to enter into a deed of agreement with the Debenture Trustee for the benefit of the NCD Holders, ("**Debenture Trust Deed**"), the terms of which shall govern the appointment of the Debenture Trustee and the issue of the NCDs. Our Company proposes to complete the execution of the Debenture Trust Deed within three months of the closure of the issue and shall utilise the funds only after the stipulated security has been created. If the Company fails to execute the trust deed within the period as mentioned, without prejudice to any liability arising on account of violation of the provisions of the Act and the SEBI NCS Regulations, the Company shall also pay interest of at least two percent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Debenture Holders holding the NCDs the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rate specified in this Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security subject to prior written consent of the Debenture Trustee and/or may replace with another asset of the same or a higher value.

Our Company confirms that the Issue proceeds shall be kept in the Public Issue Account until the documents for creation of security i.e. the Debenture Trust Deed, is executed.

Further, in the event our Company fails to execute the Debenture Trust Deed within a timeline specified under Regulation 18 of SEBI NCS Regulations, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed.

Debenture Redemption Reserve

Pursuant to Regulation 16 of the SEBI NCS Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Amendment Rules, 2019, listed NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws.

Recovery Expense Fund

Pursuant to the SEBI circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 ("**SEBI Circular**"), the creation of the recovery expense fund shall be in accordance with the SEBI Circular, as may be amended from time to time.

Face Value

The face value of each NCD to be issued under this Issue shall be ₹ 1,000.

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of the NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided under the Companies Act, 2013, our Memorandum of

Association and Articles of Association and/or the Debenture Trust Deed, confer upon the NCD Holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. The opinion of the Debenture Trustee as to whether such resolution is affecting the right attached to the NCDs is final and binding on NCD Holders. In terms of Section 136 of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.

2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of Debenture Trust Deed, in case of NCDs held in (i) dematerialised form, the person for the time being appearing in the register of beneficial owners of the Depositories; and (ii) physical form on account of re-materialization, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such NCD Holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

4. The NCDs are subject to the provisions of the SEBI NCS Regulations and the SEBI Master Circular, the applicable provisions of Companies Act, 2013 and the Companies Act, 1956, our Memorandum and Articles of Association, the terms of this Prospectus, , the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to this issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

5. Subject to SEBI circular, SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, for NCDs in physical form on account of re-materialization, a register of debenture holders will be maintained in accordance with Section 88 and Section 94 of the Companies Act, 2013 andall interest and principal sums becoming due and payable in respect of the NCDs will be paid to theregistered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the register of debenture holders as on the Record Date. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depositories. In terms of Section 88(3) of the Companies Act, 2013, the register of beneficial owners maintained by a Depository for any NCD in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a register of debenture holders for this purpose. The same shall be maintained at the Registered Office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD Holders as given thereunder.

6. A register of NCD Holders holding NCDs in physical form pursuant to rematerialisation of the NCDs issued pursuant to this Issue ("**Register of NCD Holder**") will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest/redemption amounts and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD Holders as on the Record Date.

7. Subject to compliance with RBI requirements, NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 15 days' prior notice for such roll over and in accordance with the SEBI NCS Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be as per the terms of this Prospectus, the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

Debenture Trustees for the NCD Holders

We have appointed Vistra ITCL (India) Limited to act as the Debenture Trustees for the NCD Holders in terms of Regulation 8 of the SEBI NCS Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us, within such period as specified under Regulation 18 of the SEBI NCS Regulations and on failure to do the same, we shall pay interest of at least two percent per annum to the NCD Holder(s), over and above the agreed coupon rate, till the execution of the trust deed, with respect to the NCDs. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost. It is it the duty of the debenture trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Our Company shall not create any further encumbrances on the Security except with the prior approval of the Debenture Trustee. In the event of such request by our Company, the Debenture Trustee shall provide its approval for creation of further charges provided that our Company provides a certificate from a chartered accountant stating that after creation of such further charges, the required Security cover is maintained.

At any time before the Security constituted hereunder becomes enforceable, the Debenture Trustee, may, at the request of our Company and without any consent of the NCD Holders, do or concur our Company in doing all or any of the things which our Company might have done in respect of the Security as if no security had been created and particularly, but not by way of limitation, the following assent to any modification of any contracts or arrangements which may be subsisting in relation to the Security.

Events of Default

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular Options of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice inter alia if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the Debenture Trust Deed:

(i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
(ii) default is committed in payment of any interest on the NCDs on the due date(s).

Market Lot and Trading Lot

Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

Allotment in the Issue will be in Demat form in multiples of one NCD. For details of allotment, see "*Issue Procedure"* beginning on page 201.

Nomination facility to NCD Holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 ("**Rule 19**") and Section 72 of the Companies Act, 2013, the sole NCD Holder, or first NCD Holder, along with other joint NCD Holders' (being individual(s)), may nominate, in the Form No. SH.13, any one person in whom, in the event of the death of Applicant the NCDs Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in Form No. SH.13 any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in Form No. SH.14, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Corporate Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the NCDs; or

- to make such transfer of the NCDs, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all interests or redemption amounts or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialized form, nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialized form.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the Debenture Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

For all NCDs held in the dematerialised form and since the allotment of NCDs pursuant to this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. The nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialised form.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kochi, Kerala India.

Application in the Issue

Applicants shall apply in this Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only (including Applications made by UPI Investors under the UPI Mechanism).

In terms of Regulation 7 of the SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in terms of Section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD ("**Market Lot**"). Allotment in this Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment please see "*Issue Procedure*" on page 201.

Transfer/ Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/ CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Company or Registrar.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 read with SEBI Press release (no. 49/ 2018) dated December 3, 2018, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 1, 2019. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Title

In case of:

- the NCDs held in the dematerialised form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and

- the NCD held in physical form, pursuant to any rematerialisation, the person for the time being appearing in the Register of NCD Holders as NCD Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the NCD Holder.

Register of NCD Holders

No transfer of title of NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, the Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of the Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach the Company to register his name as successor of the deceased NCD Holder. He shall approach the respective Depository Participant of the NCD Holder for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.

2. Proof that the non-resident Indian is an Indian national or is of Indian origin.

3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for Re-materialization of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. **Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.**

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue. Pursuant to the SEBI Listing Regulations, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, with effect from April 1, 2019.

Period of Subscription

Issue Opening Date	Thursday, August 24, 2023
Issue Closing Date	Wednesday, September 6, 2023#
Pay In Date	Application Date. The entire Application Amount is payable on Application
Deemed Date of Allotment	The date on which the Board of Directors or the Committee thereof authorised by the Board approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ Committee authorised by the Board thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

#This Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period indicated in the Prospectus,, except that this Issue may close on such earlier date or extended date(subject to a minimum period of three Working Days and a maximum period of 10 Working Days from the date of opening of the Issue and subject to not exceeding thirty days from filing the Prospectus with ROC

as may be decided by the Board of Directors of our Company or Debenture Committee of the Board thereof, subject to compliance with Regulation 33A of the SEBI NCS Regulations. In the event of such early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or intial date of Issue closure.

Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, on Working Days during the Issue Period. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. or such extended time as may be permitted by the Stock Exchange.

*Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date. For further details please refer to the chapter titled "Issue Related Information" on page 178 of this Prospectus. Applications Forms for the Issue will be accepted only from 10:00 a.m. and 5:00 p.m. (Indian Standard Time)("**Bidding Period**") during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday) (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. Additionally, an Investor may also submit the Application Form, through the app or web interface of the Stock Exchange.On the Issue Closing Date Application Forms will be accepted only between 10.00 a.m. to 3.00 p.m. and until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by Stock Exchange. It is clarified that the Applications not uploaded on the Stock Exchange Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3:00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Lead Manager, or Trading Members of the Stock Exchange are liable for any failure in uploading the Applications due to failure in any software/hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on the basis of date of upload of each application into the electronic book of the Stock Exchange in accordance with the SEBI Master Circular. However, from the date of oversubscription and thereafter, the allotments will be made to the applicants on proportionate basis.

Basis of payment of Interest

NCDs once Allotted under any particular category of NCDs shall continue to bear the applicable tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of Debenture Holder on any Record Date, and such Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment will not be impacted by trading of any options of NCDs between the categories of persons or entities in the secondary market.

Payment of Interest/Maturity Amount will be made to those NCD Holders whose names appear in the register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Please see, *"Terms of the Issue – Manner of Payment of Interest / Redemption Amounts"* at page 195.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention:

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Master Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "**Effective Date**"), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Master Circular is disclosed at page 291.

Maturity and Redemption

The NCDs issued pursuant to this Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 400 days from the Deemed Date of Allotment for Option I, 16 Months from the Deemed Date of Allotment for Option II, 18 months from the Deemed Date of Allotment for Options III, 2 years from the Deemed Date of Allotment for Options IV and V, 3 years from the Deemed Date of Allotment for Option VI and VII, 5 years from the Deemed Date of Allotment for Option VIII and IX, 82 months from the Deemed Date of Allotment for Option X. There is no put or call option available to any Investor.

Application Size

Each application should be for a minimum of 5 NCDs and multiples of one NCD thereof. The minimum application size for each application would be ₹ 5,000 (for all kinds of Options I NCDs either taken individually or collectively) and in multiples of ₹ 1,000 thereafter.

Applicants can apply for any or all options of NCDs offered hereunder provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1,000 per NCD is blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of this Prospectus.

Manner of Payment of Interest / Redemption Amounts

The manner of payment of interest / redemption in connection with the NCDs is set out below:

For NCDs held in dematerialised form:

The bank details will be obtained from the Depositories for payment of Interest / redemption amount as the case may be. Holders of the NCDs, are advised to keep their bank account details as appearing on the records of the depository participant updated at all points of time. Please note that failure to do so could result in delays in credit of Interest/ Redemption Amounts at the Applicant's sole risk, and the Lead Manager, our Company or the Registrar shall have no any responsibility and undertake no liability for the same.

For NCDs held in physical form on account of re-materialization:

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see " – *Procedure for Re-materialization of NCDs*" on page 192.

The mode of payment of Interest/Redemption Amount shall be undertaken in the following order of preference:

1. **Direct Credit/ NACH/ RTGS:** Investors having their bank account details updated with the Depository shall be eligible to receive payment of Interest / Redemption Amount, through:

   i. **Direct Credit**. Interest / Redemption Amount would be credited directly to the bank accounts of the Investors, if held with the same bank as the Company.

   ii. **NACH:** National Automated Clearing House which is a consolidated system of ECS. Payment of Interest / Redemption Amount would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of Interest / Redemption Amount through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the Interest / Redemption Amount through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get Interest / Redemption Amount through NEFT or Direct Credit or RTGS.

   iii. **RTGS:** Applicants having a bank account with a participating bank and whose Interest / Redemption Amount exceeds ₹ 2 lakhs, or such amount as may be fixed by RBI from time to time, have the option to receive the Interest / Redemption Amount through RTGS. Such eligible Applicants who indicate their preference to receive Interest / Redemption Amount through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least 7 (seven) working days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, Interest / Redemption Amount shall be made through NECS subject to availability of complete bank account details for the same as stated above.

iv. **NEFT:** Payment of interest / redemption amount shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a Magnetic Ink Character Recognition ("**MICR**"), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of the Interest / Redemption Amounts, duly mapped with MICR numbers. Wherever the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of Interest / Redemption Amount will be made to the Applicants through this method.

2. **Registered Post/Speed Post:** For all other NCD Holders, including those who have not updated their bank particulars with the MICR code, the Interest Payment / Redemption Amount shall be paid by way of Interest/ Redemption warrants dispatched through speed post/ registered post only to Applicants that have provided details of a registered address in India.

Printing of Bank Particulars on Interest/ Redemption Warrants

As a matter of precaution against possible fraudulent encashment of Interest/ Redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs held dematerialised form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form on account of rematerialisation, the investors are advised to submit their bank account details with our Company / Registrar at least 7 (seven) working days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Procedure for Redemption by NCD Holders

The procedure for redemption is set out below:

NCDs held in physical form on account of re-materialization:

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the NCD Holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see " – *Payment on Redemption*" on page 197.

NCDs held in electronic form:

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of re-materialisation:

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s). Dispatch of cheques/pay order, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least seven working days prior to the Record Date. In case the transfer documents are not lodged with us at least seven working days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar to the Issue.

Our liability to holder(s) towards their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

NCDs held in electronic form:

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Telangana and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Issue of duplicate NCD Certificate(s)

If any NCD certificate(s), issued pursuant to rematerialisation, if any, is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, provided stipulated security cover is maintained on the NCDs and after obtaining the consent of, or intimation to, the NCD Holders or the Debenture Trustee regarding the creation of a charge over such security.

Impersonation

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

Pre-closure

Our Company, in consultation with the Lead Manager reserves the right to close this Issue at any time prior to the Issue Closing Date, subject to receipt of Minimum Subscription (75% of the Base Issue, i.e. ₹ 5,625 lakhs). Our Company shall allot NCDs with respect to the Application Forms received at the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date for this Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of Base Issue Size i.e. ₹ 5,625 lakhs prior to the Issue Closing Date and as prescribed under the Companies Act and any rules thereto, the entire Application Amount blocked shall be unblocked in the relevant ASBA Account(s) of the Applicants within six working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within six working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule V of SEBI NCS Regulations in compliance with the Regulation 30 of SEBI NCS Regulations. Material updates, if any, between the date of filing of this Prospectus with RoC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Listing

The NCDs offered through this Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* its letter dated August 22, 2023. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchange is taken within six Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Options, such Options(s) of NCDs shall not be listed. If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.

Guarantee/Letter of Comfort

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers

No arrangers have been appointed for this Issue.

Monitoring & Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. Our Board shall monitor the utilisation of the proceeds of this Issue. Our Company will disclose in the Company's financial statements for the relevant financial year commencing from Financial Year 2023-24, the utilisation of the net proceeds of this Issue under a separate head along with details, if any, in relation to all such proceeds of this Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of this Issue.

Lien

Not Applicable

Lien on Pledge of NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

ISSUE PROCEDURE

This chapter applies to all Applicants. Pursuant to the SEBI Master Circular issued by SEBI, all Applicants are required to apply for in the Issue through the ASBA process and an amount equivalent to the full Application Amount as mentioned in the Application Form will be blocked by the Designated Branches of the SCSBs. Further, UPI Mechanism as a payment mechanism is applicable for the Issue, wherein a UPI Investor, may submit the Application Form with a SCSB or a Designated Intermediary or through the app/web based interface platform of the Stock Exchange and use their bank account linked UPI ID for the purpose of blocking of funds, if the Application being made is for a value of ₹ 5 lakhs or less. The UPI Mechanism is applicable for public issue of debt securities which open for subscription on or after January 1, 2021. An additional mode for application in public issues of debt securities through an online (app/web) interface to be provided by the stock exchanges. In this regard, SEBI has also stipulated that the stock exchanges formulate and disclose the operational procedure for applying through the app/web based interface developed by them for making applications in public issues through the stock exchange's website. Since, BSE is the Designated Stock Exchange for the Issue, BSE's online platform BSE Direct, shall be available to UPI Investors to make an application under the UPI Mechanism, in accordance with the operational procedures notified by BSE vide notifications dated December 28, 2020.

Applicants should note that they may submit their Application Forms (including in cases where Applications are being made under the UPI mechanism) at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres, i.e., to the respective Members of the Consortium at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations or (iii) through BSE Direct, the app and/or web based interface/platform of the Stock Exchange, as applicable. For further information, please see "Issue Procedure- Submission of Completed Application Forms" on page 217.

Applicants are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

Please note that this section has been prepared based on the requirements notified the SEBI Operational Circular and the notifications issued by BSE, in relation to the UPI Mechanism, dated December 28, 2020.

ASBA Applicants must ensure that their respective ASBA Accounts can be blocked by the SCSBs, in the relevant ASBA accounts for the full Application Amount. Applicants should note that they may submit their Applications to the Designated Intermediaries at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

Specific attention is drawn to the SEBI Master Circular which provides for all allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application.

Our Company and the Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of the Issue. Investors are advised to make their independent investigations and ensure that their Bids are submitted in accordance with the applicable law.

Further, our Company, the Lead Manager and the Members of the Syndicate do not accept any responsibility for any adverse occurrence consequent to the implementation of the UPI Mechanism for application in the Issue.

PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE STOCK EXCHANGE(S) AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THE DRAFT PROSPECTUS / PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS

ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATION THROUGH TRADING MEMBERS REGISTERED WITH THE STOCK EXCHANGE.

For purposes of this Issue, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai and/or Kochi, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in Mumbai. Furthermore, for the purpose of post issue period, i.e., period beginning from the Issue Closure to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI NCS Regulations.

The information below is given for the benefit of the Investors. Our Company and the Members of Syndicate are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Abridged Prospectus and Application Forms

The Abridged Prospectus containing the salient features of this Prospectus together with Application Form may be obtained from:

(a) Our Company's Registered Office and Corporate Office;
(b) Offices of the Lead Manager/Syndicate Member;
(c) the CRTA at the Designated RTA Locations;
(d) the CDPs at the Designated CDP Locations;
(e) Trading Members at the Broker Centres; and
(f) Designated Branches of the SCSBs.

Electronic copies of this Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchange, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the website of the Stock Exchange and on the websites of the SCSBs that permit submission of Application Forms electronically. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the website of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the website of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

UPI Investors making an Application upto ₹ 5 lakhs, using the UPI Mechanism, must provide the UPI ID in the relevant space provided in the Application Form. Application Forms that do not contain the UPI ID are liable to be rejected. UPI Investors applying using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Who can apply?

The following categories of persons are eligible to apply in this Issue:

Category I

- Resident public financial institutions as defined in Section 2(72) of the Companies act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are

authorised to invest in the NCDs;
- Provident funds of minimum corpus of ₹ 2,500 lakhs, pension funds of minimum corpus of ₹ 2,500 lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident venture capital funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India;
- Mutual funds registered with SEBI; and
- Systemically Important NBFCs.

Category II

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;
- Trust including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Association of persons;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and
- Resident Indian individuals and Hindu undivided families through the Karta applying for an amount aggregating to a value exceeding ₹ 5 lakhs.

Category III*#

- Resident Indian individuals; and
- Hindu undivided families through the Karta.

** applications aggregating to a value not more than ₹ 5 lakhs.*
 # applications upto a value of ₹ 5 lakhs can be made under the UPI Mechanism.

For Applicants applying for NCDs, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID, Client ID and where applicable the UPI ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Members of the Syndicate or the Trading Members, as the case may be.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in this Issue and any Application from such persons and entities are liable to be rejected:

(a) Minors without a guardian name*(A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);

(b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
(c) Persons resident outside India and other foreign entities;
(d) Foreign Portfolio Investors;
(e) Foreign Venture Capital Investors;
(f) Qualified Foreign Investors;
(g) Overseas Corporate Bodies; and
(h) Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Issue.

Please see "*Issue Procedure – Rejection of Applications*" on page 220 for information on rejection of Applications.

Method of Application

Eligible investor desirous of applying in the Issue can make Applications through the ASBA mechanism only.

Further, the Application may also be submitted through the app or web interface developed by Stock Exchange wherein the Application is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism, as applicable.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries. Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Form (except the Bid cum Application Form from a Retail Individual Investor bidding using the UPI mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants should submit the Application Form only at the Bidding Centres, i.e., to the respective Syndicate Members at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at http://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms (except a Bid cum Application Form from RIIs using the UPI Mechanism) with the SCSB with whom the relevant ASBA Accounts are maintained.

Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a RII who is not Bidding using the UPI Mechanism.

For RIIs using UPI Mechanism, the Stock Exchange shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIIs for blocking of funds.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the

SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

The Sponsor Bank shall provide details of the UPI linked bank account of the Bidders to the Registrar to the Issue for purpose of reconciliation.

RIIs using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

RIIs using UPI Mechanism, submitting a Bid-cum Application Form to any Designated Intermediary (other than SCSBs) should ensure that only the UPI ID is mentioned in the field for Payment Details in the Bid cum Application Form. Application Forms submitted by RIIs using UPI Mechanism to Designated Intermediary (other than SCSBs) with ASBA Account details, are liable to be rejected.

Further, such Bidders including RIIs using the UPI Mechanism, shall ensure that the Bids are submitted at the Bidding Centres only on Bid cum Application Forms bearing the stamp of the relevant Designated Intermediary (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms (except electronic Bid-cum-Application Forms) not bearing such specified stamp may be liable for rejection. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid. Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a RII who is not Bidding using the UPI Mechanism.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to the Issue should be made by Applicants directly to the relevant Stock Exchange.

In terms of the SEBI Master Circular, an eligible investor desirous of applying in this Issue can make Applications through the following modes:

1. **Through Self-Certified Syndicate Bank (SCSB) or intermediaries** (viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)

   a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e., investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchange bidding platform and blocking of funds in investors account by the SCSB would continue.

   b. An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

   c. An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹ 5 lakhs or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI mechanism in this case.

2. **Through Stock Exchange**

   a. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchange (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI Mechanism.

   b. BSE extended their web-based platforms i.e. 'BSEDirect' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto ₹ 5 lakhs. To place bid through 'BSEDirect' platform/ mobile app the eligible investor is required to register himself/ herself with BSE Direct.

c. An investor may use the following links to access the web-based interface developed by the Stock Exchange to bid using the UPI Mechanism: BSE: https://www.bsedirect.com.

d. The BSE Direct mobile application can be downloaded from play store in android phones. Kindly search for 'BSEdirect' on Google Playstore for downloading mobile applications.

e. For further details on the registration process and the submission of bids through the App or web interface, the Stock Exchange have issued operational guidelines and circulars available at BSE: https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60, and https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61.

APPLICATIONS FOR ALLOTMENT OF NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 1, 2019 ("SEBI Circular 2019"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 20% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector not exceeding 10% of net assets value of scheme shall be allowed only by way of increase in exposure to HFCs. However, the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme Further, the group level limits for debt schemes and the ceiling be fixed at 10% of net assets value extendable to 15% of net assets value after prior approval of the board of trustees

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non- Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s). Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by commercial banks, co-operative banks and regional rural banks

Commercial banks, co-operative banks and regional rural banks can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee is required to be attached to the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making Applications on their own account using ASBA Facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for

applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority of India ("**IRDAI**"), a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefore.

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDA (Investment) Regulations, 2000.

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of SEBI registration certificate. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefor.

Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by 'Associations of Persons' and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Public Financial Institutions or Statutory Corporations, which are authorised to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of incorporation/ registration under any act/rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Fund

The Application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

The Application must be accompanied by certified true copies of certified copy of certificate of the partnership deed or registration issued under the Limited Liability Partnership Act, 2008, as applicable. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non-Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants, a certified copy of the power of attorney must be submitted with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications (including Applications under the UPI Mechanism) accepted by and/or uploaded by and/or accepted but not uploaded by Trading Members, registered brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs or failure to block the Application Amount under the UPI Mechanism. It shall be presumed that for Applications uploaded by SCSBs (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism.

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (https://www.sebi.gov.in) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (https://www.sebi.gov.in) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the registered brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Submission of Applications

Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application.

    In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

(b) Physically through the Designated Intermediaries at the respective Collection Centres. Kindly note that above Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the Application Form, has not named at least one branch at that Collection Center where the Application Form is submitted (a list of such branches is available at https://www.sebi.gov.in).

(c) A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is upto ₹ 5 lakhs, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

(d) A UPI Investor may also submit the Application Form for the Issue through BSE Direct, wherein the Application will be automatically uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange. Post which:

(i) ***for Applications other than under the UPI Mechanism*** – the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at https://www.sebi.gov.in). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form.

(ii) ***for Applications under the UPI Mechanism*** – once the Application details have been entered in the bidding platform through Designated Intermediaries or BSE Direct, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. Post uploading of the Application details on the Stock Exchange's platform, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with the Applicants UPI ID, with the Sponsor Bank appointed by our Company. The Sponsor Bank shall then initiate a UPI Mandate Request on the Applicant. The request raised by the Sponsor Bank, would be electronically received by the Applicant as an SMS or on the mobile app, associated with the UPI ID linked bank account. The Applicant shall then be required to authorise the UPI Mandate Request. Upon successful validation of block request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account. The status of block request would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the Designated Intermediary.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

(a) Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centres; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that this Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.

(b) The Designated Branches of the SCSBs shall accept Application Forms directly from Applicants only during the Issue Period. The SCSBs shall not accept any Application Forms directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 46. Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;

- All Applicants need to tick the Series of NCDs in the Application Form that they wish to apply for. Applications for all the Series of the NCDs may be made in a single Application Form only.

- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in this Prospectus and the Application Form;

- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names;

- It shall be mandatory for subscribers to the Issue to furnish their PAN and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction

- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. The Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. Please ensure that such Applications contain the PAN of the HUF and not of the Karta;

- Applicants must provide details of valid and active DP ID, Client ID and PAN, clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs;

- Applications must be for a minimum of 5 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 5 NCDs, an Applicant may choose to apply for 5 NCDs of the same option or across different option;

- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form;

- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;

- All Applicants are required to ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB;

- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant;

- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be;

- All Applicants are required to check if they are eligible to apply as per the terms of this Prospectus and applicable law, rules, regulations, guidelines and approvals;

- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form; and

- All Applicants should correctly mention the ASBA Account number (including bank account number/ bank name and branch) and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected;

- A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be.

- In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchange, the Applicants should ensure that they have first withdrawn their original Application and submit a fresh Application.

The option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for Allotment.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

B. Applicant's Beneficiary Account Details

Applicants must mention their DP ID, Client ID and UPI ID (wherever applicable) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID, PAN and UPI ID (wherever applicable) mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID, PAN and UPI ID (wherever applicable) available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards demat credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in demat credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue. Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, Sponsor Bank nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the parameters, namely, DP ID, Client ID, PAN and UPI ID (wherever applicable) then such Application are liable to be rejected.

C. Permanent Account Number

The Applicant should mention his or her Permanent Account Number allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e., either Sikkim category or exempt category.

D. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

E. Additional/Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other option of NCDs, subject to a minimum Application size as specified in this Prospectus and in multiples of thereafter as specified in this Prospectus. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹ 5 lakhs shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the Basis of Allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, i.e., Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Do’s and Don’ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do’s

1. Check if you are eligible to apply as per the terms of this Prospectus and applicable law, rules, regulations, guidelines and approvals.

2. Read all the instructions carefully and complete the Application Form in the prescribed form.

3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to this Issue.

4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID, Client ID, PAN and UPI ID (wherever applicable) are correct and the depository account is active as Allotment of the Equity Shares will be in dematerialized form only. The requirement for providing Depository Participant details is mandatory for all Applicants.

5. Ensure that you have mentioned the correct ASBA Account number (for all Applicants other than UPI Investors applying using the UPI Mechanism) in the Application Form. Further, UPI Investors using the UPI Mechanism must also mention their UPI ID.

6. UPI Investors applying using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking, is certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries.

7. UPI Investors applying using the UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Investors shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected.

8. Ensure that the Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) in case the Applicant is not the ASBA account holder. Applicants (except UPI Investors making an Application using the UPI Mechanism) should ensure that they have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Application Form. UPI Investors applying using the UPI Mechanism should ensure that they have mentioned the correct UPI- linked bank account number and their correct UPI ID in the Application Form.

9. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.

10. UPI Investors making an Application using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to Application Amount and subsequent debit of funds in case of Allotment, in a timely manner.

11. UPI Investors making an Application using the UPI Mechanism shall ensure that details of the Application are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using their UPI PIN. Upon the authorization of the mandate using their UPI PIN, the UPI Investor may be deemed to have verified the attachment containing the application details of the UPI Investor making and Application using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Application Amount and authorized the Sponsor Bank to issue a request to block the Application Amount mentioned in the ASBA Form in their ASBA Account.

12. UPI Investors making an Application using the UPI Mechanism should mention valid UPI ID of only the Applicants (in case of single account) and of the first Applicant (in case of joint account) in the ASBA Form.

13. UPI Investors making an Application using the UPI Mechanism, who have revised their Application subsequent to making the initial Application, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Application Amount in their account and in case of Allotment in a timely manner.

14. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.

15. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.

16. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.

17. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

18. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not that of the Karta.

19. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 46.

20. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

21. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

22. All Applicants should choose the relevant option in the column "Category of Investor" in the Application Form.

23. Choose and mark the option of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

Don'ts:

1. Do not apply for lower than the minimum Application size.

2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.

3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.

4. Do not submit the Application Form to any non-SCSB bank or our Company.

5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.

6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue Size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.

7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

8. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (wherever applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.

9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account or in the case of UPI Investors making and Application using the UPI Mechanism, in the UPI-linked bank account where funds for making the Application are available.

10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.

11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.

13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centres.

14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.

15. Do not apply if you are a person ineligible to apply for NCDs under this Issue including Applications by Persons Resident Outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA).

16. Do not make an Application of the NCD on multiple copies taken of a single form.

17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.

18. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Investors using the UPI Mechanism.

19. Do not submit more than five Application Forms per ASBA Account.

Please also see "*Key Regulations and Policies – Operational Instructions*" on page 271.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at https://www.sebi.gov.in).

Please see "*Issue Procedure – Rejection of Applications*" on page 220 for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Collection Centres, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at https://www.sebi.gov.in).

For Applications other than those under the UPI Mechanism, the relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application. For Applications under the UPI Mechanism, i.e., upto ₹ 5 lakhs, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. The blocking of funds in such case (not exceeding ₹ 5 lakhs) shall happen under the UPI Mechanism.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs or the Sponsor Bank (as the case maybe) to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

For Applications submitted under the UPI Mechanism, post the successful validation of the UPI Mandate Request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

A UPI Investor applying through the UPI Mechanism should ensure that, they check the relevant SMS generated for the UPI Mandate Request and all other steps required for successful blocking of funds in the UPI linked bank account, which includes accepting the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the Stock Exchange (except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day), have been completed.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs or the Sponsor Bank (in case of Applications under the UPI Mechanism) on the basis of the instructions issued in this regard by the Registrar to the respective SCSB or the Sponsor Bank, within six Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	(i) If using physical Application Form, (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
	(ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.
Applications under the UPI Mechanism	(i) Through the Designated Intermediary, physically or electronically, as applicable; or (ii) Through BSE Direct

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an Acknowledgement Slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications (including those under the UPI Mechanism) using the on-line facilities of the Stock Exchange. **The Members of Syndicate, our Company and the Registrar to the Issue or the Lead Manager is not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange or (vi) any Application made under the UPI Mechanism, accepted or uploaded or failed to be uploaded by a Designated Intermediary or through the app/web based interface of the Stock Exchange and the corresponding failure for blocking of funds under the UPI Mechanism.**

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for Allotment/rejection of Application.

(b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on this Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 46.

(c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID

- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(e) A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.

(f) Applications can be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect.

(g) The permission given by the Stock Exchange to use its network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange

(h) **Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment**. The Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or the Debenture Committee thereof, reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

(a) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Applications by persons prohibited from buying, selling or dealing in securities, directly or indirectly, by SEBI or any other regulatory authority;

(c) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants' ASBA Account maintained with an SCSB;

(d) Applications not being signed by the sole/joint Applicant(s);

(e) Investor Category in the Application Form not being ticked;

(f) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may Allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;

(g) Applications where a registered address in India is not provided for the non-Individual Applicants;

(h) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);

(i) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;

(j) PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian when PAN of the Applicant is not mentioned;

(k) DP ID, Client ID or UPI ID (wherever applicable) not mentioned in the Application Form;

(l) GIR number furnished instead of PAN;

(m) Applications by OCBs;

(n) Applications for an amount below the minimum Application size;

(o) Submission of more than five ASBA Forms per ASBA Account;

(p) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;

(q) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;

(r) Applications accompanied by stockinvest/ cheque/ money order/ postal order/ cash;

(s) Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);

(t) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;

(u) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;

(v) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;

(w) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;

(x) ASBA Applications not having details of the ASBA Account or the UPI-linked Account to be blocked;

(y) In case no corresponding record is available with the Depositories that matches the parameters namely, DP ID, Client ID, UPI ID and PAN;

(z) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;

(aa) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;

(bb) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;

(cc) Authorization to the SCSB for blocking funds in the ASBA Account not provided;

(dd) Applications by any person outside India;

(ee) Applications not uploaded on the online platform of the Stock Exchange;

(ff) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;

(gg) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, this Prospectus and as per the instructions in the Application Form and this Prospectus;

(hh) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(ii) Applications providing an inoperative demat account number;

(jj) Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;

(kk) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);

(ll) Investor category not ticked;

(mm) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;

(nn) A UPI Investor applying through the UPI Mechanism, not having accepted the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the stock exchange except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day; and

(oo) A non-UPI Investor making an Application under the UPI Mechanism, i.e., an Application for an amount more than ₹ 5 lakhs.

For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the Basis of Allotment, please see "*Information for Applicants*" below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID, UPI ID (where applicable) and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

(a) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, **("*Institutional Portion*")**;

(b) *Applications received from Category II applicants:* Applications received from Category II, shall be grouped

together, **("*Non-Institutional Portion*")**;

(c) Applications received from Category III applicants: Applications received from Category III, shall be grouped together, **("*Retail Individual Portion*").**

For removal of doubt, "***Institutional Portion***", "***Non-Institutional Portion***" and "***Retail Individual Portion***" are individually referred to as "***Portion***" and collectively referred to as **"*Portions*".**

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be Allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹ 7,500 lakhs. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the **"*Overall Issue Size*".**

Basis of Allotment for NCDs

Allotments in the first instance:

(i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Manager and their respective affiliates/SCSB (Designated Branch or online acknowledgement));

(ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

(iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e., a first-come first-serve basis, based on the date of upload of each Application in to the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the Allotments would be made to the Applicants on proportionate basis.

(a) Under Subscription:

Under subscription, if any, in any Portion, priority in Allotments will be given in the following order:

(i) Individual Portion
(ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹ 5 lakhs;
(iii) Institutional Portion
(iv) on a first come first serve basis.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange.

For each Portion, all Applications uploaded into the electronic book with the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion, respectively.

Minimum allotment of 5 NCD and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.

(b) Allotments in case of oversubscription:

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of NCDs to the valid Applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for Allotment.

In view of the same, the Investors are advised to refer to the Stock Exchanges website at www.bseindia.com for details in respect of subscription.

(c) Proportionate Allotments: For each Portion, on the date of oversubscription:

(i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;
(ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue Size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference; and
(iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the Basis of Allotment is finalised by draw of lots in a fair and equitable manner.

(d) Applicant applying for more than one Options of NCDs:

If an Applicant has applied for more than one Options of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such Applications received on the date of oversubscription, the option-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

In cases of odd proportion for Allotment made, our Company in consultation with the Lead Manager willAllot the residual NCD (s) in the following order:

(i) first with monthly interest payment in decreasing order of tenor i.e., Options VIII, VI, IV, III and I;

(ii) second with payment on annual interest payment in decreasing order of tenor i.e., Options IX, VII and V;

(iii) Followed by payment on cumulative options in decreasing order of tenor i.e., Options X and II.

Hence using the above procedure, the order of Allotment for the residual NCD(s) will be: VIII, VI, IV, III, I, IX, VII, V, X and II.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

Our Company would Allot Option I NCDs to all valid applications, wherein the Applicants have not indicated their choice of the relevant options of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹ 1,000 in accordance with the pecking order mentioned above.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB or the Sponsor Bank (for Applications under the UPI Mechanism), as applicable, to unblock the funds in the relevant ASBA Account/UPI linked bank account, for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment. The Allotment Advice for successful Applicants will be mailed by speed post/registered post to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Application Amount shall be unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts or the UPI linked bank accounts (for Applications under the UPI Mechanism) of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

Applicants can withdraw their Applications until the Issue Closing Date. In case an Applicant wishes to withdraw the Application during the Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite.

In case of Applications (other than under the UPI Mechanism) were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications (other than under the UPI Mechanism) submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of the Basis of Allotment.

Revision of Applications

Cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. For Applications made under the UPI Mechanism, an Applicant shall not be allowed to add or modify the details of the Application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the Applicant may withdraw the Application and reapply.

However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. Please also see, "*Key regulations and Policies*" on page 255.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form. In this context:

(i) Tripartite agreement dated April 25, 2018 among our Company, the Registrar and CDSL and tripartite agreement dated August 24, 2018 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.

(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.

(iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

(iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

(v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.

(vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.

(vii) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted.

Applicants may contact our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Our Company undertakes that:

(a) All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;

(b) Details of all monies utilised out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilised;

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

(d) Details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;

(e) Undertaking by our Company for execution of the Debenture Trust Deeds. Further, as per Regulation 18 of SEBI NCS Regulations, in the event our Company fails to execute the Debenture Trust Deeds within a timeline specified under Regulation 18 of SEBI NCS Regulations, our Company shall pay interest of at least 2% p.a. over and above the agreed coupon rate, to each NCD Holder, till the execution of the Debenture Trust Deed;

(f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e., ₹ 5,625 lakhs and receipt of listing and trading approval from the Stock Exchange;

(g) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies; and

(h) Application money shall be unblocked within six Working Days from the closure of this Issue or such lesser time as may be specified by SEBI, or else the Application money shall be refunded to the Applicants in accordance with applicable law, failing which interest shall be due to be paid to the Applicants for the delayed period, if applicable in accordance with applicable law.

Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Prospectus has not been recommended or approved by any regulatory authority in India, including any registrar of companies, stock exchange or SEBI nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of investors is invited to the section '*Risk factors*' on page 17.

Our Company has no side letter with any NCD holder. Any covenants later added shall be disclosed on the stock exchanges' website where the NCDs are listed.

Other undertakings by our Company

Our Company undertakes that:

(a) Complaints received in respect of this Issue (except for complaints in relation to Applications submitted to Trading Members) will be attended to by our Company expeditiously and satisfactorily;

(b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;

(c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of this Issue Closing Date;

(d) Funds required for dispatch of Allotment Advice/NCD Certificates (only upon rematerialisation of NCDs at the specific request of the Allottee/ Holder of NCDs) will be made available by our Company to the Registrar to the Issue;

(e) Our Company will forward details of utilisation of the proceeds of this Issue, duly certified by the Statutory Auditor, to the Debenture Trustee as required under applicable laws;

(f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of this Issue as contained in this Prospectus;

(g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report; and

(h) Our Company shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

(i) The allotment of NCDs will be done on a first come, first serve basis. On the successful allotment of the NCDs, the issue proceeds will be released to the issuer to use in pursuance of the objects specified in this Prospectus.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION

Except as stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/regulatory authorities; (iii) claims for any indirect and direct tax liability; and (iv) other litigations which are identified as material in terms of the Materiality Threshold (as defined hereinafter below), each involving our Company, Directors or Promoter.

*Our Debenture Committee of the Board, in its meeting held on January 12, 2022, has adopted a threshold for the identification of material litigations ("**Materiality Threshold**"). As per the Materiality Threshold, other than for the purposes of (i) to (iii) above, all outstanding litigation, wherein:*

(a) the monetary amount of claim by or against the Company, its directors, its promoter(s) or its group companies in any such pending litigation is lower of the following:
   - *a) 0.5% (half percent) of the total assets or*
   - *b) 3% (three percent) of the total income or*
   - *c) ₹ 5,00,00,000 (Rupees five crores only)*

as per the latest audited annual standalone financial statements of the Company.

(b) such pending litigation is material from the perspective of Company's business, operations, prospects or reputation,

has been considered as 'material litigation', and accordingly has been disclosed in this Prospectus.

Further, except as mentioned in this section, there are no proceedings involving our Group Companies, which may have a material adverse effect on the position of our Company.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors, Promoter or Group Companies shall, unless otherwise decided by our Board of Directors including committee thereof, not be considered as litigation until such time that our Company or Directors or Promoter or Group Companies, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

Further, except as stated in this section, there are no: (i) litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoter during the last three years immediately preceding the year of the issue of this Prospectus and any direction issued by such Ministry or Department or statutory authority; (ii) pending litigation involving our Company, our Promoter, our Directors, Group Companies or any other person, whose outcome could have material adverse effect on the position of our Company; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues, etc; (v) inquiries, inspections or investigations initiated or conducted against our Company under the Companies Act or any previous companies law in the three years immediately preceding the year of this Prospectus; (vi) prosecutions filed (whether pending or completed), fines imposed or compounding of offences done in the three years immediately preceding the year of this Prospectus; and (vii) material frauds committed against our Company in the last three years.

Further from time to time, we have been and shall continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. We believe that the number of proceedings in which we are/were involved is not unusual for a company of our size doing business in India.

Unless stated to the contrary, the information provided below is as of the date of this Prospectus.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

A. Litigations involving our Company

Litigations against our Company

Tax proceedings

Settlement applications filed by Our Company, KMLM Chits India Limited and KLM Fincorp Limited ("**Applicants**"), before the additional bench of the Income Tax Settlement Commission, Chennai ("**Settlement Commission**") for the following Assessment Years:

1. For our Company – Assessment Years 2013 – 2014 to 2016 – 2017;
2. For KMLM Chits India Limited – Assessment Years 2010 – 2011 to 2016 – 2017; and
3. For KLM Fincorp Limited – Assessment Years 2010 – 2011 to 2016 – 2017.

A search was conducted under section 132 of the I.T. Act on October 5, 2015 in the business premises of the Applicants at Kothamangalam, Thirupunithura, Piravom and Kaloor. Simultaneously, search was also conducted in the residential premises of Shibu Theckumpurath Varghese and Josekutty Xavier. Further, a survey under section 133A of the I.T. Act was conducted in the business premises of the concerns of the Applicants at Kolenchery, Aluva, Thodupuzha, Pala, Athani, Thirussur, Muvattupuzha, Perumbavoor and Pallithazham. During the search, certain documents and items were seized by the department and sworn statements were recorded from Shibu Theckumpurath Varghese, Josekutty Xavier, and other employees of the Applicants. It was alleged that the Applicants have generated the undisclosed income and utilized the same over the period and therefore the Applicants have filed the settlement application before the Settlement Commission.

Further, the Applicants have declared additional income of (i) ₹ 1,241.45 Lakhs in the case of KMLM Chits India Limited, (ii) ₹ 401.64 Lakhs in the case of KLM Axiva Finvest Limited, and (iii) ₹ 1385.62 Lakhs in the case of KLM Fincorp Limited before the Settlement Commission and the additional tax thereon arrived at by the Applicants exceeds the prescribed threshold limit of tax payable by the Applicants. The Settlement Commission through its order dated December 28, 2017 allowed the settlement applications of Applicants to be proceeded with further. The aggregate tax liability of the Company for the Assessment Years 2014-15, 2015-16 and 2016-17 was ₹ 116.87 Lakhs, which was ordered by the Settlement Commission to be paid in six instalments, and the same is fully paid as of date.

KLM Fincorp Limited and KMLM Chits India Limited have outstanding tax liabilities of ₹ 238.65 Lakhs and ₹ 239.86 Lakhs respectively and have been ordered by the Settlement Commission to pay the same in six instalments and have also made payments of their respective tax liabilities.

Criminal Cases

NIL

Material Civil Cases

NIL

Litigations by our Company

Criminal cases

Cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881

Our Company has filed various complaints and notices under section 138 of the Negotiable Instruments Act, 1881 for recovering amounts due from various individuals and entities ("**Persons**") on account of dishonouring of cheques issued by such Persons due to insufficiency of the funds. As of the date of this Prospectus, there are 115 such complaints pending before various courts. The total amount involved in such cases is approximately ₹ 465.69 Lakhs.

Material Civil cases

Cases filed by the Company

Our Company has filed various applications for execution and attachment of property before various judicial forums for recovering the loan amount along with interest from the defaulters. As of the date of this Prospectus, there are fifty-six, 56 such applications pending before various forums. The total amount involved in such cases is approximately ₹ 521.12 Lakhs. Our Company in its prayer has prayed for attachment of the property collateralized by the defaulters and/or belonging to them.

Inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of this Prospectus against our Company

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of this Prospectus against our Company.

B. Litigations involving our Group Companies

Litigations against our Group Companies

A writ petition bearing number 8317 of 2018 was filed by Dinesan N.V and others ("**Petitioners**") under Article 226 of the Constitution of India against the State of Kerala, Payyoli Granites Private Limited (**"our Group Company"**) and others before the High Court of Kerala at Ernakulam. The Petitioners being residents of Keezhariyur Grama Panchayath claimed that they were deprived of the comfortable use and enjoyment of their home, property, air, water and livelihood due to the ongoing alleged unauthorised and illegal mining and quarrying operations of granite building stone undertaken by our Group Company amounting to an alleged violation of Rule 29(1) of Kerala Minor Mineral Concession Rules, 1967. The Petitioners prayed for directions, *inter alia*, for non-renewal of the quarrying license and cancellation of the permit and environmental clearance issued to our Group Company. Presently the writ petition is pending before the High Court of Kerala at Ernakulam.

Litigations by our Group Companies

NIL

C. Litigations involving our Promoter

Litigations against our Promoter

Tax proceedings

NIL

Criminal Cases

NIL

Material Civil Cases

NIL

Litigations by our Promoter

Criminal Cases

NIL

Material Civil Cases

NIL

D. Litigations involving our Directors

Litigation against our Director

Tax Proceedings

NIL

Criminal Cases

NIL

Material Civil Cases

NIL

Litigations by our Directors

Criminal Cases

a. A Criminal Complaint was filed by Shibu Theckumpurath Varghese, Whole Time Director ("**Complainant**") against Noushad Alathur, owner of Grande Film Corporation ("**Accused No 1**") and Symon, owner of Empire Video ("**Accused No 2**") (together with Accused No. 1 "**Defendant**") before the Judicial Magistrate Court, Ernakulam. The complaint was filed due to non-compliance of the order dated October 06, 2016 in the OS 21/2016, restraining the Defendants from selling video rights to any other person than Complainant. The cause of action arose when the Complainant had seen the CD of the movie in a shop which was sold by the Accused No 2, thus violating the order. Therefore, the Complainant has filed a complaint under section 120B, 418 and 34 of the Indian Penal Code, 1860. The matter is posted for hearing on February 25, 2023 and currently pending before the Judicial First Class Magistrate, Ernakulam.

b. There are 10 complaints initiated by the Directors of our Company against different parties for alleged violation of Section 138 read with Section 141 and 142 of the Negotiable Instruments Act, 1881 ("**NI Act**") for dishonour of cheques. The aggregate consolidated amount involved in such cases is ₹ 47.11 Lakhs and our Directors have sought for appropriate reliefs under the NI Act. All such proceedings are currently pending.

c. Shibhu Thekkumpurath Varghese **("Complainant")** has filed a CC/60/2017 against Mr. Shibu Thekkumpurath Varghese against the Noushad Alathur ("**Accused No. 1**") and Symon ("**Accused No. 2**", collectively, "**Accused**") under Section 120 (b) of the Indian Penal Code. The Complainant had entered into an agreement with the the Accused No. 1 for royalty in a film. The Complainant has alleged that the Accused No. 1 in conspiration with Accused No. 2 cheated the Complainant and paid the royalty to another person. The matter is currently pending.

Material Civil Cases

NIL

Notices received by the Company:

NIL

Litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter during the last three years immediately preceding the year of the issue of this Prospectus and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action

NIL

Inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies' law in the last three years immediately preceding the year of issue of this Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last three years immediately preceding the year of this Prospectus

NIL

Reservations or qualifications or adverse remarks or emphasis of matter or other observations of the auditors of our Company in the last three financial years and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company

for each of the said reservations or qualifications or adverse remarks or emphasis of matter or other observations:

Period	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
FY 2022-23	-	Emphasis Of Matter We draw attention to Note 3 to the Standalone Financial Statements, which describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-I9 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-l9 pandemic. Our opinion is not modified in respect of these matters.	The COVID-19 pandemic will impact the Company's provision on financial assets is dependent on the future developments which are highly uncertain and cannot be quantilied at this point of time	- In accordance with the regulatory package announced by RBI, the company has offered an optional moratorium to the eligible customers. The Honourable Supreme court by its order dated 03.09.2020 ordered. the accounts which were not declared as NPA till 31.08.2020 shall not be declared NPA till further orders. Considering the Honourable Supreme court's order the loan accounts are not downgraded; no right back of impairment on financial instruments has been done considering the possibility of future downgrade when the Honourable Supreme Court's order is withdrawn.
	-	Report on Other Legal and Regulatory Requirements. During the financial year, an amount aggregating to Rs. 164.59 lakhs resulting from various fraud cases on the company has been reported. The same are intimated by the Company with Reserve Bank of India	Recovery measures and legal actions is its early stage and loss cannot be ascertained at this stage.	Recovery measures are being taken by the vigilance department of the company. The Company has filed police complaints and matters are pending with Honourable court
FY 2021-22		Emphasis Of Matter We draw attention to Note 3 to the Standalone Financial Statements, which describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic. Due to the Covid-I9 pandemic, we were not able to visit the branches of the Company and hence could not verify the underlying security in respect of gold loans. We are relying	The COVID-19 pandemic will impact the Company's provision on financial assets is dependent on the future developments which are highly uncertain and cannot be quantified at this point of time	In accordance with the regulatory package announced by RBI, the company has offered an optional moratorium to the eligible customers. The Honorable Supreme court by its order dated 03.09.2020 ordered, the accounts which were not declared as NPA till 31.08.2020 shall not be declared NPA till further orders. Considering the Honorable Supreme court's order the loan accounts are not downgraded; no right

Period	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
		on the internal control system in force and management representation with respect to the same. Our opinion is not modified in respect of these matters.		back of impairment on financial instruments has been done considering the possibility of future downgrade when the Honorable Supreme Court's order is withdrawn. Countrywide and region wise lockdown, declaration of containment zones/hotspots, shut down of offices, spurt of disease among staff etc, caused lot of difficulty in regular operations of the Company.
		Report on Other Legal and Regulatory Requirements l. As required by Section 143(3) of the Act, we report that: (d) In our opinion, the financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under Except Ind AS-19 - Employee Benefits.	The impact of non-adherence could not be ascertained as actuarial valuation was not conducted.	As per the explanation provided, the Company has approached Life Insurance Corporation of India to adopt actuarial valuation for the compliance of Ind AS-19. The report was received on June 7,2022.
FY 2020-21	Standalone	Emphasis Of Matter We draw attention to Note 3 to the Standalone Financial Statements, which describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic. Due to the Covid-I9 pandemic, we were not able to visit the branches of the Company and hence could not verify the underlying security in respect of gold loans. We are relying on the internal control system in force and management representation with respect to the same. Our opinion is not modified in respect of these matters.	The COVID-19 pandemic will impact the Company's provision on financial assets is dependent on the future developments which are highly uncertain and cannot be quantified at this point of time	In accordance with the regulatory package announced by RBI, the company has offered an optional moratorium to the eligible customers. The Honorable Supreme court by its order dated 03.09.2020 ordered, the accounts which were not declared as NPA till 31.08.2020 shall not be declared NPA till further orders. Considering the Honorable Supreme court's order the loan accounts are not downgraded; no right back of impairment on financial instruments has been done considering the possibility of future downgrade when the Honorable Supreme

Period	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
				Court's order is withdrawn. Countrywide and region wise lockdown, declaration of containment zones/hotspots, shut down of offices, spurt of disease among staff etc, caused lot of difficulty in regular operations of the Company and finalisation of accounts.
	Standalone	Report on Other Legal and Regulatory Requirements l. As required by Section 143(3) of the Act, we report that: (d) In our opinion, the financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under Except Ind AS-19 - Employee Benefits.	The impact of non-adherence could not be ascertained as actuarial valuation was not conducted.	As per the explanation provided, the Company has approached Life Insurance Corporation of India to adopt actuarial valuation for the compliance of Ind AS-19. The report was received on June 7,2022.
	Consolidated	Emphasis Of Matter We draw attention to Note 3 to the Consolidated Financial Statements, which describes that the Group has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic. Due to the Covid-I9 pandemic, we were not able to visit the branches of the Holding Company and hence could not verify the underlying security in respect of gold loans. We are relying on the internal control system in force and management representation with respect to the same. Our opinion is not modified in respect of these matters.	The COVID-19 pandemic will impact the Company's provision on financial assets is dependent on the future developments which are highly uncertain and cannot be quantified at this point of time	In accordance with the regulatory package announced by RBI, the company has offered an optional moratorium to the eligible customers. The Honorable Supreme court by its order dated 03.09.2020 ordered, the accounts which were not declared as NPA till 31.08.2020 shall not be declared NPA till further orders. Considering the Honorable Supreme court's order the loan accounts are not downgraded; no right back of impairment on financial instruments has been done considering the possibility of future downgrade when the Honorable Supreme Court's order is withdrawn. Countrywide and region wise lockdown,

Period	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
				declaration of containment zones/hotspots, shut down of offices, spurt of disease among staff etc, caused lot of difficulty in regular operations of the Company and finalisation of accounts.
	Consolidated	Report on Other Legal and Regulatory Requirements 2. As required by Section 143(3) of the Act, we report that: (d). In our opinion, the consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under, Except Ind AS-19 - Employee Benefits.	The impact of non-adherence could not be ascertained as actuarial valuation was not conducted.	As per the explanation provided, the Company has approached Life Insurance Corporation of India to adopt actuarial valuation for the compliance of Ind AS-19. The report was received on June 7,2022.

Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company

There is no material fraud committed against our Company in the last three Fiscals.

Details of disciplinary action taken by SEBI or Stock Exchanges against the Promoters/ Group companies in the last five financial years, including outstanding action.

NIL

OTHER REGULATORY AND STATUTORY DISCLOSURES

Issuer's Absolute Responsibility

"The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and the issue which is material in the context of the issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

Authority for the Issue

At the meeting of the Board of Directors of our Company, held May 26, 2023, the Board approved the Issue of Secured, Redeemable NCDs to the public for an amount of ₹ 7,500 lakhs, with an option to retain over-subscription up to ₹ 7,500 lakhs aggregating up to ₹ 15,000 lakhs.

Prohibition by SEBI

Our Company, persons in control of our Company, our Directors and/or our Promoter has not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Categorisation as a Wilful Defaulter

Our Company, our Directors and/or our Promoter have not been categorised as a Wilful Defaulter nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

Declaration as a Fugitive Economic Offender

None of our Promoter or Directors has been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

Other confirmations

None of our Company or our Directors or our Promoter, or person(s) in control of our Company was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with the SEBI Delisting Regulations, as amended.

Disclaimer

Disclaimer statement from our Company, our Directors and the Lead Manager

Our Company, our Directors and the Lead Manager accepts no responsibility for statements made other than in this Prospectus or in the advertisements or any other material issued by or at our Company's instance in connection with the Issue of the NCDs and anyone placing reliance on any other source of information including our Company's website, or any website of any affiliate of our Company would be doing so at their own risk. The Lead Manager accept no responsibility, save to the limited extent as provided in the Issue Agreement.

None among our Company or the Lead Manager or any Member of the Syndicate is liable for any failure in uploading the Application due to faults in any software/ hardware system or otherwise; the blocking of Application Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who make an Application in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs and will not issue, sell, pledge, or transfer the NCDs to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the NCDs being offered in the Issue.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF NON CONVERTIBLE SECURITIES) REGULATIONS, 2021. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED AUGUST 22, 2023, WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTER OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDs OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**

3. **WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED.**

4. **WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956, COMPANIES ACT, 2013, SECURITIES CONTRACTS, (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

WE CONFIRM THAT NO COMMENTS/COMPLAINTS WERE RECEIVED ON THE DRAFT PROSPECTUS HOSTED ON THE WEBSITE OF BSE LIMITED (DESIGNATED STOCK EXCHANGE).

Disclaimer Clause of BSE

BSE Limited (“the Exchange”) has given, vide its Approval Letter dated August 22, 2023 permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Draft Offer Document/ Offer

Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

a) warrant, certify or endorse the correctness or completeness of any contents of this offer document; or

b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

And it should not for any reason be deemed or construed that this Draft Offer Document/ Offer Document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED MARCH 15, 2016 BEARING REGISTRATION NO. 09.00006 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/DISCHARGE OF LIABILITY BY THE COMPANY.

Disclaimer Clause of India Ratings

Users of IRRPL ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. The Rating Agency shall neither construed to be nor acting under the capacity or nature of an 'expert' as defined under Section 2(38) of the Companies Act, 2013. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

Disclaimer Clause of CRISIL

CRISIL Market Intelligence & Analytics (CRISIL MI&A), a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. KLM Axiva Finvest Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL MI&A operates independently of, and does not have access to information obtained by CRISIL Ratings Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL MI&A and not of CRISIL Ratings Limited. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval..

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of Lead Manager	Website
Vivro Financial Services Private Limited	http://www.vivro.net/offerdocuments

Listing

An application will be made to BSE for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 working days from the date of closure of the issue.

Consents

The written consents of (a) Directors of our Company; (b) Company Secretary and Compliance Officer; (c) Chief Executive Officer; (d) Chief Financial Officer; (e) Statutory Auditors; (f) Legal counsel to the Issue; (g) Lead Manager; (h) the Registrar to the Issue; (i) Public Issue Account Banks; (j) Refund Banks; (k) Credit Rating Agency; (l) CRISIL Limited; (m) the Banker to our Company; (n) the Debenture Trustee; (o) Sponsor Bank and (p) the Syndicate Members to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn as on the date of this Prospectus.

Expert Opinion

Except as stated below, our Company has not obtained any expert opinion:

Our Company has received written consent from the Statutory Auditor, namely M/s. RB Jain and Associates, Chartered Accountants, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as a statutory auditor, in respect of the Audited Financial Statements and Unaudited Ind AS Financial Results and their audit report/ Limited Review Report thereon. The consent of the Statutory Auditors has not been withdrawn as on the date of this Prospectus.

Common form of Transfer

We undertake that there shall be a common form of transfer for the NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depositary Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Filing of this Prospectus

This Prospectus is being filed with the Designated Stock Exchange in terms of Regulation 27 of the SEBI NCS Regulations for dissemination on its website(s) prior to the opening of the Issue.

Filing of the Prospectus

The Prospectus shall be filed with RoC in accordance with Section 26 of the Companies Act, 2013.

Debenture Redemption Reserve ("DRR")

Pursuant to Regulation 16 of the SEBI NCS Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Amendment Rules, 2019, listed NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws

Issue Related Expenses

For details of Issue related expenses, see "*Objects of the Issue*" on page 75.

Reservation

No portion of this Issue has been reserved.

Terms and Conditions of Debenture Trustee Agreement

Fees charged by Debenture Trustee

The Debenture Trustee has agreed for one time acceptance fee amounting to ₹ 1,50,000/- (plus the applicable taxes) with Annual fee of 0.015% of the outstanding balance of secured NCDs at the end of each quarter payable on quarterly basis for the services as agreed in the engagement letter dated April 19, 2023.

Terms of carrying out due diligence

As per the SEBI Circular "SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 03, 2020 titled "Creation of Security in issuance of listed debt securities and due diligence by debenture trustee(s)", the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer company are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our company has consented to.

a. The Debenture Trustee, either through itself or its agents /advisors/ consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the offer document /disclosure document / information memorandum / private placement memorandum, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.

b. The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third party security provider are registered / disclosed.

c. Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify KLM Axiva Finvest Limited such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

d. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ Applicable Law.

The Debenture Trustee shall have the power to either independently appoint, or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company. Process of Due Diligence to be carried out by the Debenture Trustee Due Diligence will be carried out as per SEBI Debt Regulations and circulars issued by SEBI from time to time. This would broadly include the following:

- A Chartered Accountant ("**CA**") appointed by Debenture Trustee will conduct independent due diligence as per scope provided, regarding security offered by the Issuer.
- CA will ascertain, verify, and ensure that the assets offered as security by the Issuer is free from any encumbrances or necessary permission / consent / NOC has been obtained from all existing charge holders.
- CA will conduct independent due diligence on the basis of data / information provided by the Issuer.
- CA will, periodically undertake due diligence as envisaged in SEBI circulars depending on the nature of security.
- On basis of the CA's report / finding Due Diligence certificate will be issued by Debenture Trustee and will be filed with relevant Stock Exchanges.
- Due Diligence conducted is premised on data / information made available to the Debenture Trustee appointed agency and there is no onus of responsibility on Debenture Trustee or its appointed agency for any acts of omission / commission on the part of the Issuer.

While the NCD is secured as per terms of the Offer Document and charge is held in favour of the Debenture Trustee, the extent of recovery would depend upon realization of asset value and the Debenture Trustee in no way guarantees / assures full recovery / partial of either principal or interest.

Other Confirmations

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with Applicable Law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI circulars titled (i) "Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)" dated November 3, 2020; and (ii) "Monitoring and Disclosures by Debenture Trustee(s)" dated November 12, 2020.

VISTRA ITCL (INDIA) LIMITED HAVE FURNISHED TO STOCK EXCHANGES A DUE DILIGENCE CERTIFICATE DATED AUGUST 8, 2023, AS PER THE FORMAT SPECIFIED IN ANNEXURE A TO THE DT CIRCULAR WHICH READS AS FOLLOWS:

1. We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications as provided to us.

2. On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications provided to us, WE CONFIRM that as on date:

   a. The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.

   b. The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).

   c. The Issuer has made all the relevant disclosures about the security and also its continued obligations towards the holders of debt securities to the best of our knowledge basis the information provided to us.

   d. Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document and all disclosures made in the offer document with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.

   e. Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document and has given an undertaking that debenture trust deed shall be executed before filing of listing application.

   f. Issuer has given an undertaking that charge shall be created in favour of Debenture Trustee as per terms of issue before filing of listing application.

   g. All disclosures made in the draft offer document with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities as on date, basis the information/documents shared with us as on date.

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in Annexure A of the DT Circular.

Details regarding the Company and other listed companies which are associate companies as described under the Companies Act, 2013, which made any capital issue during the last three years

There are no other listed companies under the same management / associate companies as described under the Companies Act, 2013, during the last three years. Other than the Public Issue I, Public Issue II, Public Issue III, Public Issue IV, Public Issue V, Public Issue VI, Public Issue VII and Public Issue VIII, our Company has previously not made any public issues of non-convertible debentures.

Public Issue of Equity Shares

Our Company has not made any public issue of Equity Shares or rights issuances in the last five years.

Previous Issue

Other than the Public Issue I, Public Issue II, Public Issue III, Public Issue IV, Public Issue V, Public Issue VI, Public Issue VII and Public Issue VIII, our Company has previously not made any public issues of non-convertible debentures

Other than as specifically disclosed in this Prospectus, our Company has not issued any securities for consideration other than cash in last two years preceding the date of this Prospectus.

Dividend

Our Company has no formal dividend policy. The declaration and payment of dividends on our Equity Shares will be recommended by the Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. For details of dividend declared and paid for during the last three Fiscals i.e. 2021 to 2023, please refer table below:

(*₹ in lakhs, except per share data*)

Particulars	31/03/2023	31/03/2022	31/03/2021
On Equity Shares			
Fully Paid-up Share Capital (Nos.)	18,67,28,078	11,48,75,128	6,79,28,228
Face Value / Paid Up Value (₹)	10.00	10.00	10.00
Equity Share Capital	18,672.81	11,487.51	6,792.82
Rate of Dividend	0%	0%	8%
Dividend	-	-	543.43
Dividend Distribution Tax	-	-	-

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kochi, India.

Details regarding lending out of issue proceeds of Previous Issues

A. Lending Policy

Please see "*Our Business - Gold Loans*" on page 105.

B. Utilisation of Issue Proceeds of the previous Issues by our Company

Public Issue I

Sr. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	10,000.00
	Utilisation of Issue Proceeds	
1.	Onward Lending and for repayment of interest and principal of existing borrowings	10,000.00
2.	General Corporate Purpose	0.00
	Total	**10,000.00**

Our Company has incurred an amount of ₹ 89.99 lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue I. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.

Public Issue II

Sr. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	9,383.38
	Utilisation of Issue Proceeds	
1.	Onward Lending and for repayment of interest and principal of existing borrowings	9,383.38
2.	General Corporate Purpose	0.00
	Total	**9,383.38**

Our Company has incurred an amount of ₹ 104.99 lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue II. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.

Public Issue III

Sl. No.	Particulars	Amount utilised (₹ in lakhs)

	Issue Proceeds	**12,428.93**
	Utilisation of Issue Proceeds	
1.	Onward Lending and repayment of interest and principal of existing borrowings	12,428.93
2.	General Corporate Purpose	0.00
	Total	**12,428.93**

The Company has incurred an amount of ₹ 88.09 lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.

Public Issue IV

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	**15,000.00**
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and repayment/ repayment of principal and interest of existing borrowings	15,000.00
2.	General Corporate Purpose	0.00
	Total	**15,000.00**

The Company has incurred an amount of ₹ 63.54 *lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.*

Public Issue V

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	**16,210.77**
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and repayment/ repayment of principal and interest of existing borrowings	16,210.77
2.	General Corporate purpose	0.00
	Total	**16,210.77**

The Company has incurred an amount of ₹ 92.65 lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.

Public Issue VI

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	**17,765.22**
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and repayment/ repayment of principal and interest of existing borrowings	17,765.22
2.	General Corporate purpose	0.00
	Total	**17,765.22**

The Company has incurred an amount of ₹ 63.65 lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.

Public Issue VII

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	**18,798.56**
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and repayment/ repayment of principal and interest of existing borrowings	14,740.00
2.	General Corporate Purpose	58.38
3.	Balance with Bank	4,000.18
	Total	**18,798.56**

The Company has incurred an amount of ₹ 74.25 lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.

Public Issue VIII

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	**13,612.96**
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and repayment/ repayment of principal and interest of existing borrowings	**13,612.96**
2.	General Corporate Purpose	**-**
3.	Balance with Bank	**-**
	Total	**13,612.96**

C. Group Companies

Nil

Description of our loan portfolio

1. **Loans given by the Company:**

The Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoter out of the proceeds of previous issues public issues and private placements of debentures.

2. **Types of Loans**

Classification of loans/advances given to:

a. The detailed breakup of the types of loans given by the Company as on March 31, 2022 is as follows:

(₹ in lakhs)

Sr. No.	Type of Loans	Amount
1.	Secured	1,31,637.10
2.	Unsecured	14,395.87
	Total assets under management (AUM)	**1,46,032.97**

b. Sectoral Exposure as on March 31, 2023:

Sr. No.	Segment-wise break-up of AUM	Percentage of AUM
1	**Retail**	
A	-Mortgages (home loans and loans against property)	**-**
B	-Gold loans	64.23%
C	-Vehicle finance	-

Sr. No.	Segment-wise break-up of AUM	Percentage of AUM
D	-MFI	9.86%
E	-M&SME Loans	25.91%
F	-Capital market funding (loans against shares, margin funding)	-
G	-Others (Personal Loans)	-
2	**Wholesale**	
A	-Infrastructure	-
B	-Real estate (including builder loans)	-
C	-Promoter funding	-
D	-Any other sector (as applicable)	-
E	-Others	-
	Total	**100.00%**

c. Denomination of loans outstanding by ticket size as on March 31, 2023*:

Sr. No.	Ticket size**	Percentage of AUM
1	Up to ₹2 lakh	61.80%
2	₹2-5 lakh	12.42%
3	₹5-10 lakh	3.54%
4	₹10-25 lakh	6.05%
5	₹25-50 lakh	4.03%
6	₹50 lakh -1 crore	2.52%
7	₹1-5 crore	4.44%
8	₹5-25 crore	5.20%
9	₹25-100 crore	-
10	Above ₹100 crore	-
	Total	**100.00%**

**Ticket size at the time of origination*
***The details provided are as per borrower and not as per loan account*

d. Denomination of loans outstanding by LTV as on March 31, 2023*:

Sr. No.	LTV	Percentage of AUM
1	Up to 40%	-
2	40-50%	4.48%
3	50-60%	4.83%
4	60-70%	22.68%
5	70-80%	58.87%
6	80-90%	9.14%
7	More than 90%	-
	Total	**100.00%**

**LTV at the time of origination*

e. Geographical classification of borrowers as on March 31 2022:

Sr. No.	Top 4 states	Percentage
1	Tamil Nadu	17.12%
2	Telangana	4.36%
3	Karnataka	23.92%
4	Kerala	52.56%
5	Maharashtra	0.10%
6	Andhra Pradesh	1.94%
	Total	**100.00%**

f. (i) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2023:

(₹ in lakhs)

Particulars	Amount
Total advances to twenty largest borrowers	14,834.20
Percentage of advances to twenty largest borrowers to total advances to our Company	10.16%

(ii) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2023

(₹ in lakhs)

Particulars	Amount	
	Secured	Unsecured
Total exposure to twenty largest borrowers	14,834.20	10.00%
Percentage of exposure to twenty largest borrowers to total exposure to our Company	10.16%	0.01%

g. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines as on March 31, 2023

(₹ in lakhs)

Movement of NPA	Amount
Movement of gross NPA	
Opening gross NPA	4,292.53
- Additions during the year	-
- Reductions during the year	(1,600.40)
Closing balance of gross NPA	2,692.14
Movement of net NPA	
Opening net NPA	2,898.48
- Additions during the year	-
- Reductions during the year	(1,774.73)
Closing balance of net NPA	1,123.75
Movement of provisions for NPA	
Opening balance	1,394.05
- Provisions made during the year	107.53-
- Write-off/write-back of excess provisions	-
Closing balance	1,501.58

h. Segment-wise gross NPA as on March 31, 2023

Sr.	Segment-wise gross NPA	Gross NPA (%)*
1	**Retail**	
A	-Mortgages (home loans and loans against property)	-
B	-Gold loans	0.05%
C	-Vehicle finance	-
D	-MFI	8.83%
E	-M&SME	1.55%
F	-Capital market funding (loans against shares, margin funding)	
G	-Others	-
2	**Wholesale**	-

Sr.	Segment-wise gross NPA	Gross NPA (%)*
A	-Infrastructure	-
B	-Real estate (including builder loans)	-
C	-Promoter funding	-
D	-Any other sector (as applicable)	-
E	-Others	-
	Total	**1.84%**

**Gross NPA means percentage of NPAs to total advances in that sector*

i. Classification of loans/advances given to Group Companies as on March 31, 2023:

(₹ in lakhs)

	Name of Borrower	Amount of Advance/ exposure to such borrower (₹ in lakhs) (A)	Percentage of Exposure (A/ Total AUM)
-	-	-	-

3. **Residual maturity profile of assets and liabilities as on March 31, 2023:**

(₹ in lakhs)

	Up to 30/ 31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	-	-	-	-	-	-	
Advances	19,440.83	2,213.09	2,829.24	8,132.50	78,013.08	26,872.89	7,282.26	1,249.08	1,46,032.97
Investments	-	-	-	-	-	-	-	-	-
Borrowings	4525.07	692.20	343.60	10,584.44	20,411.17	70,166.19	30,358.92	2,443.93	1,39,525.52
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

4. **Others**

<u>LOAN POLICY</u>

Introduction:-

The Loan Policy shall act as a guiding post for the top management of the Company in conducting the business within acceptable risk, Long Term Profitability and Stability in lending operations.

Objectives:-

1. Ensure a healthy balance between loan levels, profits and quality of assets.
2. Comply with the regulatory requirements / directives such as Capital Adequacy, LTV, Interest rates etc.
3. Lay down controls for assumption and monitoring of large exposures.
4. Develop and inculcate ‘internal values’ in the business of lending.
5. Facilitate sustained growth without deterioration in the asset quality.
6. Lay down proper system & procedures, appraisal standards at various levels in the organization with sturdy internal controls.

7. Adequately protect the collaterals pledged from any possible loss.
8. Detail risk management practices and internal audit procedures into the Lending Policy
9. Enable the Company to successfully and consistently cope with competition.
10. Improve the capabilities and credit skills of the employees and officers connected with loan portfolio at various levels.
11. Meet with the expectations on corporate social responsibility and actively participate in 'financial inclusion' programme.

Loans

1. **Gold Loan**
2. **Business Loan**
3. **Personal Loan**

Gold Loan:-

Product and target Segment:-

To provide short term loans to the customers against gold jewellery as collateral.

NB- Gold ornaments to be accepted as per RBI Guidelines.

Individual who is owner of the ornament and fulfill the KYC norms as per RBI norms can pledge. He/ She need to give declaration about the ownership.

Purposes:-

The loan can extended for one or more of the following purposes

1. Personal Needs
2. Agricultural
3. Marriage Expenses
4. Business Purposes
5. Medical Needs

Area of Operation:-

The Branch will be entitled to consider the request customers whose residence or place of employment within a radius of 20 kilometers from the branch. The person who is working near to branch but from other states will consider for loan by case to case.

Quantity of Finance:-

Minimum Amount: ₹ 1,000/-
Maximum Amount: No Limit.
If the loan is above ₹ 5,00,000/- Address Verification is mandatory.
Branches to maintain LTV ratio 75% as per RBI new guidelines. The Maximum permissible loan amount will be only the intrinsic value of the gold content there in and no other cost elements should be added while evaluating the value of Gold.

Period:-

Minimum Period – 7 Days
Maximum Period – 365 days
Up on maturity of the loan, the pledge may be renewed at the request from the borrower and subject to the direction of KLM.

Interest and Charges:-

Interest and other charges to be charged upon shall be as per the schemes circulated time to time. The interest rates decided based on gradation of risk policy.

The interest shall be calculated for the number of days the loan remains outstanding, including the date of disbursement and the date of repayment. However the borrower closing the loan within 7 days he/she has to pay 7 day's interest or ₹ 10/- whichever is high.

Borrower to pay interest on a monthly basis or as per the scheme.

Documentation:-

1. KYC- ID and Address Proof - To Submit the KYC document copy after checking the original. (one document of identity proof (such as ration card, driving license, PAN Card, Voter ID card, passport etc.) and one document of residential proof.)

2. Also customer should sign the below documents.

- Loan Application or Agreement form
- DPN and Ownership Declaration form
- Weight measurement
- Payment receipt voucher after post disbursement of cash
- Pawn ticket

Mode of Payment: Up to ₹ 1,99,999/- will pay as cash and if it is above this limit will pay as cheque.

Stone weight: Actual or estimated weight of the stone will mention in the form/agreement/in pawn ticket. The loan only to the net weight of the ornament.

Rate Per Gram: Gold rate per gram for disbursing the loan will be announced by the CO on a daily basis.

Items to be avoided for Disbursement:-

1. Gold Coins
2. Gold Bars
3. Item with more than 40% stone
4. A new customer coming with all broken items.
5. Karmanimala
6. Items Below 20 Ct

Release of Jewellery:- The jewellery shall be released to the same customer on receipt of full dues including the principal, interest, penal interest and charges, if any .In case of part payment proportionate Jewellery wherever possible can be released. Any Release of partial or full only after the verification of original pawn ticket.

The ornament shall normally be released only to the person who had tendered the security to the branch. In exceptional cases it can be released to other person duly authorized by the customer in the prescribed format, subject to verification of the identity and signature of the person. In all the cases original pawn ticket is mandatory.

In case of death of the borrower Jewellery to be released to the legal heir on submission of the proper certification in this regard.

Staff Training to Avoid Loss or Fraud:- Gold ornaments offered by loan applicants for availing loan there against will be correctly appraised for actual gold content i.e. purity. Employees at the branches will be provided regular and effective training from time to time to improve their gold appraisal skills using traditional tests such as nitric acid, smell, colour, sound etc.

Auction:- If any customer fails to pay the interest within 365 days and above will go for auction. The following Process will follow.

- Prepare Region Auction Schedules as per the Hotlist in all Auction centres.
- Take approval from Chairman through Auction Dept.

- Approved auction schedules circulating to concerned Territory & all other dept. (Audit, System, Vigilance, Security, Brand Mgr. & Accounts).
- Prepare Tentative Schedules for receiving auction Gold packets from concerned branches under the auction venues.
- Before receiving the packets should verify the Original DPN, Registered letter, AD Card & Auction Intimation Letter.
- After verification Return all DPN along with Documents to concerned Branches for maintaining separate auction file.
- Collect Gold packets as per approved schedule through systems with the presence of Audit Manager & Gold Appraisers.
- Should receive only the Gold purity (18Ct& above)- Low Qty & Spurious Gold should kept separately and remark through system and submit the report to H.O(Operation & Auction Dept.).
- If any weight difference (0.500gm & above) found while receiving auction packets immediately reported through concerned Operation /Auction dept. at H.O.
- After completion of receiving the packets, make lots- as per the Weight (1500- 2500 grams)
- Make arrangements for release News paper advertisement, prior 15 Days from the public auction.(English & Local Languages).
- After collecting EMD (Earnest Money Deposit) & required documents we can show the lots to bidder for verification. After verifications of all lots by the bidders immediately pack and seals with the presence of audit Manager and keep it in Strong Room.
- Once amount received from Bidder will release the ornaments to them.

Revaluation of assets

Our Company has not revalued its assets in last three financial years.

Mechanism for redressal of investor grievances

Agreement dated August 1, 2023 between the Registrar to the Issue and our Company provides for settling of investor grievances in a timely manner and for retention of records with the Registrar to the Issue for a period of eight years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer giving full details such as name, address of the applicant, number of NCDs applied for, amount paid on application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Application Locations, giving full details such as name, address of Applicant, Application Form number, option applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be three (3) working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The contact details of Registrar to the Issue are as follows:

KFin Technologies Limited
Selenium Tower-B,
Plot No – 31 & 32, Financial District,

Nanakramguda, Serilingampally
Hyderabad, Rangareddi –500 032,
Telangana, India
Telephone: +91 40 6716 2222
facsimile: +91 40 6716 1563
Toll free number: 18003094001
Email: klmaxiva.ncdipo@kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

Compliance Officer of our Company

Srikanth G. Menon has been appointed as the Compliance Officer of our Company for this issue.

The contact details of Compliance officer of our Company are as follows**:**

Srikanth G. Menon
KLM Axiva Finvest Limited
4th Floor, Door No. 1871A24, VM Plaza,
Palarivattom, Ernakulam – 682 025
Kerala, India
Telephone: +91-484-4281118
E-mail: cs@klmaxiva.com

Change in Auditors of our Company during the last three years and current financial year

Name of the Auditor	Address	Date of appointment	Date of cessation, if applicable	Date of resignation, if applicable
M/s Balan & Co. Chartered Accountants	Bank Road, Aluva, Kochi-683 101, Kerala, India	-	-	April 12, 2021
M/s R B Jain and Associates, Chartered Accountants	Kosseril House, Civil Lane Road, Palarivattom, Kochi – 682 025	May 21, 2021*	-	-

**Re-appointed on August 18, 2023*

Undertaking by our Company

Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of '*Risk factors*' on page 17.

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Issuer and the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Issuer has no side letter with any debt securities holder. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

Latest ALM statement

The following table describes the ALM of our Company as on March 31, 2023:

(₹ in lakhs)

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Non sensitive to ALM	Total
Bank Balance other than Cash & Cash Equivalent	3,003.31	2,452.82	1,861.82	4,986.85	15,125.44	6,181.19	0.10	0.01	-	**33,611.54**
Advances	36,734.40	56,170.87	53,690.19	1,93,682.69	1,42,198.57	735.00	1,363.98	6,390.88	(6,397.52)	**4,84,569.06**
Investments	-	-	-	-	-	-	-	-	-	-
Debt Securities	-	9,330.76	-	30,983.11	27,735.40	1,03,482.70	57,763.56	9,627.19	(416.41)	**2,38,506.31**
Subordinated Liabilities	52.62	-	-	130.00	285.00	12,710.14	15,141.32	1,757.96	(50.98)	**30,026.06**
Borrowings (other than debt securities)	14,602.12	9,641.98	42,545.19	36,097.21	44,952.62	44,375.75	1,007.49	-	-	**1,93,222.36**
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-

KEY REGULATIONS AND POLICIES

The regulations summarised below are not exhaustive and are only intended to provide general information to Investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, GST laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The major regulations governing our Company are detailed below:

We are a non-deposit taking (which does not accept public deposits), systemically important, NBFC. As such, our business activities are regulated by RBI Regulations applicable to non-public deposit accepting NBFCs ("**NBFC-ND**").

As of December 29, 2022, the RBI has issued an updated Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 01, 2016 as amended, ("Master Directions") applicable to all NBFC-ND-SI's.

Regulations governing NBFCs

Reserve Bank of India Act, 1934

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/ stock/ bonds/ debentures/ securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/ purchase/ construction of immovable property.

As per prescribed law any company that carries on the business of a non-banking financial institution as its 'principal business' is to be treated as an NBFC. The term 'principal businesses has not been defined in any statute, however, RBI has clarified through a press release (Ref. No. 1998-99/1269) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company's principal business. The company will be treated as an NBFC if its financial assets are more than 50 percent of its total assets (netted off by intangible assets) and income from financial assets should be more than 50 percent of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case, not later than December 30 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

NBFCs are primarily governed by the RBI Act and the Master Directions. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- An NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and

- NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard.

Types of NBFCs

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

The major regulations governing our Company are detailed below:

On October 22, 2021, the RBI issued a Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ("SBR Framework"), whereby NBFCs have been categorised into following four layers based on their size, activity, and perceived riskiness by the RBI:

i) NBFC- Base Layer ("NBFC-BL");
ii) NBFC- Middle Layer ("NBFC-ML");
iii) NBFC- Upper layer ("NBFC-UL"); and
iv) NBFC- Top Layer ("NBFC-TL")

The NBFC- BL comprise of (a) non-deposit taking NBFCs below the asset size of ₹ 1,00,000 lakh and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface.

The NBFC- ML consist of (a) all deposit taking NBFCs ("NBFC-Ds"), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹ 1,00,000 lakh and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs).

The NBFC-UL comprise of those NBFCs which are specifically identified by RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in appendix to SBR Framework. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

The NBFC-TL will ideally remain empty. This layer can get populated if RBI is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFC-UL. Such NBFCs shall move to the NBFC-TL.

Pursuant the SBR Framework the criteria of asset size of non-deposit NBFCs for classification as non-systemically important has been increased from ₹ 50,000 lakh to ₹ 1,00,000 lakh ("NBFC-ND"). Therefore, non-deposit NBFCs with asset size of over ₹ 1,00,000 lakh will be considered as systemically important by the RBI ("NBFC-ND-SI"). The SBR Framework came into effect from October 01, 2022 and provides that from October 01, 2022 references to NBFC-ND shall mean NBFC-BL and all references to NBFC-D and NBFC-ND-SI shall mean NBFC-ML or NBFC-UL, as the case may be.

As the regulatory structure envisages scale based as well as activity-based regulation under the SBR Framework, the following prescriptions shall apply in respect of the NBFCs:

i) NBFC-P2P, NBFC-AA, NOFHC and NBFCs without public funds and customer interface will always remain in the base layer of the regulatory structure.

ii) NBFC-D, CIC, IFC and HFC will be included in middle layer or the upper layer (and not in the base layer), as the case may be. SPD and IDF-NBFC will always remain in the middle layer.

iii) The remaining NBFCs, viz., Investment and Credit Companies (NBFC-ICC), Micro Finance Institution (NBFC-MFI), NBFC-Factors and Mortgage Guarantee Companies (NBFC-MGC) could lie in any of the layers of the regulatory structure depending on the parameters of the scale based regulatory framework.

iv) Government owned NBFCs shall be placed in the base layer or middle layer, as the case may be. RBI Master Directions define 'NBFC ICC' to mean a company which is a financial institution carrying on as its principal business of asset finance, the providing of finance whether by making loans or advances or otherwise for any activity other than its own and the acquisition of securities.

Further, an NBFC may be registered as a NBFC-D or as a NBFC-ND. The RBI has recently harmonised the categories of NBFCs into: (i) investment and credit companies (which erstwhile consisted of asset finance companies, investment companies, and loan companies); (ii) infrastructure finance companies; (iii) infrastructure debt funds; (iv) NBFC – micro finance institutions; and (v) NBFC – factors.

Regulatory Requirements of an NBFC under the RBI Act

Our Company has been classified as an NBFC-ND-SI pursuant to a Board resolution of the Company dated March 9, 2020. As on date of filing of this Prospectus the Company falls under the category of NBFC ML, as its assets size is above ₹ 1,00,000 lakh, as per the last audited balance sheet. SBR Framework provide that NBFCs in the middle layer (NBFC-ML) shall continue to follow regulations as currently applicable for NBFC-ND-SIs, NBFC-Ds, CICs, SPDs and HFCs, as the case may be, except for the regulatory changes under SBR Framework applicable on NBFC-ML.

Systemically important NBFC-NDs

As per the NBFC Master Directions, the revised the threshold for defining systemic significance for NBFCs- ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹ 50,000 lakhs and above as per the last audited balance sheet. Moreover, as per this amendment, all NBFCs-ND with assets of ₹ 50,000 lakhs and above, irrespective of whether they have accessed public funds or not, shall comply with prudential regulations as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists.

All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio of 15 per cent.

Rating of NBFCs

Pursuant to the RBISI Master Directions, all NBFCs with an asset size of ₹ 50,000 lakhs are required to, as per RBI instructions to, furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

Prudential Norms

The RBI Master Circular on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 ("**ND-SI-Directions**"), amongst other requirements prescribe guidelines on NBFC-ND regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. The ND-SI-Directions state that the credit/ investment norms shall not apply to a systemically important non-banking financial company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

Corporate governance norms

As per the ND-SI-Directions, all NBFC-ND-SI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, RBI *vide* notification dated 10 November 2014 has mandated the Audit Committee to ensure that an information systems audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the company. RBI has also mandated the NBFCs to have a policy to ascertain the‘fit and proper criteria’ at the time of appointment of directors and on a continuing basis.

Under the terms of SBR Framework following additional corporate governance compliances have been stipulated for NBFC-ML and NBFC-UL:

(a) Key Managerial Personnel - Except for directorship in a subsidiary, key managerial personnel shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL. A timeline of two years is provided with effect from October 01, 2022 to ensure compliance with these norms. However, they can assume directorship in NBFC-BLs.

(b) Independent Director - Within the permissible limits in terms of Companies Act, 2013, an independent director shall not be on the board of more than three NBFCs (NBFC-ML or NBFC-UL) at the same time. Further, the Board of the NBFC shall ensure that there is no conflict arising out of their independent directors being on the board of another NBFC at the same time. A timeline of two years is provided with effect from October 01, 2022 to ensure compliance with these norms. There shall be no restriction to directorship on the boards of NBFC-BLs, subject to applicable provisions of Companies Act, 2013.

(c) Disclosures - NBFCs shall, in addition to the existing regulatory disclosures, disclose the following in their annual financial statements, with effect from March 31, 2023:

   i. Corporate governance report containing composition and category of directors, shareholding of nonexecutive directors, etc.

   ii. Disclosure on modified opinion, if any, expressed by auditors, its impact on various financial items and views of management on audit qualifications.

   iii. Items of income and expenditure of exceptional nature.

   iv. Breaches in terms of covenants in respect of loans availed by the NBFC or debt securities issued by the NBFC including incidence/s of default.

   v. Divergence in asset classification and provisioning above a certain threshold to be decided by RBI.

(d) Chief Compliance Officer – In order to ensure an effective compliance culture, it is necessary to have an independent compliance function and a strong compliance risk management framework in NBFCs. NBFCs are, therefore, required to appoint a chief compliance officer (CCO), who should be sufficiently senior in the organization hierarchy. NBFCs shall put in place a board approved policy laying down the role and responsibilities of the CCO with the objective of promoting better compliance culture in the organization.

(e) Compensation guidelines - In order to address issues arising out of excessive risk taking caused by misaligned compensation packages, NBFCs shall put in place a board approved compensation policy. The guidelines shall at the minimum include, a) constitution of a remuneration committee, b) principles for fixed/ variable pay structures, and c) malus/ claw back provisions. The nomination and remuneration committee shall ensure that there is no conflict of interest.

(f) Other Governance matters - NBFCs shall comply with the following:

   i. The board shall delineate the role of various committees (audit committee, nomination and remuneration committee, risk management committee or any other committee) and lay down a calendar of reviews.

   ii. NBFCs shall formulate a whistle blower mechanism for directors and employees to report genuine concerns.

   iii. The board shall ensure good corporate governance practices in the subsidiaries of the NBFC.

Core Banking Solution - NBFCs with 10 and more branches are mandated to adopt core banking solution in accordance with a glide path of 3 years with effect from October 01, 2022.

Provisioning Requirements

An NBFC-ND, after taking into account the time lag between an account becoming non-performing, its recognition, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Prudential Norms Directions.

In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI *vide* their circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated 17 January 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25 per cent of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated 11 June 2015 raised the provision for standard assets to 0.40 per cent to be met by March 2018. The provisions on standard assets are not reckoned for arriving at Net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the '*General Provisions on Standard Assets*' in Tier II capital which together with other 'general provisions/ loss reserves' will be admitted as Tier II capital only up to a maximum of 1.25 per cent of the total risk-weighted assets.

Capital Adequacy Norms

Every systemically important NBFC-ND is required to maintain, with effect from 01 April 2007, a minimum capital ratio consisting of Tier I and Tier II capital of not less than 15 per cent of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the Tier II capital of a NBFC-MFI shall not exceed 100 per cent of the Tier I capital.

Internal Capital Adequacy Assessment Process (ICAAP)

Under the SBR Framework, NBFC-ML and NBFC-UL are required to make a thorough internal assessment of the need for capital, commensurate with the risks in their business. The internal assessment shall be on similar lines as ICAAP prescribed for commercial banks under Pillar 2 (Master Circular – Basel III Capital Regulations dated July 01, 2015). While Pillar 2 capital will not be insisted upon, however, NBFCs are required to make a realistic assessment of risks. Internal capital assessment shall factor in credit risk, market risk, operational risk and all other residual risks as per methodology to be determined internally. The methodology for internal assessment of capital shall be proportionate to the scale and complexity of operations as per the NBFCs board approved policy. The objective of ICAAP is to ensure availability of adequate capital to support all risks in business as also to encourage NBFCs to develop and use better internal risk management techniques for monitoring and managing of the risks.

Hybrid debt means, capital instrument, which possess certain characteristics of equity as well as debt.

Subordinated debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed.

Concentration of credit/ investment

The erstwhile credit concentration limits prescribed for NBFCs were separate for lending and investments, however, under the SBR Framework the lending and investments exposure limits have been merged into a single exposure limit of 25% for single borrower/ party and 40% for single group of borrowers/ parties, of the Tier 1 capital of the NBFC.

Exposure Norms

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Master Direction, prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15 per cent of the owned funds of the systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25 per cent of the owned funds of the systemically important NBFC-ND. Further, the systemically important NBFC-ND may not invest in the shares of another company exceeding 15 per cent of its owned funds, and in the shares of a single group of companies exceeding 25 per cent of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings Any systemically important NBFC-ND classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5 per cent of its owned fund, with the approval of its Board of Directors. The loans and investments of the systemically important NBFC-ND taken together may not exceed 25 per cent of its owned funds to or in single party and 40 per cent of its owned funds to or in single group of parties. A systemically important ND-NBFC may, make an application to the RBI for modification in the prescribed ceilings. Further, NBFC ND SI may exceed the concentration of credit/investment norms, by 5 per cent for any single party and by 10 per cent for a single group of parties, if the additional exposure is on account of infrastructure loan and/or investment.

Asset Classification

The Prudential Norms Directions require that every NBFC shall, after taking into account the degree of well defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-standard Assets;
- Doubtful Assets; and
- Loss assets

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present every NBFC is required to make a provision for standard assets at 0.40 per cent by March 31, 2018 and onwards.

Other stipulations

All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance.

The prudential norms also specifically prohibit NBFCs from lending against its own shares.

Net Owned Fund

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹ 200 lakhs. For this purpose, the RBI Act has defined "net owned fund" to mean:

Net Owned Fund - The aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, (iii) deferred tax asset (net); and (iv) other intangible assets; and further reduced by the amounts representing,

(i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and

(ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10 per cent of (a) above.

Further, in accordance with RBI Notification No DNBR.007/CGM (CDS) 2015 dated 27 March 2015 which provides that a non-banking financial company holding a certificate of registration issued by the RBI and having net owned fund of less than 200 lakhs may continue to carry on the business of non-banking financial institution, if such company achieves net owned fund of:

i. ₹100 lakhs before April 1, 2016; and
ii. ₹200 lakhs before April 1, 2017

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20 per cent% of its net profits earned annually before declaration of dividend. Such a fund is to be created by every NBFC irrespective of whether it is a ND NBFC or not. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

Maintenance of liquid assets

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as the Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are governed by the RBI's Non- Deposit Accepting Companies Directions.

An NBFC-ND is required to inform the RBI of any change in the address, telephone no's, etc. of its Registered Office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-ND would need to ensure that its registration with the RBI remains current.

All NBFCs (whether accepting public deposits or not) having an asset base of ₹ 10,000 lakhs or more or holding public deposits of ₹ 20,000 lakhs or more (irrespective of asset size) as per their last audited balance sheet are required to comply with the RBI Guidelines for an Asset-Liability Management System.

Similarly, all NBFCs are required to comply with "Know Your Customer Guidelines - Anti Money Laundering Standards" issued by the RBI, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

RBI, *vide* circular bearing reference number RBI/2018-19/130 DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019, has harmonised different categories of NBFCs into fewer ones, based on the principle of regulation by activity rather than regulation by entity. Accordingly, RBI has merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Further differential regulations relating to bank's exposure to the three categories of NBFCs viz., AFCs, LCs and ICs were harmonised. Further, a deposit taking NBFC-ICC shall invest in unquoted shares of another company which is not a subsidiary company or a company in the same group of the NBFC, an amount not exceeding twenty per cent of its owned fund.

Lending against security of gold

The RBI pursuant to the Master Direction – Non-Banking Financial Company – Systemically Important Non Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended from time to time ("RBI-ND-SI Master Directions") has prescribed that all NBFCs shall maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier l capital of 12%. The RBI Master Directions has issued guidelines with regard to the following:

(a) Appropriate infrastructure for storage (i) of gold ornaments: A minimum level of physical infrastructure and facilities is available in each of the branches engaged in financing against gold jewellery including a safe deposit vault and appropriate security measures for operating the vault to ensure safety of the gold and borrower convenience. Existing NBFCs should review the arrangements in place at their branches and ensure that necessary infrastructure is put in place at the earliest. No new branches should be opened without suitable storage arrangements, including safe deposit vault, having been made thereat. No business of grant of loans against the security of gold can be transacted at places where there are no proper facilities for storage/security.

(b) NBFCs shall not grant any advance against bullion / primary gold and gold coins. NBFCs shall not grant any advance for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund.

(c) Prior approval of RBI for opening branches in (iii) excess of 1,000: It is henceforth mandatory for NBFC to obtain prior approval of the Reserve Bank to open branches exceeding 1,000. However NBFCs which already have more than 1,000 branches may approach the Bank for prior approval for any further branch expansion. Besides, no new branches will be allowed to be opened without the facilities for storage of gold jewellery and minimum security facilities for the pledged gold jewellery.

(d) Standardization of value of gold in arriving at the loan to value ratio: For arriving at the value of gold jewellery accepted as collateral, it will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by BBA or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.

(e) Verification of the Ownership of Gold: NBFCs should have an explicit Board approved policy in their overall loan policy to verify ownership of the gold jewellery, and adequate steps be taken to ensure that the KYC guidelines stipulated by the Reserve Bank are followed and due diligence of the customer undertaken. Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. The method of establishing ownership should be laid down as a Board approved policy. Auction Process and Procedures: The following additional stipulations are made with respect to auctioning of pledged gold jewellery:

   i. The auction should be conducted in the same town or taluka in which the branch that has extended the loan is located primarily at the branch level and where the same has failed NBFCs can pool gold jewellery from different branches in a district and auction it at any location within the district, after ensuring that all other requirements of the extant directions regarding auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met.
   ii. While auctioning the gold the NBFC should declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85% of the previous 30 day average closing price of 22 carat gold as declared by The Bombay Bullion Association Limited and value of the jewellery of lower purity in terms of carats should be proportionately reduced.
   iii. It will be mandatory on the part of the NBFCs to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower.
   iv. NBFCs must disclose in their annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

Other Instructions:

1. NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above ₹ 5,00,000.
2. Every NBFC shall ensure compliance with the requirements under sections 269SS and 269T of the Income Tax Act, 1961, as amended from time to time.
3. Documentation across all branches must be standardized.
4. NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("RBI KYC Directions")

The RBI KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC'S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by

NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has prescribed detailed instructions in relation to, inter alia, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India. The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies, and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April 20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the final judgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement. The RBI KYC Directions were further amended on January 9, 2020, in view of Government of India Gazette Notification No. G.S.R. 582(E) dated August 19, 2019 and Gazette Notification G.S.R. 840(E) dated November 13, 2019, notifying amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. With a view to leveraging the digital channels for Customer Identification Process (CIP) by Regulated Entities (REs), the Reserve Bank has decided to permit Video based Customer Identification Process (V-CIP) as a consent based alternate method of establishing the customer's identity, for customer on boarding.

Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 dated March 14, 2022

Applicability

The master directions are applicable to the following entities:

i) All Commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks) excluding Payments Banks;
ii) All Primary (Urban) Co-operative Banks/ State Co-operative Banks/ District Central Cooperative Banks; and
iii) All Non-Banking Financial Companies (including Microfinance Institutions and Housing Finance Companies).

Definition of microfinance loan

A microfinance loan is defined as a collateral-free loan given to a household having annual household income up to ₹ 3,00,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children. Further, all collateral-free loans, irrespective of end use and mode of application/ processing/ disbursal (either through physical or digital channels), provided to low income households, i.e., households having annual income up to ₹ 3,00,000, shall be considered as microfinance loans.

Pricing of loans

According to the directions, each of the regulated entities must implement a board-approved policy on microfinance loan pricing, on microfinance loans, interest rates and other charges/fees should not be usurious and shall be subjected to the supervisory scrutiny of the Reserve Bank. Further, according to the master directions each of the regulated entities shall also disclose pricing related information in a standardised format.

The master directions also lay down the guidelines on conduct towards microfinance borrowers.

Qualifying asset criteria

Under the earlier guidelines, an NBFC that does not qualify as an NBFC-MFI, cannot extend microfinance loans exceeding 10 per cent of its total assets. As per the master directions, the maximum limit on microfinance loans for such NBFCs (i.e., NBFCs other than NBFC-MFIs) is now revised to 25 per cent of the total assets.

Implementation of Green Initiative of the Government

All NBFCs are required take proactive steps for increasing the use of electronic payment systems, elimination of post-dated cheques and gradual phase-out of cheques in their day to day business transactions which would result in more cost-effective transactions and faster and accurate settlements.

Master Circular - Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 - Corporate Governance Directions 2015

All NBFC-ND-NSI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee. RBI *vide* its recent Master Circular dated July 1, 2015, introduced the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 which requires all systemically important ND NBFCs having an asset size above ₹ 50,000 lakhs are required to consider adopting best practices and transparency in their systems as specified below. RBI pursuant to its Master Circular No. DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 1, 2015 mandated that all NBFC having assets of ₹ 50,000 lakhs and above as per its last audited balance sheet are required to constitute an audit committee, consisting of not less than three members of its Board of Directors. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, the Audit Committee are required to ensure that an Information Systems Audit of the internal systems and processes is conducted at least once in two years to assess operational risks.

Know Your Customers Guidelines

The RBI has extended the KYC Guidelines to NBFCs and advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by such NBFCs and ensure that a proper policy framework of anti-money laundering measures is put in place. The know your customer policies are required to have certain key elements, including a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC Guidelines and the exercise of due diligence by persons authorised by the NBFC, including its brokers and agents.

Accounting Standards & Accounting policies

Subject to the changes in Indian Accounting Standards and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the Statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases our profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made.

Implementation of Indian Accounting Standards: RBI Notification

The Reserve bank of India *vide* notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 framed regulatory guidance on Ind AS which will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation.

The guidelines cover aspects on Governance Framework, Prudential Floor for ECL and Computation of Regulatory Capital and Regulatory Ratios.

Master Direction dated September 29, 2016 on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

All NBFC-ND-NSIs shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-NSI is required to report all cases of fraud of ₹ 1 lakh and above, and if the fraud is of ₹ 100 lakhs or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-NSI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

Master Circular dated July 1, 2015 – Frauds – Future approach towards monitoring of frauds in NBFCs

In order to prevent the incidence of frauds in NBFCs, the RBI established a reporting requirement to be followed by NBFCs, both NBFCs-Deposit taking and NBFCs-ND-NSI. In terms of the circular, all NBFCs-ND-NSI shall disclose the amount related to fraud, reported in the company for the year in their balance sheets. NBFCs failing to report fraud cases to the RBI would be liable for penal action prescribed under the provisions of Chapter V of the RBI Act. Additionally, the circular provides for categorisation of frauds and the reporting formats in order to ensure uniformity in reporting.

Master Circular dated July 1, 2015 on returns to be submitted by NBFCs

The circular lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-NSI. RBI, *vide* notification dated November 26, 2015 titled "Online Returns to be submitted by NBFCs-Revised" changed the periodicity of NDSI returns from monthly to quarterly.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-ND-NSI, the auditor shall made a separate report to the Board of Directors of the company on inter alia examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on March 31 of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank, whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the non-banking financial company has been correctly classified as NBFC Micro Finance Institutions (MFI).

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

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-NSI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding inter alia asset liability mismatches and interest rate risk, quarterly report on branch information, and CRILC on a quarterly basis as well as all SMA-2 accounts to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

Ombudsman scheme for customers of NBFCs

The RBI had under its Statement on Development and Regulatory Policies-February 2018 dated February 7, 2018 announced the proposed ombudsman scheme for NBFCs to provide cost-free and expeditious grievance redressal to customers of all NBFC-Ds and all NBFCs with customer interface having an asset size exceeding ₹ 1 billion ("**Covered NBFCs**").

The RBI has on February 23, 2018 introduced the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the "**Scheme**"). The stated objective of the Scheme is to enable the resolution of complaints free of cost, relating to certain aspects of services rendered by certain categories of NBFCs registered with the RBI to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. The Scheme provides for the appointment by RBI of one or more officers not below the rank of general manager as ombudsmen (the "**Ombudsmen**") for a period not exceeding three years at a time, to carry out the functions entrusted to Ombudsmen under the Scheme. The Scheme describes the nature of complaints which any person could file with an Ombudsman alleging deficiency in services by an Covered NBFC, which include *inter alia* failure to convey in writing the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof, failure or refusal to provide adequate notice on proposed changes being made in the sanctioned terms in vernacular or a language understood by the borrower, levying of charges without adequate prior notice to the borrower/customer and failure or inordinate delay in releasing the securities documents to the borrower on repayment of all dues. The complaints may be settled by the Covered NBFC within a specified period or may be decided by an award passed by Ombudsman after affording the parties a reasonable opportunity to present their case, either in writing or in a meeting. Where the Ombudsman decides to allow the complaint, the award passed is required to contain the direction/s, if any, to the Covered NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the Covered NBFC to the complainant by way of compensation for any loss suffered by the complainant, arising directly out of the act or omission of the Covered NBFC. The Covered NBFC is required to implement the settlement arrived at with the complainant or the award passed by the Ombudsman when it becomes final and send a report in this regard to the RBI within 15 days of the award becoming final. The Ombudsman is required to send a report to the RBI governor annually (as on June 30 every year) containing general review of the activities of his office during the preceding financial year and provide such other information as may be required by the RBI.

Master Direction on Information Technology Framework for the NBFC Sector, 2017

All systemically important NBFCs must implement the security enhancement requirements under the Master Direction with respect to enhancing security of its Information Technology/Information Security Framework ("**IT")** business continuity planning, disaster recovery and management. NBFCs must constitute a IT Strategy Committee and IT Steering Committee and formulate an IT and Information Security Policy in furtherance of the same. Further, a Cyber Crisis Management Plan must be formulated to address cyber intrusions and attacks.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("Risk Management Directions"). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

Financing of NBFCs by bank

The RBI has issued guidelines *vide* a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of non-systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) further lending to individuals for the purpose of subscribing to an initial public offer.

In addition to the above the RBI has issued guidelines *vide* a circular dated bearing number DBR.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015 relating to bank financing of NBFCs predominantly engaged in lending against Gold has directed banks to (i) reduce their regulatory exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets 10% of banks' capital funds. However, the exposure ceiling may go up by 5%, i.e., up to 15% of banks' capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector and (ii) to have an internal sub-limit on their aggregate exposures to all such NBFCs, having gold loans to the extent of 50% or more of their total financial assets, taken together. The sub-limits should be within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together.

Norms for excessive interest rates

In addition, the RBI has introduced *vide* a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2015 read with the Master Directions for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Supervisory Framework

In order to ensure adherence to the regulatory framework by non-systemically important ND-NBFCs, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013 the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI , it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management ("ALM") System in relation to NBFCs ("ALM Guidelines") that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2015. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹ 10,000 lakhs, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹ 2,000 lakhs or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2001, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "DRT Act") provides for establishment of the Debts Recovery Tribunals (the "DRTs") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 ("PMLA") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹ 10 lakhs; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹ 10 lakhs where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹ 10 lakhs. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

RBI Notification dated December 3, 2015 titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on October 23, 2015.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI")

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default.

The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is an NPA. A bank or financial institution or NBFC may sell a financial asset only if the borrower has a consortium or multiple banking arrangements and at least 75% by value of the total loans to the borrower are classified as an NPA and at least 75% by the value of the banks and financial institutions in the consortium or multiple banking arrangement agree to the sale. In addition to the above, a financial asset may be sold by any bank or financial institution where the asset is reported, by the bank financial institution to Central Repository for Information on Large Credit, as an NPA wherein the principal or interest payment is overdue between 61-90 days.

As per the SARFAESI Amendment Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issues by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting inter alia any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act.

Further, in accordance with Ministry of Finance notification no. S.O. 856(E) dated February 24, 2020, the eligibility limit for to enforcement of security interest with respect to secured debt recovery by NBFCs (having assets worth ₹ 100 Crores and above) has been reduced from ₹ 1 Crore to ₹ 50 Lakhs.

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 ("**Code**") consolidates laws relating to insolvency, reorganisation and liquidation/ bankruptcy of all persons, including companies, individuals, partnership firms and Limited Liability Partnerships ("**LLPs**"). The Code has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The Code prescribes a timeline of 330 days for the insolvency resolution process, which begins from the date the application is admitted by the NCLT. During this period, the creditors and the debtor shall negotiate and finalise a resolution plan (accepted by 66% of the financial creditors) and in the event, they fail, the debtor is placed in liquidation and the moratorium lifted. The Code stipulates an interim-moratorium period which would commence after filing of the application for a fresh start process and shall cease to exist after elapse of a period of 180 days from the date of application. During such period, all legal proceedings against such debtor should be stayed and no fresh suits, proceedings, recovery or enforcement action may be initiated against such debtor. However, the Code has also imposed certain restrictions on the debtor during the moratorium period such as the debtor shall not be permitted to act as a director of any company or be involved in the promotion or management of a company during the moratorium period. In light of the COVID-19 pandemic, the Government of India, introduced economic reforms to contribute to the ease of doing business. One of the reforms introduced is the suspension of the Code for a period of one year. An ordinance detailing the changes pursuant to this reform is expected to be introduced by the government. Further, the GoI vide notification dated March 24, 2020 ("**Notification**") has amended section 4 of the Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, Government of India has increased the minimum amount of default under the insolvency matters from ₹ 1,00,000 to ₹ 1,00,00,000.

The Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules 2019 ("IBC Rules, 2019")

The Code, which regulates the insolvency resolution process for "corporate persons" previously excluded financial service providers from its purview. With the notification of the IBC Rules, 2019, the provisions of the Code will apply to financial service providers as well, which are subject to modifications and additional conditions as set out in the IBC Rules, 2019. Financial service providers are defined to mean persons engaged in the business of providing financial services in terms of authorisation issued or registration granted by a financial sector regulator under the Code. "Financial services" is broadly defined in the Code, and includes, inter alia, services in the nature of acceptance of deposits, administration of assets, underwriting services, advisory services with respect to dealings in financial products, operation of an investment scheme, and maintenance of records of ownership of a financial product. The IBC Rules, 2019, lays down the provisions for setting up an advisory committee, resolution plan and the liquidation process of financial service providers.

Foreign Investment Regulations

Master Circular – Foreign Investments in India, issued by RBI dated January 04, 2018 (updated as on March 17, 2022), read with the Consolidated FDI Policy Circular of 2020, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, dated October 15, 2020 ("FDI Policy")

Foreign investment into NBFCs, carrying on activities approved for FDI, will be subject to the provisions of the FEMA regulations including the FEMA (Non-Debt Instruments) Rules, 2019 and conditions specified in paragraph 3.8.3 of the FDI Policy and foreign investment of up to 100% is permitted under the automatic route.

Master Circular No.10/2015-16 on Memorandum of Instructions governing money changing activities, issued by RBI dated July 1, 2015 and updated on September 10, 2015.

Guidelines for Licencing and other Approvals for Authorised Money Changers (AMCs)

Full Fledged Money Changers (FFMCs) are authorised by the Reserve Bank to deal in foreign exchange for specified purposes, to widen the access of foreign exchange facilities to residents and tourists while ensuring efficient customer service through competition. FFMCs are authorised to purchase foreign exchange from residents and non-residents visiting India and to sell foreign exchange for certain approved purposes. AD Category –I Banks/ADs Category – II/FFMCs may appoint franchisees to undertake purchase of foreign currency*. No person shall carry on or advertise that he carries on money changing business unless he is in possession of a valid money changer's licence issued by the Reserve Bank.

**** Note: -Franchisees of AD Category –I Banks/ADs Category – II/FFMCs functioning within 10 kilometres from the borders of Pakistan and Bangladesh may also sell the currency of the bordering country, with the prior approval of the Regional offices concerned of the Reserve Bank. Other franchises of AD Category –I Banks/ADs Category – II/FFMCs cannot sell foreign currency.***

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** Note: -Franchisees of AD Category –I Banks/ADs Category – II/FFMCs functioning within 10 kilometres from the borders of Pakistan and Bangladesh may also sell the currency of the bordering country, with the prior approval of the Regional offices concerned of the Reserve Bank. Other franchises of AD Category –I Banks/ADs Category – II/FFMCs cannot sell foreign currency.*

Guidelines for appointment of Agents/ Franchisees by Authorised Dealer Category – FFMCs.

Under the Scheme, the Reserve Bank permits FFMCs to enter into franchisee/agency agreements at their option for the purpose of carrying on Restricted Money Changing business i.e. conversion of foreign currency notes, coins or travellers' cheques into Indian Rupees.

A franchisee can be any entity which has a place of business and a minimum Net Owned Funds of ₹ 10 lakhs. Franchisees can undertake only restricted money changing business.

FFMCs as the franchisers are free to decide on the tenor of the arrangement as also the commission or fee through mutual agreement with the franchisee. The Agency/Franchisee agreement to be entered into should include the salient features as mentioned under the master circular. The master circular also prescribes the procedure for application, due diligence of franchisees, selection of centres, training, reporting, audit and inspection of franchisees and Anti Money Laundering (AML)/Know Your Customer (KYC)/Combating the Financing of

Terrorism (CFT) Guidelines.

Note: No licence for appointment of franchisees will be issued to any FFMC, against whom any major DoE/DRI/CBI/Police case is pending. In case where any FFMC has received one-time approval for appointing franchisees and subsequent to the date of approval, any DoE/DRI/CBI/Police case is filed, the FFMC should not appoint any further franchisees and bring the matter to the notice of the Reserve Bank immediately. A decision will be taken by the Reserve Bank regarding allowing the FFMC to appoint franchisees.

Operational Instructions

Foreign exchange in any form can be brought into India freely without limit provided it is declared on the Currency Declaration Form (CDF) on arrival to the Custom Authorities. When foreign exchange brought in the form of currency notes or travellers' cheques does not exceed US $10,000 or its equivalent and/or the value of foreign currency notes does not exceed US $5,000 or its equivalent, declaration thereof on CDF is not insisted upon.

Taking out foreign exchange in any form, other than foreign exchange obtained from an authorised dealer or a money changer is prohibited unless it is covered by a general or special permission of the Reserve Bank. Non-residents, however, have general permission to take out an amount not exceeding the amount originally brought in by them, subject to compliance with the provisions of sub-para above.

Authorised Money Changers (AMCs)/franchisees may freely purchase foreign currency notes, coins and traveller’s cheques from residents as well as non-residents. Where the foreign currency was brought in by declaring on form CDF, the tenderer should be asked to produce the same. The AMC should invariably insist on production of declaration in CDF.

AMCs may sell Indian Rupees to foreign tourists/visitors against International Credit Cards/International Debit Cards and take prompt steps to obtain reimbursement through normal banking channels.

AMCs may issue certificate of encashment when asked for in cases of purchases of foreign currency notes, coins and travellers cheques from residents as well as non-residents. These certificates bearing authorised signatures should be issued on the letter head of the money changer and proper record should be maintained.

In cases where encashment certificate is not issued, attention of the customers should be drawn to the fact that unspent local currency held by non-residents will be allowed to be converted into foreign currency only against production of a valid encashment certificate.

AMCs may purchase from other AMCs and ADs any foreign currency notes, coins and encashed travellers’ cheques tendered in the normal course of business. Rupee equivalent of the amount of foreign exchange purchased should be paid only by way of crossed account payee cheque/demand draft/bankers' cheque/Pay order.

AMCs may sell foreign exchange up to the prescribed ceiling (currently US $ 10,000) specified in Schedule III to the Foreign Exchange Management (Current Account Transaction) Rules, 2000 during a financial year to persons resident in India for undertaking one or more private visits to any country abroad (except Nepal and Bhutan). Exchange for such private visits will be available on a self-declaration basis to the traveller regarding the amount of foreign exchange availed during a financial year. Foreign nationals permanently resident in India are also eligible to avail of this quota for private visits provided the applicant is not availing of facilities for remittance of his salary, savings, etc., abroad in terms of extant regulations.

AMCs may sell foreign exchange to persons’ resident in India for undertaking business travel or for attending a conference or specialised training or for maintenance expenses of a patient going abroad for medical treatment or check-up abroad or for accompanying as attendant to a patient going abroad for medical treatment/check-up up to the limits as specified in Schedule III to FEMA (Current Account Transactions) Rules, 2000.

AMCs may convert into foreign currency, unspent Indian currency held by non-residents at the time of their departure from India, provided a valid Encashment Certificate is produced.

AMCs may convert at their discretion, unspent Indian currency up to ₹ 10,000 in the possession of non-residents if, for bona fide reasons, the person is unable to produce an Encashment Certificate after ensuring that the departure is scheduled to take place within the following seven days. FFMCs may provide facility for reconversion of Indian Rupees to the extent of ₹ 50,000/- to foreign tourists (not NRIs) against ATM Receipts based on the following documents- Valid passport and visa, ticket confirmed for departure within 7 days, Original ATM slip.

AMCs may issue a cash memo, if asked for, on official letterhead to travellers to whom foreign currency is sold by them. The cash memo may be required for production to emigration authorities while leaving the country.

AMCs may put through transactions relating to foreign currency notes and travellers' cheques at rates of exchange determined by market conditions and in alignment with the ongoing market rates.

AMCs should display at a prominent place in or near the public counter, a chart indicating the rates for purchase/sale of foreign currency notes and travellers' cheques for all the major currencies and the card rates for any day, should be updated, latest by 10:30 a.m.

AMCs should keep balances in foreign currencies at reasonable levels and avoid build-up of idle balances with a view to speculating on currency movements.

Franchisees should surrender foreign currency notes, coins and travellers' cheques purchased only to their franchisers within seven working days.

The transactions between authorised dealers and FFMCs should be settled by way of account payee crossed cheques/demand drafts. Under no circumstances should settlement be made in cash.

AMCs may obtain their normal business requirements of foreign currency notes from other AMCs/authorised dealers in foreign exchange in India, against payment in rupees made by way of account payee crossed cheque/demand draft.

Where AMCs are unable to replenish their stock in this manner, they may make an application to the Forex Markets Division, Foreign Exchange Department, Central Office, RBI, Mumbai through an AD Category-I for permission to import foreign currency into India. The import should take place through the designated AD Category-I through whom the application is made.

AMCs may export surplus foreign currency notes/encashed travellers' cheques to an overseas bank through designated Authorised Dealer Category - I in foreign exchange for realisation of their value through the latter. FFMCs may also export surplus foreign currency to private money changers abroad subject to the condition that either the realisable value is credited in advance to the AD Category – I bank's nostro account or a guarantee is issued by an international bank of repute covering the full value of the foreign currency notes/coins to be exported.

In the event of foreign currency notes purchased being found fake/forged subsequently, AMCs may write- off up to US $ 2000 per financial year after approval of their Top Management after exhausting all available options for recovery of the amount. Any write-off in excess of the above amount, would require the approval of the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank.

Further, provisions regarding the following are also mentioned-

- Registers and Books of Accounts of Money-changing Business
- Submission of Statements to the Reserve Bank
- Inspection of Transactions of AMCs
- Concurrent Audit
- Temporary Money Changing Facilities

Opening of Foreign Currency Accounts by AMCs

AMCs, with the approval of the respective Regional Offices of the Foreign Exchange Department, may be allowed to open Foreign Currency Accounts in India, subject to the following conditions: -

i. Only one account may be permitted at a particular centre.
ii. Only the value of foreign currency notes/encashed TCs exported through the specific bank and realised can be credited to the account.
iii. Balances in the accounts shall be utilised only for settlement of liabilities on account of:

(a) TCs sold by the AMCs and

(b) Foreign currency notes acquired by the AMCs from AD Category-I banks.
(c) No idle balance shall be maintained in the said account

All AMCs are required to submit their annual audited balance sheet to the respective Regional office of the Reserve Bank for the purpose of verification of their Net Owned Funds along-with a certificate from the statutory auditors regarding the NOF as on the date of the balance sheet. As AMCs are expected to maintain the minimum NOF on an ongoing basis, if there is any erosion in their NOF below the minimum level, they are required to bring it to the notice of the Reserve Bank immediately along with a detailed time bound plan for restoring the Net Owned Funds to the minimum required level.

FFMCs, which are not Regional Rural Banks (RRBs), Local Area Banks (LABs), Urban Co-operative Banks (UCBs) and Non-Banking Financial Companies (NBFCs) having a minimum net worth of ₹ 500 lakhs, may participate in the designated currency futures and currency options on exchanges recognised by the Securities and Exchange Board of India (SEBI) as clients only for the purpose of hedging their underlying foreign exchange exposures. FFMCs and ADs Category–II which are RRBs, LABs, UCBs and NBFCs, may be guided by the instructions issued by the respective regulatory Departments of the Reserve Bank in this regard.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter-alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

Labour Laws

India has stringent labour related legislations. We are required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Employees' Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

Regulatory Measures on account of COVID-19 pandemic

The Government of India on October 23, 2020 has announced the 'Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020)' (the"**Scheme**"), which mandates ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 by the respective lending institutions.

The RBI has issued circulars, the Statement of Developmental and Regulatory Policies dated May 22, 2020 and Monetary Policy Statement, 2020-2021: Resolution of Monetary Policy Committee dated May 22, 2020 announcing certain additional regulatory measures with an aim to revive growth and mitigate the impact of COVID-19 on business and financial institutions in India, including:

(a) permitting banks to grant a moratorium of six months on all term loan instalments and working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), falling due between March 1, 2020 and August 31, 2020, subject to the fulfilment of certain conditions;

(b) permitting the recalculation of 'drawing power' of working capital facilities sanctioned in the form of cash/ credit overdraft facilities by reducing the margins till the extended period, being August 31, 2020, and permitting lending institutions to restore the margins to the original levels by March 31, 2021;

(c) permitting the increase in the bank's exposures to a group of connected counterparties from 25% to 30% of the eligible capital base of the bank, up to December 31, 2021;

(d) deferring the recovery of the interest applied in respect of all working capital facilities sanctioned in the form of cash/credit overdraft facilities during the period from March 1, 2020 to August 31, 2020;

(e) permitting lending institutions to convert the accumulated interest on working capital facilities up to the deferment period (up to August 31, 2020) into a funded interest term loan which shall be repayable not later than the end of the current financial year (being, March 31, 2021);

(f) permitting the lending institutions to exclude the moratorium period wherever granted in respect of term loans as stated in (a) above, from the number of days past-due for the purpose of asset classification under the income recognition and asset classification norms, in respect of accounts classified as standard as on February 29, 2020, even if overdue;

(g) permitting the lending institutions to exclude deferment period on recovery of the interest applied, wherever granted as stated in (d) above, for the determination of out of order status, in respect of working capital facilities sanctioned in the form of CC/OD where the account is classified as standard, including special mention accounts, as on February 29, 2020; and

(h) requiring lending institutions to make general provisions of not less than 10% of the total outstanding of accounts in default but standard as on February 29, 2020 and asset classification benefit is availed, to be phased over two quarters as provided: (i) not less than 5% for the quarter ended March 31, 2020; and (ii) not less than 5% for the quarter ended June 30, 2020, subject to certain adjustments.

Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated May 5, 2021 and June 4, 2021

The RBI has issued Resolution Framework – 2.0 dated May 5, 2021 announcing measures to alleviate the potential stress to individual borrowers and small businesses due to the resurgence of COVID-19 pandemic in India, including:

(a) permitting lending institutions to offer a limited window to individual borrowers and small businesses, including those in wholesale and retail trade, who have availed personal loans and to whom the aggregate exposure is not of more than 25 crores as on March 31, 2021 to implement resolution plans for their credit exposure;

(b) permitting lending institutions to form policies regarding the implementation of viable resolution plan for borrowers having stress on account of COVID – 19 and to ensure implementation before September 30, 2021 when the borrower and the lending institution agree towards a resolution plan;

(c) the resolution plan as stated in (b) should be implemented within 90 days from the date of invocation of resolution process and includes rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility etc, with a moratorium period of not more than two years on implementation of the resolution plan;

(d) permitting lending institutions to sanction additional finance even before implementation of the plan to meet the interim liquidity requirements of the borrower, to be classified as 'Standard' till implementation of the plan otherwise as per the actual performance of the borrower in case the resolution plan is not implemented within the set timeline;

(e) permitting lending institutions to keep from the date of implementation, higher of the provisions as per IRAC norms immediately before implementation or 10% the renegotiated debt exposure of the lending institution post implementation;

(f) half of provisions mentioned in (e) can be written back upon the borrower paying at least 20 per cent of the residual debt without slipping into NPA and the remaining half can be written back upon the borrower paying another 10 % of the residual debt without slipping into NPA;

(g) permitting the moratorium for resolution plans implemented in terms of Resolution Framework – 1.0 to be extended to not more than 2 years;

(h) permitting the lending institutions to review the working capital sanctioned limits and / or drawing power based on a reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring for resolution plans implemented in terms of Resolution Framework – 1.0 before September 30, 2021 and to restore the working capital limit as per Resolution Framework – 1.0 before March 31, 2022.

The RBI further through a circular dated June 4, 2021 revised the aggregate exposure limit, including non-fund based facilities, as stated in (a), from 2,500 lakhs to 5,000 lakhs.

SECTION VIII – SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. In case of any inconsistency between the Articles of Association of our Company and the Companies Act, 1956 and Companies Act, 2013, the provisions of the Companies Act, 1956 and the Companies Act 2013 shall prevail over the Articles of Association of our Company. Pursuant to Schedule II of the Companies Act, 1956 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:

SHARE CAPITAL AND VARIATION OF RIGHTS

II. 1. The Authorised Share Capital of the Company shall be such sum as may be prescribed under Clause V of Memorandum of Association divided into such number of shares of prescribed face value as amended from time to time, which may be increased or reduced in accordance with the provisions of the Companies Act, 2013.

Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

2. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,—

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

3. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.

4. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

5 (i) The company may exercise the powers of paying commissions conferred by sub- section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made there under.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

6. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further share ranking pari passu therewith.

8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

LIEN

9. (i) The company shall have a first and paramount lien—

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The company's lien, if any, on a share shall extend to all dividend bonuses declared from time to time in respect of such shares.

10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently

payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

11. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

12. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale

CALLS ON SHARES

13. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call

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(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board

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14. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

17. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium,

shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18. The Board—

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.

TRANSFER OF SHARES

19. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

20. The Board may, subject to the right of appeal conferred by section 58 decline to register—

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the company has a lien.

21. The Board may decline to recognise any instrument of transfer unless—

(a) the instrument of transfer is in the form as prescribed in rules made under sub- section (1) of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

TRANSMISSION OF SHARES

23. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a shareholder, shall be the only persons recognized by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

24. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

25. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have complied with.

FORFEITURE OF SHARES

27. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

28. The notice aforesaid shall—

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect

30. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

31. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

32. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

33. The provisions of these regulations as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

34. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

35. Subject to the provisions of section 61, the company may, by ordinary resolution,—

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

36. Where shares are converted into stock,—

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words ―share‖ and ―shareholder‖ in those regulations shall include ―stock‖ and ―stock-holder‖ respectively.

37. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

(a) its share capital;

(b) any capital redemption reserve account; or

(c) any share premium account.

CAPITALISATION OF PROFITS

34. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

35. Subject to the provisions of section 61, the company may, by ordinary resolution,—

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

36. Where shares are converted into stock,—

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words ―share‖ and ―shareholder‖ in those regulations shall include
―stock‖ and ―stock-holder‖ respectively.

37. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

(a) its share capital;

(b) any capital redemption reserve account; or

(c) any share premium account.

BUY-BACK OF SHARES

40. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

GENERAL MEETINGS

41. All general meetings other than annual general meeting shall be called extraordinary general meeting.

42. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

PROCEEDINGS AT GENERAL MEETINGS

43. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

44. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

45. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

46. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

ADJOURNMENT OF MEETING

47. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING RIGHTS

48. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

49. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

50. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

51. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

52. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

53. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

54. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

PROXY

55. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

56. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

57. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

58. The first directors of the company as on the date of the Incorporation were:

1. K. Varalakshmi
2. G. Ramamurthy
3. B. Ashwini Kumar
4. K.V. Reddy Panthulu

59. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them.

60. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

61. The Board may pay all expenses incurred in getting up and registering the company.

62. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may thinks fit respecting the keeping of any such register.

63. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

64. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

65. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

65A. Subject to the provisions of Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 read with Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021 (including any amendments or re-enactment thereof, for the time being in force), the Board is required to appoint a person nominated by the debenture trustee(s) as a director on the Board of Directors of the Company within such period from the date of receipt of nomination from the debenture trustee(s) as applicable from time to time.

PROCEEDINGS OF THE BOARD

66. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

67. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

68. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

69. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

70. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

71. (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

72. (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

73. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

74. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

75. Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

76. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

THE SEAL

77. (i) The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or chief executive officer or chief financial officer or functional heads or such other person as the Board or Committee of the Board may appoint for the purpose; and those two directors and the secretary or the chief executive officer or chief financial officer or functional heads or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

DIVIDENDS AND RESERVE

78. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

79. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

80. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

81. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

82. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

83. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

84. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

85. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

86. No dividend shall bear interest against the company.

ACCOUNTS

87. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

WINDING UP

88. Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

89. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

SECTION IX -OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and documents (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or/are to be entered into by our Company. These contracts which are or may be deemed material shall be attached to the copy of this Prospectus to be delivered to the Registrar of Companies, Telangana for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10:00 am to 5:00 pm on Working Days from the date of the filing of this Prospectus with the RoC until the Issue Closing Date.

Material Contracts

1. Issue Agreement dated August 10, 2023 between the Company and the Lead Manager;

2. Registrar Agreement dated August 01, 2023, between the Company and the Registrar to the Issue;

3. Debenture Trusteeship Agreement dated July 25, 2023, between the Company and Vistra ITCL (India) Limited, the Debenture Trustee;

4. Public Issue Account and Sponsor Bank Agreement dated August 17, 2023, executed by our Company, the Registrar, the Public Issue Account Bank(s), Sponsor Bank and Lead Manager;

5. Syndicate Agreement August 22, 2023, between the Company and the Syndicate Members;

6. Tripartite Agreement dated April 25, 2018 between CDSL, the Company and the Registrar to the Issue; and

7. Tripartite Agreement dated August 24, 2018 between NSDL, the Company and the Registrar to the Issue.

Material Documents

1. Original certificate of incorporation of Company dated April 28, 1997, issued by Registrar of Companies, Telangana;

2. Revised certificate of incorporation of the Company dated February 29, 2016, issued by Registrar of Companies, Telangana pursuant to change of name;

3. Memorandum and Articles of Association of the Company, as amended to date;

4. The certificate of registration No. B-09.00006 dated March 15, 2016 issued by RBI under Section 45IA of the RBI Act;

5. Credit rating letter dated July 21, 2023 from India Ratings & Research Private Limited, granting credit rating to the NCDs, for the proposed non-convertible debenture issue;

6. Copy of the Board Resolution dated May 26, 2023, approving the Issue;

7. Resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting held on January 05, 2022 approving the overall borrowing limit of Company;

8. Copy of the Debenture Committee resolution dated August 10, 2023 approving the Draft Prospectus;

9. Copy of the Debenture Committee resolution dated August 22, 2023 approving the Prospectus;

10. Share Purchase Agreement dated March 9, 2013 entered into amongst Varalakshmi Kanapala, Satyanarayana Konapala, Konapala Rajasekhar, Balla Ramalingeswara Rao, Uppu Nagaratnam, K V L Narayana, Vatti Satyavathi, Vatti Arjuna Rao and Sri Lakshmi K, Biji Shibu, Jijo M Varghese, Simi Gijo, Princy Josekutty, Ann Jose, Bindu Peeyus, Chinnamma Kuriakose, John J Pullan and Aleyamma Varghese, and our Company;

11. Consents of the Directors, Chief Executive Officer, Chief Financial Officer, Lead Manager, Debenture Trustee, Credit Rating Agency for the Issue, Company Secretary and Compliance Officer, Legal Counsel to the Issue, CRISIL Limited, Bankers to the Company, Public Issue Account Bank, Refund Bank, Sponsor Bank and the Registrar to the Issue, to include their names in this Prospectus;

12. The consent of our Statutory Auditors, namely M/s. RB Jain and Associates, Chartered Accountants dated August 22, 2023, for inclusion of their names as the Statutory Auditors and experts in respect of the: (i) Limited Review Report dated August 11, 2023 on the interim unaudited Ind AS financial results for the three months ended June 30, 2023; (ii) audit report dated June 9, 2021, on the audited consolidated financial statement of the Company for the financial year ended March 31, 2021; (iii) audit report dated June 9, 2021 on the audited standalone financial statement of the Company for the financial year ended March 31, 2021; and (iv) audit report dated May 23, 2022 and May 26, 2023, on the audited financial statement of the Company for the financial years ended March 31, 2022 and March 31, 2023, respectively included in this Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Prospectus;

13. Industry report titled "Industry report on gold loans, personal loans, MSME loans, and microfinance loans – April 2023", prepared and issued by CRISIL Limited;

14. Limited Review Report dated August 11, 2022 on the Interim Unaudited Ind AS Financial Results, prepared by the Statutory Auditor;

15. Annual Reports of the Company for last three Financial Years;

16. Audited Financial Statements of the Company for the year ending March 31, 2023 and March 31, 2022;

17. Audited Consolidated and Standalone Financial Statement of the Company for the year ended March 31, 2021;

18. Due Diligence certificate dated August 8, 2023, from Debenture Trustee to the Issue

19. Due Diligence certificate dated August 22, 2023, filed with SEBI by the Lead Manager; and

20. In-principle listing approval letter dated August 22, 2023, issued by BSE, for the Issue.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the applicants, subject to compliance of the provisions contained in the provisions of the Companies Act, 2013 and other relevant statutes.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act and the rules prescribed thereunder, the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulations) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

We further certify that all the disclosures and statements made in this Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any misstatements. Furthermore, all the monies received under the offer shall be used only for the purposes and objects indicated in this Prospectus.

Signed by the Directors of our Company

T.P. Sreenivasan
Chairman and Non-Executive Director

Shibu Theckumpurath Varghese
Whole-Time Director

Biji Shibu
Non-Executive Director (Non-Independent)

Issac Jacob
Independent Director

K.M. Kuriakose
Independent Director

Joseph Paul Menacherry
Independent Director

Abraham Thariyan
Independent Director

Date: Ernakulam

Place: August 22, 2023.

ANNEXURE I - DAY COUNT CONVENTION

Interest on the NCDs shall be computed on an actual/actual basis for the broken period, if any. For Options I, III, IV, VI and VIII the interest shall be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs. However, if period from the Deemed Date of Allotment/anniversary date of Allotment till one day prior to the next anniversary/redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.

For Options V, VII and IX interest shall be paid on an annual basis and the relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the NCDs. The last interest payment under Options V, VII and IX shall be made at the time of redemption of the NCDs.

For Options II and X interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs which have tenors on cumulative basis.

Illustration of cash-flows: To demonstrate the day count convention, please see the following table below, which describes the cash-flow in terms of interest payment and payment of Redemption Amount per NCD for all categories of NCD Holders.

INVESTORS SHOULD NOTE THAT THIS EXAMPLE IS SOLELY FOR ILLUSTRATIVE PURPOSES AND IS NOT SPECIFIC TO THE ISSUE

Company	KLM Axiva Finvest Limited		
Face Value	₹1,000		
Day and Date of Allotment (tentative)	Tuesday, September 12, 2023		
Options	III	V	X
Tenure	18 Months	2 years	82 Months
Coupon (%) for NCD Holders in Category I, II and III	9.35%	9.75%	NA
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly	Annual	Cumulative
Day Count Convention	Actual/ Actual		

Option III

Company	KLM Axiva Finvest Limited
Face Value	₹1,000
Day and date of Allotment (tentative)	Tuesday, September 12, 2023
Day and date of Redemption (tentative)	Wednesday, March 12, 2025
Tenure	18 Months
Coupon (%) for NCD Holders in Category I, II and III	9.35%
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly
Day Count Convention	Actual/Actual

Cash flow	Day and Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
1st coupon	Tuesday, 3 October, 2023	19	4.87
2nd coupon	Thursday, 2 November, 2023	31	7.94
3rd coupon	Friday, 1 December, 2023	30	7.68
4th coupon	Monday, 1 January, 2024	31	7.94
5th coupon	Thursday, 1 February, 2024	31	7.92
6th coupon	Friday, 1 March, 2024	29	7.41
7th coupon	Wednesday, 3 April, 2024	31	7.92
8th coupon	Thursday, 2 May, 2024	30	7.66
9th coupon	Saturday, 1 June, 2024	31	7.92

Cash flow	Day and Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
10th coupon	Monday, 1 July, 2024	30	7.66
11th coupon	Thursday, 1 August, 2024	31	7.92
12th coupon	Monday, 2 September, 2024	31	7.92
13th coupon	Wednesday, 1 October, 2024	30	7.66
14th coupon	Saturday, 2 November, 2024	31	7.92
15th coupon	Monday, 2 December, 2024	30	7.66
16th coupon	Wednesday, 1 January, 2025	31	7.92
17th coupon	Saturday, 1 February, 2025	31	7.92
18th coupon	Saturday, 1 March, 2025	28	7.15
19th coupon	Wednesday, 12 March, 2025	12	3.07
Principal	Wednesday, 12 March, 2025	-	1,000
Maturity value			

Option V

Company	KLM Axiva Finvest Limited
Face Value	₹1,000
Day and date of Allotment (tentative)	Tuesday, September 12, 2023
Day and date of Redemption (tentative)	Thursday, September 11, 2025
Tenure	2 years
Coupon (%) for NCD Holders in Category I, II and III	9.75%
Frequency of the Interest Payment with specified dates starting from date of allotment	Annual
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
1st coupon	Thursday, 12 September, 2024	366	95.00
2nd coupon	Thursday, 11 September, 2025	365	95.00
Principal	Thursday, 11 September, 2025	-	1,000.00
Maturity value			

Option X

Company	KLM Axiva Finvest Limited
Face Value	₹1,000
Day and Date of Allotment (tentative)	Tuesday, September 12, 2023
Day and date of Redemption (tentative)	Monday, July 15, 2030
Tenure	82 Months
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	₹2,000
Frequency of the Interest Payment with specified dates starting from date of allotment	Cumulative
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
Principal/Maturity value	Monday, 15 July, 2030	2499	2,000.00

NOTES:

1. *Effect of public holidays has been ignored as these are difficult to ascertain for future period except January*

26, April 1, May 1, August 15, October 2, day have been taken into consideration.

2. *As per SEBI Master Circular, in order to ensure uniformity for payment of interest/redemption on debt securities, the interest/redemption payment shall be made only on a Working Day. Therefore, if the interest payment date falls on a non-Working Day, the coupon payment shall be on the next Working Day. However, the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday. However, if the redemption date of the debt securities falls on non- Working Day, the redemption proceeds shall be paid on the previous Working Day.*
3. *Deemed Date of Allotment has been assumed to be Tuesday, September 12, 2023.*
4. *The last coupon payment will be paid along with maturity amount at the redemption date.*

ANNEXURE II – CREDIT RATING LETTER, RATING RATIONALE AND PRESS RELEASE

Please turnover for the rationale

India Ratings & Research
A Fitch Group Company

FitchGroup

Mr. Thanish Dalee
Chief Financial Officer
KLM Axiva Finvest Limited
4th floor, Door No.1871A24
VM Plaza, Kakkanad Road
Palarivattom
Cochin - 682025

July 21, 2023

Dear Sir/Madam,

Re: Rating Letter of KLM Axiva Finvest Limited

India Ratings and Research (Ind-Ra) has taken the following rating actions on KLM Axiva Finvest Limited's (KLM Axiva) instruments:

Instrument Type	**Date of Issuance**	**Coupon Rate**	**Maturity Date**	**Size of Issue (million)**	**Rating/Outlook**	**Rating Action**
Non-convertible debentures (NCDs)#	-	-	-	INR1,500	IND BBB-/Stable	Assigned
NCDs*	-	-	-	INR4,500	IND BBB-/Stable	Affirmed
Bank loans	-	-	-	INR1,500	IND BBB-/Stable	Affirmed

Yet to be issued
*Details in annexure

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, “India Ratings” means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings

K Gupta

Rakesh

Karan Gupta
Director

Rakesh Valecha
Senior Director

Annexure: Facilities Breakup

Instrument Description	Banks Name	Ratings	Outstanding/Rated Amount(INR million)
Bank Loan	State Bank of India	IND BBB-/Stable	873.00
Bank Loan	South Indian Bank	IND BBB-/Stable	100.00
Bank Loan	Dhanlaxmi Bank	IND BBB-/Stable	45.00
Bank Loan	NA	IND BBB-/Stable	482.00

India Ratings & Research
A Fitch Group Company

Login

India Ratings Assigns KLM Axiva Finvest's Additional NCDs 'IND BBB-'/Stable; Affirms Others

Jul 21, 2023 | Non Banking Financial Company (NBFC)

India Ratings and Research (Ind-Ra) has taken the following rating actions on KLM Axiva Finvest Limited's (KLM Axiva) instruments:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
Non-convertible debentures (NCDs)#	-	-	-	INR1,500	IND BBB-/Stable	Assigned
NCDs*	-	-	-	INR4,500	IND BBB-/Stable	Affirmed
Bank loans	-	-	-	INR1,500	IND BBB-/Stable	Affirmed

Yet to be issued
*Details in annexures

Key Rating Drivers

Building Presence in Gold Financing: KLM Axiva's assets under management (AUM) grew 36% yoy in FY23 to INR14.6 billion. The gold loan portfolio AUM grew around 49% yoy to INR9.3 billion in FY23. Subsequently the proportion of the gold loan portfolio in the overall loan book to around 64% in FY23 (FY22: 58%), which is in alignment with the company's objective of growing the gold loan portfolio. The focus on growing the gold loan portfolio has improved the portfolio quality with gross NPA of 1.8% as of March 2023 (FY22: 4%) and gold loan gross NPA standing at 0.11% (0.5%).

The share of loans against property (LAP), which had constituted around 33% of the overall portfolio in FY22, dropped to 26% in March 2023, since the company has stopped actively targeting the LAP loan category. The top 50 LAP loans make up 53% of the overall LAP portfolio. The microfinance (MFI) loan category has remained at 8%-9% of the overall share, as targeted by the company.

The company stays concentrated in Kerala (around 53% of portfolio as of March 2023). It had 694 branches in total as of 31 March 2023, of which 294 branches were added in FY23 across Tamil Nadu, Andhra Pradesh, Telangana and Maharashtra. The aggressive branch expansion has resulted in AUM per branch falling to INR20 million in FY23 (FY21: INR30 million).

Liquidity Indicator – Adequate: KLM's funding profile continues to rely on secured and unsecured NCDs which constitute around 58% of the total borrowings and have a tenure ranging from 12 to 80 months, while the sub-debts which make up about 36% of the total funding have a tenure of over 60 months. This has helped support the liquidity profile with close to 64% of the gold loan portfolio with a tenure of under 12 months and 10% of the MFI book with an average tenure between 12-24 months. The company maintains three months of debt repayments and operating expense in liquidity as its operating policy, which was in the form of cash and cash equivalent including unutilised bank lines of INR882 million at end-May 2023. The structural liquidity statement as of March 2023 does not have any negative cumulative mismatch and the cumulative surplus mismatch to total assets came to 44% in up to one-year bucket.

Capital Buffers Improved post Equity Infusion: KLM Axiva received an equity infusion to the tune of INR820 million in 3QFY23, because of which the Tier 1 improved to 16.6% in March 2023 (March 2022: 13.7%). The capital infusion also reduced the leverage to 5.5x in FY23 (FY22: 8.2x) with tangible net worth (net off intangibles and deferred tax assets) increasing to INR2.4 billion (INR1.5 billion). The company plans to maintain Tier 1 at 14%-15% on a steady state basis which is adequately above the regulatory requirement of 12%. The company does not plan on further equity infusion.

Steady Profitability: KLM Axiva continued with its expansion strategy in FY23 which increased its operating expenses to loan assets to 8.7% in FY23 (FY22: 6.9%). The company now plans to slow down on the branch expansion; it may add only 25 branches in Maharashtra by end-FY24. The focus would be on increasing the profitability per branch as the company expects the operating leverage to come in from existing branches. The net interest margins (net interest income on average loan assets) increased to 10.49% in FY23 (1HFY23: 10.7%; FY22: 8.26%) along with an increase in the portfolio yields to 21.8% (19.7%) on account of the increase in share of gold loans which is a higher yielding product than LAP. The cost of borrowings (interest expended on average total borrowings) increased to 10.82% in FY23 (FY22: 10.69%). The credit cost reduced to 0.04% in FY23 (FY22: 0.06%). The company recorded profits of INR183 million in FY23 (FY22: INR116 million; FY21: INR71 million) with return on assets of 1.15% (1.02%; 1.03%) and return on equity of 9.11% (9.52%; 9.46%).

Asset Quality Supported by Increasing Gold Loan Book: With the loan book being majorly made up of gold loans, the overall asset quality has improved. The gold loan NPA declined to 0.11% in FY23 (FY22: 0.5%; FY21: 0.9%). The delinquencies have remained under check because of the inherent strength of gold loans i.e. easy liquidation of collateral and low loss given default. However, the portfolio is exposed to market risk from volatility in gold prices. Lending is done at loan to value (LTV) of 75% and the tenor of the product is up to 12 months. KLM Axiva sends out reminders to borrowers for bringing down LTV by paying interest or pledging additional collateral in case LTV exceeds 90%. During the auctions done in FY23, the company could recover the principal amount but took a haircut on the interest accrued portion. A sharp decline in gold prices meanwhile could have a detrimental impact on the portfolio. The non-gold loan portfolio has also improved, wherein the LAP book which is proportionally going down in the overall portfolio mix had NPA of 5% in FY23 (FY22 : 8%; FY21: 13.7%) and the MFI book which makes up around 10% of the overall AUM had NPA of 9% (12.1%; 6.4%). The overall gross NPA stood at 1.8% and net NPA at 0.8% as on 31 March 2023. The stage 1 assets stood at 3.4% and stage 2 assets at 1.9% as on 31 March 2023.

Concentrated Funding Profile: KLM Axiva has been able to raise funds through privately and publicly placed NCDs and sub-debt from local high net-worth individuals and retail investors in Kerala. NCDs and subordinated debt continue to make up around 95% of the overall funding mix. Bank loans make up just 5% of the loan book, although the company has increased limits from existing banks in FY23. The company has raised capital through the issuance of two NCDs in FY23 with issue size of INR1.8 billion and INR1.3 billion with average interest rates of 8.75%-10.5% and a tenure of 12 months to 33 months. The company would continue to rely on the issuance of NCDs and subordinated debt for funding the loan book growth.

The promoter's reputation and network in the local geography plays a key role in mobilising funds. Thus, there is an element of key-man risk involved in the business model. KLM relies on its ability to successfully raise NCDs in the home state; any challenge on this front will impact its growth plans and liquidity position. Diversification of funding remains a key monitorable.

Rating Sensitivities

Positive: Profitable growth in the franchisee with geographical diversification, diversification of funding avenues – increasing funding from banks on a sustained basis, an improvement in the operational efficiency, along with an improvement of the capital buffers and strengthening of its systems and processes, could lead to a positive rating action.

Negative: Future developments that could, individually or collectively, lead to a negative rating action include:
the tier I ratio reducing below 13% on a sustained basis due to the promoter's inability to infuse capital as per the defined timelines or inordinate growth in the loan book despite capital infusion,
a sharp change in product mix with an increase in the LAP portfolio that is not backed by adequate capital as per Ind-Ra's assessment,
a sharp rise in the delinquency levels, which could impact capital buffers and restrict funding, and
any adverse regulatory development that could have a negative impact on the company's business.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on KLM Axiva, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

Company Profile

Incorporated in 1997 as a public limited company under the Companies Act, 1956, KLM Axiva is a non-banking financial company registered with the Reserve Bank of India. It provides gold loans, LAP, and MFI loans. As on 31 March 2023, the total outstanding portfolio stood at INR14.6 billion. The company has 694 branches across various districts in Kerala, Tamil Nadu, Karnataka, Telangana and Maharashtra.

FINANCIAL SUMMARY

Particulars (INR million)	FY23	FY22
Total tangible assets	17,142	14,682
Total tangible net worth	2,495	1,529
Net profit	183	116
Return on average assets (%)	1.15	1.02
Tier I capital ratio (%)	16.7	13.7
Source: KLM Axiva, Ind-Ra's adjustments		

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (million)	Rating	17 January 2023	23 August 2022	31 May 2022
NCDs	Long-term	INR6,000	IND BBB-/Stable	IND BBB-/Stable	IND BBB-/Stable	-
Bank loans	Long-term	INR1,500	IND BBB-/Stable	IND BBB-/Stable	IND BBB-/Stable	IND BBB-/Stable

Annexure

NCDs

ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (in million)	Rating /Outlook
INE01I507604	18 October 2022	8.75%	21 November 2023	INR147	IND BBB-/Stable
INE01I507687	18 October 2022	NA	17 February 2024	INR264	IND BBB-/Stable
INE01I507695	18 October 2022	9.10%	17 April 2024	INR161	IND BBB-/Stable
INE01I507612	18 October 2022	9.25%	17 October 2024	INR234	IND BBB-/Stable
INE01I507620	18 October 2022	9.50%	17 October 2024	INR155	IND BBB-/Stable
INE01I507638	18 October 2022	9.50%	17 October 2025	INR182	IND BBB-/Stable
INE01I507646	18 October 2022	9.75%	17 October 2025	INR67	IND BBB-/Stable
INE01I507653	18 October 2022	10.50%	16 October 2027	INR492	IND BBB-/Stable
INE01I507661	18 October 2022	10.75%	16 October 2027	INR86	IND BBB-/Stable
INE01I507679	18 October 2022	NA	17 August 2029	INR91	IND BBB-/Stable
INE01I507711	10 March 2023	8.75%	12 April 2024	INR135.8	IND BBB-/Stable
INE01I507745	10 March 2023	NA	9 July 2024	INR338.5	IND BBB-/Stable
INE01I507760	10 March 2023	9.10%	9 September 2024	INR116.1	IND BBB-/Stable
INE01I507778	10 March 2023	9.25%	7 March 2025	INR95.74	IND BBB-/Stable
INE01I507786	10 March 2023	9.50%	7 March 2025	INR122.6	IND BBB-/Stable
INE01I507794	10 March 2023	9.50%	9 March 2026	INR111.9	IND BBB-/Stable
INE01I507729	10 March 2023	9.75%	9 March 2026	INR35.59	IND BBB-/Stable
INE01I507737	10 March 2023	10.50%	9 March 2028	INR290.6	IND BBB-/Stable
INE01I507703	10 March 2023	10.75%	9 March 2028	INR50.37	IND BBB-/Stable
INE01I507752	10 March 2023	NA	9 January 2030	INR63.85	IND BBB-/Stable
		Total utilised		**INR3,240.05**	
		Unutilised		INR2,759.95	IND BBB-/Stable
		Total		**INR6,000**	

Bank wise Facilities Details

Click here to see the details

Complexity Level of Instruments

Instrument Type	Complexity Indicator
NCDs	Low
Bank loans	Low

For details on complexity levels, please visit https://www.indiaratings.co.in/complexity-indicators.

Contact

Primary Analyst
Shivangi Manjarekar
Analyst
India Ratings and Research Pvt Ltd
Unit# 614 - 616, 6th Floor, B Wing, Mittal Tower, M G Road, Bengaluru - 560 001

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APPLICABLE CRITERIA

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

Evaluating Corporate Governance

The Rating Process

DISCLAIMER

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ANNEXURE III – CONSENT OF THE DEBENTURE TRUSTEE

APPENDED OVERLEAF

VISTRA

Ref. No.DT/2023-24/4191
July 25, 2023

To,
The Board of Directors,
KLM Axiva Finvest Limited,
4th Floor, Door No. 1871A24,
VM Plaza, Palarivattom,
Ernakulam – 682 025,
Kerala, India

Dear Sir/ Madam

Sub: Consent in relation to the proposed public offering of secured redeemable non-convertible debentures of face value of ₹ 1,000 each ("NCDs"), at par, aggregating up to ₹ 7,500 lakhs, with an option to retain over-subscription up to ₹ 7,500 lakhs aggregating up to ₹ 15,000 lakhs ("Issue") by KLM Axiva Finvest Limited ("Company" or "Issuer")

We, the undersigned, hereby consent to act as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the Draft Prospectus to be filed with BSE Limited ("**Stock Exchange**") and to be forwarded to Securities and Exchange Board of India ("**SEBI**") and the Prospectus to be filed with the Registrar of Companies, Telangana at Hyderabad ("**RoC**"), Stock Exchange and to be forwarded to SEBI in respect of the Issue and also in all related advertisements and communications sent pursuant to the Issue. The following details with respect to us may be disclosed:

Logo	VISTRA
Name	Vistra ITCL (India) Limited
Address	The IL&FS Financial Centre, Plot C - 22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
Tel	022 – 2659 3333
E-mail	itclcomplianceofficer@vistra.com
Investor Grievance e-mail	itclcomplianceofficer@vistra.com
Website	www.vistraitcl.com
Contact Person	Mr. Jatin Chonani - Compliance Officer
SEBI Registration Number	IND000000578

We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We confirm that we have not been prohibited to act as a debenture trustee by the SEBI.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company.

Vistra ITCL (India) Limited

VISTRA

We confirm that we will immediately inform the Company and the Lead Manager of any change to the above information until the date when the proposed public issue of NCDs commence trading on the Stock Exchange. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

This letter may be relied upon by you, the Lead Manager and the legal counsel to the Issue in respect of the Issue.

Sincerely,
For Vistra ITCL (India) Limited

Vistra ITCL (India) Limited

Name: Rajesh Dasri
Designation: Senior Manager - Operations

CC:

Vivro Financial Services Private Limited
607/608 Marathon Icon,
Opp. Peninsula Corporate Park,
Off. Ganpatrao Kadam Marg,
Veer Santaji Lane, Lower Parel,
Mumbai - 400013,
Maharashtra, India

M/s. Crawford Bayley & Co.
4th Floor, State Bank Buildings
N.G.N. Vaidya Marg, Fort
Mumbai 400 023,
Maharashtra, India

Enclosed : Annexure A
Annexure B

ANNEXURE A

भारतीय प्रतिभूति
और विनिमय बोर्ड
Securities and Exchange
Board of India

बाजार मध्यवर्ती विनियमन एवं पर्यवेक्षण विभाग- रजिस्ट्रीकरण प्रभाग
Market Intermediaries Regulation & Supervision Department
Division of Registration

SEBI/HO/MIRSD/DOR/AV/RP/OW/2021/34449/1
November 26, 2021

The Managing Director,
Vistra ITCL India Limited
Il&Fs Financial Centre, Plot No 22
G Block, Bandra Kurla Complex, Bandra East,
Mumbai- 400051, Maharashtra

Dear Sir,

Sub: Issue of Certificate of Registration

Please refer to payment of renewal fees for continuation of registration of **VISTRA ITCL INDIA LIMITED** as Debenture Trustee having registration no. **IND000000578**. In this regard, please find enclosed the certificate of registration in original.

Yours faithfully,

RPawar

Rahul Pawar
Assistant General Manager

Encl.: Registration Certificate in original

प्राप्ति-सूचना

ACKNOWLEDGEMENT

हम (नाम नीचे सारणी में दिए गए हैं) एतद्द्वारायहसूचितकरतेहैंकिहमेंभारतीयप्रतिभूति और विनिमय बोर्ड (सेबी), मुंबईकातारीख/ We the following hereby acknowledge the receipt of letter dated **November 26, 2021** कापत्रऔरउसकेसाथसंलग्नरजिस्ट्रीकरणप्रमाणपत्रप्राप्तहोगयाहै/ of Securities & Exchange Board of India, Mumbai, along with the Certificate of Registration.

सं No.	ट्रेडनाम Trade Name	रजिस्ट्रीकरणसं.Registration No.	प्रापककर्ताकेहस्ताक्षर Ack. Signature
1.	VISTRA ITCL INDIA LIMITED	IND000000578	

डिबेंचर न्यासी

प्ररूप ख
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000279

(विनियम 8)
(Regulation 8)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

VISTRA ITCL INDIA LIMITED
IL&FS FINANCIAL CENTRE, PLOT NO. 22
G BLOCK, BANDRA KURLA COMPLEX, BANDRA EAST
MUMBAI- 400051, MAHARASHTRA

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।

as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।

2) Registration Code for the debenture trustee is **IND000000578**

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।

3) Unless renewed, the certificate of registration is valid from to

This Certificate of Registration shall be valid from 27/09/2016, unless suspended or cancelled by the Board

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

Aradhana Verma

ARADHANA VERMA

प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

स्थान Place : **Mumbai**

तारीख Date : **October 27, 2021**

VISTRA

Annexure B

July 25, 2023

To,
The Board of Directors,
KLM Axiva Finvest Limited,
4th Floor, Door No. 1871A24,
VM Plaza, Palarivattom,
Ernakulam – 682 025,
Kerala, India

Dear Sir/ Madam

Sub: Consent in relation to the proposed public offering of secured redeemable non-convertible debentures of face value of ₹ 1,000 each ("NCDs"), at par, aggregating up to ₹ 7,500 lakhs, with an option to retain over-subscription up to ₹ 7,500 lakhs aggregating up to ₹ 15,000 lakhs ("Issue") by KLM Axiva Finvest Limited ("Company" or "Issuer")

We hereby confirm that as on date the following details in relation to our registration with SEBI as a Debenture Trustee is true and correct.

Sr. No.	Particulars	Details
1.	Registration Number	U66020MH1995PLC095507
2.	Date of registration/ Renewal of registration	IND00000057857
3.	Date of expiry of registration	Not Applicable
4.	If applied for renewal, date of application	Not Applicable
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	Not Applicable
6.	Any enquiry/ investigation being conducted by SEBI	Not Applicable
7.	Details of any penalty imposed by SEBI	Refer Annexure A (Enclosed SEBI Certificate)

We hereby enclose a copy of our SEBI registration certificate.

We shall immediately intimate the Company of any changes, additions or deletions in respect of the matters covered in this certificate till the date when the securities of the Issuer, offered, issued and allotted pursuant to the Issue, are traded on the relevant stock exchange. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading.

For Vistra ITCL (India) Limited

Vistra ITCL (India) Limited

Name: Rajesh Dasri
Designation: Senior Manager - Operations

Enclosed : Annexure A

Registered office:
The IL&FS Financial Centre,
Plot No. C- 22, G Block, 6th Floor
Bandra Kurla Complex, Bandra (East),
Mumbai 400051, India

Corporate office :
The Qube, 6th floor, 602
A wing Hasan pada road ,
Mittal industrial estate Marol ,
Andheri (East) Mumbai 400059

Tel : +91 22 2850 0028
Fax : +9122 2850 0029
Email: mumbai@vistra.com
www.vistraitcl.com

Vistra ITCL (India) Limitec
Corporate Identity Number (CIN):U66020MH1995PLC09550