



KLM AXIVA FINVEST

Enriching your life...

Annual Report
2015-2016



INDEX

| SL NO | PARTICULARS | NO |
|--------------|---------------------------|-----------|
| 1 | Notice of AGM | 1-9 |
| 2 | Directors' Report | 10-25 |
| 3 | Auditors Report | 26-32 |
| 4 | Balance Sheet | 33 |
| 5 | Profit and Loss Statement | 34 |
| 6 | Cash Flow Statement | 35 |
| 7 | Notes to Accounts | 36-50 |

KLM AXIVA FINVEST LIMITED
[Formerly Needs Finvest Limited]
D.No.3-4-186, Tobacco Bazar, Lane Behind Mahankali Temple,
Secunderabad, Telangana, 500003
admindvn@klmgroup.in
CIN: U65910TG1997PLC026983

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the members of KLM Axiva Finvest Limited will be held at the Registered Office of the Company on Monday ,26th September 2016 at 3.00 PM to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2016 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Josekutty Xavier (DIN: 02073994), who retires by rotation and, being eligible, seeks re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 139,142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time and pursuant to the recommendations of the Audit Committee of the Board of Directors and pursuant to the resolution passed by the members at the Annual General Meeting held on 30th September, 2014, the appointment of M/s. Balan & Co., Chartered Accountants, (FRN 000340S), as the auditors of the Company to hold office till the conclusion of the next Annual General Meeting be and is hereby ratified and that the Board of Directors be and is hereby authorised to fix the remuneration payable to them for the financial year ending 31st March 2017, as may be determined by the Audit Committee in consultation with the auditors."

Special Business

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. Alexander John Joseph (DIN: 00485766), in respect of whom the company has received a notice in writing along with requisite deposit under section 160 of the Companies Act 2013 signifying his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the company to hold the office for period of 5 years not be liable to retire by rotation."

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT Mr. Shibu Thekkumpurathu Varghese (DIN:02079917), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 27th July , 2016 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“Act”) but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing along with requisite deposit from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation.

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr. K R Viswambharan (DIN:07603053), in respect of whom the company has received a notice in writing along with requisite deposit under section 160 of the Companies Act 2013 signifying his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the company to hold the office for period of 5 years not be liable to retire by rotation.”

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013 including any statutory modification or reenactment thereof, or any other law and subject to such consent(s), approval(s) and permission(s) as may be necessary in this regard and subject to such conditions as may be imposed by any authority while granting such consent(s), permission(s) and approval(s) and as are agreed by the Board of Directors (hereinafter referred to as the Board, which term shall unless repugnant to the context or meaning thereof, be deemed to include any committee thereof and any person authorised by the Board in this behalf), consent of the members be and is hereby accorded to the appointment of Mr.Shibu Thekkumpurathu Varghese (DIN:02079917) as Whole-time Director of the Company for a period of three years with effect from 30.08.2016 to 29.08.2019, on the terms and conditions set out below:

i. SALARY

Rs.2,00,000 (Rupees Two Lakhs Only) per month

ii. LEAVE AND ENCASHMENT OF LEAVE

As per Rules of the Company.

iii. GRATUITY AND / OR CONTRIBUTION TO GRATUITY FUND

As per Rules of the Company.

iv. REIMBURSEMENT OF EXPENSES

Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company, as per Rules of the Company.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year of the Company during the term of his Office as Whole-time Director, the remuneration and perquisites set out above be paid or granted to Mr. Shibu Thekkumpurathu Varghese as minimum remuneration stipulated in Section II of Part II of Schedule V of the said Act or such other amount and perquisites as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactment(s) thereof."

By order of the Board

For KLM Axiva Finvest Limited

Mr. Josekutty Xavier
Managing Director
DIN: 02073994

Mrs. Biji Shibu
Director
DIN: 06484566

Place: Kochi
Date: 30.08.2016

Notes :

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 4 to 7 of the Notice, is annexed hereto.
2. **A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.** The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members will be entitled to vote.
4. The Notice of the AGM along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of

the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

5. Members/Proxies must bring the original attendance slip sent herewith duly filled in, signed and hand it over at the entrance of the meeting hall.
6. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company.

By order of the Board
For KLM Axiva Finvest Limited

Mr. Josekutty Xavier
Managing Director
DIN: 02073994

Mrs. Biji Shibu
Director
DIN: 06484566

Place: Kochi
Date: 30.08.2016

Statement pursuant to Section 102 (1) of the Companies Act, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No: 4

Dr. Alexander John Joseph (DIN: 00485766) was appointed as an Additional Director on 29th February 2016, in accordance with the provisions of Section 161 of the Companies Act, 2013. Dr. Alexander John Joseph IAS (Retired), was Former Chief Secretary and Cabinet Minister, Karnataka State. He joined the Indian Administrative Service in 1963, where he was allotted to Karnataka State IAS cadre. He served for 33 years in various departments. After retirement from Civil Service, he joined public life, contested elections and became a Cabinet Minister for Tourism of Karnataka State.

Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received a notice in writing along with requisite deposit from a member pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying intention to propose Dr. Alexander John Joseph as a candidate for the office of Director of the Company.

The resolution seeks the approval of the members in terms of Section 149 and other applicable provisions of the Act, read with Schedule IV of the Act and the Rules made thereunder, for appointment of Dr. Alexander John Joseph as an Independent Director of the Company for a period commencing from 29th February, 2016 to 28th February 2021.

The Board feels that presence of Dr. Alexander John Joseph on the Board is desirable and would be beneficial to the company. Keeping in view the above legal requirements and in deference to Company's shareholders' wishes, the Board of Directors have proposed that Dr. Alexander John Joseph be appointed as an Independent Director of the Company.

The Board recommends the resolution set forth in item No. 4 for Members approval.

Dr. Alexander John Joseph is interested and concerned in the Resolution mentioned at Item No. 4 of the Notice. Other than Dr. Alexander John Joseph, no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.4 of the Notice.

Item No: 5

Mr. Shibu Thekkumpurathu Varghese (DIN:02079917) was appointed as an Additional Director on 27th July 2016, in accordance with the provisions of Section 161 of the Companies Act, 2013. Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received a notice in writing along with requisite deposit from a member pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying intention to propose Mr. Shibu Thekkumpurathu Varghese as a candidate for the office of Director of the Company. Mr. Shibu Thekkumpurathu Varghese, if appointed, will be liable to retire by rotation under Sections 152 of the Companies Act, 2013 and in terms of provisions under the Articles of Association of the Company.

The Board feels that presence of Mr. Shibu Thekkumpurathu Varghese on the Board is desirable and would be beneficial to the company. Keeping in view Company's shareholders' wishes, the Board of Directors have proposed that Mr. Shibu Thekkumpurathu Varghese be appointed as a Director of the Company.

The Board recommends the resolution set forth in item No. 5 for Members approval.

Mr. Shibu Thekkumpurathu Varghese and Mrs. Biji Shibu[Director] wife of Mr. Shibu Thekkumpurathu Varghese is interested and concerned in the Resolution mentioned at Item No. 5 of the Notice. No other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.5 of the Notice.

Item No:6

Dr. K R Viswambharan (DIN:07603053) was appointed as Additional Director on 30th August 2016 in accordance with the provisions of Section 161 of the Companies Act, 2013. Dr. K R Viswambharan IAS (Retired), has worked in various capacities such as former District Collector of Ernakulam and Alapuzha, Vice Chancellor of Kerala Agricultural University, Director of Sports & Youth Affairs, Director of Public Instruction (DPI), Managing Director, Rubbermark, Chairman-Managing Director, TELK etc.

Pursuant to Section 161 of the Companies Act, 2013 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received a notice in writing along with requisite deposit from a member pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying intention to propose Dr. K R Viswambharan as a candidate for the office of Director of the Company. The Company has received consent from Dr. K R Viswambharan to act as Director of the Company along with a declaration to the effect that he meets the criteria of independence as provided in Section 149 of the Companies Act, 2013 and an intimation to the effect that he is not disqualified from being appointed as a Director in terms of Section 164(2) of the Companies Act, 2013. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, the resolution seeks the approval of the members for appointment of Dr. K R Viswambharan, as an Independent Director for a term of five consecutive years and he shall not be liable to retire by rotation.

Dr. K R Viswambharan is interested and concerned in the Resolution mentioned at Item No. 6 of the Notice. Other than Dr. K R Viswambharan, no other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.6 of the Notice.

Item No: 7

Mr. Shibu Thekkumpurathu Varghese (DIN: 02079917) was appointed as additional director of the company on 27th July 2016. He was leading the entire group in various capacities. His contribution and expertise immensely helped the Company to reach this stage within reasonable time. After considering the recommendations of Nomination and Remuneration Committee, the Board of Directors thought fit in the best interest of the Company, to appoint Mr. Shibu Thekkumpurathu Varghese as Whole-time Director for a period of three years with effect from 30.08.2016 on terms and conditions as set out and approved by board of directors of the company from time to time.

The following is the information for taking appropriate decision for approval of the proposed resolution as set out in the item No.7 of the notice of the meeting by way of Ordinary Resolution:

I.GENERAL INFORMATION:

- i. Nature of industry:

The Company is a Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and primarily engaged in lending and related activities.

- ii. Date or expected date of commencement of commercial production:

The Company is in operation from 1997 onwards.

- iii. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not applicable.

- iv. Financial performance based on given indicators.

| Particulars | For the year 2013-14 | For the year 2014-15 | For the year 2015-16 |
|--|---------------------------------|---------------------------------|---------------------------------|
| Total Revenue | 40,39,254 | 3,14,20,974 | 10,81,88,393 |
| Profits before making provision for tax (In Rs.) | 26,52,009 | 85,43,810 | 2,61,12,516 |
| Profits after making provision for tax (In Rs.) | 16,51,975 | 54,14,989 | 1,64,22,500 |

- v. Foreign Investments or collaborations, if any.

No

II. INFORMATION ABOUT THE APPOINTEE:

- i. **Background Details**, Past Remuneration, Recognition or Awards, Job Profile and his Suitability, Remuneration proposed, Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Mr. Shibu Thekkumpurathu Varghese was first inducted to the Board as Additional Director in the Board Meeting held on 27.07.2016. In Board Meeting held on 30.08.2016 he was appointed as Whole-time Director of the company for a period of 3 years as approved by the Remuneration Committee of the Board, subject to member’s approval.

Mr. Shibu Thekkumpurathu Varghese is a Bachelor of Arts [BA] and Bachelor of Law [LLB] having more than Twenty years’ of experience in finance business.

The Board of Directors, at their Meeting held on 30.08.2016, considered and decided to entrust Mr. Shibu Thekkumpurathu Varghese with increased role and responsibility by elevating him as Whole-time Director of the Company. The term of his appointment as Whole-time Director will be for a period of three years from 30.08.2016 to 29.08.2019. The remuneration package was as determined by the Remuneration Committee of the Board and approved by the Board of Directors.

Mr. Shibu Thekkumpurathu Varghese appointment as Director on the Board of the Company was on the basis of his being liable to retire by rotation. He will continue to be the Director of the Company till his turn comes for retirement by rotation. He is eligible to seek re-election at the Annual General Meeting in which he retires by rotation.

The proposed salary is Rs.2,00,000/- per month subject to a maximum limit of Rs.30,00,000 Per Annum. Leave and encashment of leave, Gratuity and reimbursement of expenses of the managing director is as per the rules of the company.

ii. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (In case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration proposed is comparable with normal salaries that are being paid in the Industry and with reference to the size and nature of the Industry. The Whole-time director is not expatriate.

iii. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

The appointee is holding 12,71,200 equity shares[5.05%] in the company. Mrs. Biji Shibu wife of the appointee is a Director of the company.

III OTHER INFORMATION:

i. Reasons of loss or inadequate profits

The company was not having much business till 2013. In March 2013 the company was acquired by the present management and company is now in growing stage.

ii. Steps taken or proposed to be taken for improvement.

Company has used this period to increase its competitiveness. It has strengthened its management team by inducting seasoned professionals at all levels in the company. In addition to this company is in the process of starting branches all over south India.

iii. Expected increase in productivity and profits in measurable terms.

The company achieved a profit of Rs.1.64 Crore compared to previous year's profit of Rs.54 Lakhs. The company expects a profit of more than Rs.3 Crore in the forthcoming financial year.

Mr. Shibu Thekkumpurathu Varghese and Mrs. Biji Shibu[Director] wife of Mr. Shibu Thekkumpurathu Varghese is interested and concerned in the Resolution mentioned at

Item No. 7 of the Notice. No other Director, key managerial personnel or their respective relatives are concerned or interested in the Resolution mentioned at Item No.7 of the Notice.

By order of the Board
For KLM Axiva Finvest Limited

Mr. Josekutty Xavier
Managing Director
DIN: 02073994

Mrs.Biji Shibu
Director
DIN: 06484566

Place: Kochi
Date: 30.08.2016

DIRECTORS' REPORT

Dear Member,

Your Directors are delighted to present the Nineteenth Annual Report and Audited Accounts for the financial year ended March 31, 2016.

1. FINANCIAL HIGHLIGHTS

(In Rs.)

| Particulars | 2015-2016 | 2014-2015 |
|---|-------------|------------|
| Total Revenue | 108,188,393 | 31,420,974 |
| Total Expense | 82,075,876 | 22,877,163 |
| Profit or Loss Before Tax and Extraordinary Items | 26,112,516 | 8,543,810 |
| Profit or Loss After Tax | 16,422,500 | 5,414,989 |

2. STATE OF THE COMPANY'S AFFAIRS

The Company continues to hold the Certificate of Registration granted to the Company by RBI under Section 45-IA of the RBI Act, vide the Certificate of Registration No.B.09.00006, dated 30-12-2007, duly regularized on 26.09.2011. However, the Company is not authorized to accept public deposits and the company should continue to comply with the terms and conditions subject which the Certificate of Registration has been granted.

3. APPROVAL FOR CHANGE IN MANAGEMENT AND CONTROL

Your Company has received approval from the Reserve Bank of India for change of management and control of the company vide its letter DNBS (H) CMS/4451/00.00.056/2014-2015, dated June 22, 2015.

4. CHANGE OF NAME OF THE COMPANY

During the year the Company has changed its name from Needs Finvest Limited to KLM Axiva Finvest Limited by a resolution approved by the Shareholders in their meeting held on 25.01.2016. Fresh Certificate of Incorporation upon the change of name of the company was issued by the Registrar of Companies, Hyderabad on 29.02.2016 and Fresh Certificate of Registration [CoR] was issued by RBI, Hyderabad on 16.03.2016.

5. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

No material changes or events have occurred since the date of balance sheet that could have any effect on the financial position of the company.

6. RESERVES

Out of the profits generated by the company, the company transferred Rs.32,84,000 to Statutory Reserve.

7. DIVIDEND

Your Directors have not recommend dividend for the financial year.

8. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board met 26 times on 04.04.2015, 21.04.2015, 16.05.2015, 18.05.2015, 29.06.2015, 06.07.2015, 16.07.2015, 01.08.2015, 06.08.2015, 14.08.2015, 26.08.2015, 16.09.2015, 01.10.2015, 21.10.2015, 19.11.2015, 27.11.2015, 07.12.2015, 31.12.2015, 04.01.2016, 25.01.2016, 19.02.2016, 29.02.2016, 08.03.2016, 16.03.2016, 22.03.2016 and 31.03.2016 during the financial year. The intervening gap between two meetings was within the period prescribed by the Companies Act, 2013. Details meeting attended by each director are as follows;

| Sl No | Name of director | Category of director | No of meetings Attended |
|-------|------------------------------------|---|-------------------------|
| 1 | Dr. Alexander John Joseph ** | Non-Executive, Independent Director, Chairman | 4 |
| 2 | Mr. Josekutty Xavier* | Executive, Managing Director | 26 |
| 3 | Mr. Shibu Thekumpurathu Varghese** | Executive, Whole-time Director | NA |
| 4 | Dr. K R Viswambharan** | Non-Executive, Independent Director | NA |
| 5 | Mrs .Biji Shibu | Non-Executive, Director | 26 |
| 6 | Mr. James Joseph Arambankudyil | Non-Executive, Director | 26 |
| 7 | Mr. George Kuriape** | Non-Executive, Independent Director | 16 |
| 8 | Mr. Reji Kuriakose** | Non-Executive, Independent Director | 16 |
| 9 | Mr. Varghese Maniyattu Jijo*** | Non-Executive, Director | 1 |

*Mr. Josekutty Xavier was appointed as Managing Director w.e.f 31.12.2015.

**

| SL No | Name of Director | Date of appointment |
|-------|----------------------------------|---------------------|
| 1 | Mr. George Kuriape | 14.08.2015 |
| 2 | Mr. Reji Kuriakose | 14.08.2015 |
| 3 | Dr. Alexander John Joseph | 29.02.2016 |
| 4 | Mr. Shibu Thekumpurathu Varghese | 27.07.2016 |
| 5 | Dr. K R Viswambharan | 30.08.2016 |

***Mr. Varghese Maniyattu Jijo resigned from the Board w.e.f 21.06.2016.

9. DIRECTORS AND KMPS

In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Mr. Josekutty Xavier retires by rotation and being eligible, offers himself for re-appointment. The Company has appointed Mr. Josekutty Xavier as Key Managerial Personnel during the financial year.

Mr. George Kuriape and Mr. Reji Kuriakose were appointed as additional director on 14.08.2015 and was regularized as Director on Annual General Meeting held on 26.09.2015. Dr. Alexander John Joseph, Mr. Shibu Thekumpuram and Dr. K R Viswambharan were appointed as additional directors during the year under review and hold office upto the date of the forthcoming Annual General Meeting but are eligible for appointment as Directors. Notices under Section 160 of the Act have been received from members along with requisite deposits proposing their appointment as Directors of the Company.

Dr. Alexander John Joseph and Dr. K R Viswambharan were appointed an Independent Directors upto (5 years from date of appointment) and satisfies the test of independence as stipulated under Section 149(6) of the Act.

Mr.Varghese Maniyattu Jijo,Director of the company resigned from the Board w.e.f 21.06.2016.

10.AUDIT COMMITTEE

As on 31.03.2016 Audit Committee comprised of 3 Directors; Mr. Josekutty Xavier [Chairman], Mr. George Kuriape and Mr. Reji Kuriakose as members. Audit committee met 4 times during the financial year.

11.NOMINATION AND REMUNERATION COMMITTEE

As on 31.03.2016 Nomination and Remuneration Committee comprised of 4 Directors; Mrs. Biji Shibu [Chairperson] Mr. George Kuriape, Mr. Reji Kuriakose and Mr. James Joseph Arambankudiyil as members. Committee met 2 times during the year.

12.FINANCE COMMITTEE

Finance Committee was constituted on 31.03.2016 comprising of Mr. Josekutty Xavier(Chairman), Mrs. Biji Shibu, and Mr. James Joseph Arambankudiyil as members.

13.MANAGEMENT COMMITTEE

Management Committee was constituted on 31.03.2016 comprising of Mr. Josekutty Xavier(Chairman),Mrs. Biji Shibu, Mr. James Joseph Arambankudiyil and Mr. George Kuriape as members.

14.COMPANY'S POLICY ON DIRECTOR'S, KMPS & OTHER EMPLOYEES APPOINTMENT & REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATION, ATTRIBUTES, INDEPENDENCE, ETC

Based on the recommendation of Nomination and Remuneration Committee (NRC) of the Board, the Board has adopted the Remuneration Policy for Directors, KMP and other Employees. NRC has also formulated the criteria for determining qualifications, positive attributes and independence of director as well as criteria for evaluation of individual Directors and the Board.

15.DISCLOSURE ON REAPPOINTMENT OF INDEPENDENT DIRECTOR

Pursuant to Section 149(7) of the Companies Act, 2013, the Company has received declarations from Dr. Alexander John Joseph and Dr. K R Viswambharan, Independent Directors confirming that they meet the criteria of independence as specified in Section 149(6) of the Act.

16.SUBSIDIARIES/JOINT VENTURE/ASSOCIATE COMPANY

The Company has no subsidiary/joint venture/associate company and hence consolidation and applicable provision under the Companies Act, 2013, and Rules made thereunder are not applicable to the Company.

17.MATERIAL CHANGES AND COMMITMENTS, AFFECTING FINANCIAL POSITION OF THE COMPANY, OCCURING AFTER BALANCE SHEET DATE

No material changes or events have occurred since the date of the Balance Sheet that could have any effect on the financial position of the Company except allotment of equity shares on private placement basis.

18.RAISING OF ADDITIONAL CAPITAL

During the year your company raised funds through private placement of Equity shares, and Secured Non-Convertible Debentures. The company has not issued shares differential rights, sweat equity, ESOS etc.

19.ISSUE OF SECURED NON-CONVERTIBLE DEBENTURES:

The company has issued Secured, Redeemable, Non-Convertible Debentures [NCD] during the financial year under review with maturity period ranging from 12 months to 36 months and the issue of such debentures is in compliance with provisions issued by Reserve Bank of India including the revised guidelines issued vide Notification No. DNBR. (PD) 006 /GM (MSG)-2015 dated February 20, 2015. Further the assets of the company which are available by way of security are sufficient to discharge the claims of debenture holders as when become due.

20.DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS, TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANYS OPERATIONS IN FUTURE

During the year under review, no material orders were passed by the Regulators/Courts/Tribunals/impacting the company's going concern and future operations.

21.RISK MANAGEMENT

The Company is engaged in the business of Finance. In the opinion of the Board, there are no foreseeable risks which could impact the existence of the Company or its business operations.

22.CREDIT RATING

The Company has complied with all the regulatory provisions of the Reserve Bank of India applicable to Non-Banking Financial Companies as on March 31, 2016. The Company has not obtained any credit rating during the year under review.

23.SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Directors further state that during the year under review, there were no cases filed and there were no cases pending for disposal pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

24.DEPOSITS

The Company has not accepted any public deposits during the year under review.

25.EXTRACT OF ANNUAL RETURN

Pursuant to Sections 92(3) and 134(3)(a) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form No MGT-9 is enclosed as Annexure I to the Report.

26.SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company during the year under review.

27.CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are not applicable to the company because the Company is engaged in the business of finance.

28.PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During 2015-16, the Company has not given any loans to other companies or given guarantees in connection with loan to any other body corporate or made investments in other companies.

29.PARTICULARS OF RELATED PARTY TRANSACTION

There was no related party transaction during the year under review

30. PARTICULARS OF EMPLOYEES

During the year under review, no employee of the Company was in receipt of remuneration requiring disclosure under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

31. STATUTORY AUDITORS

M/s. Balan & Co., Chartered Accountants, Aluva, Ernakulam, Chartered Accountants have pursuant to section 139 of the Companies Act, 2013, given their consent for appointment and furnished a certificate confirming that their appointment would be in accordance with the conditions prescribed in the Act. M/s. Balan & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the rules framed thereunder, the Board proposes re-appointment of M/s. Balan & Co., Chartered Accountants as Statutory Auditors of the company from conclusion of this AGM till the conclusion of next AGM. The Auditors' Report does not contain any qualification, reservation or adverse remark.

32. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a. In the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The Directors have prepared the annual accounts on a going concern basis.
- e. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

33.ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere gratitude especially to Bankers, Government Authorities, other statutory authorities, customers, and shareholders. Your Directors also wish to thank all the employees for their co-operation.

For and on behalf of the Board of Directors

Mr. Josekutty Xavier
Managing Director
DIN: 02073994

Mrs. Biji Shibu
Director
DIN: 06484566

Place: Kochi
Date: 30.08.2016

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

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

| I. REGISTRATION & OTHER DETAILS: | | |
|---|--|--|
| 1 | CIN | U65910TG1997PLC026983 |
| 2 | Registration Date | 28/04/1997 |
| 3 | Name of the Company | KLM Axiva Finvest Limited |
| 4 | Category/Sub-category of the Company | Company limited by Shares Non-govt company |
| 5 | Address of the Registered office & contact details | D.No.3-4-186, Tobacco Bazar, Lane Behind Mahankali Temple, Secunderabad, Telangana, 500003 admindvn@klmgroup.in |
| 6 | Whether listed company | Unlisted |
| 7 | Name, Address & contact details of the Registrar & Transfer Agent, if any. | NA |

| II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY |
|---|
|---|

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1 | Non Banking Financial Services (Lending) | 649 | 100% |

| III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES | | | | | |
|--|---------------------------------|---------|--------------------------------|------------------|--------------------|
| SN | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
| NIL | | | | | |

| IV. SHARE HOLDING PATTERN |
|----------------------------------|
|----------------------------------|

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2015] | | | | No. of Shares held at the end of the year [As on 31-March-2016] | | | | % Change during the year |
|--------------------------|---|-----------|-----------|-------------------|---|-----------|-----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | | 5,476,300 | 5,476,300 | 44.84% | | 8,067,500 | 8,067,500 | 37.47% | 47.32% |
| b) Central Govt | | | - | 0.00% | | | - | 0.00% | 0.00% |
| c) State Govt(s) | | | - | 0.00% | | | - | 0.00% | 0.00% |
| d) Bodies Corp. | | | - | 0.00% | | | - | 0.00% | 0.00% |
| e) Banks / FI | | | - | 0.00% | | | - | 0.00% | 0.00% |
| f) Any other | | | - | 0.00% | | | - | 0.00% | 0.00% |
| Sub Total (A) (1) | - | 5,476,300 | 5,476,300 | 44.84% | - | 8,067,500 | 8,067,500 | 37.47% | 47.32% |
| (2) Foreign | | | | | | | | | |
| a) NRI Individuals | | | - | 0.00% | | | - | 0.00% | 0.00% |

| | | | | | | | | | |
|--|---|-----------|-----------|--------|---|------------|------------|--------|--------|
| b) Other Individuals | | | - | 0.00% | | | - | 0.00% | 0.00% |
| c) Bodies Corp. | | | - | 0.00% | | | - | 0.00% | 0.00% |
| d) Any other | | | - | 0.00% | | | - | 0.00% | 0.00% |
| Sub Total (A) (2) | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| TOTAL (A) | - | 5,476,300 | 5,476,300 | 44.84% | - | 8,067,500 | 8,067,500 | 37.47% | 47.32% |
| | | | | | | | | | |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | | | - | 0.00% | | | - | 0.00% | 0.00% |
| b) Banks / FI | | | - | 0.00% | | | - | 0.00% | 0.00% |
| c) Central Govt | | | - | 0.00% | | | - | 0.00% | 0.00% |
| d) State Govt(s) | | | - | 0.00% | | | - | 0.00% | 0.00% |
| e) Venture Capital Funds | | | - | 0.00% | | | - | 0.00% | 0.00% |
| f) Insurance Companies | | | - | 0.00% | | | - | 0.00% | 0.00% |
| g) FIIs | | | - | 0.00% | | | - | 0.00% | 0.00% |
| h) Foreign Venture Capital Funds | | | - | 0.00% | | | - | 0.00% | 0.00% |
| i) Others (specify) | | | - | 0.00% | | | - | 0.00% | 0.00% |
| Sub-total (B)(1):- | - | - | - | 0.00% | - | - | - | 0.00% | 0.00% |
| | | | | | | | | | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | | | - | 0.00% | | | - | 0.00% | 0.00% |
| ii) Overseas | | | - | 0.00% | | | - | 0.00% | 0.00% |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | | | - | 0.00% | | | - | 0.00% | 0.00% |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | | 6,737,000 | 6,737,000 | 55.16% | | 13,463,055 | 13,463,055 | 62.53% | 99.84% |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians | | | - | 0.00% | | | - | 0.00% | 0.00% |
| Overseas Corporate Bodies | | | - | 0.00% | | | - | 0.00% | 0.00% |
| Foreign Nationals | | | - | 0.00% | | | - | 0.00% | 0.00% |

| | | | | | | | | | |
|--|---|------------|------------|---------|---|------------|------------|--------|---------|
| Clearing Members | | | - | 0.00% | | | - | 0.00% | 0.00% |
| Trusts | | | - | 0.00% | | | - | 0.00% | 0.00% |
| Foreign Bodies - D R | | | - | 0.00% | | | - | 0.00% | 0.00% |
| Sub-total (B)(2):- | - | 6,737,000 | 6,737,000 | 55.16% | - | 13,463,055 | 13,463,055 | 62.53% | 99.84% |
| Total Public (B) | - | 6,737,000 | 6,737,000 | 55.16% | - | 13,463,055 | 13,463,055 | 62.53% | 99.84% |
| C. Shares held by Custodian for GDRs & ADRs | | | - | 0.00% | | | | 0.00% | 0.00% |
| Grand Total (A+B+C) | - | 12,213,300 | 12,213,300 | 100.00% | - | 21,530,555 | 21,530,555 | 100% | 147.15% |

(ii) Shareholding of Promoter

| SN | Shareholder's Name | Shareholding at the beginning of the year [As on 31-March-2015] | | | Shareholding at the end of the year [As on 31-March-2016] | | | % change in shareholding during the year |
|----|-------------------------------|---|----------------------------------|--|---|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged/encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/encumbered to total shares | |
| 1 | Baby Mathew | 760,000 | 6.22% | | 760,000 | 3.53% | | 0.00% |
| 2 | Lissy Ittoopp | 720,000 | 5.90% | | 720,000 | 3.34% | | 0.00% |
| 3 | Jose Sebastian | 680,000 | 5.57% | | 1,500,000 | 6.97% | | 120.59% |
| 4 | Ittoop K O | 680,000 | 5.57% | | 680,000 | 3.16% | | 0.00% |
| 5 | Shibu Thekkumpurathu Varghese | 480,000 | 3.93% | | 1,271,200 | 5.90% | | 164.83% |
| 6 | Unni S Kappen | 295,000 | 2.42% | | 295,000 | 1.37% | | 0.00% |
| 7 | Aleena James | 255,000 | 2.09% | | 255,000 | 1.18% | | 0.00% |
| 8 | Sebastian C Kappen | 250,000 | 2.05% | | 250,000 | 1.16% | | 0.00% |
| 9 | Biji Shibu | 360,300 | 2.95% | | 440,300 | 2.05% | | 22.20% |
| 10 | Aleyamma Varghese | 708,000 | 5.80% | | 1,208,000 | 5.61% | | 70.62% |
| 11 | Bindu Peeyus | 72,000 | 0.59% | | 422,000 | 1.96% | | 486% |
| 12 | Simi Jijo | 59,000 | 0.48% | | 59,000 | 0.27% | | 0.00% |
| 13 | Princy Josekutty | 47,000 | 0.38% | | 47,000 | 0.22% | | 0.00% |
| 14 | Jijo M Varghese | 70,000 | 0.57% | | 70,000 | 0.33% | | 0.00% |
| 15 | Ann Jose | 40,000 | 0.33% | | 90,000 | 0.42% | | 125.00% |

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

| SN | Particulars | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|------------------------------|------|--------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | Baby Mathew | | | | | | |
| | At the beginning of the year | | | 760,000 | 6.22% | 760,000 | 3.53% |
| | Changes during the year | | | - | - | - | 0.00% |
| | At the end of the year | | | | | 760,000 | 3.53% |

| | | | | | | | |
|---|------------------------------|--|--|---------|-------|---------|-------|
| 2 | Lissy Ittoopp | | | | | | |
| | At the beginning of the year | | | 720,000 | 5.90% | 720,000 | 3.34% |
| | Changes during the year | | | - | - | - | 0.00% |
| | At the end of the year | | | | | 720,000 | 3.34% |

| | | | | | | | |
|---|------------------------------|----------|-------|---------|-------|-----------|-------|
| 3 | Jose Sebastian | | | | | | |
| | At the beginning of the year | | | 680,000 | 5.57% | 680,000 | 3.16% |
| | Changes during the year | 16.07.15 | Allot | 820,000 | 6.71% | 1,500,000 | 6.97% |
| | At the end of the year | | | | | 1,500,000 | 6.97% |

| | | | | | | | |
|---|------------------------------|--|--|---------|-------|---------|-------|
| 4 | Ittoop K O | | | | | | |
| | At the beginning of the year | | | 680,000 | 5.57% | 680,000 | 3.16% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | | | | | 680,000 | 3.16% |

| | | | | | | | |
|---|-------------------------------|------------|----------|---------|-------|-----------|-------|
| 5 | Shibu Thekkumpurathu Varghese | | | | | | |
| | At the beginning of the year | | | 480,000 | 3.93% | 480,000 | 2.23% |
| | Changes during the year | 04.04.2015 | Allot | 40,000 | | 520,000 | 2.42% |
| | | 04.04.2015 | Transfer | 50,000 | | 570,000 | 2.65% |
| | | 16.05.2015 | Allot | 160,000 | | 730,000 | 3.39% |
| | | 16.07.2015 | Allot | 381,200 | | 1,111,200 | 5.16% |
| | | 27.11.2016 | Allot | 160,000 | | 1,271,200 | 5.90% |
| | At the end of the year | | | | | 1,271,200 | 5.90% |

| | | | | | | | |
|---|------------------------------|--|--|---------|-------|---------|-------|
| 6 | Unni S Kappen | | | | | | |
| | At the beginning of the year | | | 295,000 | 2.42% | 295,000 | 1.37% |
| | Changes during the year | | | - | - | - | 0.00% |
| | At the end of the year | | | | | 295,000 | 1.37% |

| | | | | | | | |
|---|------------------------------|--|--|---------|-------|---------|-------|
| 7 | Aleena James | | | | | | |
| | At the beginning of the year | | | 255,000 | 2.09% | 255,000 | 1.18% |
| | Changes during the year | | | - | - | - | 0.00% |
| | At the end of the year | | | | | 255,000 | 1.18% |

| | | | | | | | |
|---|------------------------------|--|--|---------|-------|---------|-------|
| 8 | Sebastian C Kappen | | | | | | |
| | At the beginning of the year | | | 250,000 | 2.05% | 250,000 | 1.16% |
| | Changes during the year | | | - | - | - | 0.00% |
| | At the end of the year | | | | | 250,000 | 1.16% |

| | | | | | | | |
|---|------------------------------|------------|-------|---------|-------|---------|-------|
| 9 | Biji Shibu | | | | | | |
| | At the beginning of the year | | | 360,300 | 2.95% | 360,300 | 1.67% |
| | Changes during the year | 16.07.2015 | Allot | 80,000 | | 440,300 | 2.05% |
| | At the end of the year | | | | | 440,300 | 2.05% |

| | | | | | | | |
|----|------------------------------|------------|-------|---------|-------|-----------|-------|
| 10 | Aleyamma Varghese | | | | | | |
| | At the beginning of the year | | | 708,000 | 5.80% | 708,000 | 3.29% |
| | Changes during the year | 27.11.2015 | Allot | 500,000 | 4.09% | 1,208,000 | 5.61% |
| | At the end of the year | | | | | 1,208,000 | 5.61% |

| | | | | | | | |
|----|------------------------------|------------|-------|-----------|--------|---------|-------|
| 11 | Bindu Peeyus | | | | | | |
| | At the beginning of the year | | | 72,000 | 0.59% | 72,000 | 0.33% |
| | Changes during the year | 16.05.2015 | Allot | 350,000 | | 422,000 | 1.96% |
| | At the end of the year | | | 1,500,000 | 12.28% | 422,000 | 1.96% |

| | | | | | | | |
|----|------------------------------|--|--|--------|-------|--------|-------|
| 12 | Simi Jijo | | | | | | |
| | At the beginning of the year | | | 59,000 | 0.48% | 59,000 | 0.27% |
| | Changes during the year | | | | | - | 0.00% |
| | At the end of the year | | | | | 59,000 | 0.27% |

| | | | | | | | |
|----|------------------------------|--|--|--------|-------|--------|-------|
| 13 | Princy Josekutty | | | | | | |
| | At the beginning of the year | | | 47,000 | 0.38% | 47,000 | 0.22% |
| | Changes during the year | | | | | | 0.00% |
| | At the end of the year | | | | | 47,000 | 0.22% |

| | | | | | | | |
|----|------------------------------|--|--|--------|-------|--------|-------|
| 14 | Jijo M Varghese | | | | | | |
| | At the beginning of the year | | | 70,000 | 0.57% | 70,000 | 0.33% |
| | Changes during the year | | | | | | 0.00% |
| | At the end of the year | | | | | 70,000 | 0.33% |

| | | | | | | | |
|----|------------------------------|------------|-------|--------|-------|--------|-------|
| 15 | Ann Jose | | | | | | |
| | At the beginning of the year | | | 40,000 | 0.33% | 40,000 | 0.19% |
| | Changes during the year | 16.05.2015 | Allot | 50,000 | | 90,000 | 0.42% |
| | At the end of the year | | | | | 90,000 | 0.42% |

(iv) Shareholding Pattern of top ten Shareholders

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

| SN | For each of the Top 10 shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|-------------------------------------|------|--------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | Joby George | | | | | | |
| | At the beginning of the year | | | 1,000,000 | 8.19% | 1,000,000 | 4.64% |
| | Changes during the year | | | | | | 0.00% |
| | At the end of the year | | | | | 1,000,000 | 4.64% |
| 2 | George Jacob A K/Majie George | | | | | | |
| | At the beginning of the year | | | 700,000 | 5.73% | 700,000 | 3.25% |

| | | | | | | | |
|--|-------------------------|--|----------|---------|-------|---------|-------|
| | Changes during the year | | Transfer | 200,000 | 1.64% | 900,000 | 4.18% |
| | At the end of the year | | | | | 900,000 | 4.18% |

| | | | | | | | |
|---|------------------------------|--|-------|---------|-------|---------|-------|
| 3 | Sabu Paul | | | | | | |
| | At the beginning of the year | | - | - | - | - | |
| | Changes during the year | | Allot | 450,000 | | 450,000 | 2.09% |
| | At the end of the year | | | | | 450,000 | 2.09% |
| 4 | Devassy Varuthunni | | | | | | |
| | At the beginning of the year | | | 400,000 | 3.28% | 400,000 | 1.86% |
| | Changes during the year | | | | | | 0.00% |
| | At the end of the year | | | | | 400,000 | 1.86% |

| | | | | | | | |
|---|------------------------------|--|--|---------|-------|---------|-------|
| 5 | Vinodkumar Jacob | | | | | | |
| | At the beginning of the year | | | 300,000 | 2.46% | 300,000 | 1.39% |
| | Changes during the year | | | - | - | - | - |
| | At the end of the year | | | | | 300,000 | 1.39% |
| 6 | Mercy Sebastian | | | | | | |
| | At the beginning of the year | | | 200,000 | 1.64% | 200,000 | 0.93% |
| | Changes during the year | | | - | - | - | - |
| | At the end of the year | | | | | 200,000 | 0.93% |

| | | | | | | | |
|---|------------------------------|--|--|---------|-------|---------|-------|
| 7 | Sangeetha T Nair | | | | | | |
| | At the beginning of the year | | | 200,000 | 1.64% | 200,000 | 0.93% |
| | Changes during the year | | | - | - | - | - |
| | At the end of the year | | | | | 200,000 | 0.93% |
| 8 | Sybi Varghese | | | | | | |
| | At the beginning of the year | | | 200,000 | 1.64% | 200,000 | 0.93% |
| | Changes during the year | | | - | - | - | - |
| | At the end of the year | | | | 0.00% | 200,000 | 0.93% |

| | | | | | | | |
|----|------------------------------|--|--|---------|-------|---------|-------|
| 9 | Shinto Thomas | | | | | | |
| | At the beginning of the year | | | 200,000 | 1.64% | 200,000 | 0.93% |
| | Changes during the year | | | - | - | - | - |
| | At the end of the year | | | | 0.00% | 200,000 | 0.93% |
| 10 | Jolly P Varghese | | | | | | |
| | At the beginning of the year | | | 200,000 | 1.64% | 200,000 | 0.93% |

| | | | | | | | |
|--|-------------------------|--|--|---|---|---------|-------|
| | Changes during the year | | | - | - | - | - |
| | At the end of the year | | | | | 200,000 | 0.93% |

(v) Shareholding of Directors and Key Managerial Personnel:

| SN | Shareholding of each Directors and each Key Managerial Personnel | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--|------|--------|---|-------------------|---|-------------------|
| | | | | No. of shares | % of total shares | No. of shares | % of total shares |
| 1 | Alexander John Joseph | | | | | | |
| | At the beginning of the year | | | - | 0.00% | - | 0.00% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | | | - | 0.00% | - | 0.00% |
| 2 | Josekutty Xavier | | | | | | |
| | At the beginning of the year | | | - | 0.00% | - | 0.00% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | | | - | 0.00% | - | 0.00% |

| | | | | | | | |
|---|------------------------------|--|--|---|-------|---|-------|
| 3 | Reji Kuriakose | | | | | | |
| | At the beginning of the year | | | - | 0.00% | - | 0.00% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | | | - | 0.00% | - | 0.00% |
| 4 | George Kuriape | | | | | | |
| | At the beginning of the year | | | - | 0.00% | - | 0.00% |
| | Changes during the year | | | - | 0.00% | - | 0.00% |
| | At the end of the year | | | - | 0.00% | - | 0.00% |

| | | | | | | | |
|---|------------------------------|------------|-------|---------|-------|---------|-------|
| 5 | Biji Shibu | | | | | | |
| | At the beginning of the year | | | 360,300 | 2.95% | 360,300 | 1.67% |
| | Changes during the year | 16.07.2015 | Allot | 80,000 | | 440,300 | 2.05% |
| | At the end of the year | | | | | 440,300 | 2.05% |
| 6 | James Joseph Arambankudyil | | | | | | |
| | At the beginning of the year | | | | 0.00% | | 0.00% |
| | Changes during the year | | | | 0.00% | | 0.00% |
| | At the end of the year | | | | 0.00% | | 0.00% |

| | | | | | | | |
|---|------------------------------|--|--|--------|-------|--------|-------|
| 7 | Varghese Maniyattu Jijo | | | | | | |
| | At the beginning of the year | | | 70,000 | 0.57% | 70,000 | 0.33% |
| | Changes during the year | | | - | - | - | - |
| | At the end of the year | | | | 0.00% | 70,000 | 0.33% |

V. INDEBTEDNESS

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

(Amt. Rs./Lacs)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 30,620,000.00 | - | 30,620,000.00 |
| ii) Interest due but not paid | - | | - | - |
| iii) Interest accrued but not due | - | | - | - |
| Total (i+ii+iii) | - | 30,620,000.00 | - | 30,620,000.00 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | - | - | - | - |
| * Reduction | - | - | - | - |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 30,620,000.00 | - | 30,620,000.00 |
| ii) Interest due but not paid | - | | - | - |
| iii) Interest accrued but not due | - | | - | - |
| Total (i+ii+iii) | - | 30,620,000.00 | - | 30,620,000.00 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL - NIL

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

| SN. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount (Rs/Lac) |
|-----|---|-------------------------|-------------------|--|--------------------------|
| | | Name | Designation | | |
| | | Josekutty Xavier | Managing Director | | |
| 1 | Gross salary | - | | | - |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | | | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | | | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | | | - |
| 2 | Stock Option | - | | | - |
| 3 | Sweat Equity | - | | | - |
| 4 | Commission | - | | | - |
| | - as % of profit | - | | | - |
| | - others, specify | - | | | - |
| 5 | Others, please specify | - | | | - |
| | Total (A) | - | | | - |
| | Ceiling as per the Act | | | | |

B. Remuneration to other Directors: **NIL**

| SN. | Particulars of Remuneration | Name of Directors | | | Total Amount (Rs/Lac) |
|-----|--|-----------------------|----------------------------|-------------------------|--------------------------|
| | | Alexander John Joseph | Reji Kuriakose | George Kuriape | |
| 1 | Independent Directors | | | | |
| | Fee for attending board committee meetings | - | - | - | - |
| | Commission | - | - | - | - |
| | Others, please specify | - | - | - | - |
| | Total (1) | - | - | - | - |
| 2 | Other Non-Executive Directors | Biji Shibu | James Joseph Arambankudyil | Varghese Maniyattu Jijo | |
| | Fee for attending board committee meetings | - | - | - | - |
| | Commission | - | - | - | - |

| | | | | |
|--------------------------------|---|---|---|---|
| Others, please specify | - | - | - | - |
| Total (2) | - | - | - | - |
| Total (B)=(1+2) | - | - | - | - |
| Total Managerial Remuneration | - | - | - | - |
| Overall Ceiling as per the Act | | | | |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: **NIL**

| SN. | Particulars of Remuneration | Name of Key Managerial Personnel | | | Total Amount (Rs/Lac) |
|-----|---|----------------------------------|-----|----|--------------------------|
| | | Name | | | |
| | Designation | CEO | CFO | CS | |
| 1 | Gross salary | - | - | - | - |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total | - | - | - | - |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

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

For and on behalf of the Board of Directors

Mr. Josekutty Xavier
Managing Director
DIN: 02073994

Mrs.Biji Shibu
Director
DIN: 06484566

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLM AXIVA FINVEST LIMITED (FORMERLY KNOWN AS NEEDS FINVEST LIMITED)

Report on the Financial Statements

We have audited the accompanying financial statements of M/s **KLM Axiva Finvest Limited, Kaloor** ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit/Loss and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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 purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

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

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of

Balan & Co.
Chartered Accountants
(FRN 000340S)

P. Mohandas, FCA
Partner (M.No.21262)
30.08.2016

"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, 2016:

- 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) 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.
- 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) The company has not accepted any public deposit from the public within the meaning of section 73 to 76 of the Act 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.
- 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, 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, 2016 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, 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.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

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 and on behalf of

Balan & Co.
Chartered Accountants
(FRN 000340S)

P.Mohandas, FCA
Partner (M.No.21262)
30.08.2016

“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF KLM AXIVA FINVEST LIMITED, KALoor (FORMERLY KNOWN AS NEEDS 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, 2016 in conjunction with our audit of the 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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, 2016, 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 and on behalf of
Balan & Co.
Chartered Accountants
(FRN 000340S)

P.Mohandas, FCA
Partner (M.No.21262)

Balance Sheet as at 31st March, 2016

| PARTICULARS | Note no: | 31.03.2016 Rs. | 31.03.2015 Rs. |
|--|-------------|--|--------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share Capital | 3 | 215,305,550 | 122,133,000 |
| (b) Reserves and Surplus | 4 | 50,405,235 | 23,889,916 |
| (c) Money received against share warrants | | | |
| (2) Share application money pending allotment | | - | 12,430,000 |
| (3) Non-Current Liabilities | | | |
| (a) Long-term borrowings | 5 | 146,710,000 | 30,620,000 |
| (b) Deferred tax liabilities (Net) | | - | - |
| (c) Other Long term liabilities | | - | - |
| (d) Long term provisions | 6 | 3,136,355 | 1,724,654 |
| (4) Current Liabilities | | | |
| (a) Short-term borrowings | | - | - |
| (b) Trade payables | | - | - |
| (c) Other current liabilities | 7 | 2,130,835 | 1,406,701 |
| (d) Short-term provisions | 8 | 7,892,302 | 1,071,290 |
| Total | | 425,580,277 | 193,275,561 |
| II.Assets | | | |
| (1) Non-current assets | | | |
| <i>(a) Fixed assets</i> | | | |
| (i) Tangible assets | 9 | 21,968,575 | 9,332,238 |
| (ii) Intangible assets | | 1,376,027 | 1,182,434 |
| (iii) Capital work-in-progress | | - | - |
| (iv) Intangible assets under development | | - | - |
| (b) Non-current investments | | - | - |
| (c) Deferred Tax Asset (Net) | 10 | 835,840 | 509,400 |
| (d) Long term loans and advances- Financing Activity | 11 | 70,597,244 | 29,718,361 |
| (e) Long term loans and advances | 12 | 7,403,700 | 2,395,000 |
| (f) Other non-current assets | | - | - |
| (2) Current assets | | | |
| (a) Current investments | | - | - |
| (b) Inventories | | - | - |
| (c) Trade receivables | | - | - |
| (d) Cash and cash equivalents | 13 | 7,774,843 | 61,360,132 |
| (e) Short-term loans and advances - Financing Activity | 11 | 299,253,182 | 83,848,175 |
| (e) Short-term loans and advances | 14 | 384,380 | 396,458 |
| (f) Other current assets | 15 | 15,986,486 | 4,533,363 |
| Total | | 425,580,277 | 193,275,561 |
| In terms of our report attached. | | For and on behalf of the Board of Directors | |
| For Balan & Co. Chartered Accountants | | Josekutty Xavier Managing Director | |
| P.Mohandas, FCA Partner (M.No.21262) | | Biji Shibu Director | |
| Place: Aluva Date: 30.08.2016 | | James Joseph Arambankudyil Director Place: Kaloor Date: 30.08.2016 | |

Profit and Loss statement for the year ended 31st March, 2016

| PARTICULARS | Note no: | 31.03.2016 Rs. | 31.03.2015 Rs. |
|--|-------------------------|--------------------|-------------------|
| REVENUE | | | |
| Revenue from operations | 16 | 107,795,552 | 31,387,548 |
| Other Income | 17 | 392,841 | 33,426 |
| TOTAL REVENUE | | 108,188,393 | 31,420,974 |
| EXPENSES | | | |
| Employee benefit expenses | 18 | 33,102,339 | 4,279,782 |
| Financial costs | 19 | 1,345,246 | 1,181,903 |
| Depreciation and amortization expense | 20 | 4,943,997 | 1,839,206 |
| Other expenses | 21 | 42,684,295 | 15,576,273 |
| TOTAL EXPENSES | | 82,075,876 | 22,877,163 |
| Profit before tax and Extra ordinary Items | | 26,112,516 | 8,543,810 |
| Tax expense: | | | |
| (1) Income Tax | | 10,016,456 | 3,671,290 |
| (2) Deferred Tax | | (326,440) | (542,468) |
| Profit/(Loss) for the period | | 16,422,500 | 5,414,989 |
| Accounting Policies & Notes on Accounts Earnings Per Equity Share (Basic and Diluted) | 1 & 2 22 | 0.85 | 0.71 |
| See accompanying notes forming part of the financial statements | | | |

In terms of our report attached.

For **Balan & Co.**
Chartered Accountants

P.Mohandas, FCA
Partner (M.No.21262)

Place: Aluva
Date: 30.08.2016

For and on behalf of the Board of Directors

Josekutty Xavier
Managing Director

Biji Shibu
Director

James Joseph Arambankudyil
Director

Place: Kaloor
Date: 30.08.2016

Cash Flow Statement for the year ended 31st March 2016

In terms of AS - 3 on Cash Flow Statement under Indirect Method

| | 2015-16 | | 2014-15 | |
|--|----------------------|----------------------|---------------------|---------------------|
| | RS | RS | RS | RS |
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | | | |
| Net profit Before Taxation | 26,112,516 | | 8,543,810 | |
| <i>Adjustments for:</i> | | | | |
| Depreciation | 4,943,997 | | 1,839,206 | |
| Interest Debited in P & L | 1,224,800 | | 1,105,730 | |
| Interest on Income Tax | 111,146 | | 76,173 | |
| Provision for Standard asset | 437,249 | | 181,755 | |
| NPA provision | 974,452 | | 1,474,031 | |
| Operating Profit before Working Capital Changes | 33,804,160 | | 13,220,706 | |
| (Increase)/Decrease in Loans & Advances - financing activity | (256,283,890) | | (86,019,372) | |
| (Increase)/Decrease in Short term Loans & Advances | 12,078 | | (396,458) | |
| (Increase)/Decrease in Current Assets | (11,453,123) | | (3,730,005) | |
| Increase/(Decrease) in Other current liabilities | 724,134 | | 1,350,521 | |
| Cash from operations | (233,196,641) | | (75,574,608) | |
| Income Tax Paid | (3,306,590) | | (3,265,793) | |
| <i>Net Cash From Operating Activities</i> | | (236,503,231) | | (78,840,401) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | | | |
| Purchase of Fixed Assets | (17,057,127) | | (10,291,702) | |
| Purchase of Intangible Assets | (716,800) | | (1,297,738) | |
| (Increase)/ Decrease in Deposits | (5,008,700) | | (2,395,000) | |
| Increase in Long term Borrowings | | | 28,020,000 | |
| <i>Net Cash From Investing Activities</i> | | (22,782,627) | | 14,035,560 |
| C. CASH FLOW FROM FINANCING ACTIVITIES: | | | | |
| Proceeds from issuance of equity shares | 93,172,550 | | 79,100,000 | |
| Share Premium on issue of shares | 10,092,819 | | 11,441,250 | |
| (Decrease)/ Increase in share money | (12,430,000) | | 11,305,000 | |
| Issue of Debentures | 115,090,000 | | - | |
| Debenture Application money | 1,000,000 | | - | |
| Interest Paid | (1,224,800) | | (1,105,730) | |
| <i>Net Cash From Financing Activities</i> | | 205,700,569 | | (1,105,730) |
| NET INCREASE / DECREASE IN CASH AND CASH EQVALENTS | | (53,585,289) | | (65,910,571) |
| OPENING CASH AND CASH EQVALENTS | | 61,360,132 | | 25,576,799 |
| CLOSING CASH AND CASH EQVALENTS | | 7,774,842 | | 61,360,132 |

In terms of our report attached.

For **Balan & Co.**
Chartered Accountants

P.Mohandas, FCA
Partner (M.No.21262)

Place: Aluva
Date: 30.08.2016

For and on behalf of the Board of Directors

Josekutty Xavier
Managing Director

Biji Shibu
Director

James Joseph Arambankudyil
Director

Place: Kaloor
Date: 30.08.2016

Notes to the financial statements for the year ended March 31, 2016

1. COMPANY INFORMATION

The Company is 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. KLM Axiva Finvest Limited is a Public limited company incorporated on 28 April 1997. 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.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The financial statements have been prepared 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).

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

Prudential norms: The Company Complies all the material aspect, with the prudential norms relating to the income recognition, asset classification and provisioning for bad and doubtful debts and other matters ,specified in the direction issued by the Reserve Bank of India in terms of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions, 2007) ,as applicable to the company.

2.2. Uses of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period.

Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

Notes to the financial statements for the year ended March 31, 2016

2.3. Revenue recognition

General: Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measurable.

Income from loans:

Interest income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.

Delayed payment charges, fee based income and interest on trade advances are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

Income on business assets classified as Non-performing Assets, is recognized strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies.

Dividend income: Dividend income is recognized when the Company's right to receive dividend is established by the reporting date. Dividend income is recognised when the right to receive payment is established.

Income from investments: Profit earned from sale of securities recognised on trade date basis .The cost of securities is computed on weighted average basis

Other Income: In respect of the other heads of income, the Company accounts the same on accrual basis.

2.4. Tangible assets

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation and accumulated impairment losses if any. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

The cost of fixed assets comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress". Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Long Term Loans & Advances.

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Notes to the financial statements for the year ended March 31, 2016

Depreciation is provided on a pro-rata basis on the Written down Value method at the rates prescribed under Schedule II to the Companies Act, 2013.

2.5. Intangible assets

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

2.6. Depreciation and Amortisation

Depreciation on tangible fixed assets is provided using the Written down value Method based on the useful life of the asset and is charged to the Statement of Profit and Loss in the manner prescribed in Schedule II to the Companies Act, 2013.

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.

2.7. Impairment

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.

2.8. Investments

Investments are classified into current and non-current investments. Investments that are readily realisable and are intended to be held for not more than one year

Notes to the financial statements for the year ended March 31, 2016

from the date on which such investments are made, are classified as Current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are stated at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Investment in subsidiary company is stated at cost.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

2.9. 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)

Post-employment benefits:

- 1. Defined contribution plans:** Defined contribution plans are employee state insurance scheme and employee pension scheme all applicable employees and superannuation scheme for eligible employees. The Company's contribution to defined contribution plans are recognised in the Statement of Profit and Loss in the financial year to which they relate.
- 2. Defined benefit plans:** Eligible Employees receives benefit from the provided fund, which is a defined benefit plan. Both the employee and company make monthly contribution to provided fund plan equal to a specified percentage of covered employee's salary.
The Company makes specified monthly contributions towards to the government administrated pension fund. The Company has no obligation other than the contribution payable to provident fund authorities.

2.10. Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized. All other borrowing costs are expensed in the period they occur.

Notes to the financial statements for the year ended March 31, 2016

2.11. Income taxes

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates and tax laws.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date for any write down, as considered appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.12. Cash and Cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, term deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

2.13. Earnings per share

The basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Notes to the financial statements for the year ended March 31, 2016

2.14. Provisions and Contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions .These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements

Notes on Financial Statements for the year ended 31st March 2016

Note - 3

SHARE CAPITAL

| Particulars | 31.03.2016 | 31.03.2015 |
|--|--------------------|--------------------|
| Authorised | | |
| 30000000 (March 31, 2015: 15000000) equity shares of Rs. 10 each | 300,000,000 | 150,000,000 |
| (March 31, 2015: 20000) preference shares of Rs. 1000 each | 0 | 50,000,000 |
| Issued, Subscribed & Fully Paid Up | | |
| 21530555 (March 31, 2015: 12213300) Equity Shares of Rs. 10 each | 215,305,550 | 122,133,000 |
| TOTAL | 215,305,550 | 122,133,000 |

i. Reconciliation statement of shares

| Particulars | 31.03.2016 | | 31.03.2015 | |
|--|-------------------|--------------------|-------------------|--------------------|
| | No . | Amount | No . | Amount |
| No. of shares at the beginning of the year | 12,213,300 | 122,133,000 | 4303300 | 43,033,000 |
| Issued During the year | 9,317,255 | 93,172,550 | 7910000 | 79,100,000 |
| Less: shares bought back | | | | |
| Outstanding at the end of the year | 21,530,555 | 215,305,550 | 12,213,300 | 122,133,000 |

ii. Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 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 Shareholders holding more than 5% Shares

| Name of shareholder | 31.03.2016 | | 31.03.2015 | |
|--|---------------|--------------|---------------|--------------|
| | No: of shares | % of Holding | No: of shares | % of Holding |
| Equity shares of Rs.10 each fully paid | | | | |
| Joby George | 1000000 | 4.64% | 1000000 | 8.19% |
| Jose Sebastian | 1500000 | 6.97% | 680000 | 5.57% |
| Aliyamma Varghese | 1208000 | 5.61% | 708000 | 5.80% |
| Lissy Ittoop | 720000 | 3.34% | 720000 | 5.90% |
| Ittoop K O | 680000 | 3.16% | 680000 | 5.57% |
| George Jacob A K/ Majie George | 900000 | 4.18% | 700000 | 5.73% |
| Shibu Thekkumpurathu Varghese | 1271200 | 5.90% | 0 | 0.00% |
| Baby Mathew | 760000 | 3.53% | 760000 | 6.22% |

Notes on Financial Statements for the year ended 31st March 2016

**Note - 4
RESERVES & SURPLUS**

| Reserves and Surplus | 31.03.2016 | 31.03.2015 |
|--|-------------------|-------------------|
| (a) Statutory Reserve | | |
| Amount as per Last Balance Sheet | 2,381,500 | 1,298,500 |
| (+) Additions/ transfers during the Year | 3,284,000 | 1,083,000 |
| Closing Balance | 5,665,500 | 2,381,500 |
| (b) Share Premium Account: | | |
| As Per last balance sheet | 15,872,500 | 4,431,250 |
| (+) Additions during the Year | 10,092,819 | 11,441,250 |
| | 25,965,319 | 15,872,500 |
| (c) General Reserve | | |
| Amount as per Last Balance Sheet | 408,000 | 408,000 |
| (+) Additions/ transfers during the Year | - | - |
| Closing Balance | 408,000 | 408,000 |
| (d) Surplus | | |
| Balance as per last financial statements | 5,227,916 | 896,299 |
| (+) Net profit/(net loss) for the current year | 16,422,500 | 5,414,989 |
| (-) Transfer to Statutory Reserve | 3,284,000 | 1,083,000 |
| (-) Transfer to General Reserve | - | - |
| (-) Adjustment relating to Fixed Assets (Refer Note No. 9) | - | 372 |
| Balance as at the end of the year | 18,366,416 | 5,227,916 |
| TOTAL | 50,405,235 | 23,889,916 |

**Note - 5
LONG TERM BORROWINGS**

| Particulars | 31.03.2016 | 31.03.2015 |
|---|--------------------|-------------------|
| SECURED | | |
| (a) Non Convertible debentures | 115,090,000 | - |
| (b) Debenture application money pending allotment | 1,000,000 | - |
| UNSECURED | | |
| From Directors | 30,620,000 | 30,620,000 |
| TOTAL | 146,710,000 | 30,620,000 |

Debentures are secured by Pari - pasu floating charge on the Book debts of the company on loan receivables and other current assets of the company. The debentures were issued during the financial year 2015-16 and they carry an interest rate of 12.50%, issue is for a period of 3 years. Debenture redemption reserves is not applicable for non banking finance companies. Generally interests payments are made at the end of each month, however options are provided to debenture holders to receive interest at the end of the year.

**Note - 6
LONG TERM PROVISIONS**

| Particulars | 31.03.2016 | 31.03.2015 |
|---|-------------------|-------------------|
| (a) Provision Others: | | |
| Contingent Provision against Standard Assets | 687,872 | 250,623 |
| Contingent Provision for NPA on Gold Loan & Business Loan | 2,348,899 | 1,466,879 |
| Contingent Provision for NPA on Hire Purchase | 99,584 | 7,153 |
| TOTAL | 3,136,355 | 1,724,654 |

Notes on Financial Statements for the year ended 31st March 2016

Note - 7

OTHER CURRENT LIABILITIES

| Particulars | 31.03.2016 | 31.03.2015 |
|---|------------------|------------------|
| (a) Current maturities of long-term debt | - | - |
| (b) Other payables | | |
| (i) Statutory remittances (Refer note(i) below) | 603,979 | 226,194 |
| (ii) Salaries and Wages Payable | - | - |
| (iii) Expenses Payable | 1,526,856 | 1,109,157 |
| (iv) Others(Suspense loan collection) | - | 71,350 |
| TOTAL | 2,130,835 | 1,406,701 |

(i) Statutory dues includes provident fund, employees state insurance, professional tax, withholding taxes and indirect tax payable

Note - 8

SHORT TERM PROVISIONS :

| Particulars | 31.03.2016 | 31.03.2015 |
|--|------------------|------------------|
| (a) Provision for employee benefits: | - | - |
| (b) Provision - Others: | | |
| (i) Provision for Income Tax (Refer note(i) below) | 7,892,302 | 1,071,290 |
| (ii) Proposed dividend on equity shares | - | - |
| (iii) Tax on Proposed Dividend | - | - |
| TOTAL | 7,892,302 | 1,071,290 |

(i) Net of Advance Tax Rs. 20,00,000 and TDS 1,24,154 P.Y Advance Tax Rs.2,25,000)

Note - 10

DEFERRED TAX (LIABILITY) / ASSET :

| Particulars | 31.03.2016 | 31.03.2015 |
|---|----------------|----------------|
| Deferred Tax Assets | | |
| Others | 466,710 | 561,310 |
| Deferred Tax Assets/(Liabilities) | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting | 369,130 | (51,910) |
| Net Deffered Tax (Liability) / Asset | 835,840 | 509,400 |

Note - 11

Loans And Advances- Financing Activities

| Particulars | 31.03.2016 | 31.03.2015 |
|------------------------------|-------------------|-------------------|
| (a) NON CURRENT | | |
| (i) Secured, considered good | | |
| Gold Loan | 35,644,544 | 699,683 |
| Hire Purchase Loan | 2,940,016 | 4,366,235 |
| Personal Loan | 25,586,297 | 21,451,622 |
| Business Loan | 6,426,386 | 3,200,821 |
| | 70,597,244 | 29,718,361 |

Notes on Financial Statements for the year ended 31st March 2016

| | | |
|------------------------------|--------------------|--------------------|
| (b) CURRENT | | |
| (i) Secured, considered good | | |
| Gold Loan | 127,887,046 | 58,359,392 |
| Hire Purchase Loan | 10,423,694 | 1,071,850 |
| Personal Loan | 90,715,053 | 21,685,528 |
| Business Loan | 70,227,390 | 2,731,405 |
| | 299,253,182 | 83,848,175 |
| TOTAL | 369,850,426 | 113,566,537 |

**Note - 12
Loans And Advances - Others**

| | | |
|----------------------------|-------------------|-------------------|
| Particulars | 31.03.2016 | 31.03.2015 |
| (a) Security Deposits | | |
| Unsecured, considered good | 7,403,700 | 2,395,000 |
| TOTAL | 7,403,700 | 2,395,000 |

**Note - 13
CASH AND BANK BALANCES :**

| | | |
|----------------------------------|-------------------|-------------------|
| Particulars | 31.03.2016 | 31.03.2015 |
| Cash and Cash Equivalents | | |
| (a) Cash in hand | 2,386,544 | 946,932 |
| (b) Balance with banks | | |
| (i) In Current Accounts | 5,388,299 | 60,413,200 |
| | 7,774,843 | 61,360,132 |
| TOTAL | 7,774,843 | 61,360,132 |

**Note - 14
SHORT TERM LOANS AND ADVANCES :**

| | | |
|--|-------------------|-------------------|
| Particulars | 31.03.2016 | 31.03.2015 |
| Unsecured, considered good | | |
| Loans and advances to related parties | - | - |
| Other Loans and Advance | | |
| (i) Balances with government authorities | | |
| Unsecured, considered good | 5,850 | - |
| (ii) Loans and advances to employees | 19,100 | 276,896 |
| (iii) Advances for land | 144,230 | 100,000 |
| (iv) Others | 215,200 | 19,562 |
| TOTAL | 384,380 | 396,458 |

Advances recoverable in cash or in kind or for value to be received

**Note - 15
OTHER CURRENT ASSETS :**

| | | |
|---|-------------------|-------------------|
| Particulars | 31.03.2016 | 31.03.2015 |
| (a) Accruals | | |
| Interest accrued on deposits/Securities | - | - |

Notes on Financial Statements for the year ended 31st March 2016

| | | |
|---------------------|-------------------|------------------|
| (b) Others | | |
| Stock of Stationery | 12,500 | 12,500 |
| Interest Receivable | 15,409,614 | 4,520,863 |
| Other Receivables | 564,372 | - |
| TOTAL | 15,986,486 | 4,533,363 |

Note - 16

REVENUE FROM OPERATIONS :

| Particulars | 31.03.2016 | 31.03.2015 |
|--------------------------|--------------------|-------------------|
| (a) Financing Activities | | |
| Finance Charges | 1,650,751 | 671,145 |
| Interest on Gold Loan | 23,878,681 | 9,095,873 |
| Personal Loan Interest | 72,496,320 | 18,544,287 |
| BusinessLoan Interest | 9,769,800 | 3,076,243 |
| TOTAL | 107,795,552 | 31,387,548 |

Note - 17

OTHER INCOME :

| Particulars | 31.03.2016 | 31.03.2015 |
|---|-------------------|-------------------|
| (a) Interest Income | - | - |
| (b) Other non-operating income (net of expenses directly attributable to such income) | | |
| Notice Charge | 376,410 | 33,426 |
| Commision on money transfer | 12,479 | - |
| Miscllaneous Income | 3,952 | - |
| TOTAL | 392,841 | 33,426 |

Note - 18

EMPLOYEE BENEFIT EXPENSES

| Particulars | 31.03.2016 | 31.03.2015 |
|--|-------------------|-------------------|
| Salaries & Wages | 31,200,890 | 4,252,622 |
| Contributions to provident and other funds | 1,901,449 | 27,160 |
| TOTAL | 33,102,339 | 4,279,782 |

Note-19

FINANCE COST :

| Particulars | 31.03.2016 | 31.03.2015 |
|---|-------------------|-------------------|
| (a) Interest expense on : | | |
| (i) Borrowings | | |
| Interest on Directors Deposits | 1,224,800 | 1,105,730 |
| (ii) Others | | |
| Interest on delayed payment of income tax | 111,146 | 76,173 |
| Interest on Debenture | 9,300 | - |
| TOTAL | 1,345,246 | 1,181,903 |

Notes on Financial Statements for the year ended 31st March 2016

Note-20

DEPRECIATION AND AMORTISATION EXPENSES

| Particulars | 31.03.2016 | 31.03.2015 |
|--------------------|-------------------|-------------------|
| Depreciation. | 4,420,790 | 1,543,597 |
| Amortisation | 523,207 | 295,609 |
| TOTAL | 4,943,997 | 1,839,206 |

Note-21

OTHER EXPENSES :

| Particulars | 31.03.2016 | 31.03.2015 |
|-------------------------------------|-------------------|-------------------|
| Advertisement | 11,622,216 | 3,520,049 |
| Audit fee | 172,500 | 114,000 |
| Bad Debt | - | 18,083 |
| Meeting Expenses | 748,879 | 14,000 |
| Business Promotion | 1,483,267 | 429,517 |
| Customer meeting expenses | 871,785 | - |
| Collection Expenses | 756,572 | 190,688 |
| Canvassing Expenses | 61,104 | 152,223 |
| Celebration Expense | 388,014 | 49,158 |
| Computer Expenses | 137,694 | 334,159 |
| Discount on Prompt Payment | 868,715 | 189,000 |
| Donation | 25,188 | 78,810 |
| Electricity charges & Water charges | 1,267,267 | 353,577 |
| Inaugural Expense | 515,218 | 210,076 |
| Incentive | 1,040,047 | 573,492 |
| Insurance charges | 131,922 | 83,148 |
| Interest & Bank charges | 197,924 | 84,049 |
| Interest for share money | - | 55,598 |
| Labour Charges | 38,000 | - |
| Legal Expense | 447,894 | 34,047 |
| Staff Training Expense | 68,687 | 118,659 |
| Miscellaneous Expense | - | 5,049 |
| Newspaper & Periodicals | 40,928 | 8,846 |
| Office Expense | 2,631,900 | 945,870 |
| Postage | 239,842 | 81,210 |
| Printing & Stationery | 2,250,241 | 1,527,364 |
| Professional Fee | 688,556 | 161,379 |
| Provision for Standard assets | 437,249 | 181,755 |
| Provison for NPA | 974,452 | 1,474,031 |
| Diminishment in Value of Gold | 426,161 | - |
| Rates & Taxes | 69,400 | 29,600 |
| Refreshments | 1,238,025 | 825,350 |
| Repairs and Maintenance | 349,993 | 123,158 |
| Rent | 7,771,252 | 1,435,640 |
| ROC Filing Charge | 1,000,381 | 999,800 |
| Software Expense | - | 40,000 |
| Telephone charges | 1,431,218 | 368,910 |
| Travelling expenses | 2,250,784 | 765,978 |
| Water Charges | 41,019 | - |
| TOTAL | 42,684,295 | 15,576,273 |

Notes on Financial Statements for the year ended 31st March 2016

Note - 21.1

| Payment to the auditors comprises : | 31.03.2016 | 31.03.2015 |
|--|-------------------|-------------------|
| As auditors - statutory audit | 115,000 | 68,400 |
| For taxation matters | 57,500 | 45,600 |
| For other services | - | - |
| TOTAL | 172,500 | 114,000 |

Note - 22

Earnings per share (basic & diluted) :

The company reports basic and diluted Earnings per Share in accordance with AS 20. Basic Earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding at the end of the year. Diluted Earnings per share have been computed using the weighted average number of equity shares and potential equity shares outstanding at the end of the year.

| Particulars | 31.03.2016 | 31.03.2015 |
|--|-------------------|-------------------|
| Profit after tax | 16,422,500 | 5,414,989 |
| Weighted average number of shares | 19,279,228 | 7,592,360 |
| Nominal value of shares (Rs.) | 10 | 10 |
| Basic and diluted earnings per share (Rs.) | 0.85 | 0.71 |

Note - 23

Related party transactions :

Details of Related Parties :

| Description of Relationship | Names of Related Parties |
|---|---|
| Associates | |
| Key Management Personnel | Biji Shibu Varghese Maniyattu Jijo James Joseph Arambankudyil Josekutty Xavier |
| Relatives of KMP | Shibu Thekkumpurathu Varghese |
| Entities in which KMP / Relatives of KMP can exercise significant influence | KLM Fincorp Ltd KMLM Financial services Ltd KMLM Chits India Ltd. |

Details of Related Party Transactions :

| Particulars | KMP | Entities in which KMP / Relatives of KMP can exercise significant influence | Relatives of KMP | Total |
|--|------------|--|-------------------------|-------------------|
| Deposits Accepted During The Year | - | - | - | - |
| Deposits Accepted During The Year(Previous Year) | 30,020,000 | - | - | 30,020,000 |

Notes on Financial Statements for the year ended 31st March 2016

| | | | | |
|---|------------------|---|---------|------------------|
| Deposits Withdrawn During The Year | - | - | - | - |
| <i>Deposits Withdrawn During The Year (Previous Year)</i> | 2,000,000 | - | - | 2,000,000 |
| Interest Paid | 1,224,800 | - | - | 1,224,800 |
| <i>Interest Paid (Previous Year)</i> | <i>1,105,730</i> | - | - | 1,105,730 |
| Remuneration Paid | - | - | - | - |
| <i>Remuneration Paid (Previous Year)</i> | - | - | 600,000 | 600,000 |

Note: Figures in italics relates to the previous year

In terms of our report attached.

For **Balan & Co.**
Chartered Accountants

P.Mohandas, FCA
Partner (M.No.21262)

Place: Aluva
Date: 30.08.2016

For and on behalf of the Board of Directors

Josekutty Xavier
Managing Director

Biji Shibu
Director

James Joseph Arambankudyil
Director

Place: Kaloor
Date: 30.08.2016

Note-9 Fixed Asset Schedule

| Particulars | Gross Block | | | | Acc Depre | | | | Net Block | |
|--|---------------------|-------------------|-----------|---------------------|---------------------|------------------|-----------|---------------------|---------------------|---------------------|
| | As on 01.04.2015 | Additions | Deletions | As on 31.03.2016 | As on 01.04.2015 | Additions | Deletions | As on 31.03.2016 | As on 31.03.2016 | As on 31.03.2015 |
| TangibleAssets | | | | | | | | | | |
| Computers and data processing units | 1,439,552 | 1,373,391 | - | 2,812,943 | 326,594 | 937,365 | - | 1,263,959 | 1,548,984 | 1,112,958 |
| Electrical Installations and Equipment | 1,410,094 | 1,086,679 | - | 2,496,773 | 154,064 | 414,074 | - | 568,138 | 1,928,635 | 1,256,030 |
| Furniture and fittings | 6,465,163 | 12,838,802 | - | 19,303,965 | 747,186 | 2,245,668 | - | 2,992,854 | 16,311,111 | 5,717,977 |
| Office Equipments | 1,568,794 | 1,758,255 | - | 3,327,050 | 323,521 | 823,683 | - | 1,147,205 | 2,179,845 | 1,245,273 |
| Total | 10,883,603 | 17,057,127 | - | 27,940,731 | 1,551,366 | 4,420,790 | - | 5,972,156 | 21,968,575 | 9,332,238 |
| IntangibleAssets | | | | | | | | | | |
| Compuer Software | 1,489,738 | 716,800 | - | 2,206,538 | 307,304 | 523,207 | - | 830,511 | 1,376,027 | 1,182,434 |
| Total | 12,373,341 | 17,773,927 | - | 30,147,269 | 1,858,670 | 4,943,997 | - | 6,802,667 | 23,344,602 | 10,514,672 |