



# KLM AXIVA FINVEST

പുരോഗതിയുടെ ഭൂമിയിൽ എല്ലാവർക്കും...

More Relationship

More Business

More Profit



## ANNUAL REPORT 2018-2019



# KLM AXIVA FINVEST LTD

പുരോഗതിയുടെ ആനന്ദം എല്ലാവർക്കും...

- \* Heritager of Trust
- \* Mender of Man-living
- \* Scaler of peak-prospects
- \* Redefiner of Money
- \* Revealator of money Tree
- \* Captain of Money Team
- \* Sketch the finance sector
- \* Drive in proper gear
- \* Flagship to new horizons
- \* Revamp novel deals
- \* Novel ideas shape vision REAL

&

**K**eeP  
**L**oyal  
**M**an

HAPPINESS PREVAILS  
FOR THOSE WHO SHARE  
LIFE MEANINGFULLY



## CHAIRMAN'S MESSAGE

**Dr. J. ALEXANDER IAS (Retd)**  
*Chairman, KLM Axiva Finvest limited*

I am delighted to share our performance for 2018-19. However, before I discuss the details, it is pertinent to reflect on the path ahead for us. Financial Year 2019 has been an exceptional year for KLM Axiva as we have achieved our first Public Issue of NCD for Rs. 100 Crores and joined League of NBFC companies that have tapped Indian Capital market through NCD IPOs from Kerala. This feat is a matter of immense pride and satisfaction for all of us at KLM Axiva, and a clear endorsement of the success of our strategic focus on inclusive financial growth. The certitude entrusted by millions in your Company is the main reason for steadfast growth even at the difficult times.

From the humble beginning in 2000, KLM Axiva has been in its epic journey to be the pioneers in the field of finance. Unlike other companies we have become the super store of all financial products. With a strong vision based on hard work, open communication and high social responsibility, has transformed KLM Axiva to more than a financial institution. As our tag line in the recent advertisement states, we were able to get love by lending money, which is something not every financial company can boast about.

This was a prominent year in the history of KLM Axiva Finvest, we went for our Initial Public Offering of Non-Convertible Debentures and the same was accepted by the public with huge uproar. We have opened new branches throughout Kerala and South India as well. Going forward, we expect our lending portfolio to increase further at the back of our wide

operations, which now span 4 states, along with our market leading position in some areas. As we continue to increase our geographic footprint, we see the growth parameters scaling up significantly in the coming quarters.

Introduction of new products, perfect strategy of business and operations has brought in a face lift to the brand KLM Axiva. Overall the year 2018-19 has been remarkable for our company.

We have also, during the year, further diversified our product offerings to make them more encompassing and suited to the diverse needs of our growing customer base. Given the dynamically evolving nature of today's credit culture, keeping pace with customers' unique aspirations and needs can be quite challenging. At KLM Axiva, we are continuously expanding the vistas of our business to deliver customized products and services to our customers.

Even in the current scenario of recessions and calamities KLM Axiva has performed well in all our area of expertise, viz. investments, control of NPA and in all other areas of business. To be a front runner in the field, the company has to move a lot forward, however, we are confident that with the support of shareholders and well-wishers we could reach the zenith. I request the whole hearted support from every one and also express my sincere thanks to you, who have had our back all these years.

Thanking you  
Dr. Alexander John Joseph  
Chairman



## DIRECTOR'S MESSAGE

## SHIBU THEKKUMPURAM VARGHESE

*Whole Time Director, KLM Axiva Finvest limited*

Excellence is not just a word, it's an act and we prove it every day at KLM Axiva Finvest. Last year was indeed a year of great significance for us, we went for our NCD IPO which, was greeted by the public big-heartedly. We were able to close the issue well in advance that too with over subscription, thanks to the support we garnered from our trusted shareholders, customers and well-wishers.

Last year, your company accelerated its growth by adding more products and services to cater to the customers' growing wants and needs. We have strengthened our network by adding more branches across Kerala, Karnataka and Tamil Nadu. A major indicator of the success of our business strategy is our financial performance, which continues to improve year after year.

For FY19, the Company's consolidated AUM stood at Rs. 374 crores, with consolidated PAT at Rs. 5.97 crores – with a CAGR of 203% for last 5 years. These numbers highlight the performance excellence of our business operations, whose efficiencies we are continuously improving our processes and other initiatives.

There is a huge gap between the financial needs of the people and the options available for them to satisfy those needs. NBFCs such as us are

trying to fill in the gap as much as possible by providing affordable financial services to the needy. We at KLM Axiva have been always well intended to help the people achieve their needs and wants. I would like to bring to your attention that our Microfinance division is doing well and have helped women all around Kerala by providing them with affordable and accessible micro loans. Our Gold Loan portfolio is increasing immensely thanks to our simple and easy loan procedures and the good work put by our hard-working employees.

Our decision to upgrade our technology driven process is underway and expected to go live in the current financial year.

As KLM Axiva moves ahead with even greater commitment in its mission of inclusion, we look ahead at a future that is even more exciting and promising for each one of us.

Thanking you  
Shibu Thekkumpuram Varghese  
Whole Time Director

# BOARD OF DIRECTORS



**Dr. J. ALEXANDER IAS (Retd)**  
*Chairman*



**JOSEKUTTY XAVIER**  
*Whole Time Director*



**SHIBU THEKKUMPURAM VARGHESE**  
*Whole Time Director*

## Other Directors

**JAMES JOSEPH ARAMBANKUDIYIL**  
*Director*

**BIJI SHIBU**  
*Director*

**ISSAC JACOB**  
*Independent Director*

# **VIBRANT LEADERSHIP**

**BABY MATHEW SOMATHEERAM**

**Adv. PEEYUS A KOTTAM**

**Adv. SEBASTIAN C KAPPAN**

**Dr. GEORGE JACOB**

**JOSE NALPAT**

**SABU PAUL**

**K.O. ITTOOP**

**REJI KURIAKOSE**

**GEORGE KURIAPE**

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## CORPORATE INFORMATION

### Board of Directors

Dr. Alexander John Joseph, Non-Executive Chairman (Independent)  
Mr. Shibu Theckumpurath Varghese, Wholetime Director  
Mr. Josekutty Xavier, Wholetime Director  
Mrs. Biji Shibu, Non-Executive Director (Non-Independent)  
Mr. James Joseph Arambankudyil, Non-Executive Director (Non-Independent)  
Mr. Issac Jacob, Independent Director

### Chief Finance Officer

Mr. Thanish Dalee

### Company Secretary

Mr. Bibin M. Cherian (Resigned on 10.11.2018)  
Mr. Srikanth G. Menon (Appointed on 26.12.2018)

### Senior Management

Mrs. Minni Sajan-General Manager-Administration  
Mr. Jaimon Iype-General Manager-Operations

### Statutory Auditors

Balan & Co. Chartered Accountants  
Bank Road, Aluva-683 101

### Secretarial Auditors

Nekkanti S.R.V.V.S. Narayana & Co.  
Company Secretaries  
407, Malik Chambers, Hyderguda,  
Hyderabad-500029

### Bankers

Federal Bank  
South Indian Bank  
State Bank of India  
HDFC Bank  
Axis Bank  
Kerala Gramin Bank

### Debenture Trustee

VISTRA ITCL (INDIA) LIMITED  
The IL&FS Financial Center, Plot No. C -22,  
G Block, Bandra Kurla Complex, Bandra (East),  
Mumbai -400 051, Tel: +91 22 2659 3333

Abhijith Satheesh



# KLM AXIVA FINVEST LIMITED

Regd Off : Subodh Business Centre, 408, Malik chambers

Hyderguda, Hyderabad, Telangana, 500029

Ph : 0484 4281111, 4046766, e-mail : admindvn@klmgroun.in

CIN: U65910TG1997PLC026983

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## NOTICE

Notice is hereby given that the 22<sup>nd</sup> Annual General Meeting of the members of KLM Axiva Finvest Limited will be held at the Registered Office of the Company on Saturday, 17<sup>th</sup> day of August 2019 at 10.30 am to transact the following business:

### Ordinary Business

1. To consider and adopt the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2019 and the Reports of the Board of Directors and the Auditors.
2. To appoint a Director in place of Mr. James Joseph Arambankudiyil(DIN: 06566906), who retires by rotation and, being eligible, offer himself for 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 provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s. Balan & Co. Chartered Accountants, Aluva (Firm Regn. No.000340S),be and are hereby appointed as the Statutory auditors of the Company for a term of 4(four) consecutive years from the conclusion of this Annual General Meeting till the conclusion of 26<sup>th</sup> Annual General Meeting, on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

### Special Business

4. To increase the borrowing powers of the board pursuant to section 180(1) (c) of the Companies Act, 2013

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

**“RESOLVED THAT** in supersession of the resolution passed by the shareholders, the consent of the Company be and is hereby accorded to the Board of Directors of the Company under Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act 2013 read with Articles of Association of the Company, to borrow money for and on behalf of the Company from time to time as deemed by it to be

requisite and proper for the business of the Company, but so that the moneys to be borrowed together with the moneys already borrowed by the Company shall not exceed Rs. 1500(One thousand five hundred) Crores apart from temporary loans obtained from the Company's banker in the ordinary course of business."

**"RESOLVED FURTHER THAT** the consent of the Company be and is hereby accorded, in terms of Section 180(1)(a) and all other applicable provisions, if any of the Companies Act 2013 to the Board of Directors of the Company to create charge/provide security for the sum borrowed on such terms and conditions and in such form and manner and with such ranking to priority, as the Board in absolute discretion thinks fit, on the assets of the Company, as may be agreed to between the Company and the Lenders so as to secure the borrowings by the Company, together with interest costs, charges, expenses and all other monies payable by the Company to the concerned Lenders/ Institutions, under the respective arrangements entered into/to be entered by the Company and/or Board."

**"RESOLVED FURTHER THAT** the Securities to be created by the Company for its borrowings as aforesaid may rank with security already created or to be created in the form of mortgage and/or charges already created or to be created in future by the Company as may be agreed to between the Board and concerned parties."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board or any committee or person(s) authorised by the Board, be and is hereby authorised to finalise, settle and execute such documents/deeds/writings/papers/agreements as may be required and do all acts, deeds, matters and things as may in its/his/their absolute discretion deem necessary, proper or desirable and to settle any question(s), difficulty(ies) or doubt(s) that may arise in regard to creating security(ies) as aforesaid or other considered to be in the best interest of the Company."

#### Notes:

- 1. 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.

**Proxy form is enclosed herewith.**

2. 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.
3. The Notice of the AGM 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.
4. 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.
5. 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

Shibu Theckumpurath Varghese  
Whole-time Director  
DIN: 02079917

Place: Ernakulam  
Date: 19.07.2019

**Explanatory statement annexed to the notice of the Annual General Meeting of the Company pursuant to section 102(1) of the companies act, 2013**

**Item no: 4: To increase the borrowing limits of the Company**

In view of the expansion of the Company's business year after year the existing borrowing limits are found to be inadequate. Therefore it is suggested that the borrowing limits may be increased to Rs. 1500(One thousand five hundred) crores

Pursuant to Section 180(1)(c) of the Companies Act, 2013 approval of the shareholders is required for increasing the borrowings as suggested above and to authorise the Board to borrow funds from time to time.

The Board considered this matter in its meeting held on 19<sup>th</sup> July 2019 and recommends this resolution for your approval.

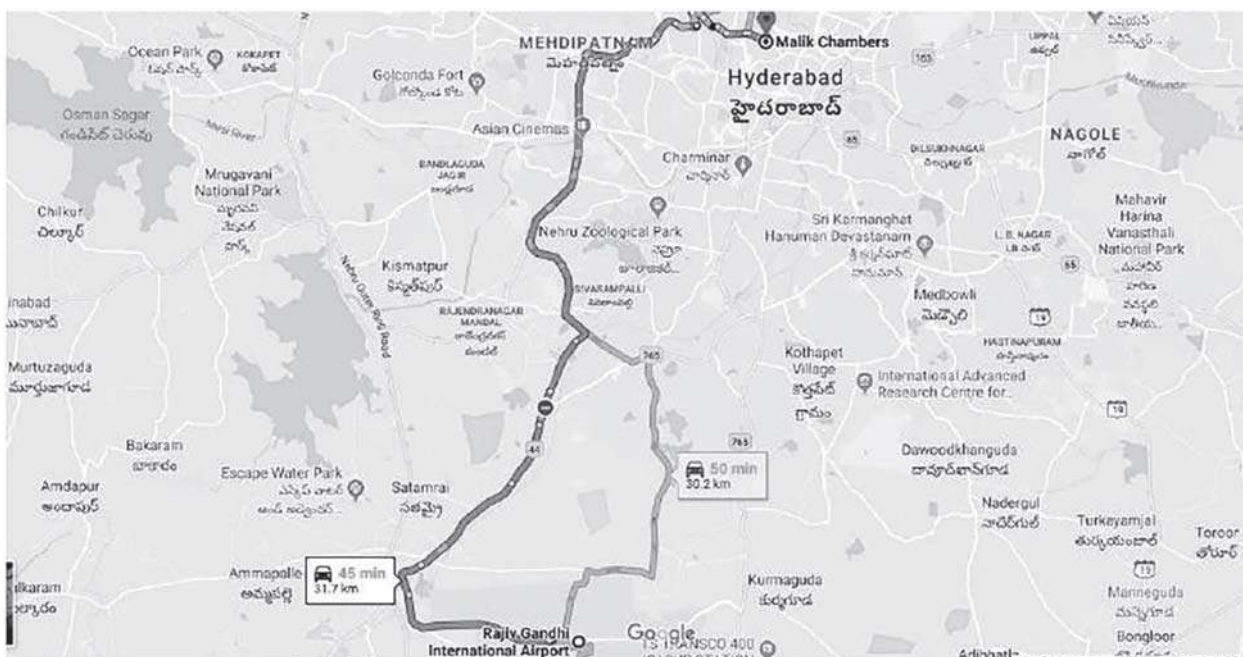
None of the Directors and KMP of the Company and their relatives is, in any way interested or concerned in this resolution.

By order of the Board  
For KLM Axiva Finvest Limited

Sd/-  
Shibu Theckumpurath Varghese  
Whole-time Director  
DIN: 02079917

Place: Ernakulam  
Date: 19.07.2019

**ROUTE MAP TO REACH THE VENUE OF ANNUAL GENERAL MEETING**  
Subodh Business Centre, 408, Malik Chambers, Hyderguda, Hyderabad, Telangana, 500029



## DIRECTORS' REPORT

Dear Members,

Your Directors are delighted to present the 22<sup>nd</sup> Annual Report on the business and operations of your Company together with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March, 2019.

### 1. FINANCIAL RESULTS

The financial performance of the Company is summarized below:

Amount in Rs.

Particulars	2018-2019	2017-2018
Revenue from Operation	65,28,72,094	41,54,71,725
Other Income	3,06,89,204	1,18,45,728
Total Revenue	68,35,61,299	42,73,17,454
Total Expenditure	60,02,16,295	34,80,92,588
Profit or Loss Before Tax and Extraordinary Items	8,33,45,004	7,92,24,866
Tax Expenses	2,35,70,580	2,23,60,168
Profit for the period	5,97,74,424	5,68,64,698
Earnings per equity share (Basic and Diluted)	1.49	1.46

### 2. STATE OF THE COMPANY'S AFFAIRS

The financial year 2018-2019 witnessed a major turning point in the Company's history as the Company has successfully raised Rs.100 crore by way of public issue of NCDs.

Your Directors are also please to inform that the Company has exceedingly performed during the financial year. The Profit after tax has been increased from Rs.5,68,64,698 to Rs.5,97,74,424 during the financial year ended 2018-2019. The expenditure of the Company had an upward trend due to the expenditure in connection with the Public Issue and brand expansion.

### 3. OPERATIONS

The operations of your Company are predominantly in to financing activities and as such it is a loan company as per the guidelines issued by the Reserve Bank of India.

Your Directors are pleased to inform that your Company has opened 46 new branches during the year under review.

### 4. REGISTRATION AS A NON-DEPOSIT TAKING NBFC

The Company is registered with the Reserve Bank of India as a Non-Banking Financial Company (Non-Deposit taking) and holds a valid Certificate of Registration bearing No.B-09-00006.

### 5. COMPLIANCE WITH THE MASTER DIRECTIONS ISSUED BY THE RESERVE BANK OF INDIA

#### a) Leverage Ratio

As per Para 6, Chapter IV, Section II of the Master Direction - Non-Banking Financial

Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, the leverage ratio shall not be more than 7 (seven) at any point of time with effect from March 31, 2015. Your Company has complied with the same and the leverage ratio as on 31<sup>st</sup> March, 2019 is 4.96

**b) Maintenance of Minimum Tier I Capital of 12 times**

As per Para 6, Chapter IV, Section II of the Master Direction - Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, in respect of NBFCs primarily engaged in lending against gold Jewellery (such loans comprising 50 percent or more of their financial assets) they shall maintain a minimum Tier I capital of 12 percent.

Even though, your company does not fall under the category because the total percentage of gold loan portfolio to the total assets is only 35%, it has complied with the same.

**c) Compliance of other applicable prudential guidelines**

Your Company has complied with all prudential guidelines applicable to a Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company.

**6. UNSECURED LOANS**

During the year under the review, your Company has availed unsecured loans in the subordinate debts and the amounts outstanding as on 31<sup>st</sup> March, 2019 is Rs. 1,89,10,03,000/-.

**7. NET OWNED FUND**

As per the audited financial statements for the year 2018-19, the net owned fund (NOF) of the Company is Rs.67.53 Crore which is in compliance to the revised regulatory framework issued by the Reserve Bank of India.

**8. INDIA ACCOUNTING STANDARDS**

Vide notification dated February 16, 2015 the Ministry of Corporate Affairs notified the Indian Accounting Standards (“Ind AS”) are applicable to companies having net worth of more than Rs.500 cores. Your Company does not fall under that category because the net worth of your Company is below Rs.500 Crore and hence IND AS is not applicable to your Company for the financial year 2018-19.

**9. CHANGE IN NATURE OF BUSINESS, IF ANY**

During the year there was no change in the nature of the business of the company.

**10. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS**

There have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

## 11. RESERVES

The Securities premium account and General Reserve account of the Company is Rs. 7,57,47,562/- and Rs. 4,08,000/- respectively.

### **Debenture Redemption Reserve:**

Pursuant to the provisions of the Companies Act, 2013 and the relevant circulars issued by the Ministry of Corporate Affairs, the Company is required to create a Debenture Redemption Reserve (DRR), to which amounts shall be transferred from the profits every year till the debenture is redeemed. The amount of DRR shall be 25 percent of the NCDs outstanding, and no reserve is required in respect of NCDs issued through private placement. Company has transferred to DRR, Rs.5,30,55,878 from the surplus of profit.

### **Statutory Reserve:**

During the year, Company has transferred Rs.1,19,55,000/- to the Statutory Reserve maintained under Section 451C of the Reserve Bank of India Act, 1934 taking it to a total of Rs. 3,32,53,500/- post transfer of profits to reserves

## 12. DIVIDEND

The Board of Directors of your company, after considering holistically the relevant circumstances, has decided that it would be prudent, not to recommend any Dividend for the year under review.

## 13. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The company was not having any unclaimed dividends having maturity more than 7 years; hence the provisions of Section 125 of the Companies Act, 2013 do not apply.

## 14. DISCLOSURE REGARDING ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS

The Company has not issued any equity shares with differential rights during the financial year.

## 15. DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

The Company has not issued any employee stock options during the year.

## 16. DISCLOSURE REGARDING ISSUE OF SWEAT EQUITY SHARES.

The Company has not issued any sweat equity shares.

## 17. CHANGES IN SHARE CAPITAL DURING THE FINANCIAL YEAR, IF ANY

During the Financial year 2018-19, the Company has allotted 1,15,04,441 equity shares on 27.03.2019 on private placement basis.

As on date of this report, the Authorized Share Capital of the Company is Rs.60,00,00,000 (Rs. Sixty Crores only) divided into 6,00,00,000 equity shares of Rs.10/- each. The total issued, subscribed and paid up share capital of the Company as on the date of the report is Rs.51,49,32,280 (Rupees Fifty One Crore Forty Nine Lakh Thirty Two Thousand Two Hundred and Eighty Only) divided into 5,14,93,228 equity shares of Rs.10/- each.

## 18. CAPITAL ADEQUACY

Your Company is well capitalized and has a capital adequacy ratio (Capital to risk weighted assets ratio – CRAR) of 16.74% as on March 31, 2019. The minimum regulatory requirement for non-deposit accepting NBFs is 15%.

## 19. DIRECTORS & KEY MANAGERIAL PERSONNEL

The Board of directors of the company comprises of Six Directors including two independent Directors. The composition of the Board, position are as follows:

Sl. No.	Name	Designation	Date of Appointment	DIN	Category- Independent / Non Independent	Executive /Non Executive
1.	Dr. Alexander John Joseph	Chairman and Director	29/02/2016	00485766	Independent	Non-Executive
2.	Mr. Josekutty Xavier	Whole-time Director	02/12/2014	02073994	Non Independent	Executive
3.	Mr. Shibu Theckumpurath Varghese	Whole-time director	27/07/2016	02079917	Non Independent	Executive
4.	Mrs. Biji Shibu	Director	09/03/2013	06484566	Non Independent	Non-Executive
5.	Mr. James Joseph Arambankudyil	Director	19/05/2013	06566906	Non Independent	Non-Executive
6.	Mr. Issac Jacob	Director	17/03/2018	02078308	Non Independent	Non-Executive
7.	Mr. Thanish Dalee	Chief Financial Officer	08/08/2017	-	Not Applicable	-
8.	Mr. Srikanth G. Menon	Company Secretary	26/12/2018	-	Not Applicable	-
9.	Mr. Joseph Abraham	C E O	26/12/2018	-	Not Applicable	-

Mr. Josekutty Xavier and Mr. Shibu Theckumpurath Varghese were reappointed by the members on 23.02.2019 for a further period of 5 (five) years from the expiry of their respective tenure.

During the period, Mr. Bibin M Cherian, Company Secretary resigned from his office with effect from 10.11.2018 and Mr. Srikanth G. Menon was appointed as the Company Secretary of the Company w.e.f 26.12.2018.

In accordance with provisions of the Companies Act, 2013, Mr. James Joseph Arambankudyil retire by rotation at the ensuring 22<sup>nd</sup> Annual General Meeting and being eligible offer himself for re-appointment.

Mr. Joseph P Abraham as CEO, Mr. Thanish Dalee as CFO, Mr. Srikanth G Menon Company



secretary has been designated as Key Managerial Personnel.

## MEETINGS OF BOARD OF DIRECTORS AND ATTENDANCE

The Board met Nine times during the financial year. The intervening gap between two meetings was within the period prescribed by the Companies Act, 2013.

S No.	Date of Board Meeting	Name of the Directors					
		Dr. Alexander John Joseph	Mr. Josekutty Xavier	Mr. Shibu Thekumpurathu Varghese	Mrs. Biji Shibu	Mr. James Joseph Arambankudyil	Mr. Issac Jacob
1.	3 <sup>rd</sup> April, 2018	Yes	Yes	Yes	Yes	Yes	Yes
2.	16 <sup>th</sup> April, 2018	No	Yes	Yes	Yes	Yes	No
3.	25 <sup>th</sup> June, 2018	Yes	Yes	Yes	Yes	Yes	No
4.	24 <sup>th</sup> August, 2018	No	Yes	Yes	Yes	Yes	No
5.	11 <sup>th</sup> September, 2018	Yes	Yes	Yes	Yes	Yes	Yes
6.	6 <sup>th</sup> November, 2018	Yes	Yes	Yes	Yes	Yes	Yes
7.	20 <sup>th</sup> November, 2018	No	Yes	Yes	Yes	Yes	No
8.	26 <sup>th</sup> December, 2018	Yes	Yes	Yes	Yes	Yes	Yes
9.	10 <sup>th</sup> January, 2019	Yes	Yes	Yes	Yes	Yes	Yes

## 20. COMMITTEES OF BOARD

The Board of Directors has constituted Eight Board Committees in accordance with the provisions of Companies Act, 2013, Master Directions of Reserve Bank of India and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Asset Liability Management Committee, Risk Management Committee, Debenture Committee, Finance Committee and Corporate Social Responsibility Committee. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference / role of the Committees are taken by the Board of Directors. Details on the composition of these Committees, including the number of meetings held during the financial year and attendance at meetings, are provided below.

### A. AUDIT COMMITTEE

The Company has constituted a qualified and independent Audit Committee as required under Section 177 of the Companies Act, 2013. The Committee also fulfills the guidelines issued by the Reserve Bank of India in this regard.

The Audit Committee at the Board level of your Company acts as a link between the Independent Auditors, Internal Auditors, the Management and the Board of Directors and oversees the financial reporting process. The Audit committee interacts with the Internal Auditors, Independent Auditors, and Secretarial Auditors and reviews and recommends their appointment and remuneration. The Audit Committee is provided with all necessary assistance and information for enabling them to carry out its function effectively.

The Audit Committee met 4 times during the financial year 2018-19.

The Committee comprises the following members as on 31<sup>st</sup> March, 2019

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. Josekutty Xavier	Independent	Chairman	4
2.	Dr. Alexander John Joseph	Independent	Member	4
3.	Mr. Issac Jacob	Independent	Member	4

#### **B. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and remuneration Committee met 1 time during the financial year 2018-19

The Committee comprises the following members as on 31<sup>st</sup> March, 2019

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mrs. Biji Shibu	Non Independent	Chairperson	1
2.	Dr. Alexander John Joseph	Independent	Member	1
3.	Mr. Issac Jacob	Independent	Member	1

#### **C. ASSET LIABILITY MANAGEMENT COMMITTEE**

No meeting were held during the financial year 2018-19.

The Committee comprises the following members as on 31<sup>st</sup> March, 2019

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1	Mr. Josekutty Xavier	Non Independent	Chairman	NA
2	Mrs. Biji Shibu	Non Independent	Member	NA
3	Mr. ShibuTheckumpurath Varghese	Non Independent	Member	NA

#### **D. RISK MANAGEMENT COMMITTEE**

No meeting were held during the financial year 2018-19.

The Committee comprises the following members as on 31<sup>st</sup> March, 2019

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1	Mr. Shibu Theckumpurath Varghese	Non Independent	Chairman	NA
2	Mr. Josekutty Xavier	Non Independent	Member	NA
3	Mr. James Joseph Arambankudiyil	Non Independent	Member	NA

#### **E. STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee met 3 times during the financial year 2018-19.

The Committee comprises the following members as on 31<sup>st</sup> March, 2019

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1	Mrs. Biji Shibu	Non Independent	Chairperson	3
2	Mr. Josekutty Xavier	Non Independent	Member	3
3	Mr. James Joseph Arambankudiyil	Non Independent	Member	3

#### F. DEBENTURE COMMITTEE

The Debenture Committee met 3 times during the financial year 2018-19.

The Committee comprises the following members as on 31<sup>st</sup> March, 2019

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. Shibu Theckumpurath Varghese	Non Independent	Chairman	3
2.	Mrs. Biji Shibu	Non Independent	Member	3
3.	Mr. Josekutty Xavier	Non Independent	Member	3
4.	Mr. James Joseph Arambankudiyil	Non Independent	Member	3

#### G. FINANCE COMMITTEE

The Finance Committee met 9 times during the financial year 2018-19.

The Committee comprises the following members as on 31<sup>st</sup> March, 2019

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. Shibu Theckumpurath Varghese	Non Independent	Chairman	8
2.	Mrs. Biji Shibu	Non Independent	Member	9
3.	Mr. Josekutty Xavier	Non Independent	Member	8
4.	Mr. James Joseph Arambankudiyil	Non Independent	Member	9

The scope, functions and terms of reference of finance committee were altered in the Board meeting held on 26<sup>th</sup> December, 2018.

#### H. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The CSR Committee was constituted in compliance with the provisions of Sec. 135 of the Companies Act, 2013 by a Board resolution dated 03<sup>rd</sup> April, 2018 and currently comprises of the following persons:

The Corporate Social Responsibility Committee met 1 time during the financial year 2018-19

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. ShibuTheckumpurath Varghese	Non Independent	Chairman	1
2.	Mrs. Biji Shibu	Non Independent	Member	1
3.	Dr. Alexander John Joseph	Independent	Member	1

## **21. VIGIL MECHANISM:**

As a part of Vigil Mechanism, a Whistle Blower Policy has been established and approved by the Board. This Policy envisages reporting of wrong doing or un-ethical activities observed by Employees at any level directly to the Chairman of the Audit Committee or to the Chairman & Managing Director. The matter reported is investigated and if the wrong doer is found guilty, disciplinary action will be initiated depending upon the materiality of the unethical doings. During the year under report there has been no instances which required reporting.

## **22. 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.

The policy adopted by the Company for Director's, KMPs & Other Employees Appointment & Remuneration including criteria for determining Qualification, Attributes, Independence, etc is placed on the website of the Company.

## **23. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS**

Pursuant to Section 149(7) of the Companies Act, 2013, the Company has received declarations from Dr. Alexander John Joseph (DIN: 00485766) and Mr. Issac Jacob (DIN: 02078308) Independent Directors of the Company, confirming that they meet the criteria of independence as specified in Section 149(6) of the Act.

## **24. 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.

## **25. RAISING OF ADDITIONAL CAPITAL**

KLM Axiva Finvest Limited, lead by Ms. Biji Shibu, Promoter Director, Mr. Alexander John Joseph, Chairman, Mr. Josekutty Xavier and Mr. Shibu Theckumpurath Varghese, Whole time Directors Mr. James Joseph Arambankudyil and Mr. Issac Jacob of the company, has grown rapidly based on ethics and values under their dynamic leadership. KLM Axiva Finvest Limited is a professionally managed Non-Banking Finance Company.

During the year your company raised funds through private placement of Equity shares, Subordinated Debts, Secured Redeemable Non-Convertible Debentures and a Term loan from South India Bank

### **A. Public Issue of Secured Debentures**

Your Company continues to broaden the liability mix by bringing in new instruments as well as

diversifying the investor base and profile.

Your Company, for the first time has raised funds through public issue of Non-Convertible Debenture.

During the period under review, we are pleased to inform you that your Company has successfully completed public issues and raised an amount of Rs. 100.00 Crore through its first public issue of 10,00,000/- Secured Redeemable Non-Convertible Debentures of face value of Rs. 1,000 each. The management wishes to thank all the investors for their overwhelming response. The management also wishes to thank Lead Manager to the Issue Vivro Financial Services Private Limited, Debenture Trustee Vistra ITCL (India) Limited (formally known as IL&FS Trust Company Limited), Registrar to the Issue Karvy Computer Share Private Limited, Credit Rating Agency Credit Analysis and Research Limited, and Legal Counsel to the Issue Crawford Bayley & Co. There was substantial progress in investing through demat mode.

#### **B. Private Placement of Debentures**

During the year under review, your Company has issued 3,416 Secured Redeemable Non-Convertible Debentures ("NCDs") of face value of Rs 10,000/-each aggregating to Rs. 3,41,60,000 on a private placement basis, in three tranches.

#### **C. Subordinated Debt.**

Another source of funding our operation is subordinated debt. The company has issued subordinated instruments which are unsecured, subordinated to the claims of other creditors with a minimum maturity of over 5 years. Subordinated Debt Instruments are considered as Tier II Capital. During the period under review the Company has allotted 8,35,422 subordinated debts.

#### **D. Private Placement of Shares**

During the period under review, the Company by way of Private Placement, has allotted 11,504,441 equity shares in demat form.

#### **E. Bank Loan**

As on 31<sup>st</sup> March, 2019 Company have outstanding bank loan of Rs. 45,266,485/-

### **26. 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.

### **27. RISK MANAGEMENT**

The Company is engaged in the business of financial services. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has formulated a policy for Risk management. The policy adopted by the Company for Risk Management is placed on the website of the Company.

## 28. INTERNAL FINANCIAL CONTROL SYSTEMS

The Board of your Company has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively. Your Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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 disclosures.

## 29. CREDIT RATING

Your Company's debt instruments are rated by Credit Analysis & Research Limited. Below mentioned is the rating rationale as obtained from them:

Type of instrument	Amount (Rs. Crore)	Ratings	Remarks
Long-term bank facilities	15	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Revised from CARE BB; Stable (Double B; Outlook: Stable)
Non-Convertible Debenture Issue	100	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Revised from CARE BB; Stable (Double B; Outlook: Stable)

## 30. FAIR PRACTICES CODE

The Company has framed Fair Practices Code as per the latest guidelines issued by Reserve Bank of India in this regard. The Fair Practice Code adopted by the Company is placed on the website of the Company.

## 31. SECRETARIAL STANDARDS OF ICSI

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) which came into effect from 1 July 2015.

## 32. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The company has complied with the provisions relating to constitution of Internal Compliance Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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.

### **33. DISCLOSURE OF MAINTENANCE OF COST RECORDS UNDER SECTION 148 OF THE COMPANIES ACT**

Maintenance of cost records in compliance with the Sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the company.

### **34. DEPOSITS**

During the year, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or any deposits within the meaning of Section 73 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

### **35. 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. Such details are also available on your Company's website and can be accessed at the web-link: [www.klmaxiva.com](http://www.klmaxiva.com)

### **36. DISCLOSURE ON CORPORATE SOCIAL RESPONSIBILITY**

Your Board has constituted a Corporate Social Responsibility (CSR) committee to support the Company in achieving the CSR objectives of the Company.

In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 as amended ("CSR Rules") and in accordance with CSR Policy, during the year under review, your Company has spent Rs. 12,98,100 on CSR projects/programs. The amount equal to 2% of the average net profit for the past three financial years required to be spent on CSR activities was Rs. 9,12,533. Your Company is in compliance with the statutory requirements in this regard.

The CSR Policy of the Company is hosted on the Company's website at the web-link: [www.klmaxiva.com/policies](http://www.klmaxiva.com/policies) and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as per Annexure prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as Annexure II to this Report

### **37. 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 Finance business. Further, there are no foreign exchange earnings and outgo during the year under review.

### **38. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

Pursuant to the clarification issued by the Ministry of Corporate Affairs on February 13, 2015, provisions of Section 134 (3)(g) and Section 186(11) of the Companies Act, 2013 requiring disclosure of particulars of the loans given, investments made or guarantees given or securities provided are not applicable to the Company.

### **39. PARTICULARS OF RELATED PARTY TRANSACTION**

During the year under review, your Company had not entered into any Material Related Party Transaction, hence AOC-2 under section 134(3)(h) of the Companies Act, 2013 not applicable.

### **40. PARTICULARS OF EMPLOYEES**

Disclosures as required under Companies(Appointment and Remuneration of Managerial Personnel) Rule, 2014 are appended as Annexure III to this Report. 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.

### **41. AUDITORS**

#### **a) Statutory Auditors under section 139**

In accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder (the Act), M/s. Balan& Co., (FRN 000340S), Chartered Accountants, Bank Road, Aluva-683 101 were appointed as the Auditors of the Company at the 17<sup>th</sup>AGM held on September 30, 2014 to hold office till the conclusion of 22<sup>nd</sup>AGM. M/s. Balan& Co., (FRN 000340S), Chartered Accountants, Aluva have confirmed their eligibility to act as the statutory auditors of the Company. The Audit Committee and the Board have therefore recommended the re-appointment of M/s. Balan& Co., (FRN 000340S), Chartered Accountants, Aluva as the Statutory Auditors of the Company to hold office for a period of 4(Four) years from the conclusion of the 22<sup>nd</sup>Annual General Meeting until the conclusion of 26<sup>th</sup>Annual General Meeting. During the year under review, the statutory auditors have not reported any incident of fraud to the Audit Committee.

#### **b) Secretarial Audit under section 204**

The Board of Directors of the Company has appointed M/s.Nekkanti S.R.V.V.S. Narayana& Co., Practicing Company Secretaries to conduct the Secretarial Audit of the Company pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2018-19 is appended to this Report as Annexure IV.

#### **c) Explanations or comments by the Board on qualification, reservation or adverse remark or disclaimer on audits for financial year 18-19**

The Auditors' Comment:



Company has failed to comply with AS-15 (Employee Benefit)

Management reply :

The Company was acquired by the present management only in the financial year 2013-14 and none of the present employees are completed 5 years as on 31.03.2018, so they are not eligible for gratuity i.e. employee benefits and hence there is no non-compliance to AS-15

### 23. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a. In the preparation of the annual accounts for the year ended March 31, 2019, 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, 2019 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.

### 24. ACKNOWLEDGEMENT

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

//By Order of the Board//  
For **KLM Axiva Finvest Limited**

Place: Kochi	Josekutty Xavier	Shibu Theckumpurath Varghese
Date:	Whole-time Director (DIN: 02073994)	Whole-time Director (DIN: 02079917)

**ANNEXURE I**  
**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2019

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	Subodh Business Centre, 408, Malik Chambers, Hyderguda, Hyderabad, Telangana, 500029 admindvn@klmgroup.in
6	Whether listed company	Yes (Non Convertible Debentures were listed)
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Ltd Karvy Selenium Tower B, Plot 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032

**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)

Sl. 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 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF		4,87,300	4,87,300	1.22%		29,87,300	29,87,300	5.80%	513.03%
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%
<b>Sub Total (A) (1)</b>	-	4,87,300	4,87,300	1.22%	-	29,87,300	29,87,300	5.80%	513.03%
(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%
<b>Sub Total (A) (2)</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>TOTAL (A)</b>	-	4,87,300	4,87,300	1.22%	-	29,87,300	29,87,300	5.80%	513.03%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
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) FIs			-	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%
<b>Sub-total(B)(1):-</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian			-	0.00%			-	0.00%	0.00%

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Overseas			-	0.00%			-	0.00%	0.00%
b) Individuals									
i) Individual share holders holding nominal share capital upto Rs. 1 lakh		20000	20000	0.05%		55000	55,000	0.11%	0.05%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh		3,94,81,487	3,94,81,487	98.73%		4,84,50,928	4,84,50,928	94.09%	22.72%
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%
<b>Sub-total(B)(2):-</b>	-	3,95,01,487	3,95,01,487	98.78%	-	4,85,05,928	4,85,05,928	94.20%	22.80%
<b>Total Public(B)</b>	-	3,95,01,487	3,95,01,487	98.78%	-	4,85,05,928	4,85,05,928	94.20%	22.80%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>				0.00%				0.00%	0.00%
<b>Grand Total (A+B+C)</b>	-	3,99,88,787	3,99,88,787	100%	-	5,14,93,228	5,14,93,228	100%	535.83%

### (ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year [As on 1-April-2018]			Shareholding at the end of the year [As on 31-March-2019]			% 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	Princy Josekutty	47,000	0.12		47,000	0.09%		0.00%
2	Biji Shibu	4,40,300	1.10		29,40,300	5.71%		567.79%

\*\*The promoters are reclassified in line with the requirements of SEBI (ICDR) Regulations

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

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Princy Josekutty						
	At the beginning of the year			47,000	0.12%	47,000	0.09%
	Changes during the year			-	-	-	-
	At the end of the year					47,000	0.09%
2	Biji Shibu						
	At the beginning of the year			4,40,300	1.10%	4,40,300	0.86%
	Changes during the year	27.03.2019	Allot	25,00,000	6.25%	29,40,300	5.71%
	At the end of the year					29,40,300	5.71%

(iv) Shareholding Pattern of top ten Shareholders

SN	For each of the Top 10 Shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Aleyamma Varghese						
	At the beginning of the year			36,56,450	9.14%	36,56,450	7.10%
	Changes during the year						
	At the end of the year					36,56,450	7.10%
2	Jose Sebastian Nalpat						
	At the beginning of the year			15,00,000	3.75%	15,00,000	2.91%
	Changes during the year						
	At the end of the year					15,00,000	2.91%

SN	For each of the Top 10 Shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
3 Baby Mathew							
	Changes during the year			15,00,000	3.75%	15,00,000	2.91%
	Changes during the year						
	At the end of the year					15,00,000	2.91%
4 Joby George							
	At the beginning of the year			10,00,000	2.5%	10,00,000	1.94%
	Changes during the year						
	At the end of the year					10,00,000	1.94%
5 George Jacob A.K/Majie George							
	At the beginning of the year			9,00,000	2.25%	9,00,000	1.75%
	Changes during the year						
	At the end of the year					9,00,000	1.75%
6 Reji Kuriakose							
	At the beginning of the year			3,50,000	0.88%	3,50,000	0.68%
	Changes during the year	27.03.2019	Allot	5,10,500		8,60,500	-
	At the end of the year					8,60,500	1.67%
7 Sabu Paul							
	At the beginning of the year			4,50,000	1.13%	4,50,000	0.87%
	Changes during the year	27.03.2019	Allot	2,97,095	0.74%	7,47,095	1.45%
	At the end of the year					7,47,095	1.45%
8 Lissy Ittoop							
	At the beginning of the year			7,20,000	1.80%	7,20,000	1.40%
	Changes during the year						
	At the end of the year					7,20,000	1.40%

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
9 Ittoop K.O.							
	At the beginning of the year			6,80,000	1.70%	6,80,000	1.32%
	Changes during the year						
	At the end of the year					6,80,000	1.32%
10 Bindu Peeyus							
	At the beginning of the year			5,72,000	1.43%	5,72,000	1.11%
	Changes during the year						
	At the end of the year					5,72,000	1.11%
<b>(v) Shareholding of Directors and Key Managerial Personnel:</b>							
SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Share holding 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			3,22,500	0.81%	3,22,500	0.63%
	Changes during the year				0.00%	-	0.00%
	At the end of the year					3,22,500	0.63%
3 Biji Shibu							
	At the beginning of the year			4,40,300	1.10%	4,40,300	0.86%
	Changes during the year	27.03.2019	Allot	25,00,000	6.25%	29,40,300	5.71%
	At the end of the year					29,40,300	5.71%

4 Shibu Tekkumpurath Varghese							
	At the beginning of the year			19,61,200	4.90%	19,61,200	3.81%
	Changes during the year	27.09.2018	Transfer	1,00,000	0.25%	20,61,200	4.00%
	Changes during the year	27.03.2018	Allot	25,00,000	6.25%	45,61,200	8.86%
	At the end of the year					45,61,200	8.86%
5 James Joseph Arambankudiyil							
	At the beginning of the year			10,000	0.03%	10,000	0.02%
	Changes during the year				0.00%		0.00%
	At the end of the year					10,000	0.02%
6 Issac Jacob							
	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 Bibin M Cherian (Company Secretary) Registered from the position on [10.11.2018]							
	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%
8 Tanish Dalee (Chief Financial Officer)							
	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%
9 Sreekanth G Menon (Company Secretary)							
	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%



**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.  
(Amt. in Rs.Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	6,181.73	10,555.81	-	16,737.54
ii) Interest due but not paid	189.28	391.82	-	581.10
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>6,371.01</b>	<b>10,947.63</b>	<b>-</b>	<b>17,318.64</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	8,550.22	8,895.19	-	17,445.41
* Reduction	-	-	-	-
Net Change	8,550.22	8,895.19	-	17,445.41
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	14,590.69	18,910.03		33,500.72
ii) Interest due but not paid	330.55	932.79		1,263.34
iii) Interest accrued butnot due	-			
<b>Total (i+ii+iii)</b>	<b>14,921.24</b>	<b>10,947.63</b>		<b>34,764.06</b>
<b>VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL - NIL</b>				
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:				
SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
	Name	Josekutty Xavier	Shibu Theckumpurath Varghese	(Rs/Lac)
		Whole-time Director	Whole-time Director	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,00,000.00	30,00,000.00	48,00,000.00
	(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	-		-
	<b>Total (A)</b>	<b>18,00,000.00</b>	<b>30,00,000.00</b>	<b>48,00,000.00</b>
	Ceiling as per the Act			

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount (Rs/Lac)
1	Independent Directors	Alexander John Joseph	Issac Jacob	
	Fee for attending board committee meetings	1,50,000	-	1,50,000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	1,50,000	-	1,50,000
2	Other Non-Executive Directors	Biji Shibu	James Joseph Arambankudyil	
	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	-	19,05,000.00	8,38,166.00	27,43,166.00
	(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	-	-	-	-

\*Mr. Bibin M Cherian Resigned from the position of Company secretary on 10.11.2018 and Mr. Srikanth G Menon Appointed as Company secretary on 26.12.2018

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)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Place : Ernakulam  
Date : 19.07.2019

Mr. Josekutty Xavier  
Wholetime Director  
DIN: 02073994

Mr. Shibu Theckumpurath Varghese  
Wholetime Director  
DIN: 02079917

## Annexure- II

Annual Report on Corporate Social Responsibility (CSR) Activities [Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

### 1. Brief outline of the CSR policy

The Company has adopted the CSR Policy outlining the various activities defined in Schedule VII of the Companies Act, 2013. The Policy envisages the formulations of the CSR Committee which will recommend the amount of expenditure to be incurred on the activities referred to in the policy to the Board and monitor the project/programs from time to time with reporting of the progress on such project/programs to the board.

### 2. The Composition of the Committee

- a) Mr. ShibuThekumpurathu Varghese
- b) Mrs. Biji Shibu
- c) Dr. AlexanderJohn Joseph

3. Average Net Profit of the Company for the last 3 years: Rs.4,56,26,644/-

4. Prescribed CSR Expenditure: Rs.9,12,533/-

5. Details of CSR spent during the financial year.

(a) Total amount spent for the financial year: Rs.12,98,100/-

(b) Manner in which the amount spent during the financial year is detailed below.

CSR Project or Activity	Sector in which the project is covered	Area	Amount outlay(Budget) project or programs wise	Amount spent in the project	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementation agency
Promoting Education	Education	Kothamangalam, Kerala	500,000.00	439,094.00	439,094.00	KLM Foundation
Medical Camps and Cansave project	Health	Kothamangalam, Kerala	700,000.00	677,130.00	677,130.00	KLM Foundation
Flood relief	Flood	Kothamangalam, Kerala	200,000.00	181,876.00	181,876.00	KLM Foundation

//By Order of the Board//  
For **KLM Axiva Finvest Limited**

Place: Kochi  
Date: 19.07.2019

Josekutty Xavier  
Whole-time Director  
(DIN: 02073994)

Shibu Theckumpurath Varghese  
Whole-time Director  
(DIN: 02079917)

## Annexure III

### PARTICULARS OF REMUNERATION AND RELATED DISCLOSURES

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are as under

a) **Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2017-18.**

Sl. No	Name of Director	Designation	Ratio of the remuneration of each Director to median remuneration of Employees
1	Mr. Josekutty Xavier	Executive Director	1:10
2	Mr. Shibu Thekumpurathu Varghese	Executive Director	1:16.66
3	Dr. Alexander John Joseph	Independent Non-Executive Director	NA*
4	Mrs. Biji Shibu	Non-Executive Director	NA*
5	Mr. James Joseph Arambankudyil	Non-Executive Director	NA*
6	Mr. Issac Jacob	Independent Non-Executive Director	NA*

\* Non-executive Directors do not receive any remuneration from the Company

b) **Percentage increase in Remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2017-18.**

Sl. No	Name of Director	Designation	% increase in Remuneration
1	Dr. Alexander John Joseph	Independent Director	NA
2	Mr. Josekutty Xavier	Executive Director	NIL**
3	Mr. Shibu Thekumpurathu Varghese	Executive Director	NIL**
4	Mrs. Biji Shibu	Non-Executive Director	NA
5	Mr. James Joseph Arambankudyil	Non-Executive Director	NA
6	Mr. Issac Jacob	Independent Director	NA
7	Mr. Thanish Dalee	Chief Financial Officer	7%
8	Mr. Srikanth G Menon	Company Secretary & Compliance officer	NA*

\* Company Secretary was appointed on 26/12/2018

c) **The percentage increase in the median remuneration of employees in the financial year 2018-19:**

Median Remuneration of employees is Rs 14,000/- and Rs 15,000/- Per Month for FY 17-18 & FY 18-19 respectively. The percentage increase in the median remuneration of employees in the

financial year 2017-19 is -7.14%

d) The number of permanent employees on the rolls of company as on March 31, 2019: 474

e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The average increase in the salaries of employees other than the Key Managerial Personnel for FY 2018-19 is around 7.14% while the average increase in the remuneration of the Key Managerial Personnel is 7%

e) The remuneration is as per the remuneration policy of the Company.

//By Order of the Board//  
For **KLM Axiva Finvest Limited**

Place: Kochi  
Date: 19.07.2019

Josekutty Xavier  
Whole-time Director  
(DIN: 02073994)

Shibu Theckumpurath Varghese  
Whole-time Director  
(DIN: 02079917)

## ANNEXURE IV

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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

To  
The Members,  
KLM Axiva Finvest Limited,  
Subodh Business Centre,  
408, Malik Chambers, Hyderguda  
Hyderabad. Telungana-500029

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. KLM Axiva Finvest Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on our verification of M/s KLM Axiva Finvest Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. KLM Axiva Finvest Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made there under;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the Audit Period);
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable to the Company during the Audit Period);
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

Regulations, 2009 (Not applicable to the Company during the Audit Period);

- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6) Reserve Bank of India Act, 1934

7) Master Direction - Information Technology Framework for the NBFC Sector

8) Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

9) Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

10) Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

11) Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016

12) Master Direction - Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 2016

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

- i) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings
- ii) Listing Agreements entered by the Company with the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to listing of Non-Convertible debt securities

We further report that during the Audit period, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, etc., mentioned above, subject to the following observations:

- a) The Company had filed forms and returns with the Registrar of Companies / Ministry of Corporate Affairs beyond the due date, with additional fees for few instances,
- b) The Company has partially complied with the Master Direction - Information Technology Framework for the NBFC Sector



The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.

Majority decision is carried through and recorded as part of the minutes. We did not find any dissenting directors' views recorded in the minutes.

We have examined the systems and processes of the Company in place to ensure the compliance with general laws like Labour Laws, the Employees Provident Funds Act, Employees State Insurance Act, Payment of Bonus Act etc. Considering and relying upon representations made by the Company and its Officers for systems and mechanisms formed by the Company for compliance under these laws and other applicable sector specific Acts, Laws, Rules and Regulations applicable to the Company and its observance by them, we hereby report that there are certain non-compliances with regard to the same during the audit period which requires periodical review and revamp in order to have adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

We further report that, during the audit period, the Company has raised a sum of Rs.100 crore through public issue of Secured Non Convertible Debentures.

**For NEKKANTI S.R.V.V.S. NARAYANA & CO.**  
**Company Secretaries**

Date : 8<sup>th</sup> July, 2019

Place : Hyderabad

(NEKKANTI S.R. V.V.S. NARAYANA)

Proprietor

M.No.F7157, C.P.No.7839

**Note:**

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

## ANNEXURE – A

To  
The Members,  
KLM Axiva Finvest Limited,  
408, Malik Chambers,  
Hyderguda,  
Hyderabad - 500029  
Telangana

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

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For NEKKANTI S.R.V.V.S. NARAYANA & CO.**  
**Company Secretaries**

Date : 8<sup>th</sup> July, 2019  
Place : Hyderabad

(NEKKANTI S.R.V.V.S. NARAYANA)  
Proprietor  
M.No.F7157, C.P.No.7839

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLM AXIVA FINVEST LIMITED

(Formerly known as NEEDS FINVEST LIMITED)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of **KLM Axiva Finvest Limited** (“the Company”), which comprise the balance sheet as at 31<sup>st</sup> March 2019, and the statement of profit and loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit/loss, and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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

### **Responsibilities of Management and Those Charged with Governance 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

(c) The Balance Sheet, the Statement of Profit and Loss 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. \**Except AS-15 - Employee Benefits*

(e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 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 Balan & Co.,**  
Chartered Accountants  
(FRN 000340S)

**P. Mohandas, FCA**  
Partner (M. No. 021262)

Aluva,  
29.05.2019

## **“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, 2019:

1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company;

2) In our opinion and according to the information and explanations given to us, the nature of the Company’s business is such that it is not required to hold any inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company

3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.

4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

5) The Company has not accepted any public deposit from the public within the meaning of section 73 to 76 of the companies Act,2013 and the Rules framed there under to the extent notified

6)As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.

7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.

b) According to the information and explanation given to us, there are no dues of income tax, sales tax, goods and service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions or debenture holders.

9) Based upon the audit procedures performed and the information and explanations given by the management, the Company has raised moneys by way of initial public offer of debt instruments and term loans and the money raised has been applied for the purpose for which they have been raised.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the Company has complied with the requirements of section 42 of the Companies Act, 2013 and the amount raised by preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review have been used for the purposes for which the funds were raised.

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 Balan & Co.,**  
Chartered Accountants  
(FRN 000340S)

**P. Mohandas, FCA**  
Partner (M.No.021262)

Aluva,  
29.05.2019



## **“Annexure B” to the Independent Auditor’s Report of even date on the Financial Statements of KLM Axiva Finvest Limited, Secunderabad (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, 2019 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 **Balan & Co.,**  
Chartered Accountants  
(FRN 000340S)

**P. Mohandas, FCA**  
Partner (M.No.021262)

Aluva,  
29.05.2019

Balance Sheet as at 31<sup>st</sup> March, 2019

PARTICULARS	Note no:	31.03.2019 Rs.	31.03.2018 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	514,932,280	399,887,870
(b) Reserves and Surplus	4	177,545,826	94,762,520
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	5	2,754,666,377	1,513,161,000
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long term provisions	6	28,004,707	16,469,525
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings	7	45,266,485	45,013,562
(b) Trade payables		-	-
(c) Other current liabilities	8	705,626,977	184,253,744
(d) Short-term provisions	9	32,401,724	40,041,183
<b>Total</b>		<b>4,258,444,376</b>	<b>2,293,589,404</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Property, Plant and Equipment	10	126,834,573	66,601,221
(ii) Intangible assets	10	3,110,549	1,279,434
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
<b>(b) Non-current investments</b>			
(c) Deferred Tax Asset (Net)	11	14,020,300	7,488,620
(d) Long term loans and advances- Financing Activity	12	427,171,002	314,901,554
(e) Long term loans and advances	13	28,062,050	16,809,307
(f) Other non-current assets		-	-
<b>(2) Current assets</b>			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and cash equivalents	14	208,159,689	184,810,326
(e) Short-term loans and advances - Financing Activity	12	3,311,155,543	1,627,427,750
(f) Short-term loans and advances	15	73,139,251	21,065,952
(g) Other current assets	16	66,791,418	53,205,240
<b>Total</b>		<b>4,258,444,376</b>	<b>2,293,589,404</b>
<i>Notes are an integral part of the financial statements</i>			
As per our report of even date attached		For and on behalf of the Board of Directors	
For <b>Balan &amp; Co.</b> Chartered Accountants (FRN 000340 S)		<b>Shibu Theckumpurath Varghese</b> Whole-time Director (DIN: 02079917)	
		<b>Biji Shibu</b> Director (DIN: 06484566)	
		<b>Thanish Dalee</b> Chief Financial Officer	
<b>P. Mohandas, FCA</b> Partner (M. No. 021262)		<b>Srikanth G. Menon</b> Company Secretary	
Place: Aluva 29/05/2019		Place: Ernakulam 29/05/2019	

## Profit and Loss statement for the year ended 31st March, 2019

PARTICULARS	Note no:	31.03.2019 Rs.	31.03.2018 Rs.
<b>INCOME</b>			
Revenue from operations	17	652,872,094	415,471,725
Other Income	18	30,689,204	11,845,728
<b>TOTAL REVENUE</b>		<b>683,561,299</b>	<b>427,317,454</b>
<b>EXPENSES</b>			
Employee benefit expenses	19	102,666,613	86,306,625
Financial costs	20	299,898,776	115,254,465
Depreciation and amortization expense	21	18,373,880	14,006,261
Other expenses	22	179,277,025	132,525,238
<b>TOTAL EXPENSES</b>		<b>600,216,295</b>	<b>348,092,588</b>
<b>Profit before tax</b>		<b>83,345,004</b>	<b>79,224,866</b>
<b>Tax expense:</b>			
(1) Income Tax		30,102,260	26,042,898
(2) Deferred Tax		(6,531,680)	(3,682,730)
		<b>23,570,580</b>	<b>22,360,168</b>
<b>Profit/(Loss) for the period</b>		<b>59,774,424</b>	<b>56,864,698</b>
Earnings Per Equity Share ( Basic and Diluted )	23	1.49	1.46
Weighted Average Number of Shares			

Notes are an integral part of the financial statements

As per our report of even date attached For and on behalf of the Board of Directors

For **Balan & Co.**  
Chartered Accountants  
(FRN 000340 S)

**Shibu Theckumpurath Varghese**  
Whole-time Director (DIN: 02079917)

**Biji Shibu**  
Director (DIN: 06484566)

**Thanish Dalee**  
Chief Financial Officer

**P. Mohandas, FCA**  
Partner (M. No. 021262)

**Srikanth G. Menon**  
Company Secretary

Place: Aluva  
29/05/2019

Place: Ernakulam  
29/05/2019

**Cash Flow Statement for the Period ended 31st March 2019**  
**In terms of AS - 3 on Cash Flow Statement under Indirect Method**

	PARTICULARS	31.03.2019		31.03.2018	
		Rs.	Rs.	Rs.	Rs.
A	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
	<b>Net profit Before Taxation</b>	83,345,004		79,224,866	
	<i>Adjustments for:</i>				
	Depreciation	18,373,880		14,006,261	
	Finance cost	297,987,812		114,618,517	
	Interest on Income Tax	1,910,964		592,540	
	Provision for Bad debt	780,080		1,519,384	
	Provision for Standard asset	1,452,811		4,805,539	
	NPA provision	10,082,371		4,897,390	
	Operating Profit before Working Capital Changes	<b>413,932,922</b>		<b>219,664,496</b>	
	(Increase)/Decrease in Loans & Advances - financing activity	(1,795,997,242)		(1,028,761,801)	
	(Increase)/Decrease in Short term Loans & Advances	(21,067,875)		(20,264,260)	
	(Increase)/Decrease in Current Assets	(13,586,178)		(20,279,214)	
	Increase/(Decrease) in Short Term Borrowings	252,923		45,013,562	
	Increase/(Decrease) in Other current liabilities	59,813,383		45,000,243	
	<b>Cash from operations</b>	<b>(1,356,652,068)</b>		<b>(759,626,974)</b>	
	Income Tax Paid	<b>(47,444,915)</b>		<b>(13,978,697)</b>	
	<i>Net Cash From Operating Activities</i>		<b>(1,404,096,983)</b>		<b>(773,605,671)</b>
B	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>				
	Purchase of Fixed Assets	(77,168,759)		(16,901,429)	
	Purchase of Intangible Assets	(3,269,589)		(828,875)	
	(Increase)/ Decrease in Deposits	(11,252,743)		(4,438,783)	
	<i>Net Cash From Investing Activities</i>		<b>(91,691,090)</b>		<b>(22,169,087)</b>
C	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
	Proceeds from issuance of equity shares	115,044,410		33,097,820	
	Share Premium on issue of shares	23,008,882		4,964,673	
	Proceeds from issue of Debentures	864,760,000		107,800,000	
	Proceeds from issue of Subordinate debts	835,422,000		949,467,000	
	(Repayment)/ Increase in long-term borrowings	2,883,228		(30,620,000)	
	Divident Paid	(23,993,272)		(26,337,260)	
	Divident Distribution Tax	-		(5,363,500)	
	Finance cost	(297,987,812)		(114,618,517)	
	<i>Net Cash From Financing Activities</i>		<b>1,519,137,435</b>		<b>918,390,216</b>
	<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>23,349,362</b>		<b>122,615,458</b>
	<b>OPENING CASH AND CASH EQUIVALENTS</b>		<b>184,810,326</b>		<b>62,194,867</b>
	<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<b>208,159,688</b>		<b>184,810,325</b>

As per our report of even date attached

For **Balan & Co.**  
Chartered Accountants  
(FRN 000340 S)

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

Place: Aluva  
29/5/2019

For and on behalf of the Board of Directors

**Shibu Theckumpurath Varghese**  
Whole-time Director (DIN: 02079917)

**Biji Shibu**  
Director (DIN: 06484566)

**Thanish Dalee**  
Chief Financial Officer

**Srikanth G Menon**  
Company Secretary

Place: Ernakulam  
29/5/2019

# Notes to the financial statements for the year ended March 31, 2019

## 1. CORPORATE 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 13<sup>th</sup> December, 1997 enabling the Company to carry on business as Non-Banking Financial Company.

The Company offers broad suite of lending and other financial products such as mortgage loan, gold loan, loan against securities etc.

## 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 as prescribed by Reserve Bank of India in terms of the Non-Banking Financial Company - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as applicable to the company.

### 2.2. Uses of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Examples of such estimates include provisions for doubtful receivables, employee benefits, provision for income taxes, the useful lives of depreciable fixed assets and provision for impairment. Although these estimates are based upon management’s best knowledge of current events and actions, future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognised in the period in which the results are known / materialise

### 2.3. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they

are accounted for as separate items (major components) of property, plant and equipment

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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.

#### **2.4. 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.

#### **2.5. Depreciation and Amortisation**

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method. Freehold land is not depreciated.

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

<b>Asset</b>	<b>Useful life as per Schedule II</b>
Building	30-60 Years
Computers and servers	3-6 Years
Office equipment	5 Years
Furniture and fixtures	10 Years
Vehicles	8-10 Years

\* Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

Intangible Assets are amortised on a Straight Line basis over the estimated useful economic life. Computer Software which is not an integral part of the related hardware is classified as an intangible asset, and amortised over a period of five years, being its estimated useful life.

#### **2.6. 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.

## 2.7. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

### **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.

## 2.8. 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 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).



## **Defined Contribution Plan**

Eligible employees of the Company receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Company make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund.

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

The Company has no further obligation to the plan beyond its monthly contributions.

## **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.

## **2.11. Leases**

Leases, where a significant portion of risk or rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals and associated costs are charged to the Statement of Profit and Loss on accrual basis.

## **2.12. Income taxes**

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or substantive enactment date. A deferred income tax asset is recognised to the extent it is probable that future taxable income will be available against which the deductible temporary timing differences and tax losses can be utilised. The Company offsets income-tax assets and liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **2.13. Segment Reporting**

The Company operates in a single reportable segment i.e., financing, which has similar risks and returns for the purpose of AS – 17 on Segment Reporting. The Company operates in a single geographical segment i.e., domestic.

### **2.14. 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.

### **2.15. 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.

### **2.16. Provisions and Contingent liabilities**

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

## Notes on Financial Statements for the year ended 31<sup>st</sup> March 2019

### Note - 3

#### SHARE CAPITAL

Particulars	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2018
<b>Authorised</b> 6,00,00,000 (March 31, 2018: 4,50,00,000) Equity Shares of Rs. 10 each	<b>600,000,000</b>	<b>450,000,000</b>
<b>Issued, Subscribed &amp; Fully Paid Up</b> 5,14,93,228 (March 31, 2018: 3,99,88,787) Equity Shares of Rs. 10 each	514,932,280	399,887,870
<b>TOTAL</b>	<b>514,932,280</b>	<b>399,887,870</b>

#### i. Reconciliation statement of shares

Particulars	31st March, 2019		31st March, 2018	
	No .	Amount	No .	Amount
No: of shares at the beginning of the year	39,988,787	399,887,870	36,679,005	366,790,050
Shares Issued during the Year	11,504,441	115,044,410	3,309,782	33,097,820
Bonus Issue	-	-	-	-
Less: shares bought back	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>51,493,228</b>	<b>514,932,280</b>	<b>39,988,787</b>	<b>399,887,870</b>

#### 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	31st March, 2019		31st March, 2018	
	No: of shares	% of Holding	No: of shares	% of Holding
Equity shares of Rs.10 each fully paid				
Aleyamma Varghese	3,656,450	7.10%	3,656,450	9.14%
Shibu Theckumpuram	4,561,200	8.86%	1,961,200	4.90%
Biji Shibu	2,940,300	5.71%	440,300	1.10%

### Note - 4

#### RESERVES & SURPLUS

Reserves & Surplus	31st March, 2019	31st March, 2018
<b>(a) Security Premium Account</b>		
As Per last balance sheet	52,738,680	47,774,007
(+) Additions during the Year	23,008,882	4,964,673
<b>Closing Balance</b>	<b>75,747,562</b>	<b>52,738,680</b>
<b>(b) Debenture Redemption Reserve</b>		
Amount as per Last Balance Sheet	-	-
(+) Additions/ transfers during the Year	53,055,878	
<b>Closing Balance</b>	<b>53,055,878</b>	-

<b>(c) Statutory Reserve</b>		
Amount as per Last Balance Sheet	21,298,500	9,925,500
(+) Additions/ transfers during the Year	11,955,000	11,373,000
<b>Closing Balance</b>	<b>33,253,500</b>	<b>21,298,500</b>
<b>(d) General Reserve</b>		
Amount as per Last Balance Sheet	408,000	408,000
(+) Additions/ transfers during the Year	-	-
<b>Closing Balance</b>	<b>408,000</b>	<b>408,000</b>
<b>(e) Surplus in Statement of Profit &amp; Loss</b>		
Balance as per last financial statements	20,317,340	35,404,141
(+) Net profit/(net loss) for the current year	59,774,424	56,864,698
(-) Transfer to Statutory Reserve	11,955,000	11,373,000
(-) Transfer to Debenture Redemption Reserve	53,055,878	-
(-) Interim Dividend on equity shares	-	50,330,532
(-) Tax on Dividend	-	10,247,967
<b>Balance as at the end of the year</b>	<b>15,080,886</b>	<b>20,317,340</b>
<b>TOTAL</b>	<b>177,545,826</b>	<b>94,762,520</b>

**Notes:**

**1. Debenture Redemption Reserve**

a) Pursuant to Section 71 of the Companies Act, 2013 and circular 04/2013, read with notification issued date June 19, 2016 issued by Ministry of Corporate Affairs, the Company is required to transfer 25% of the value of the outstanding debentures issued through public issue as per the present SEBI (Issue and Listing of Debt Securities) Regulation, 2008 to Debenture Redemption Reserve (DRR) and no DRR is required in case of privately placed debenture. Also the Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the balance sheet date.

b) In respect of the debentures issued through public issue, the Company has created DRR of Rs. 530.56 Lakhs as at March 31, 2019 (March 31, 2018 - NIL). The Company subsequent to the year end has deposited a sum of Rs. 514.00 Lakhs (March 31, 2018 - NIL) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date net of redemption before April 30, 2019.

**2. Statutory Reserve**

Statutory Reserve represents the Reserve Fund created under Section 45 IC of the Reserve Bank of India Act, 1934. The Company has appropriated 20% of the Profit After Tax to the fund for the year.

**Note - 5**

**LONG TERM BORROWINGS**

Particulars	31st March, 2019	31st March, 2018
<b>SECURED</b>		
Non Convertible debentures		
Private Placement	204,420,000	457,580,000
Public Issue	657,402,000	-
Term Loans		
From Banks & financial institutions	1,841,377	-
<b>UNSECURED</b>		
Subordinate Debts	1,891,003,000	1,055,581,000
<b>TOTAL</b>	<b>2,754,666,377</b>	<b>1,513,161,000</b>

**Nature of Security :**

a) Non Convertible Debentures - First ranking paripassu charge with existing secured creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the Company. b) Term loan from bank & financial institutions- Vehicle loan - The loans are secured by hypothecation of respective vehicles against which the loans have been availed.

## 5.1 Secured Non Convertible Debentures - Private Placement

Series wise classification of secured non convertible debentures\*

Particulars	31st March, 2019	31st March, 2018
Non Convertible Debentures 2018 - 19 Series	34,160,000	-
Non Convertible Debentures 2017 - 18 Series	133,970,000	177,510,000
Non Convertible Debentures 2016 - 17 Series		
Non - current portion	36,290,000	280,070,000
Current portion	180,640,000	-
Non Convertible Debentures 2015 - 16 Series		
Non - current portion	-	-
Current portion	25,860,000	88,580,000
<b>TOTAL</b>	<b>410,920,000</b>	<b>546,160,000</b>

Interest wise classification of secured non convertible debentures\*

Particulars	31st March, 2019	31st March, 2018
Non Convertible Debentures - 12.5%	158,670,000	351,680,000
Non Convertible Debentures - 12%	242,220,000	194,480,000
Non Convertible Debentures - < 12%	10,030,000	-
<b>TOTAL</b>	<b>410,920,000</b>	<b>546,160,000</b>

Maturity wise classification of secured non convertible debentures\*

Particulars	31st March, 2019	31st March, 2018
Non Convertible Debentures - 60 months maturity	204,420,000	223,350,000
Non Convertible Debentures - 36 months maturity	206,500,000	322,810,000
<b>TOTAL</b>	<b>410,920,000</b>	<b>546,160,000</b>

\* includes current maturities of secured non convertible debentures.

## 5.2 Unsecured Subordinated Debt - Private Placement

Series wise classification of unsecured subordinated debt\*

Particulars	31st March, 2019	31st March, 2018
Non Convertible Debentures 2018 - 19 Series		
Non - current portion	657,402,000	-
Current portion	342,598,000	-
<b>TOTAL</b>	<b>1,000,000,000</b>	<b>-</b>

Interest wise classification of secured non convertible debentures\*

Particulars	31st March, 2019	31st March, 2018
Non Convertible Debentures - > 12%	227,499,000	-
Non Convertible Debentures - 12%	275,253,000	-
Non Convertible Debentures - 11.75%	96,928,000	-
Non Convertible Debentures - 11.5%	232,351,000	-
Non Convertible Debentures - 11.25%	167,969,000	-
<b>TOTAL</b>	<b>1,000,000,000</b>	<b>-</b>

Maturity wise classification of secured non convertible debentures\*

Particulars	31st March, 2019	31st March, 2018
Non Convertible Debentures - 72 months maturity	142,410,000	-
Non Convertible Debentures - 60 months maturity	310,198,000	-
Non Convertible Debentures - 36 months maturity	128,599,000	-
Non Convertible Debentures - 24 months maturity	76,195,000	-
Non Convertible Debentures - 12 months maturity	342,598,000	-
<b>TOTAL</b>	<b>1,000,000,000</b>	<b>-</b>

\* includes current maturities of secured non convertible debentures.

### 5.3 Unsecured Subordinated Debt - Private Placement

Series wise classification of unsecured subordinated debt\*

Particulars	31st March, 2019	31st March, 2018
Unsecured Subordinated Debt 2018 - 19 Series	835,422,000	-
Unsecured Subordinated Debt 2017 - 18 Series	949,467,000	949,467,000
Unsecured Subordinated Debt 2016 - 17 Series	106,114,000	106,114,000
<b>TOTAL</b>	<b>1,891,003,000</b>	<b>1,055,581,000</b>

Interest wise classification of unsecured subordinated debt

Particulars	31st March, 2019	31st March, 2018
Unsecured Subordinated Debt - >12.5%	181,133,000	163,573,000
Unsecured Subordinated Debt - 12.5%	518,278,000	312,056,000
Unsecured Subordinated Debt - 12.25%	37,663,000	-
Unsecured Subordinated Debt - 12%	970,008,000	579,952,000
Unsecured Subordinated Debt < 12%	183,921,000	-
<b>TOTAL</b>	<b>1,891,003,000</b>	<b>1,055,581,000</b>

Maturity wise classification of unsecured subordinated debt

Particulars	31st March, 2019	31st March, 2018
Unsecured Subordinated Debt - 5 to 6 years maturity	226,241,000	163,573,000
Unsecured Subordinated Debt - 5 years maturity	1,664,762,000	892,008,000
<b>TOTAL</b>	<b>1,891,003,000</b>	<b>1,055,581,000</b>

#### Note - 6

##### LONG TERM PROVISIONS

Particulars	31st March, 2019	31st March, 2018
(a) Provision Others:		
Contingent Provision against Standard Assets	8,880,170	7,427,359
Contingent Provision for NPA on Gold Loan & Business Loan	11,174,695	5,830,686
Contingent Provision for NPA on Vehicle Loan, Personal Loan & Microfinance Loan	7,949,843	3,211,480
<b>TOTAL</b>	<b>28,004,707</b>	<b>16,469,525</b>

#### Note - 7

##### SHORT TERM BORROWINGS

Particulars	31st March, 2019	31st March, 2018
(a) Loans repayable on demand :		
From Banks		
Secured	45,266,485	45,013,562
<b>TOTAL</b>	<b>45,266,485</b>	<b>45,013,562</b>

#### 1. Nature of Security

(a) Loans repayable on demand from banks

Particulars	Primary	Collateral	Guarantors
South Indian Bank	Books debts/Recievables	<p>1. EM of vacant land in the name of Josekutty Xavier admeasuring 22.91 cents under Sy No: 1160/6B, 1160/6A; 31.56 cents under Sy No:1160/6B, 1160/8, 160/7; 20.35 cents under Sy No:1159/9; 21.61 cents under Sy No:1159/9 of Kothamangalam Village, Ernakulam District.</p> <p>2. EM of commercial property admeasuring 3.50 cents in the name of Mr. Shibu T Varghese Sy No :1023/IIB/5/49 of Kothamangalam , Ernakulam.</p> <p>3. EM of residential property in the name of Mrs. Biji Shibu with building and land admeasuring 118.16 cents in SY no:1068/113 of Kothamangalam Village, Ernakulam District.</p>	<p>1. Josekutty Xavier</p> <p>2. Shibu T Varghese</p> <p>3. Biji Shibu</p>

**Note - 8****OTHER CURRENT LIABILITIES**

Particulars	31st March, 2019	31st March, 2018
(a) Current maturities of long-term debt		
(i) Term Loan	1,041,851	27,000,000
(ii) Debentures	549,098,000	88,580,000
(b) Unclaimed Dividend	-	157,199
(c) Other payables		
(i) Statutory remittances (Refer note(i) below)	4,359,454	9,284,082
(ii) Expenses Payable	147,713,673	59,227,662
(iii) Others	3,414,000	4,801
<b>TOTAL</b>	<b>705,626,977</b>	<b>184,253,744</b>

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

**Note - 9****SHORT TERM PROVISIONS**

Particulars	31st March, 2019	31st March, 2018
(a) Provision for employee benefits:	-	-
(b) Provision - Others:		
(i) Provision for Income Tax (Refer note(i) below)	30,102,260	14,528,527
(ii) Interim Dividend Payable	-	23,993,272
(iii) Provision for bad debts	2,299,464	1,519,384
<b>TOTAL</b>	<b>32,401,724</b>	<b>40,041,183</b>

(i) Previous Year Net of Advance Tax Rs. 1,00,00,000/-; TDS Rs. 15,14,371/-.

**Note - 11****DEFERRED TAX (LIABILITY) / ASSET**

Particulars	31st March, 2019	31st March, 2018
<b>Deferred Tax Assets/(Liabilities)</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	5,865,330	3,247,720
<b>Deferred Tax Assets</b>		
Others	8,154,970	4,240,900
<b>Net Deffered Tax (Liability) / Asset</b>	<b>14,020,300</b>	<b>7,488,620</b>

**Note - 12****LOANS AND ADVANCES - FINANCING ACTIVITIES\***

Particulars	31st March, 2019	31st March, 2018
<b>(a) NON CURRENT</b>		
<b>(i) Secured, considered good</b>		
Vehicle Loan	577,476	2,563,834
Personal Loan	42,925,900	64,441,992
Business Loan	383,667,626	247,895,728
	427,171,002	314,901,554
<b>(b) CURRENT</b>		
<b>(i) Secured, considered good</b>		
Gold Loan	1,490,453,394	557,595,213
Vehicle Loan	8,979,184	10,683,287
Personal Loan	585,580,360	387,467,670
Business Loan	975,012,935	511,518,510
	3,060,025,873	1,467,264,680
<b>(ii) Unsecured, considered good</b>		
Microfinance Loan	251,129,670	160,163,070
<b>TOTAL</b>	<b>3,738,326,545</b>	<b>1,942,329,304</b>

\* The Company has not advanced loans to the micro finance sector in excess of 10% of total assets.

**Note - 13****LOANS AND ADVANCES - OTHERS**

Particulars	31st March, 2019	31st March, 2018
<b>(a) Security Deposits</b>		
Unsecured, considered good	28,062,050	16,809,307
<b>TOTAL</b>	<b>28,062,050</b>	<b>16,809,307</b>

**Note - 14****CASH AND BANK BALANCES**

Particulars	31st March, 2019	31st March, 2018
<b>(a) Cash in hand</b>	17,979,731	38,361,452
<b>(b) Balance with banks</b>		
(i) In Current Accounts	179,903,609	115,249,420
(ii) In Deposit Accounts	10,150,000	30,900,000
(iii) In Earmarked Accounts		
- Unpaid dividend accounts	126,348	299,454
<b>TOTAL</b>	<b>208,159,689</b>	<b>184,810,326</b>

**Note - 15****SHORT TERM LOANS AND ADVANCES**

Particulars	31st March, 2019	31st March, 2018
<b>(a) Loans and advances to related parties</b>		
<b>(b) Other Loans and Advance</b>	-	-
<b>Unsecured, considered good</b>		
(i) Balances with government authorities		
Income Tax Advance*	16,850,500	16,850,500
GST Input Credit	6,070,933	2,679,922
Advance Tax and TDS	31,005,424	-
(ii) Advances for land	17,621,989	144,230
(iii) Others	1,590,405	1,391,300
<b>TOTAL</b>	<b>73,139,251</b>	<b>21,065,952</b>

\* The amount represents the amount paid by the company upon application with the Settlement Commission.

**Note - 16****OTHER CURRENT ASSETS**

Particulars	31st March, 2019	31st March, 2018
<b>(a) Accruals</b>		
Interest accrued on deposits/Securities	168,925	63,151
<b>(b) Others</b>		
Stock of Stationery	12,500	12,500
Interest Receivable on loans	66,563,588	53,129,589
Other Receivables	46,406	-
<b>TOTAL</b>	<b>66,791,418</b>	<b>53,205,240</b>

**Note - 17****REVENUE FROM OPERATIONS**

Particulars	31st March, 2019	31st March, 2018
<b>(a) Financing Activities</b>		
Interest on Vehicle Loan	951,252	2,284,351
Interest on Gold Loan	183,318,911	111,235,521
Interest on Personal Loan	202,578,696	158,371,899
Interest on Business Loan	216,382,571	137,174,155
Interest on Micro Finance Loans	49,640,664	6,405,800
<b>TOTAL</b>	<b>652,872,094</b>	<b>415,471,725</b>



**Note - 18****OTHER INCOME**

<b>Particulars</b>	<b>31st March, 2019</b>	<b>31st March, 2018</b>
(a) Interest Income	9,299	1,781,948
(b) Interest on FD	9,370,903	1,430,132
(c) Other non-operating income (net of expenses directly attributable to such income)		
Notice Charge	102,031	41,045
Commision on money transfer	243,504	236,439
Processing Fee	2,504,595	3,194,904
Documentation Charges	9,018,084	3,032,251
Social Security Charges	5,099,472	1,647,800
Miscellaneous Income	4,341,316	481,209
<b>TOTAL</b>	<b>30,689,204</b>	<b>11,845,728</b>

**Note - 19****EMPLOYEE BENEFIT EXPENSES**

<b>Particulars</b>	<b>31st March, 2019</b>	<b>31st March, 2018</b>
Salaries & Wages	93,996,599	80,327,096
Contributions to provident and other funds	8,670,015	5,979,529
<b>TOTAL</b>	<b>102,666,613</b>	<b>86,306,625</b>

**Note - 20****FINANCE COST**

<b>Particulars</b>	<b>31st March, 2019</b>	<b>31st March, 2018</b>
(a) Interest expense on :		
(i) Borrowings		
Interest on Loans	4,953,415	43,408
(ii) Others		
Interest on delayed payment of income tax	1,910,964	592,540
Interest on Subordinate Debt	182,568,274	61,522,885
Interest on Debenture	110,466,123	53,095,632
<b>TOTAL</b>	<b>299,898,776</b>	<b>115,254,465</b>

**Note - 21****DEPRECIATION AND AMORTISATION EXPENSES**

<b>Particulars</b>	<b>31st March, 2019</b>	<b>31st March, 2018</b>
Depreciation	16,935,407	13,221,705
Amortisation	1,438,473	784,555
<b>TOTAL</b>	<b>18,373,880</b>	<b>14,006,261</b>

**Note - 22****OTHER EXPENSES**

<b>Particulars</b>	<b>31st March, 2019</b>	<b>31st March, 2018</b>
Advertisement	49,541,732	26,763,509
Audit Expenses	166,460	36,820
Audit Fee	500,000	300,000
Bank Charges	1,329,774	450,337
Business Promotion	5,908,078	2,086,357
Canvassing Expenses	-	150
Celebration Expense	740,553	335,429
Collection Expenses	1,216,606	1,628,415
Computer & Software Expenses	1,779,615	1,562,836
Corporate social responsibilty expenditure	1,298,100	-

Crisil rating expenses	538,150	500,000
Customer Meet expenses	460,314	1,647,437
Debenture Trustee Remuneration	484,250	110,000
Donation	-	58,230
Electricity Charges	3,404,330	2,429,242
Inaugural Expense	365,008	317,084
Incentive	23,501,375	25,073,379
Insurance Charges	730,050	394,499
Interest on EPF	-	273
Internet Charges	1,470,208	1,027,685
Legal Expense	2,573,881	1,961,154
Loss on Auction Gold	4,627,761	4,932,602
Marketing Expenses	1,051,113	-
Meeting Expenses	1,096,468	420,538
Membership Fee	71,500	296,088
Miscellaneous Expense	27,283	32,816
Newspaper & Periodicals	140,034	177,175
Office Expense	4,932,245	5,268,326
Postage	827,019	722,233
Printing & Stationery	3,114,970	1,578,537
Professional Fee	7,713,322	6,662,212
Provision for Bad debt	780,080	1,519,384
Provision for Standard assets	1,452,811	4,805,539
Provison for NPA	10,082,371	4,897,390
Public Issue	3,757,778	-
Rates & Taxes	432,000	1,268,081
Rent	26,805,717	21,806,271
Repairs and Maintenance	1,690,616	1,044,878
Repairs and Maintenance-Building	571,897	256,851
ROC Filing Charge	1,418,350	676,621
Sitting Fees	60,000	130,000
Staff Training Expense	138,000	378,446
Telephone charges	2,524,670	2,175,542
Travelling expenses	7,981,764	6,255,876
GST Paid	301,610	86,975
Vehicle Maintenance	1,543,024	378,542
Water Charges	126,136	71,481
<b>TOTAL</b>	<b>179,277,025</b>	<b>132,525,238</b>

**Note - 22.1**

<b>Payment to the auditors comprises :</b>	<b>31st March, 2019</b>	<b>31st March, 2018</b>
As auditors - statutory audit	400,000	200,000
For taxation matters	100,000	100,000
<b>TOTAL</b>	<b>500,000</b>	<b>300,000</b>

**Note - 23**

**EARNINGS PER SHARE (Basic & Diluted)**

<b>Particulars</b>	<b>31st March, 2019</b>	<b>31st March, 2018</b>
Profit after tax	59,774,424	56,864,698
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	40,115,209	38,820,083
Nominal value of shares (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	<b>1.49</b>	<b>1.46</b>

**Note - 24****RELATED PARTY TRANSACTIONS**

Details of Related Parties :

Description of Relationship	Names of Related Parties
Key Management Personnel	Shibu Theckumpurath Varghese Josekutty Xavier Srikanth G. menon ( CS ) Thanish Dalee ( CFO )
Relatives of Key Management Personnel	Biji Shibu (Spouse of WTD) Aleyamma Varghese (Mother of WTD) Princy Josekutty (Spouse of WTD)
Entities in which KMP / Relatives of KMP can exercise significant influence	KLM Tiana Gold & Diamonds Private Limited Payyoli Granites Private Limited KMLM Financial services Limited Axiva Mfin Limited

The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors.

Details of Related Party Transactions :

Particulars	KMP	Entities in which KMP / Relatives of KMP can exercise significant influence	Relatives of KMP	Total
Remuneration Paid	6,725,666 (6,640,439)	- -	- (1,550,000)	<b>6,725,666</b> <b>(8,190,439)</b>
Share issue including share premium	30,000,000 -	- -	30,000,000 (25,530,000)	<b>60,000,000</b> <b>(25,530,000)</b>

Note: Figures in Brackets relates to the previous year

**Note - 25****ADDITIONAL DISCLOSURES AS REQUIRED BY THE RESERVE BANK OF INDIA**

Year	Number of Loan Accounts	Amount due as on the date of auction	Value Fetched
31-Mar-19	1,078	57,758,240	53,130,479
31-Mar-18	668	26,451,728	21,519,126

Note : No sister concerns participated in the auctions during the year ended March 31, 2019 and March 31, 2018

**\* Previous years figures have been regrouped wherever necessary to confirm to this years classification/ presentation.**

As per our report of even date attached

For and on behalf of the Board of Directors

For **Balan & Co.**  
Chartered Accountants  
(FRN 000340 S)

**Shibu Theckumpurath Varghese**  
Whole-time Director (DIN: 02079917)

**Biji Shibu**  
Director (DIN: 06484566)

**Thanish Dalee**  
Chief Financial Officer

**P. Mohandas,**  
FCAPartner (M. No. 021262)

**Srikanth G. Menon**  
Company Secretary

Place: Aluva  
29/5/2019

Place: Ernakulam  
29/5/2019

Note - 10 Fixed Asset Schedule

Notes on Financial Statements for the period ended 31 St March, 2018

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As on 01/04/2018	Additions	Deletions	As on 31/03/2019	As on 01/04/2018	Additions	Deletions	As on 31/03/2019	As on 31/03/2018
<b>Property Plant &amp; Equipments</b>									
Land	29,163,013	34,803,040	-	63,966,053	-	-	-	63,966,053	29,163,013
Computers and data processing units	7,693,625	5,762,274	-	13,455,899	5,220,339	2,923,286	-	5,312,274	2,473,286
Electrical Installations and Equipment	6,164,838	4,248,864	-	10,413,703	2,449,105	1,491,234	-	6,473,364	3,715,734
Furniture and furnishings	42,975,114	19,731,000	-	62,706,113	15,698,065	8,861,597	-	38,146,452	27,277,049
Office Equipments	9,836,858	8,870,066	-	18,706,924	5,864,718	3,256,199	-	9,586,007	3,972,140
Motor Vehicles	-	3,753,516	-	3,753,516	-	403,091	-	3,350,424	-
<b>Total</b>	<b>95,833,448</b>	<b>77,168,759</b>	<b>-</b>	<b>173,002,207</b>	<b>29,232,226</b>	<b>16,935,407</b>	<b>-</b>	<b>126,834,573</b>	<b>66,601,221</b>
<b>Intangible Assets</b>									
Computer Software	3,513,280	3,269,589	-	6,782,869	2,233,846	1,438,473	-	3,110,549	1,279,434
<b>Total</b>	<b>99,346,728</b>	<b>80,438,347</b>	<b>-</b>	<b>179,785,075</b>	<b>31,466,073</b>	<b>18,373,880</b>	<b>-</b>	<b>129,945,123</b>	<b>67,880,655</b>

Dear Sir/Madam

Pursuant to the green initiative in the Corporate Governance initiated by the Ministry of Corporate Affairs, our company has proposed to send the Notice / Annual Report / documents through electronic mode to the shareholders.

This, you will appreciate, would facilitate fast, secured communication and contribute towards improved environment.

Shareholders, who are holding the shares in Physical Form, are requested to send the following details to our Company for sending the future communication through Email

Folio Number	
Email ID	
Mobile Number	
PAN	

In case you wish to get the Hard copies of Notices/Documents/Reports, you need not send the above details. Company will send the Notices/Documents/Reports to the Registered address of the shareholders.

The average increase in the salaries of employees other than the Key Managerial Personnel for FY 2018-19 is around 7.14% while the average increase in the remuneration of the Key Managerial Personnel is 7%

**e) The remuneration is as per the remuneration policy of the Company.**

//By Order of the Board//  
For **KLM Axiva Finvest Limited**

Place: Kochi  
Date:

Josekutty Xavier  
Whole-time Director  
(DIN: 02073994)

Shibu Theckumpurath Varghese  
Whole-time Director  
(DIN: 02079917)

# KLM AXIVA FINVEST LIMITED

[Formerly Needs Finvest Limited]

Regd Off : Subodh Business Centre, 408, Malik chambers  
Hyderabad, Telangana, 500029

Ph : 0484 4281111, 4046766, e-mail : admindvn@klmgroun.in  
CIN: U65910TG1997PLC026983

## ATTENDANCE SLIP

Folio No.:		Representing no. of Shares:
Attending as Share Holder/ Proxy:		

I hereby record my presence at the 22<sup>th</sup> Annual General Meeting of the Company to be held at the Registered Office of the Company on Monday, August 17, 2019, at 10.30 A.M. and at any adjournment thereof.

Name of the Share Holder/ Proxy  
(IN BLOCK LETTERS)

.....  
Signature of the Share Holder/ Proxy

Notes: Please fill the admission slip and hand it over at the entrance of the hall.

# KLM AXIVA FINVEST LIMITED

[Formerly Needs Finvest Limited]

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Hyderabad, Telangana, 500029

Ph : 0484 4281111, 4046766, e-mail : admin@klmgroup.in  
CIN: U65910TG1997PLC026983

## Proxy form

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

Name of the Member(s)	
Registered Address	
E-mail ID	
Folio No./ Client ID	

I/ We being the member(s) of ....., shares of the above named company, hereby appoint:

1 Name	
Address	
E-mail ID	
Signature	

Or failing him

2 Name	
Address	
E-mail ID	
Signature	

Or failing him

3 Name	
Address	
E-mail ID	
Signature	

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on Monday, August 17, 2019, at 10.30 A.M. at the Registered Office and at any adjournment thereof in respect of such resolutions as are indicated below:

# KLM AXIVA FINVEST LIMITED

[Formerly Needs Finvest Limited]

Regd Off : Subodh Business Centre, 408, Malik chambers  
Hyderabad, Telangana, 500029

Ph : 0484 4281111, 4046766, e-mail : admin@klmgroup.in  
CIN: U65910TG1997PLC026983

Resl. No	Particulars	Tick
1	To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2019 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. James Joseph Arambankudiyil (DIN:06566906), who retires by rotation and, being eligible, seeks re-appointment.	
3	To appoint Auditors and fix their remuneration	
4	To increase the borrowing powers of the Board pursuant to 180 (1) (C) of the Companies Act 2013	

Signed this.....day of.....2019.

Affix  
Re. 1/-  
Revenue  
Stamp

Signature of Share Holder: .....

Signature of Proxy holder(s): .....

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





Mr. K Paul Thomas, MD & CEO ESAF Bank, lighting the lamp at the 20<sup>th</sup> year anniversary celebration of KLM Axiva Finvest in Kochi Marriot Hotel.



KLM Axiva Finvest Chairman Dr J Alexander Flags off Ultra Modern Ambulance for Public Use.



## Investa-2019

KLM Axiva Chairman Dr. J Alexander IAS (Retd.) Inaugurating the Investors' Meet at Kuruppumpady Branch.



KLM Axiva Finvest Whole Time Director Shri. Shibu Thekkumpuram lighting the lamp at the Inauguration of Coffee with KLM, Thodupuzha Branch.



## KLM FOUNDATION

KLM Foundation is a non-profit Organization, providing community services in the field of quality education, medicare, unemployment and youth welfare, guided by the belief that every life has equal value. KLM Foundation works to help all people lead healthy productive lives.



KLM FOUNDATION

KLM Chairman Dr. J Alexander IAS (Retd.) lighting the lamp at the Inauguration of KLM foundation's "Vidhyakiran Project"



നിരചർതു  
ചിത്രകലാപദ്ധതി

A Collage of "Niracharthu"- an initiative under the aegis of KLM foundation, to promote and develop young artistic minds.

**KLM TOWER**  
HEADQUARTERS  
KOTHAMANGALAM



**KLM GOLD LOAN**

**Axiva  
Microfin**

**KLM  
MONEY TRANSFER**

**AXIVA  
HEALTH CARE**  
We care for you  
Health too

**KLM  
foreXX**

Corporate Office  
KLM House, Kakkanad Road  
Palarivattom, Cochin-682025  
Ph: +91 484-4281111

Head Quarters  
KLM Tower, College Road  
Kothamangalam-686691  
Ph: +91 485-2838200