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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, Non-Executive Director (Non-Independent)
Mr. 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. Srikanth G. Menon

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
Chartered Accountant
Chakkaraparambu, Kochi

KLM AXIVA FINVEST LIMITED

Regd Off : Subodh Business Centre, 408, Malik chambers
Hyderguda, Hyderabad, Telangana, 500029
Ph : 0484 4281111, 4046766, e-mail : admindvn@klmgroup.in
CIN: U65910TG1997PLC026983

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the members ofKLM Axiva Finvest Limited will be held on Thursday, 26th day of November, 2020 at 10.30 am at the registered office of the company situated at Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana - 500074, Indiato transact the following business:

Ordinary Business:

1. To receive consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2020 and Reports of Board of Directors' and Auditors'thereon.

2. To appoint a Director in place of Mr.Josekuty Xavier(DIN: 02073994) who retires by rotation and, being eligible, offer himself for re-appointment.

Special Business:

3. To increase the Authorised Share Capital of the Company:

   To consider and, if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification (s) and reenactment (s) thereof for the time being in force) and the rules framed thereunder, consent of the Members be and is hereby accorded to increase the Authorized Share Capital of the Company from Rs.60,00,00,000/-(Rupees Sixty Crores) consisting of 6,00,00,000 (Six Crore) equity shares of Rs.10/- (Rupees Ten) each to Rs.75,00,00,000/-(Rupees Seventy Five Crore) consisting of 7,50,00,000(Seven Crore Fifty Lakhs) equity shares of Rs. 10/- (Rupees Ten) each."

   RESOLVED FURTHER THAT the existing Clause V (a) of the Memorandum of Association of the Company be altered and substituted by the following new Clause:

   V(a) The Authorised Capital of the Company is Rs. 75,00,00,000/- (Rupees Seventy Five Crores Only) divided into 7,50,00,000 (Seven Crores Fifty Lakhs) Equity Shares of face value of Rs.10 (Rupees Ten only) each with power for the Company to consolidate, convert, sub-divide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto subject to the provisions of the Companies Act, 2013."

   RESOLVED FURTHER THAT any of the directors of the Company be and is hereby authorised to do all acts as deemed necessary for giving effect to the said resolution"

By order of the Board
For KLM AxivaFinvest Limited

ShibuTheckumpurath Varghese
Whole time Director
DIN: 02079917

Place:Ernakulam
Date: 30.10.2020

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 along with the Annual Report 2019-20 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO: 3

The Authorised Share Capital of the company presently stands at Rs. 60,00,00,000/- (Rupees Sixty crores only) divided into 6,00,00,000 (Six Crore) equity shares of face value of Rs. 10/- (Rupees Ten) each. The Board of directors of the company considered the necessity of new long term capital for funding the business operations of the Company. Thus it is proposed to increase the authorized capital from 60,00,00,000/- (Rupees Sixty crores only) to Rs.75,00,00,000/- (Rupees Seventy Five Crores only) divided into 7,50,00,000/- (Seven crores Fifty Lakhs) Equity Shares of Rs.10 (Rupees Ten only) each, which will rank paripassu in all respects with existing equity shares.

For this purpose, the Memorandum of Association of the Company is proposed to be suitably altered as set out at Item No. 3 of the accompanying Notice.

A copy of Memorandum of Association with the proposed change is available for inspection by the members during the office business hours of the Company.

The provisions of the Companies Act, 2013 require the Company to seek the approval of the Members for increase in the authorized share capital and for the alteration of capital clause of the Memorandum of Association of the Company.

So, the Board of Directors accordingly recommended the resolutions set out in Item No.3for the approval of the members.

None of the Directors / Key Managerial Personnel/ or their relatives are, in any way, concerned or interested in the proposed resolution except to the extent of their shareholding.

By order of the Board
For KLM AxivaFinvest Limited

ShibuTheckumpurath Varghese
Whole time Director
DIN: 02079917

Place:Ernakulam
Date: 30.10.2020

KLM AxivaFinvest Limited
FormNo. MGT-11
Proxy form

[Pursuant to section105(6)of theCompanies Act, 2013andrule 19(3) oftheCompanies(Management and Administration) Rules,2014]

CIN: **U65910TG1997PLC026983**

Name of thecompany: **KLM AXIVA FINVEST LIMITED**

Registered office: **Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana - 500074, India.**

Name of themember (s) :

Registered address :

E-mail Id :

Folio No/ Client Id: DP ID :

I/We, beingthemember (s)of …………shares of theabovenamed company, hereby appoint

1.Name : ………………………………………… Address :………………………………………………..……
E-mail Id :………………………………………….. Signatur :…………………………….….,orfailing him
2.Name : ………………………………………… Address :……………………………………………………..…
E-mail Id :………………………………………….. Signature :…………………………….….,orfailing him
3.Name : ………………………………………… Address :……………………………………………………..…
E-mail Id :………………………………………….. Signature :……………………………………………………..…

as my/our proxyto attend and vote(ona poll) for me/us and on my/our behalf atthe 23rdAnnualgeneral meeting of thecompany, to beheld on Thursday, the 26thday of November, 2020 At 10.30 a.m.atDoor No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana - 500074, India. And at anyadjournment thereof inrespectof such resolutions asareindicated below:

Resolution No.		Optional *	
Ordinary Business		For	Against
1.	To consider and adopt the Financial Statements of the Company for the financial year ended 31st March, 2020 and the Reports of the Board of Directors and the Auditors.		
2.	To appoint a Director in place of Mr.Josekuty Xavier (DIN: 02073994), who retires by rotation and, being eligible, offer himself for re-appointment.		
Special Business			
3.	To increase Authorised capital from Rs.60 Crores to Rs.75 Crores.		

Signed this……. day of…………2020

Signature of shareholder:

Signature of Proxy holder(s):

Affix
Revenue
Stamp

Note: This formof proxy in order tobe effectiveshould be duly completed and deposited atthe Registered Office ofthe Company,notless than 48 hoursbefore the commencement of theMeeting.

KLM AXIVA FINVEST LIMITED

CIN:**U65910TG1997PLC026983**

Registered office: **Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana - 500074, India.**

ATTENDANCE SLIP

Folio No. .... DP ID No. ....

Client ID No. ....

Name of Member:...

Name of Proxy holder...

No. of Share(s) Held:...

I hereby record my presence at the Twenty Third Annual General Meeting of the **KLM AXIVA FINVEST LIMITED** held on Thursday, 26th November, 2020 at 10.30 A.M. at Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana - 500074, India.

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Signature of Member/Proxy

Notes:

(1) Members/Proxy holders are requested to produce the attendance slip duly signed for admission to the Meeting hall.

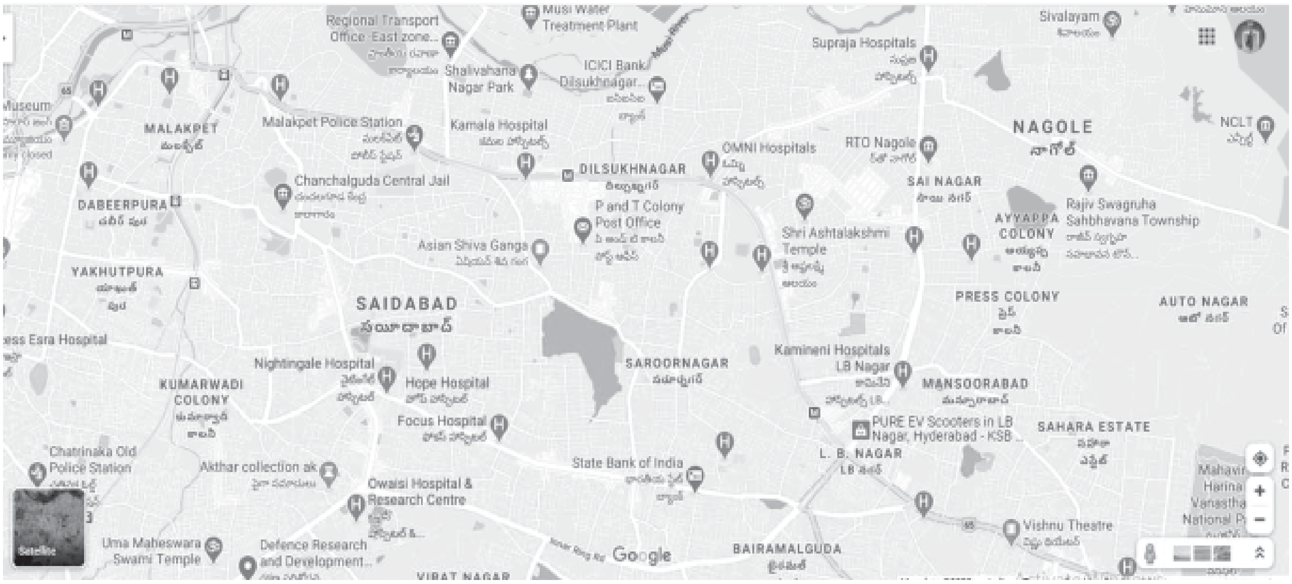
(2) Members are requested to bring their copy of Annual Report for reference at the Meeting.

ROUTE MAP TO REACH THE VENUE OF ANNUAL GENERAL MEETING

Door No. 3-3-408/1, First Floor, RTC Colony Opposite SBI Bank LB Nagar, Mansoorabad

Hyderabad Rangareddi,

Telangana, 500074



DIRECTORS' REPORT

Dear Members,

Your Directors are delighted to present the 23rd Annual Report on the business and operations of your Company together with the Audited Financial Statements for the financial year ended 31st March, 2020.

1. FINANCIAL RESULTS

The financial performance of the Company is summarized below:

Amount in Rs.

Particulars	2019-2020	2018-2019
Revenue from Operation	995,658,991	662,923,323
Other Income	26,840,068	2,522,469
Total Revenue	1,022,499,059	665,445,792
Total Expenses	947,596,300	628,385,565
Profit or Loss Before Tax and Extraordinary Items	74,902,759	37,060,228
Tax Expenses	69,834,775	14,685,033
Profit for the period	5,067,984	22,375,195
Earnings per equity share (Basic and Diluted)	0.10	0.56

2. COVID-19

In the last month of Financial Year 2020, the COVID-19 pandemic increasing rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers and we switch to work from home for employees. As of March 31, 2020, work from home was enabled to close to 90 percent of the employees to work remotely and securely. This response has reinforced customer confidence in Company and many of them have expressed their appreciation and gratitude for keeping their businesses running under most challenging conditions.

3. STATE OF THE COMPANY'S AFFAIRS

The financial year 2019-20 the Company has raised Rs.93.83 crore by way of its second pubic issue of NCDs.

Your Directors are also please to inform that the Company has reached its asset size to Rs. 500 crores during the financial year and changed its category to systemically important Company.

Profit after taxes was Rs.5,067,984 in FY 2019-20 as compared to Rs.22,375,195 in FY 2018-19. The expenditure of the Company had an upward trend due to the expenditure in connection with the public issue and branch expansion.

I. Change in the financial year:

There is no change in the financial year during the year.

II. Capital expenditure programs:

There are no major capital expenditure programs except purchase of office equipment's and furniture's etc.

III. Developments, acquisition and assignment of material Intellectual Property Rights: There were no major developments, acquisition and assignment of material Intellectual Property Rights

4. OPERATIONS

The operations of your Company are predominantly in to financing activities and as such it is a NBFC-Investment and Credit Company (NBFC-ICC) as per the guidelines issued by the Reserve Bank of India.

Your Directors are pleased to inform that your Company has opened 55 new branchesduring the year under review.

5. 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.09.00006. Your Company has been regular in complying with all the applicable regulations, circulars etc. issued by the RBI from time to time.

6. RBI GUIDELINES

The Company being a non-deposit taking NBFC has complied with all applicable regulations of the Reserve Bank of India. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and is not having public deposits outstanding at the end of the year.

7. CAPITAL ADEQUACY AND NET OWNED FUNDS

The Capital Adequacy Ratio of the company is in compliance with the minimum capital adequacy requirement specified by RBI.

As per the audited financial statements for the year 2019-20, the net owned fund (NOF) of the Company is Rs.65.06 Crores which is in compliance to the revised regulatory framework issued by the Reserve Bank of India

8. INDIAN ACCOUNTING STANDARDS

Vide notification dated February 16, 2015 the Ministry of Corporate Affairs notified the Indian Accounting Standards ("Ind AS") are applicable to listed companies.Your Company has issued Secured redeemable non-convertible debentures (NCD's) and these debentures are listed in Bombay Stock Exchange and hence IND AS is applicable to your Company for the financial year 2019-20.

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 STATEMENTSMATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

On 02nd July, 2020 the Company issued 123 crores Non Convertible Debentures and no other 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. DETAILS OF REVISION OF FINANCIAL STATEMENT OR THE REPORT

The Board of Directors of your company has not revised any reports or financial statements of your company in respect of any of the three preceding financial years either voluntarily or pursuant to the order of a judicial authority.

12. RESERVES

The Securities premium account and General Reserve account of the Company is Rs.79,017,562/- and Rs. 4,08,000/- respectively.

Statutory Reserve:

During the year, Company has transferred Rs.1,013,600/- to the Statutory Reserve maintained under Section 451C of the Reserve Bank of India Act, 1934 taking it to a total of Rs.3,42,67,100/- post transfer of profits to reserves.

13. DIVIDEND

During the year, Company has paid an interim dividend of Rs. 1 /- per share.

14. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

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

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

During the financial year 2019-20, the Company has allotted 16,35,000 equity shares on 23.01.2020through 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.531,282,280 (Rupees Fifty Three Crore Twelve Lakh Eighty Two Thousand Two Hundred and Eighty Only) divided into 53,128,228 equity shares of Rs.10/- each.

16. DISCLOSURE REGARDING ISSUE OF EQUITY SHARES WITH DIFFERNTIAL RIGHTS

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

17. DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

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

18. DISCLOSURE REGARDING ISSUE OF SWEAT EQUITY SHARES.

The Company has not issued any sweat equity shares.

19. DISCLOSURE REGARDING SHARES HELD IN TRUST FOR THE BENEFIT OF EMPLOYEES WHERE THE VOTING RIGHTS ARE NOT EXERCISED DIRECTLY BY THE EMPLOYEES

Since the company has not provided any option to employees, none of the Shares held in trust for the benefit of employees where the voting rights are not exercised directly by the employees

20. DISCLOSURE REGARDING BUY BACK OF SECURITIES

Your Company has not bought back any of its securities during the year under review.

21. DISCLOSURE REGARDING BONUS SHARES

Your Company has not issued any Bonus Shares during the year under review.

22. DISCLOSURE REGARDING ISSUE OF WARRANTS

Your Company has not issued any warrants during the year under review.

23. CAPITAL ADEQUACY

Your Company is well capitalized and has a capital adequacy ratio (Capital to risk weighted assets ratio – CRAR) of 17.02%as on March 31, 2020. The minimum regulatory requirement for non-deposit accepting NBFCs is 15%.

24. 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	Director	02/12/2014	02073994	Non Independent	Non-Executive
3.	Mr. ShibuTheckumpurath Varghese	Whole-time director	27/07/2016	02079917	Non Independent	Executive
4.	Mrs. BijiShibu	Director	09/03/2013	06484566	Non Independent	Non-Executive
5.	Mr.James Joseph Arambankudiyil	Director	19/052/2013	06566906	Non Independent	Non-Executive
6.	Mr. Issac Jacob	Director	17/03/2018	02078308	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	-

During the year Mr. Josekutty Xavier resigned from the post of Wholetime Director and continue as director w.e.f 28/10/2019.

In accordance with provisions of the Companies Act, 2013, Mr. Josekutty Xavier retire by rotation at the ensuing 23rdAnnual General Meeting and being eligible offer himself for re-appointment.

Mr.Shibu Theckumpurath Varghese, Whole-time director, Mr. Thanish Dalee, Chief Financial Officer and Mr.Srikanth.G. Menon, Company Secretary have 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 Theckumpurath Varghese	Mrs. Biji Shibu	Mr. James Joseph Arambankudyil	Mr. Issac Jacob
1.	18th April, 2019	Yes	Yes	Yes	Yes	Yes	Yes
2.	29th May, 2019	Yes	No	Yes	Yes	No	Yes
3.	19th July, 2019	Yes	Yes	Yes	Yes	Yes	Yes
4.	28th October, 2019	Yes	Yes	Yes	Yes	Yes	No
5.	14th November, 2019	Yes	Yes	Yes	Yes	Yes	No
6.	13th December, 2019	Yes	Yes	Yes	Yes	Yes	Yes
7.	23rd January, 2020	No	Yes	Yes	Yes	Yes	No
8.	07th February, 2020	Yes	Yes	Yes	Yes	Yes	No
9.	09th March, 2020	No	Yes	Yes	No	Yes	No

1. 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 fulfils 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 overseas 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 year2019-20.

The Committee comprises the following members as on 31st March, 2020:

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

B. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and remuneration Committee met 3 time during the financial year 2019-20.

The Committee comprises the following members as on 31st March, 2020:

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

C. ASSET LIABILITY MANAGEMENT COMMITTEE

No meeting were held during the financial year 2019-20.

The Committee comprises the following members as on 31st March, 2020:

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. Shibu TheckumpurathVarghese	Non Independent	Member	NA

D. RISK MANAGEMENT COMMITTEE

No meeting were held during the financial year 2019-20.

The Committee comprises the following members as on 31st March, 2020:

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1	Mr. ShibuTheckumpurathVarghese	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 2 times during the financial year 2019-20.

The Committee comprises the following members as on 31st March, 2020:

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

F. DEBENTURE COMMITTEE

The Debenture Committee met 8times during the financial year 2019-20.

The Committee comprises the following members as on 31st March, 2020:

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	8
3.	Mr. Josekutty Xavier	Non Independent	Member	8
4.	Mr.James Joseph Arambankudiyil	Non Independent	Member	8

G. FINANCECOMMITTEE

The Finance Committee met 10times during the financial year 2019-20.

The Committee comprises the following members as on 31st March, 2020:

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr.ShibuTheckumpurath Varghese	Non Independent	Chairman	10
2.	Mrs. BijiShibu	Non Independent	Member	9
3.	Mr. Josekutty Xavier	Non Independent	Member	10
4.	Mr.James Joseph Arambankudiyil	Non Independent	Member	10

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

H. CORPORATE SOCIAL RESPONSIBILTY COMMITTEE

The CSRCommittee was constituted in compliance with the provisions of Section 135 of the Companies Act, 2013 by a Board resolution dated 03rd 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. BijiShibu	Non Independent	Member	1
3.	Dr. Alexander John Joseph	Independent	Member	1

26. 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.

The matter reported is investigated and if the wrong done 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.

27. COMPANY'S POLICY ON DIRECTOR'S, KMPS & OTHER EMPLOYEES APPOINTMENT & REMUNERATION INCLUDINGCRITERIAFOR DETERMININGQUALIFICATION, 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.

Thepolicyadopted 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.

28. 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)andMr.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.

29. SUBSIDIARIES/JOINT VENTURE/ASSOCIATE COMPANY

During the year under reviewthe Company acquired 100% equity shares of KMLM Financial services Ltd and subsequentlyKMLM Financial services Ltd became the wholly owned subsidiary of KLM AxivaFinvest Ltd.

Joint Venture/Associate Company:Nil

30. RAISING OF ADDITIONAL CAPITAL

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

During the period under review, we are pleased to inform you that your Company has successfully completed 2nd public issues and raised an amount of Rs. 93.83 Crores through its public issue of 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 Kfintech 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. 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 othercreditors 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 11,59,333 units of subordinated debts.

C. Private Placement of Shares

During the period under review, the Company by way of Private Placement, has allotted 16,35,000 equity shares.

D. Bank Loan

As on 31stMarch, 2020 Company have outstanding bank loan of Rs. 101,776,639/-

31. 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.

32. 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.Thepolicy adopted by the Company for Risk Management is placed on the website of the Company.

33. 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.

34. 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)
Non-Convertible Debenture Issue	93	CARE BB+;Stable (Double B Plus; Outlook: Stable)	

35. 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.

36. 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 1st July 2015.

37. CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)

Since there is no corporate insolvency resolution process or initiations are pending against the company under the Insolvency and Bankruptcy Code, 2016, disclosures relating to the same are not applicable to your company.

38. 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.

39. 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.

40. 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.

41. 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.

42. 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.16,74,109 on CSRprojects/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. 11,62,013. 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** 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

43. 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.

44. 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.

45. 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 theCompanies Act, 2013 not applicable.

46. PARTICULARS OF EMPLOYEES

Disclosures as required under Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 areappended 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.

47. AUDITORS

a) Statutory Auditors under section 139

Members of the company at their 22nd Annual General Meeting held on (17th August, 2019 have appointed M/s. Balan& Co., (FRN 000340S), Chartered Accountants, Aluva, as Statutory Auditors for a term of 4 (four) financial years from 2019-20 to 2022-23, who will hold office up to the conclusion of the 26thAGM to be held in the year 2023

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 2019-20 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 2019-20

The Auditors' Comment:
Company has failed to comply with AS-19(Employee Benefit)

Management reply:
The Company has approached Life Insurance Corporation of India to adopt actuarial valuation for the compliance of AS-19.

48. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

a. In the preparation of the annual accounts for the year ended March 31, 2020, 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, 2020 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.

49. DEMATERIALIZATION OF SHARES / SECURITIES:

The equity shares of the Company are detmaterilsed during the year and the ISIN is INE01I501011 in order to comply with the Rule 9A(4) of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

50. 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 AxivaFinvest Limited**

	Josekutty Xavier	ShibuTheckumpurath Varghese
Place: Ernakulam	Director	Whole-time Director
Date: 30.10.2020	(DIN: 02073994)	(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 ofthe 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. ShibuTheckumpurath Varghese
b) Mrs. BijiShibu
c) Dr. AlexanderJohn Joseph

3. Average Net Profit of the Company for the last 3 years: Rs.58100635/-
4. Prescribed CSR Expenditure: Rs.11,62,013/-
5. Details of CSR spent during the financial year.
(a) Total amount spent for the financial year: Rs.1674109/-
(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	Kothamangalm, Kerala	5,00,000	4,68,698	4,68,698	KLM Foundation
Medical Camps & Cansave Project	Health	Kothamangalm, Kerala	12,00,000	12,05,410	12,05,410	KLM Foundation

//By Order of the Board//
For **KLM AxivaFinvest Limited**

	Josekutty Xavier	ShibuTheckumpurath Varghese
Place: Ernakulam	Director	Whole-time Director
Date: 30.10.2020	(DIN: 02073994)	(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 2019-20.**

Sl. No	Name of Director	Designation	Ratio of the remuneration of each Director to median remuneration of Employees
1	Mr.Josekutty Xavier	Non-Executive Director	NA
2	Mr.ShibuTheckumpurath Varghese	Executive Director	1:15:9
3	Dr. Alexander John Joseph	Independent Non-Executive Director	NA*
4	Mrs. BijiShibu	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 2019-20.**

Sl. No	Name of Director	Designation	% increase in Remuneration
1	Dr. Alexander John Joseph	Independent Director	NA
2	Mr.Josekutty Xavier	Non-Executive Director	NIL
3	Mr.ShibuTheckumpurathVarghese	Executive Director	NIL
4	Mrs. BijiShibu	Non-Executive Director	NA
5	Mr.James Joseph Arambankudyil	Non-Executive Director	NA
6	Mr.Issac Jacob	Independent Director	NA
7	Mr. ThanishDalee	Chief Financial Officer	7%
8	Mr. Srikanth G Menon	Company Secretary & Compliance officer	10%

c) **The percentage increase in the median remuneration of employees in the financial year 2019-20**:

Median Remuneration of employees is Rs 15,000/- and Rs 15,750/- per month for FY 18-19 & FY 19-20 respectively. The percentage increase in the median remuneration of employees in the financial year 2019-20 is -5%.

d) **The number of permanent employees on the rolls of company as on March 31, 2020**:**633**

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 2019-20 is around 9.41% while the average increase in the remuneration of the Key Managerial Personnel is 6%.

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

//By Order of the Board//
For **KLM AxivaFinvest Limited**

	Josekutty Xavier	ShibuTheckumpurath Varghese
Place: Ernakulam	Director	Whole-time Director
Date: 30.10.2020	(DIN: 02073994)	(DIN: 02079917)

ANNUXURE I

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

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	Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana - 500074, India.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.	Kfin Technologies Private LtdSelenium 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
1	KMLM Financial Services Ltd	U74110KL2011PLC029750	Subsidiary	100%	2(87)

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-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual/ HUF		2,987,300	2,987,300	5.80%	2,750,000	487,300	3,237,300	6.09%	8.37%
b) Central Govt			-	0.00%			-	0.00%	0.00%
c) State Govt(s)			-	0.00%			-	0.00%	0.00%
d) Bodies Corp.			-	0.00%			-	0.00%	0.00%
e) Banks / FI			-	0.00%			-	0.00%	0.00%
f) Any other			-	0.00%			-	0.00%	0.00%
Sub Total (A) (1)	-	2,987,300	2,987,300	5.80%	2,750,000	487,300	3,237,300	6.09%	8.37%
(2) **Foreign**									
a) NRI Individuals			-	0.00%			-	0.00%	0.00%
b) Other Individuals			-	0.00%			-	0.00%	0.00%
c) Bodies Corp.			-	0.00%			-	0.00%	0.00%
d) Any other			-	0.00%			-	0.00%	0.00%
Sub Total (A) (2)	-	-	-	0.00%	-	-	-	0.00%	0.00%
TOTAL (A)		-	2,987,300	2,987,300	5.80%	2,750,000	487,300	3,237,300	6.09%
B. Public Shareholding									
a) Mutual Funds			-	0.00%			-	0.00%	0.00%
b) Banks / FI			-	0.00%			-	0.00%	0.00%
c) Central Govt			-	0.00%			-	0.00%	0.00%
d) State Govt(s)			-	0.00%			-	0.00%	0.00%
e) Venture Capital Funds			-	0.00%			-	0.00%	0.00%
f) Insurance Companies			-	0.00%			-	0.00%	0.00%
g) FIIs			-	0.00%			-	0.00%	0.00%
h) Foreign Venture Capital Funds			-	0.00%			-	0.00%	0.00%
i) Others (specify)			-	0.00%			-	0.00%	0.00%
Sub-total (B)(1):-	-	-	-	0.00%	-	-	-	0.00%	0.00%
2. Non-Institutions									
a) Bodies Corp.a)									

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	
i) Indian			-	0.00%			-	0.00%	0.00%
ii) Overseas			-	0.00%			-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh		55000	55,000	0.11%			-	0.00%	0.05%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh		48,450,928	48,450,928	94.09%	11639441	38,251,487	49,890,928	93.91%	2.97%
c) Others (specify)									
Non Resident Indians			-	0.00%			-	0.00%	0.00%
Overseas Corporate Bodies			-	0.00%			-	0.00%	0.00%
Foreign Nationals			-	0.00%			-	0.00%	0.00%
Clearing Members			-	0.00%			-	0.00%	0.00%
Trusts			-	0.00%			-	0.00%	0.00%
Foreign Bodies - D R			-	0.00%			-	0.00%	0.00%
Sub-total (B)(2):-	-	48,505,928	48,505,928	94.20%	11,639,441	38,251,487	49,890,928	93.91%	2.86%
Total Public (B)	-	48,505,928	48,505,928	94.20%	11,639,441	38,251,487	49,890,928	93.91%	2.86%
ClearingMembers			-	0.00%			-	0.00%	0.00%
Trusts			-	0.00%			-	0.00%	0.00%
Foreign Bodies - D R			-	0.00%			-	0.00%	0.00%
Sub-total(B)(2):-	-	3,95,01,487	3,95,01,487	98.78%	-	4,85,05,928	4,85,05,928	94.20%	22.80%
Total Public(B)	-	3,95,01,487	3,95,01,487	98.78%	-	4,85,05,928	4,85,05,928	94.20%	22.80%
C. Shares held by Custodian for GDRs & ADRs				0.00%				0.00%	0.00%
Grand Total (A+B+C)	-	51,493,228	51,493,228	100%	14,389,441	38,738,787	53,128,228	100%	11.22%

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year [As on 1-April-2019]			Shareholding at the end of the year [As on 31-March-2020]			% Change in share-holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Princy Josekutty	47,000	0.12		47,000	0.09%		0.00%
2	Biji Shibu	2,940,300	7.35		3,190,300	6.00%		8.50%

**The promoters are reclaissified 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	0.09%	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			2,940,300	5.71%	2,940,300	5.53%
	Changes during the year	23.01.2020	Allot	250,000	0.49%	3,190,300	6.00%
	At the end of the year					3,190,300	6.00%

(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			3,656,450	7.10%	3,656,450	6.88%

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
	Changes during the year			100,000	0.19%	3,756,450	7.07%
	Changes during the year						
	At the end of the year					3,756,450	7.07%
2	Jose Sebastian Nalpat						
	At the beginning of the year			1,500,000	2.91%	1,500,000	2.82%
	Changes during the year						
	At the end of the year					1,500,000	2.82%
3	Baby Mathew						
	At the beginning of the year			1,500,000	2.91%	1,500,000	2.82%
	Changes during the year						
	At the end of the year					1,500,000	2.82%
4	Joby George						
	At the beginning of the year			1,000,000	1.94%	1,000,000	1.88%
	Changes during the year						
	At the end of the year					1,000,000	1.88%
5	George Jacob A.K/Majie George						
	At the beginning of the year			900,000	1.75%	900,000	1.69%
	Changes during the year						
	At the end of the year					900,000	1.69%
6	Reji Kuriakose						
	At the beginning of the year			860,500	1.67%	860,500	1.62%
	Changes during the year						
	At the end of the year					860,500	1.62%

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
7	Sabu Paul						
	At the beginning of the year			747,095	1.45%	747,095	1.41%
	Changes during the year						
	At the end of the year					747,095	1.41%
8	Lissy Ittoop						
	At the beginning of the year			720,000	1.40%	720,000	1.36%
	Changes during the year						
	At the end of the year					720,000	1.36%
9	Ittoop K.O.						
	At the beginning of the year			680,000	1.32%	680,000	1.28%
	Changes during the year						
	At the end of the year					680,000	1.28%
10	Bindu Peeyus						
	At the beginning of the year			572,000	1.11%	572,000	1.08%
	Changes during the year						
	At the end of the year					572,000	1.08%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative 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			322,500	0.63%	322,500	0.61%
	Changes during the year				0.00%	-	0.00%
	At the end of the year					322,500	0.61%
3	Biji Shibu						
	At the beginning of the year			2,940,300	5.71%	2,940,300	5.53%
	Changes during the year	23.01.2020	Allot	250,000	0.49%	3,190,300	6.00%
	At the end of the year					3,190,300	6.00%
4	Shibu Tekkumpurath Varghese						
	At the beginning of the year			4,561,200	8.86%	4,561,200	8.59%
	Changes during the year	23.01.2020	Allot	250,000	0.49%	4,811,200	9.06%
	At the end of the year				0.49%	4,811,200	9.06%
5	James Joseph Arambankudiyil						
	At the beginning of the year			10,000	0.02%	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	Thanish 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%
8	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
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,451,870,513.00	1,891,003,000.00	-	3,342,873,513.00
ii) Interest due but not paid			-	
iii) Interest accrued but not due	51,983,911.00	93,278,588.00	-	-
Total (i+ii+iii)	1,503,854,424.00	1,984,281,588.00	-	3,342,873,513.00
Change in Indebtedness during the financial year				
* Addition	403,386,195.00	1,164,044,387.00	-	1,567,430,582.00
* Reduction	-	-	-	-
Net Change	403,386,195.00	1,164,044,387.00	-	1,567,430,582.00
Indebtedness at the end of the financial year				
i) Principal Amount	1,842,757,541.00	3,050,336,000.00		4,893,093,541.00
ii) Interest due but not paid				
iii) Interest accrued butnot due	64,483,078.00	97,989,975.00		162,473,053.00
Total (i+ii+iii)	1,907,240,619.00	3,148,325,975.00		5,055,566,594.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL - NIL

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
	Name		Shibu Theckumpurath Varghese	(Rs/Lac)
	Designation		Whole-time Director	
1	Gross salary		3,600,000.00	3,600,000.00
	(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 (A)	-	3,600,000.00	3,600,000.00
	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	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	-	-	-	-
2	Other Non-Executive Directors	Biji Shibu	James Joseph Arambankudyil	Josekutty Xavier	
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	750,000.00	750,000.00
	Total (2)	-	-	750,000.00	750,000.00
	Total (B)=(1+2)	-	-	750,000.00	750,000.00
	Total Managerial Remuneration	-	-	-	4,350,000.00
	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	-	1,905,000.00	882,600.00	2,787,600.00
	(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	-	1,905,000.00	882,600.00	2,787,600.00

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NIL

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

For and on behalf of the Board of Directors

Mr. Josekutty Xavier
Wholetime Director
DIN: 02073994

Mr. Shibu Theckumpurath Varghese
Wholetime Director
DIN: 02079917

FORM NO. AOC.1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part "A": Subsidiaries

Sl. No.	Particulars	Details / (Amount is Rs.)
1	Name of the subsidiary	KMLM FINANCIAL SERVICES LIMITED
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01/04/2019-31/03/2020
3	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Nil
4	Share capital	2,15,50,000
5	Reserves & surplus	13,57,705
6	Total assets	2,78,23,368
7	Total Liabilities	10,61,194
8	Investments	2,47,50,000
9	Turnover	-
10	Profit before taxation	18,33,149
11	Provision for taxation	4,75,444
12	Profit after taxation	1,35,705
13	Proposed Dividend	Nil
14	% of shareholding	100

Notes:

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year

Part "B": Associates and Joint Ventures

The Company has no associate company or joint venture

For KLM Axiva Finvest Limited

Shibu Theckumpurathu Varghese
Wholetime Director
(DIN: 02079917)

Annexure III

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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,
Door No. 3-3-408/1, First Floor,
RTC Colony, Opposite SBI Bank LB Nagar,
Mansoorabad, Hyderabad,
Telangana – 500074.

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 31st March, 2020 ("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"), in electronic form due to situation of "COVID-19" pandemic situation and due to strict lock down imposed by the State Government, for the financial year ended on 31st March, 2020 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;

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) The Reserve Bank of India (Know Your Customer (KYC) Directions, 2016

13) 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 has not fully 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 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 report that, as per the explanations given to us and the representations made by the Management and relied upon by us, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, during the audit period:

a) The Company has raised a sum of Rs.93.83 crores through public issue of Secured Non Convertible Debentures.

b) The Company has acquired 21550 equity shares of Rs.1,000/- each fully paid up in M/s. KMLM Financial Services Limited for a total consideration of Rs.2.47.70.000/-

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

Date : 26th October, 2020
Place : Hyderabad
UDIN : **F007157B001058251**

(NEKKANTI S.R.V.V.S. NARAYANA)
ProprietorM.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,
Door No. 3-3-408/1, First Floor,
RTC Colony, Opposite SBI Bank LB Nagar,
Mansoorabad, Hyderabad,
Telangana – 500074.

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 : 26th October, 2020
Place : Hyderabad

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

Non-Banking Financial Institutions

Structure of Non-banking financial institutions in India

Indian financial system includes banks and non-banking financial institutions. Though banking system remains dominant in financial services, non-banking financial institutions have grown in importance by carving a niche for themselves in the under-penetrated regions and unbanked segments.

NBFCs: an important part of the credit system

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

Customers demand convenience and ease of finance

NBFCs have strengthened their presence in semi-urban and rural areas, which gives them extensive regional presence and understanding of the local markets, and helps them customise products to suit customer needs. This regional presence in untapped territories helps them reach out to the unorganised sectors. With low turnaround time, better service, NBFCs are better able to meet customer demand for convenience.

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

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

A typical loan customer expects rapid and accurate appraisals, easy access, quick approval and disbursement. Webelieve that we meet these criteria when compared to other money lenders, and thus our focus is to expand our loan financing business. At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base to include customers who otherwise would rely on the unorganized sector.

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

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

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

Our Strategies

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

Further strengthen and grow our gold loan and microfinance business

Our Company started offering customized loans to small enterprises finance segment in 2013-14 and has continually focused on expanding our customer base for this product since then. We see a significant opportunity for our Company to expand our customer base in small enterprise finance segment. We intend to focus on the industry opportunity and leverage our established presence to further grow our gold loan and microfinance business.

To implement advanced processes and systems

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

Further strengthen our risk management and loan appraisal

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

Asset and Liability Management ("ALM")

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

Credit Risk

Credit risk is the possibility of loss due to the failure of any counterparty abiding by the terms and conditions of any financial contract with us. We aim to reduce the aforesaid credit risk through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy.

Operational Risk

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

Financial Risk

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

Market Risk

Market risk refers to potential losses arising from the movement in market values of interest rates in our business.

The objective of market risk management is to avoid excessive exposure of our earnings to loss. The majority of our borrowings, and all the loans we make, are at fixed rates of interest. Thus, presently, our interest rate risk is minimal.

Internal Audit Department

Our internal audit department assists in the management of operational risk using our centralised monitoring systems. Separate divisions of our internal audit department are in place to handle the audit of the departments of the corporate office and those of the branch offices. The audits of our branches are divided into two categories:

(i) Audit and (ii) Inspection.

(ii) Branch audit is carried out quarterly with the focus on the verification of documents,accounts, performance and compliance. In addition, an incremental high value loan check is carried out by regionalmanagers as part of their periodical branch inspection.

Risk Management Audit

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

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

Particulars	**2019-2020**	**2018-2019**
Gold Loan	2554040423	1514128094
MSME	1897468431	1407422516
Personal Loan	243725413	628506260
Microfinance	439490403	254631181
Total AUM	5135453260	3815086544
Gross NPA	451205000	605911019
Gross NPA/AUM%	8.79%	15.88%
Net NPA	306573000	460810814
Net NPA/AUM%	5.97%	12.08%
Net worth	650662450	625974466
Return on net worth %	.78	3.57
Revenue from Operations	995658991	662923323
Profit after Tax	5067984	22375195

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

(Formerly known as NEEDS FINVEST LIMITED)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **KLM Axiva Finvest Limited** ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of profit and loss (including Other Comprehensive Income), the statement of cash flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit/loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis Of Matter

We draw attention to Note 3 to the Standalone Financial Statements, which describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic.

Due to the Covid-19 pandemic, we were not able to visit the branches of the Company and hence could not verify the underlying security in respect of gold loans. We are relying on the internal control system in force and management representation with respect to the same.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in our audit
Effective 1 April 2019, the Company adopted the IndianAccounting Standards ('Ind AS') notified by the Ministry of Corporate Affairs with the transition date of 1 April 2018. The major impact areas for the Company upon transition are: -Classification and measurement of financial assets and financial liabilities - Measurement of loan losses(expected credit losses) - Accounting for loan fees and costs. The migration to Ind AS is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date.	We have evaluated the management's transition date choices and exemptions for compliance/acceptability under Ind AS 101. We understood the methodology implemented by management to give impact on the transition. We tested the system reports to check the completeness and accuracy of the data and reports used to perform computations for giving effect to Ind AS transition adjustments. We assessed the accuracy of the computations. We assessed areas of significant estimates and management judgment in line with principles under Ind AS and assessed the appropriateness of the disclosures made in the Standalone Financial Statements.
Provision for Expected Credit Losses (ECL) on Loans As against the provisioning norms earlier prescribed by Reserve Bank of India and adopted by the Company in prior years, Ind-AS 109 (Financial Instruments) requires the Company to recognise Expected Credit Loss (ECL) and impairment loss allowances on financial assets. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgment has been applied by the Management for : • Timely identification and classification of the impaired loans. • Staging of loans [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories].• Determination and calculation of probability of default / Loss given default. • Consideration of probability weighted scenarios and forward looking macro-economic factors for determining credit quality of receivables. • Estimation of losses for loan products with no/minimal historical defaults. The outbreak of the COVID – 19 pandemic during the year has necessitated a high degree of Management's judgement to consider the possible impact of uncertainties associated with the same and the Management's judgement involved in estimation of ECL.	We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company. We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates. These controls included, among others, controls over the allocation of assets into stages including management's monitoring of stage effectiveness, model monitoring including the need for post model adjustments and disclosures. We assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3. We tested the appropriateness of determining the Exposure At Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) for a samples of exposure. We performed an overall assessment of the ECL provision levels at each stage including management's assessment on Covid-19 impact to determine if they were reasonable in considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment. We assessed disclosures included in the standalone financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.
Tax expense The Company, during the year, paid an amount of ‘311.31 lakhs towards tax and interest liability relating to assessment	We have obtained the Income Tax Settlement Commission orders, assessment orders giving effect to the Settlement

years 2013-14 to 2016-17 upon the completion of the Income Tax Settlement proceedings after a search and seizure proceeding was initiated under section 132 of the Income Tax Act, 1961 on October 5, 2015 in the case of the Company and other group companies. The Company had declared an additional income of ‘401.64 lakhs before the Settlement Commission for the various assessment years which were subject matter of settlement. Refer Note 30 to the Standalone financial statements.	Commission orders and details of additional income made from the management.We obtained expert opinion in evaluating management's position on the treatment of the tax liability and interest paid and assessed the disclosures made in the standalone financial statements in respect of the same.
Information technology Financial accounting and reporting processes, are fundamentally reliant on IT systems and IT controls to process significant volumes of transaction. The Company's financial accounting and reporting processes are so highly dependent on the automated controls in information systems, that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. From a financial reporting perspective the Company uses and we have tested the financial accounting and reporting system and loan management systems and other tools for its overall financial reporting.	We obtained an understanding of the Company's IT control environment and changes during the audit period that may be relevant to the audit. We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management.We evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.

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

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fairview of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities;

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statement

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However,

future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

(c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.**Except Ind AS-19 - Employee Benefits*

(e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

i. The Company does not have any pending litigations 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,

05.10.2020

“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, 2020:

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

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

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deed provided to us by the Company, the title deeds of immovable properties are held in the name of the company;

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

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

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

5) According to the information and explanations given to us, the Company has not accepted any public deposit from the public within the meaning of section 73 to 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified.

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

7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 for a period of more than six months from the date on when they become payable.

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

8) In our opinion and according to the information and explanations given to us, the Company has not defaulted

in the repayment of dues to banks, financial institutions or debenture holders.The Company has not taken any loans orborrowings from government.

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 during the year under review have been used for the purposes for which the funds were raised. During the year, the Company has not made any preferential allotment or private placement of fully or partly convertible debentures.

15) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.

For Balan & Co.,

Chartered Accountants

(FRN 000340S)

P. Mohandas, FCA

Partner (M.No.021262)

Aluva,

05.10.2020

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of KLM Axiva Finvest Limited

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

We have audited the internal financial controls over financial reporting of KLM Axiva Finvest Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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, 2020, 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,
05.10.2020

Standalone Balance Sheet as at March 31, 2020

Sl no:	PARTICULARS	Note no:	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
	ASSETS				
1.	**Financial Assets**				
(a)	Cash and Cash Equivalents	6	361,816,424	197,883,340	184,510,872
(b)	Bank Balance Other than (a) above	7	10,150,000	10,276,348	299,454
(c)	Loans	8	4,978,299,347	3,669,986,339	1,927,151,681
(d)	Investments	9	24,770,000	-	-
(e)	Other Financial Assets	10	46,431,114	28,277,381	16,872,458
2.	**Non-Financial Assets**				
(a)	Current Tax Assets (Net)	11	-	903,165	-
(b)	Deferred Tax Assets (Net)	12	46,946,240	48,118,510	32,701,284
(c)	Property, Plant and Equipment	13	187,254,438	126,834,573	66,601,221
(d)	Other Intangible Assets	14	3,296,454	3,110,549	1,279,434
(e)	Other Non-Financial Assets	15	81,693,334	42,146,327	21,078,452
	TOTAL		**5,740,657,351**	**4,127,536,533**	**2,250,494,856**
	LIABILITIES AND EQUITY				
1	**Financial Liabilities**				
(a)	Payables		-	-	-
(b)	Debt Securities	16	1,740,980,902	1,403,720,800	546,160,000
(c)	Borrowings (Other than Debt Securities)	17	101,776,639	48,149,713	72,013,562
(d)	Subordinated Liablities	18	3,050,336,000	1,891,003,000	1,055,581,000
(e)	Other Financial liabilities	19	187,571,852	151,127,673	83,382,934
2	**Non-Financial Liabilities**				
(a)	Current Tax Liabilities (Net)	20	6,479,286	-	14,528,527
(b)	Other Non-Financial Liabilities	21	2,850,222	7,560,881	13,282,854
3	**EQUITY**				
(a)	Equity Share Capital	22	531,282,280	514,932,280	399,887,870
(b)	Other Equity	23	119,380,170	111,042,186	65,658,110
	TOTAL		**5,740,657,351**	**4,127,536,533**	**2,250,494,856**

See accompanying notes forming part of the standalone financial statements

For and on behalf of the Board of Directors

As per our report of even date attached

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

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

Place: Aluva
Date: 05.10.2020

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

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

Place: Ernakulam
Date: 05.10.2020

Standalone Statement of Profit and Loss for the year ended March 31, 2020

Sl no:	PARTICULARS	Note no:	Year ended March 31, 2020	Year ended March 31, 2019
I	**Revenue From Operations**			
	Interest Income	24	995,658,991	662,923,323
II	**Other Income**	25	26,840,068	2,522,469
III	**Total income (I+II)**		**1,022,499,059**	**665,445,792**
	EXPENSES			
	Finance Costs	26	513,180,363	299,898,776
	Impairment on Financial Instruments	27	12,053,709	47,683,732
	Employee benefits expenses	28	189,418,924	102,666,613
	Depreciation, amortization and impairment	29	33,777,007	18,373,880
	Other expenses	30	199,166,296	159,762,563
IV	**Total expenses**		**947,596,300**	**628,385,565**
V	**Profit/(Loss) before Tax (III-IV)**		**74,902,759**	**37,060,228**
VI	**Tax Expense:**	31		
	1. Current Tax		37,531,600	30,102,260
	2. Deferred Tax		1,172,270	(15,417,227)
	3. Tax relating to prior years paid on settlement		31,130,905	-
VII	**Profit /(Loss) for the Period (V-VI)**		**5,067,984**	**22,375,195**
VIII	**Other Comprehensive Income**		-	-
IX	**Total Comprehensive Income (VII+VIII)**		**5,067,984**	**22,375,195**
X	**Earnings per Equity Share**	32		
	Basic & Diluted (Rs.)		0.10	0.56

See accompanying notes forming part of the standalone financial statements

For and on behalf of the Board of Directors

As per our report of even date attached

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

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

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

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

Srikanth G. Menon
Company Secretary

Place: Aluva
Date: 05.10.2020

Place: Ernakulam
Date: 05.10.2020

Standalone Cash Flow Statement for the year ended March 31, 2020

	PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
	PARTICULARS		
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net profit Before Taxation	74,902,759	37,060,228
	Adjustments for:		
	Depreciation and amortisation	33,777,007	18,373,880
	Finance costs	510,226,495	297,987,812
	Interest on income tax	2,953,868	1,910,964
	Impairment on financial instruments	12,053,709	47,683,732
	Operating Profit before Working Capital Changes	**633,913,838**	**403,016,616**
	(Increase)/Decrease in Loans & Advances -Financial Assets	(1,320,366,716)	(1,790,518,390)
	(Increase)/Decrease in Other financial Assets	(18,153,734)	(11,404,923)
	(Increase)/Decrease in Other non financial Assets	(56,397,506)	(21,067,875)
	Increase/(Decrease) in Other financial liabilities	36,444,179	91,738,011
	Increase/(Decrease) in Other Non financial liabilities	(4,710,659)	(5,721,972)
	Cash from operations	**(729,270,599)**	**(1,333,958,533)**
	Net income tax paid	(47,383,423)	(47,444,914)
	Net Cash From Operating Activities	**(776,654,021)**	**(1,381,403,448)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Capital Expenditure	(94,382,777)	(80,438,347)
	Purchase of investments	(24,770,000)	-
	Bank balances not considered as cash and cash equivalents	126,348	(9,976,895)
	Net Cash From Investing Activities	**(119,026,428)**	**(90,415,242)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from issuance of equity shares	16,350,000	115,044,410
	Share Premium on issue of equity shares	3,270,000	23,008,882
	Proceeds from issue of Debentures	337,260,102	857,560,800
	Proceeds from issue of Subordinate debts	1,159,333,000	835,422,000
	(Repayment)/ Increase in long-term borrowings	53,626,926	(23,863,850)
	Dividend Paid	-	(23,993,272)
	Finance cost	(510,226,495)	(297,987,812)
	Net Cash From Financing Activities	**1,059,613,534**	**1,485,191,158**
	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**163,933,084**	**13,372,468**
	OPENING CASH AND CASH EQUIVALENTS	**197,883,340**	**184,510,872**
	CLOSING CASH AND CASH EQUIVALENTS	**361,816,424**	**197,883,340**

As per our report of even date attached

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

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

Place: Aluva
Date: 05.10.2020

For and on behalf of the Board of Directors

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

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

Place: Ernakulam
Date: 05.10.2020

Standalone Statement of changes in Equity for the year ended March 31, 2020

A. Equity Share Capital

Equity Shares of '10 each issued, subscribed and fully paid

Particulars	Nos.	Amount
As at April 1, 2018	39,988,787	399,887,870
Issued during the year	11,504,441	115,044,410
As at March 31, 2019	51,493,228	514,932,280
Issued during the year	1,635,000	16,350,000
As at March 31, 2020	53,128,228	531,282,280

B. Other Equity

	Reserves and Surplus					Other comprehensive Income	Total
Particulars	Statutory Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Retained Earnings		
As at April 1, 2018	**21,298,500**	**52,738,680**	**-**	**408,000**	**(8,787,070)**	**-**	**65,658,110**
Dividends	-	-	-	-	-	-	-
Transfer to/from Retained Earnings	11,955,000	-	53,055,878	-	(65,010,878)	-	-
Other Additions/Deductions during the year							
Securities premium received during the year	-	23,008,882	-	-	-	-	23,008,882
Profit for the year (net of taxes)	-	-	-	-	22,375,195	-	22,375,195
As at March 31, 2019	**33,253,500**	**75,747,562**	**53,055,878**	**408,000**	**(51,422,754)**	**-**	**111,042,186**
Dividends	-	-	-	-	-	-	-
Transfer to/from Retained Earnings	1,013,600	-	(53,055,878)	-	52,042,278	-	-
Other Additions/Deductions during the year							
Securities premium received	-	3,270,000	-	-	-	-	3,270,000
Profit for the year (net of taxes)	-	-	-	-	5,067,984	-	5,067,984
As at March 31, 2020	**34,267,100**	**79,017,562**	**-**	**408,000**	**5,687,508**	**-**	**119,380,170**

As per our report of even date attached

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

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

Place: Aluva
Date: 05.10.2020

For and on behalf of the Board of Directors

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

Thanish Dalee
Chief Financial Officer

Biji Shibu
Director (DIN: 06484566)

Srikanth G. Menon
Company Secretary

Place: Ernakulam
Date: 05.10.2020

Notes to the Standalone statements for the year ended March 31, 2020

1. CORPORATE INFORMATION

KLM Axiva Finvest Limited, (the Company), is a Public limited company, incorporated on 28 April 1997. The Company was a Non-Systemically important Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The Company has received the certificate of registration 09.00006 on 13th December, 1997 enabling the Company to carry on business as Non-Banking Financial Company. The total assets size of the Company, during the year crossed ₹500 crore and the Company became a Systemically important non-deposit taking non-banking financial company.

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

The registered office of the Company is at Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana – 500074.

2. BASIS OF PREPARATION AND PRESENTATION

The standalone financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

For the period up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended). The financial statements for the year ended March 31, 2020 are the first financial statement of the Company prepared in accordance with Ind AS. Refer to Note 37 on First time adoption to Ind AS for information on adoption of Ind AS by the Company.

The above financial statements have been prepared in accordance with the Indian Accounting Standards prescribed read with relevant rules issued there under and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company are discussed in Note 5 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR).

PRESENTATION OF FINANCIAL STATEMENT

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA).

Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis.

STATEMENT OF COMPLIANCE

These separate financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the generally accepted accounting principles as referred to above.

3. IMPACT OF COVID-19

The COVID-19 outbreak is on-going and the actual extent of its impact on the economy globally in general and in India, in particular remains uncertain. The outbreak has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Company has offered an optional moratorium of six months on the payment of all principal instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue as on 29 February 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

Further, the Company has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial asset as at March 31, 2020. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Financial Instruments

(I) Financial Assets

a) Initial recognition

All financial assets are recognised initially at fair value. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

b) Subsequent measurement

The Company classifies its financial assets into the following measurement categories depending on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets:

a. **Financial assets measured at amortised cost-** A financial asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. **Financial assets measured at fair value through other comprehensive income (FVOCI) -** A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c. **Financial assets measured at fair value through profit or loss (FVTPL) -** A financial asset which is not classified in any of the above categories is measured at FVTPL.

c) Investment in subsidiary

The Company has accounted for its investments in Subsidiaries at cost less impairment loss, if any.

d) Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the changes in fair value through other comprehensive income (FVOCI).

(II) Financial Liabilities

a) Initial recognition

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, non-convertible debentures, loans and borrowings including bank overdrafts.

b) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

4.2. Derecognition of financial assets and liabilities

(I) Financial Assets

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

(II) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.3. Impairment of financial assets

I. Overview of the Expected Credit Loss (ECL) model

The Company recognises impairment allowance for expected credit loss on financial assets held at amortised cost. The Company recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs or at fair value through other comprehensive income account.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. The 12-month ECL is the portion of the lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Company applies a three-stage approach to measuring expected credit losses (ECLs).

Stage 1: 12-months ECL

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

Stage 2: Lifetime ECL – not credit impaired

For financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining life time of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

The Company has identified a zero bucket for financial assets that are not overdue.

II. Estimation of Expected Credit Loss

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, whether scheduled by contract or otherwise, expected draw downs on committed facilities.

Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

4.4. Offsetting of financial instruments

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

4.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits,

as defined above.

4.6. Property, Plant and Equipment

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Advances paid towards the acquisition of fixed assets, outstanding at each reporting date are shown under other non-financial assets. The cost of property, plant and equipment not ready for its intended use at each reporting date are disclosed as capital work-in-progress.

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

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income /expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

4.7. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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

4.8. Depreciation and Amortisation

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

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

Asset	**Useful life**
Building	30-60Years
Computers and servers	3-6 Years
Office equipment	5 Years
Furniture and fixtures	10 Years
Vehicles	8-10 Years

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

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

4.9. Impairment of non–financial assets

At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in the Statement of Profit and Loss for the year.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on written down value basis over its remaining useful life.

4.10.Revenue recognition

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

(I) Interest Income

The Company recognises Interest income by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets. For purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. Such interests, where instalments are overdue in respect of non-performing assets are recognised on realization basis.

The EIR in case of a financial asset is computed

a) As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b) By considering all the contractual terms of the financial instrument in estimating the cash flows

c) Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes.

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

(II) Recognition of revenue from sale of goods or services

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Processing fee which is not form part of effective interest rate has been recognised as and when it is accrued.

(III) Dividend Income

Dividend income is recognised when the Company's right to receive the payment is established. This is established when it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

4.11. Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

a) As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b) By considering all the contractual terms of the financial instrument in estimating the cash flows

c) Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

4.12. Employee Benefits

Short Term Employee Benefits: All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense)

Defined Contribution Plan

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

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

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

4.13. Income taxes

Income tax comprises current and deferred income tax.

Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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

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

4.14. Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

4.15. Provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

4.16. Contingent liabilities

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

4.17. Cash flow statement

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

4.18. Segment Reporting

The Company is engaged in the business segment of Financing, whose operating results are regularly reviewed by the Board of Directors, which has been identified as being the chief operating decision maker, to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. The Company has concluded that the business of lending finance is the only reportable segment.

4.19. Leases

With effect from April 1, 2019, the Company has applied Ind AS 116 'Leases' to all lease contracts existing on April 01, 2019 by adopting the modified retrospective approach. Accordingly, the comparative information is not required to be restated.

The Company evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset.

The Company as a lessee

The Company has elected not to recognise right-of use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months and leases with low value assets. The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Company is reasonably certain to exercise that option.

The Company recognises the lease payments associated with these leases as an expense in Statement of Profit and Loss on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit. The related cash flows are classified as operating activities.

Wherever the above exception permitted under Ind AS 116 is not applicable, the Company at the time of initial recognition:

• measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is increased by interest on lease liability, reduced by lease payments made and remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

• measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing and any initial direct costs. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation (depreciated on straight line basis over the lease period) and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

5.1. Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.2. Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5.3. Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5.4. Effective Interest Rate (EIR) method

The Company's EIR methodology recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, probable fluctuations in collateral value as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

5.5. Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

Note 6 - Cash and Cash Equivalents

Particulars	As at March31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Cash on hand	46,502,149	17,979,731	38,361,452
(b) Balance with banks			
In current accounts	190,314,275	179,903,609	115,249,420
In fixed deposits (with maturity of less than 3 months)	125,000,000	-	30,900,000
TOTAL	**361,816,424**	**197,883,340**	**184,510,872**

Note 7 - Bank Balance Other Than Above

Particulars	As at March31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Balance deposits with maturity more than 3 months	10,150,000	10,150,000	-
(b) On Escrow Accounts			
Unpaid Dividend account	-	126,348	299,454
TOTAL	**10,150,000**	**10,276,348**	**299,454**

Note 8 - Loans

Particulars	As at March 31, 2020				
		at Fair Value			
	Amortised Cost	Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	Total
Loans					
(A)					
Gold Loan	2,554,040,423	-	-	-	2,554,040,423
Business Loan	1,897,468,431	-	-	-	1,897,468,431
Personal Loan	243,725,413	-	-	-	243,725,413
Vehicle Loan	728,590	-	-	-	728,590
Microfinance Loan	439,490,403	-	-	-	439,490,403
Total (A) - Gross	**5,135,453,260**	**-**	**-**	**-**	**5,135,453,260**
Less: Impairment loss allowance	157,153,914	-	-	-	157,153,914
Total (A) - Net	**4,978,299,347**	**-**	**-**	**-**	**4,978,299,347**
(B)					
(i) Secured by tangible assets	4,695,962,857	-	-	-	4,695,962,857
(ii) Covered by Bank/ Government guarantees	-	-	-	-	-
(ii) Unsecured	439,490,403	-	-	-	439,490,403
Total (B) - Gross	**5,135,453,260**	**-**	**-**	**-**	**5,135,453,260**
Less: Impairment loss allowance	157,153,914	-	-	-	157,153,914
Total (B) - Net	**4,978,299,347**	**-**	**-**	**-**	**4,978,299,347**
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	5,135,453,260	-	-	-	5,135,453,260
Total (C) - Gross	**5,135,453,260**	**-**	**-**	**-**	**5,135,453,260**
Less: Impairment loss allowance	157,153,914	-	-	-	157,153,914
Total (C) - Net	**4,978,299,347**	**-**	**-**	**-**	**4,978,299,347**

Particulars	As at March 31, 2019				
		at Fair Value			
	Amortised Cost	Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	Total
Loans					
(A)					
Gold Loan	1,514,128,094	-	-	-	1,514,128,094
Business Loan	1,407,422,516	-	-	-	1,407,422,516
Personal Loan	628,506,260	-	-	-	628,506,260
Vehicle Loan	10,398,494	-	-	-	10,398,494
Microfinance Loan	254,631,181	-	-	-	254,631,181
Total (A) - Gross	**3,815,086,544**	**-**	**-**	**-**	**3,815,086,544**
Less: Impairment loss allowance	145,100,205	-	-	-	145,100,205
Total (A) - Net	**3,669,986,339**	**-**	**-**	**-**	**3,669,986,339**
(B)					
(i) Secured by tangible assets	3,560,455,363	-	-	-	3,560,455,363
(ii) Covered by Bank/ Government guarantees	-	-	-	-	-
(ii) Unsecured	254,631,181	-	-	-	254,631,181
Total (B) - Gross	**3,815,086,544**	**-**	**-**	**-**	**3,815,086,544**
Less: Impairment loss allowance	145,100,205	-	-	-	145,100,205
Total (B) - Net	**3,669,986,339**	**-**	**-**	**-**	**3,669,986,339**
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	3,815,086,544	-	-	-	3,815,086,544
Total (C) - Gross	**3,815,086,544**	**-**	**-**	**-**	**3,815,086,544**
Less: Impairment loss allowance	145,100,205	-	-	-	145,100,205
Total (C) - Net	**3,669,986,339**	**-**	**-**	**-**	**3,669,986,339**

Particulars	As at March 31, 2018				
		at Fair Value			
	Amortised Cost	Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	Total
Total (C) - Net	**3,669,986,339**	**-**	**-**	**-**	**3,669,986,339**
Loans					
(A)					
Gold Loan	587,290,650	-	-	-	587,290,650
Business Loan	809,066,376	-	-	-	809,066,376
Personal Loan	451,909,663	-	-	-	451,909,663
Vehicle Loan	14,525,032	-	-	-	14,525,032
Microfinance Loan	161,776,433	-	-	-	161,776,433
Total (A) - Gross	**2,024,568,154**	**-**	**-**	**-**	**2,024,568,154**
Less: Impairment loss allowance	97,416,472	-	-	-	97,416,472
Total (A) - Net	**1,927,151,681**	**-**	**-**	**-**	**1,927,151,681**

(B)					
(i) Secured by tangible assets	1,862,791,721	-	-	-	1,862,791,721
(ii) Covered by Bank/ Government guarantees	-	-	-	-	-
(ii) Unsecured	161,776,433	-	-	-	161,776,433
Total (B) - Gross	**2,024,568,154**	**-**	**-**	**-**	**2,024,568,154**
Less: Impairment loss allowance	97,416,472	-	-	-	97,416,472
Total (B) - Net	**1,927,151,681**	**-**	**-**	**-**	**1,927,151,681**
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	2,024,568,154	-	-	-	2,024,568,154
Total (C) - Gross	**2,024,568,154**	**-**	**-**	**-**	**2,024,568,154**
Less: Impairment loss allowance	97,416,472	-	-	-	97,416,472
Total (C) - Net	**1,927,151,681**	**-**	**-**	**-**	**1,927,151,681**

Summary of ECL provisions

Particulars	F.Y. 2019-20			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	45,036	179,916	9,565,744	9,790,695
Business Loan	4,194,886	5,718,152	117,722,191	127,635,229
Personal Loan	4,068	1,216,960	347,991	1,569,019
Vehicle Loan	-	10,848	-	10,848
Microfinance Loan	1,087,501	63,754	16,996,867	18,148,122
Total Closing ECL provision	**5,331,491**	**7,189,630**	**144,632,793**	**157,153,914**

Particulars	F.Y. 2018-19			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	1,170,858	3,586,502	17,832,558	22,589,918
Business Loan	585,369	4,076,022	42,275,652	46,937,043
Personal Loan	53,259	273,594	67,260,997	67,587,850
Vehicle Loan	7,418	1,248	2,060,285	2,068,951
Microfinance Loan	268,562	277,833	5,370,048	5,916,442
Total Closing ECL provision	**2,085,466**	**8,215,199**	**134,799,540**	**145,100,205**

Credit Quality of Loan Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 34.

Particulars	**As at 31st March, 2020**			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Standard Grade	1,631,289,117	-	-	1,631,289,117
Sub-Standard Grade	-	517,570,647	-	517,570,647
Doubtful and Loss Assets	-	-	451,205,447	451,205,447
	1,631,289,117	**517,570,647**	**451,205,447**	**2,600,065,211**

Particulars	As at 31st March, 2019			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Standard Grade	1,165,249,496	-	-	1,165,249,496
Sub-Standard Grade	-	862,189,195	-	862,189,195
Doubtful and Loss Assets	-	-	605,911,019	605,911,019
	1,165,249,496	**862,189,195**	**605,911,019**	**2,633,349,709**

Particulars	As at 1st April, 2018			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Standard Grade	345,687,050	-	-	345,687,050
Sub-Standard Grade	-	379,740,276	-	379,740,276
Doubtful and Loss Assets	-	-	366,742,713	366,742,713
	345,687,050	**379,740,276**	**366,742,713**	**1,092,170,039**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

Particulars	F.Y. 2019-20			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,165,249,496	862,189,195	605,911,019	2,633,349,709
New assets originated or purchased	1,279,785,458	377,053,870	361,720,491	2,018,559,818
Assets derecognised or repaid (excluding write offs)	(967,337,696)	(669,574,413)	(314,709,828)	(1,951,621,936)
Amounts written off during the year	-	(67,390)	(6,838,256)	(6,905,646)
Transfers to Stage 1	-	(122,570,286)	(79,357,015)	(201,927,301)
Transfers to Stage 2	86,693,165	-	(115,520,963)	(28,827,799)
Transfers to Stage 3	66,898,695	70,539,671	-	137,438,366
Gross carrying amount closing balance	**1,631,289,117**	**517,570,647**	**451,205,447**	**2,600,065,211**

Particulars	F.Y. 2018-19			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	345,687,050	379,740,276	366,742,713	1,092,170,039
New assets originated or purchased	1,128,526,602	805,429,479	220,936,053	2,154,892,134
Assets derecognised or repaid (excluding write offs)	(205,206,223)	(212,884,731)	(174,309,850)	(592,400,804)
Transfers to Stage	25,350,830	(27,997,587)	(47,350)	(2,694,107)
Transfers to Stage 2	(62,873,955)	50,392,015	(111,395)	(12,593,335)
Transfers to Stage 3	(66,234,808)	(132,490,257)	192,700,848	(6,024,218)
Gross carrying amount closing balance	**1,165,249,496**	**862,189,195**	**605,911,019**	**2,633,349,709**

Reconciliation of ECL balance is given below:

Particulars	F.Y. 2019-20			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	2,085,466	8,215,199	134,799,540	145,100,205
New assets originated or purchased	4,161,276	6,100,871	124,344,806	134,606,953
Assets derecognised or repaid (excluding write offs)	(1,553,414)	(5,916,792)	(61,960,475)	(69,430,682)
Amounts written off during the year	-	(930)	(1,810,061)	(1,810,991)
Transfers to Stage 1	-	(1,652,745)	(19,586,390)	(21,239,135)
Transfers to Stage 2	317,323	-	(31,154,627)	(30,837,304)
Transfers to Stage 3	320,840	444,028	-	764,868
ECL allowance - closing balance	**5,331,491**	**7,189,630**	**144,632,793**	**157,153,914**

Particulars	F.Y. 2018-19			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	787,557	4,001,569	92,627,346	97,416,472
New assets originated or purchased	1,993,879	7,526,219	44,737,041	54,257,139
Assets derecognised or repaid (excluding write offs)	(481,187)	(2,162,215)	(47,818,059)	(50,461,462)
Transfers to Stage 1	61,621	(249,463)	(13,146)	(200,988)
Transfers to Stage 2	(126,252)	605,688	(31,960)	447,476
Transfers to Stage 3	(150,152)	(1,506,599)	45,298,318	43,641,567
ECL allowance - closing balance	**2,085,466**	**8,215,199**	**134,799,540**	**145,100,205**

Note 9 - Investments

Particulars	As at 31st March, 2020 at Fair Value				
	Amortised Cost	Through other Comprehensive Income	Through profit/loss	Others	Total
(A) Equity instruments in subsidiaries (i) Wholly owned subsidiary (Unquoted) 21,550 equity shares of Rs. 1,000/- each fully paid in KMLM Financial Services Limited	-	-	-	24,770,000	24,770,000
Total (A) - Gross				**24,770,000**	**24,770,000**
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	-	-	-	24,770,000	24,770,000
	-	-	-	**24,770,000**	**24,770,000**
Total (B) - Gross					
Less:Impairment loss allowance	-	-	-	-	-
Total - Net	-	-	-	**24,770,000**	**24,770,000**

Note 10 - Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Interest accrued on fixed deposits	666,552	168,925	63,151
(b) Security Deposits	45,764,562	28,062,050	16,809,307
(c) Other Receivables	-	46,406	-
TOTAL	**46,431,114**	**28,277,381**	**16,872,458**

Note 11 - Current Tax Assets (Net)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Advance tax and tax deducted at source (net of provisions)	-	903,165	-
TOTAL	**-**	**903,165**	-

Note 12 - Deferred Tax

Deferred Tax Assets/(Liabilities)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Fixed Asset : Timing difference on account of depreciation and amortisation	8,819,490	5,865,330	3,247,720
Impairment of financial instruments	39,552,500	42,253,180	25,084,742
Amortisation of expenses & income under effective interest rate method	(1,425,750)	-	4,368,822
Total	46,946,240	48,118,510	32,701,284
Net deferred tax asset	**46,946,240**	**48,118,510**	**32,701,284**

Note 13 - Property,Plant and Equipment

Particulars	Land	Computers and data processing units	Electrical Installations and Equipment	Furniture and furnishings	Office Equipments	Motor Vehicles Total	Total
Cost:							
Deemed cost as at 1st April 2018	2,91,63,013	24,73,286	37,15,734	2,72,77,049	39,72,140	-	6,66,01,221
Additions	3,48,03,040	57,62,274	42,48,864	1,97,31,000	88,70,066	37,53,516	7,71,68,759
Disposals	-	-	-	-	-	-	-
As at 31st March 2019	6,39,66,053	82,35,559	79,64,598	4,70,08,048	1,28,42,206	37,53,516	14,37,69,980
Additions	2,92,08,000	1,09,13,685	42,08,729	3,19,92,015	1,65,04,685	-	9,28,27,113
Disposals	-	-	-	-	-	-	-
As at 31st March 2020	9,31,74,053	1,91,49,244	1,21,73,327	7,90,00,063	2,93,46,891	37,53,516	23,65,97,094
Accumulated Depreciation:							
As at 1st April 2018	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	-	29,23,286	14,91,234	88,61,597	32,56,199	4,03,091	1,69,35,407
As at 31st March 2019	-	29,23,286	14,91,234	88,61,597	32,56,199	4,03,091	1,69,35,407
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	-	65,93,820	21,90,516	1,40,10,618	85,65,810	10,46,485	3,24,07,248
As at 31st March 2020	-	95,17,105	36,81,750	2,28,72,215	1,18,22,009	14,49,576	4,93,42,655
Carrying Amount:							
As at 1st April 2018	**2,91,63,013**	**24,73,286**	**37,15,734**	**2,72,77,049**	**39,72,140**	**-**	**6,66,01,221**
As at 31st March 2019	**6,39,66,053**	**53,12,274**	**64,73,364**	**3,81,46,452**	**95,86,007**	**33,50,424**	**12,68,34,573**
As at 31st March 2020	**9,31,74,053**	**96,32,139**	**84,91,577**	**5,61,27,848**	**1,75,24,882**	**23,03,940**	**18,72,54,438**

Note 14 - Other Intangible Assets

Particulars	Computer Software
Cost:	
Deemed cost as at 1st April 2018	12,79,434
Additions	32,69,589
Disposals	-
As at 31st March 2019	45,49,022
Additions	15,55,664
Disposals	-
As at 31st March 2020	61,04,686
Accumulated Amortisation:	
As at 1st April 2018	-
Disposals	-
Amortisation charge for the year	14,38,473
As at 31st March 2019	14,38,473
Disposals	
Amortisation charge for the year	13,69,759
As at 31st March 2020	28,08,232
Carrying Amount:	
As at 1st April 2018	**12,79,434**
As at 31st March 2019	**31,10,549**
As at 31st March 2020	**32,96,454**

Note 15 - Other Non-Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Balance with revenue Authorities			
Income Tax Advance*	-	16,850,500	16,850,500
GST receivable	8,087,599	6,070,933	2,679,922
(b) Advances for land	70,632,635	17,621,989	144,230
(c) Other Advances	2,960,600	1,590,405	1,391,300
(d) Stock of Stationary	12,500	12,500	12,500
TOTAL	**81,693,334**	**42,146,327**	**21,078,452**

** The amount represents the amount paid by the company upon application with the Settlement Commission. Refer Note 31.*

Note 16 - Debt Securities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
At Amortised Cost:			
(a) Secured Non-Convertible Debentures - Privately Placed	157,430,000	410,920,000	546,160,000
(b) Secured Non-Convertible Debentures - Public Issue	1,583,550,902	992,800,800	-
Total (A)	**1,740,980,902**	**1,403,720,800**	**546,160,000**
Borrowings in India	1,740,980,902	1,403,720,800	546,160,000
Borrowings outside India	-	-	-
TOTAL	**1,740,980,902**	**1,403,720,800**	**546,160,000**

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.

Secured by way of first ranking pari passu charge on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company and first ranking pari passu charge on the immovable property situated at Malligai Nagar, Kombai Village, Uthampalayam Taluk, Theni District, Tamil Nadu.

16.1 - Secured Non Convertible Debentures - Private Placement

Series wise classification of secured non convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non Convertible Debentures 2018 - 19 Series	*27,660,000*	*34,160,000*	-
Non Convertible Debentures 2017 - 18 Series	*96,720,000*	*133,970,000*	*177,510,000*
Non Convertible Debentures 2016 - 17 Series	*32,830,000*	*216,930,000*	*280,070,000*
Non Convertible Debentures 2015 - 16 Series	*220,000*	*25,860,000*	*88,580,000*
TOTAL	***157,430,000***	***410,920,000***	***546,160,000***

Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non Convertible Debentures - 12.5%	*29,060,000*	*158,670,000*	*351,680,000*
Non Convertible Debentures - 12%	*92,370,000*	*242,220,000*	*194,480,000*
Non Convertible Debentures - < 12%	*36,000,000*	*10,030,000*	-
TOTAL	***157,430,000***	***410,920,000***	***546,160,000***

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non Convertible Debentures - 60 months maturity	*151,550,000*	*204,420,000*	*223,350,000*
Non Convertible Debentures - 36 months maturity	*5,880,000*	*206,500,000*	*322,810,000*
TOTAL	***157,430,000***	***410,920,000***	***546,160,000***

16.2 - Secured Non Convertible Debentures - Public Issue

Series wise classification of secured non convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non Convertible Debentures 2019 - 20 Series (Public Issue II)	938,338,000	-	-
Non Convertible Debentures 2018 - 19 Series (Public Issue I)	657,402,000	1,000,000,000	-
Sub Total	**1,595,740,000**	**1,000,000,000**	-
Less: EIR impact of transaction cost	12,189,098	7,199,200	-
TOTAL	**1,583,550,902**	**992,800,800**	-

Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non Convertible Debentures - > 12%	227,499,000	227,499,000	-
Non Convertible Debentures - 12%	300,680,000	275,253,000	-
Non Convertible Debentures - > 11.5% to 11.75%	402,041,000	96,928,000	-
Non Convertible Debentures - >11.25% to 11.5%	277,444,000	232,351,000	-
Non Convertible Debentures - 11% to 11.25%	388,076,000	167,969,000	-
Sub Total	**1,595,740,000**	**1,000,000,000**	-
Less: EIR impact of transaction cost	12,189,098	7,199,200	-
TOTAL	**1,583,550,902**	**992,800,800**	-

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non Convertible Debentures - 75 months maturity	82,370,000	-	-
Non Convertible Debentures - 72 months maturity	142,410,000	142,410,000	-
Non Convertible Debentures - 60 months maturity	526,047,000	310,198,000	-
Non Convertible Debentures - 45 months maturity	20,243,000	-	-
Non Convertible Debentures - 36 months maturity	306,105,000	128,599,000	-
Non Convertible Debentures - 24 months maturity	198,747,000	76,195,000	-
Non Convertible Debentures - 13 months maturity	319,818,000	-	-
Non Convertible Debentures - 12 months maturity	-	342,598,000	-
Sub Total	1,595,740,000	1,000,000,000	-
Less: EIR impact of transaction cost	12,189,098	7,199,200	-
TOTAL	**1,583,550,902**	**992,800,800**	-

Note 17 - Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
At Amortised Cost:			
(a) Term Loan			
Indian Rupee Loans from Banks (Secured)	1,841,373	2,883,228	27,000,000
(b) Loans repayable on demand			
Cash credit / overdraft facilities from banks (Secured)	99,935,266	45,266,485	45,013,562
Total (A)	**101,776,639**	**48,149,713**	**72,013,562**
Borrowings in India	101,776,639	48,149,713	72,013,562
Borrowings outside India	-	-	-
TOTAL	**101,776,639**	**48,149,713**	**72,013,562**

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.

(a) Term loan from bank - Vehicle loan - The loans are secured by hypothecation of respective vehicles against which the loans have been availed.

(b) Loans repayable on demand

Particulars	Primary	Collateral	Guarantors
South Indian Bank (Limit - Rs. 10 Crore)	All book debts and receivables of the Company.	1. EM of land in the name of Josekutty Xavier admeasuring 22.91 cents under Sy No: 1160/6B, 1160/6A; 32.57 cents under Sy No: 1160/8, 1160/7; 20.35 cents under Sy No:1159/9 and 21.61 cents under Sy No:1159/9 in Kothamangalam Village, Ernakulam District.	1. Josekutty Xavier 2. Shibu T. Varghese 3. Biji Shibu 4. James Joseph Armbankudiyil
		2. EM of land admeasuring 19.224 cents with 23079 sq. ft. commercial building under Sy. No. 1267/9-2 with building no. 30/564 in Kothamangalam municipality, Kothamangalam taluk, Ernakulam District in the name of M/s KMLM Chits India Limited. 3. EM of 8 cents of vacant land under Sy. No. I/4A, I/4B, Re. Sy.No. 26/2 in Edappally North Village, Kanayannur Taluk, Ernakulam District in the name of M/s KLM Axiva Finvest Limited.	

Note 18 - Subordinated Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
At Amortised Cost:			
(a) Subordinated Debts	3,050,336,000	1,891,003,000	1,055,581,000
Total (A)	**3,050,336,000**	**1,891,003,000**	**1,055,581,000**
Subordinated liability in India	3,050,336,000	1,891,003,000	1,055,581,000
Subordinated liability outside India	-	-	-
TOTAL	**3,050,336,000**	**1,891,003,000**	**1,055,581,000**

18.1 - Unsecured Subordinated Debt - Private Placement

Series wise classification of unsecured subordinated debt

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unsecured Subordinated Debt 2019 - 20 Series	*1,159,333,000*	-	-
Unsecured Subordinated Debt 2018 - 19 Series	*835,422,000*	*835,422,000*	-
Unsecured Subordinated Debt 2017 - 18 Series	*949,467,000*	*949,467,000*	*949,467,000*
Unsecured Subordinated Debt 2016 - 17 Series	*106,114,000*	*106,114,000*	*106,114,000*
TOTAL	***3,050,336,000***	***1,891,003,000***	***1,055,581,000***

Interest wise classification of unsecured subordinated debt

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unsecured Subordinated Debt - >12.5%	*174,712,000*	*181,133,000*	*163,573,000*
Unsecured Subordinated Debt - 12.5%	*191,302,000*	*518,278,000*	*312,056,000*
Unsecured Subordinated Debt - 12.25%	*37,413,000*	*37,663,000*	-
Unsecured Subordinated Debt - 12%	*726,947,000*	*970,008,000*	*579,952,000*
Unsecured Subordinated Debt < 12%	*1,919,962,000*	*183,921,000*	-
TOTAL	***3,050,336,000***	***1,891,003,000***	***1,055,581,000***

Maturity wise classification of unsecured subordinated debt

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unsecured Subordinated Debt - 5 to 6 years maturity	*279,514,000*	*226,241,000*	*163,573,000*
Unsecured Subordinated Debt - 5 years maturity	*2,770,822,000*	*1,664,762,000*	*892,008,000*
TOTAL	***3,050,336,000***	***1,891,003,000***	***1,055,581,000***

Note 19 - Other Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Interest payable on debt securities	64,483,078	51,983,911	18,928,382
(b) Interest payable on subordinated debts	97,989,975	93,278,588	39,181,879
(c) Unclaimed Dividend	-	-	157,199
(d) Interim Dividend Payable	-	-	23,993,272
(e) Others	25,098,799	5,865,174	1,122,202
TOTAL	**187,571,852**	**151,127,673**	**83,382,934**

Note 20 - Current Tax Liabilities (Net)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Income tax provision (net of advance tax and tax deducted at source)	6,479,286	-	14,528,527
	6,479,286	**-**	**14,528,527**

Note 21 - Other Non-Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Statutory remittances	2,840,398	4,359,454	9,284,082
(b) Advance interest received on loans	9,824	3,201,428	3,998,771
TOTAL	**2,850,222**	**7,560,881**	**13,282,854**

Note 22 - Equity Share Capital

The reconciliation of equity shares outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Authorised 6,00,00,000 (March 31, 2019: 6,00,00,000; April 1, 2018: 4,50,00,000) equity Shares of '10/- each	**600,000,000**	**600,000,000**	**450,000,000**
	600,000,000	**600,000,000**	**450,000,000**
Issued, Subscribed & Fully Paid Up 5,31,28,228 (March 31, 2019: 5,14,93,228; April 1, 2018: 3,99,88,787) equity Shares of '10/- each	531,282,280	514,932,280	399,887,870
TOTAL	**531,282,280**	**514,932,280**	**399,887,870**

i. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	In Numbers	Amount
As at April 01, 2018	**39,988,787**	**399,887,870**
Shares Issued during the Year	11,504,441	115,044,410
As at March 31, 2019	**51,493,228**	**514,932,280**
Shares Issued during the Year	1,635,000	16,350,000
As at March 31, 2020	**53,128,228**	**531,282,280**

ii. Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of '10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii. Details of equity shareholders holding more than 5% Shares

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No: of shares	% of Holding	No: of shares	% of Holding
Aleyamma Varghese	3,756,450	7.07	3,656,450	7.10
Shibu Theckumpuram	4,811,200	9.06	4,561,200	8.86
Biji Shibu	3,190,300	6.00	2,940,300	5.71

Name of shareholder	As at April 01, 2018	
	No: of shares	% of Holding
Aleyamma Varghese	3,656,450	9.14
Shibu Theckumpuram	1,961,200	4.90
Biji Shibu	440,300	1.10

Note 23 - Other Equity

Particulars	Amount
Securities Premium	
As at April 1, 2018	**52,738,680**
Add: Additions upon share issue	23,008,882
As at March 31, 2019	**75,747,562**
Add: Additions upon share issue	3,270,000
As at March 31, 2020	**79,017,562**
Statutory Reserve	
As at April 1, 2018	
Add: Additions/(Deductions) during the year	
As at March 31, 2019	**33,253,500**
Add: Additions/(Deductions) during the year	1,013,600
As at March 31, 2020	**34,267,100**
General Reserve	
As at April 1, 2018	**408,000**
Utilised during the year	-
As at March 31, 2019	**408,000**
Utilised during the year	**-**
As at March 31, 2020	**408,000**
Debenture Redemption Reserve	
As at April 1, 2018	
Add: Additions/(Deductions) during the year	53,055,878
As at March 31, 2019	**53,055,878**
Add: Additions/(Deductions) during the year	(53,055,878)
As at March 31, 2020	-
Retained Earnings	
As at April 1, 2018	**(8,787,070)**
Add: Profit for the year	22,375,195
Less: Transfer to Statutory Reserve	(11,955,000)
Transfer to Debenture Redemption Reserve	(53,055,878)
As at March 31, 2019	**(51,422,754)**
Add: Profit for the year	5,067,984
Less: Transfer to Statutory Reserve	(1,013,600)
Add: Transfer from Debenture Redemption Reserve	53,055,878
As at March 31, 2020	**5,687,508**
Total Other Equity	
As at April 1, 2018	
As at March 31, 2019	**111,042,186**
As at March 31, 2020	**119,380,170**

Nature and purpose of Reserves

Securities premium

This Reserve represents the premium on issue of equity shares. The reserve can be utilised only for the purposes in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Statutory Reserve is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934. It requires every non banking finance institution which is a Company to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. The Company has appropriated 20% of the Profit After Tax to the fund for the year.

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of profit for the period at a specified percentage in accordance with applicable regulations. After the introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Debenture redemption reserve

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). 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.

Pursuant to notification issued by Ministry of Corporate Affairs on August 16, 2019 in exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government amended the Companies (Share Capital and Debentures) Rules, 2014 by amending in the principal rules, in rule 18, for sub-rule (7), that Debenture Redemption Reserve is not required to be maintained in case of public issue of debentures as well as privately placed debentures for NBFCs registered with Reserve Bank of India under section 45-IA of the RBI Act, 1934.

In compliance of the above notification, the Company has transferred the balance in the DRR to retained earnings and in respect of the debentures issued through public issue, the Company has not created DRR during the year.

Retained earnings

This reserve represents the cumulative profits of the Company.

Note 24 - Interest Income

Particulars	For the year ended	
	March 31, 2020	**March 31, 2019**
On financial assets measured at amortised cost:		
(i) Interest on Loans		
Gold Loan	458,000,727	174,503,471
Business Loan	386,877,526	210,130,775
Personal Loan	52,404,827	202,740,496
Vehicle Loan	691,292	1,024,860
Microfinance Loans	90,958,479	65,143,518
(ii) Interest on deposit with banks	5,199,784	9,370,903
(iii) Other interest income	1,526,355	9,299
TOTAL	**995,658,991**	**662,923,323**

Note 25 - Other Income

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Commission Income	25,636,076	1,942,170
Notice Charge	36,142	102,031
Miscellaneous Income	1,167,850	478,268
TOTAL	**26,840,068**	**2,522,469**

Note 26 - Finance Cost

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
On financial liabilities measured at amortised cost:		
Interest on Borrowings (other than debt securities)	5,103,620	4,953,415
Interest on Subordinate Debt	289,083,089	182,568,274
Interest on Debenture	216,039,786	110,466,123
Others		
Interest on delayed payment of income tax	2,953,868	1,910,964
TOTAL	**513,180,363**	**299,898,776**

Note 27 - Impairment on Financial Instruments

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
On financial assets measured at amortised cost:		
Loan Assets	12,053,709	47,683,732
TOTAL	**12,053,709**	**47,683,732**

Note 28 - Employee benefits expenses

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Salaries & Wages	178,130,167	93,996,599
Contributions to provident and other funds	11,288,757	8,670,015
TOTAL	**189,418,924**	**102,666,613**

Note 29 - Depreciation, amortisation and impairment

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Depreciation of tangible assets	32,407,248	16,935,407
Amortisation of intangible assets	1,369,759	1,438,473
TOTAL	**33,777,007**	**18,373,880**

Note 30 - Other expenses

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Advertisement	27,844,281	49,541,732
Audit Expenses	137,845	166,460
Audit Fee	750,000	500,000
Bank Charges	1,444,008	1,329,774
Bad Debts written off	6,444,995	-
Business Promotion	7,309,645	5,816,078
Canvasing Expenses	2,087,575	-
Celebration Expense	916,362	740,553
Collection Expenses	1,095,803	1,216,606
Computer & Software Expenses	1,146,102	1,680,415
Corporate social responsibility expenditure	1,674,109	1,298,100

Crisil rating expenses	354,098	538,150
Customer Meet expenses	1,203,983	460,314
Debenture Trustee Remuneration	120,000	484,250
Discount Given	1,001,618	-
Donation	28,841	-
Electricity Charges	4,797,499	3,404,330
Inaugural Expense	367,334	365,008
Incentive	31,124,390	23,501,375
Insurance Charges	2,343,981	730,050
Internet Charges	2,042,209	1,470,208
Legal Expense	4,483,405	2,573,881
Loss on Auction Gold	2,390,972	4,627,761
Marketing Expenses	850,033	1,051,113
Meeting Expenses	2,538,660	1,096,468
Membership Fee	118,600	71,500
Miscellaneous Expense	242,531	27,283
Newspaper & Periodicals	93,330	140,034
Office Expense	12,332,919	4,932,245
Postage	1,167,737	827,019
Printing & Stationery	4,236,845	3,114,970
Professional Fee	6,995,862	3,831,322
Public Issue	3,167,257	751,778
Rates & Taxes	538,054	432,000
Rent	46,605,425	26,805,717
Repairs and Maintenance	661,460	1,690,616
Repairs and Maintenance-Building	463,421	571,897
ROC Filing Charge	42,911	1,298,350
Sitting Fees	230,000	60,000
Staff Training Expense	102,000	138,000
Telephone charges	3,546,035	2,524,670
Travelling expenses	8,928,005	7,981,764
GST & flood cess Paid	3,636,963	301,610
Vehicle Maintenance	1,318,093	1,543,024
Water Charges	241,099	126,136
TOTAL	**199,166,296**	**159,762,563**

Note - 30.1
Payment to the auditors comprises :

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
As auditors - statutory audit	600,000	400,000
For taxation matters	150,000	100,000
TOTAL	**750,000**	**500,000**

Note 31 - Income Tax
The components of income tax expense for the year ended March 31, 2020 and year ended March 31, 2019 are:

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Current tax	37,531,600	30,102,260
Tax relating to prior years paid on settlement*	31,130,905	-
Deferred Tax	1,172,270	(15,417,227)
Income tax expense reported in statement of profit and loss	**69,834,775**	**14,685,033**

The Company has computed the tax expense of the current financial year as per the tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly, tax expense for the year comprising current and deferred tax as per Indian Accounting Standards -12 Income Taxes have been recognised using the reduced tax rates applicable.

* A search and seizure proceedings was initiated by the Income Tax Department under Section 132 of the Income-Tax Act, 1961 on October 5, 2015 in the business premises of the Company and other group Companies. Simultaneously, search was also conducted in the residential premises of the Directors. Further, a survey under section 133A of the Income Tax Act, 1961 was also conducted in the business premises of the branches of the Company. Pursuant to the IT Search and Seizure Proceedings, the Company received notices under section 148 of the Income Tax Act, 1961 issued by the Deputy Commissioner of Income Tax, Centre Circle, Kochi. It was alleged that the Company had generated undisclosed income and utilized the same over the period because of which the Company, subsequently, approached the Income Tax Settlement Commission, Chennai Bench ("The Commission"). The Company declared an additional income of ₹401.64 lakhs before the Settlement Commission for the assessment years 2013-14 to 2016-17. The Settlement Commission through its order dated December 28, 2017 allowed the settlement application of the Company. Further, The Commission, vide its order under section 245(D)4 of the Income Tax Act, 1961, dated May 24, 2019 settled the income for the assessment years which were subject matter of settlement and allowed the payment of tax including interest in six quarterly installments. The Assistant Commissioner of Income Tax, Central Circle - 1, Ernakulam, passed an order dated August 29, 2019 giving effect of the order of the Settlement Commission. The Company has as at March 31, 2020 paid off the entire tax liability including interest.

Reconciliation of total Income tax expense:

Particulars	**For the year ended**	
	March 31, 2020	**March 31, 2019**
Profit before tax as per Ind AS	74,902,759	37,060,228
Add: Ind AS adjustments	-	46,284,776
Profit before tax for computation	**74,902,759**	**83,345,004**
Allowances/(disallowances) - net	(74,221,508)	(20,027,715)
Adjusted profit before tax for Income Tax	**149,124,266**	**103,372,719**
Current tax as per books	37,531,600	30,102,260
Tax relating to prior years paid on settlement	31,130,905	-
Total tax as given in books	**68,662,505**	**30,102,260**

Note 32 - Earnings per share

Particulars	**For the year ended**	
	March 31, 2020	**March 31, 2019**
Net profit for calculation of basic earnings per share	5,067,984	22,375,195
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	51,797,831	40,115,209
Basic and diluted earnings per share (Rs.)	0.10	0.56

Note 33 - Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled and considering contractual terms. For Loans and advances to customers, maturity analysis is based on expected repayment behaviour.

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months Totalt	Total	Within 12 months	After 12 months Totalt	Total
ASSETS						
Financial Assets						
Cash and Cash Equivalents	36,18,16,424	-	36,18,16,424	19,78,83,340		19,78,83,340
Bank Balance Other than above	-	1,01,50,000	1,26,348	1,01,50,000	1,02,76,348	
Loans	49,01,49,121	5,13,54,53,260	3,04,85,69,212	76,65,17,332	3,81,50,86,544	
- Adjustment on account of EIR/ECL	-	(15,71,53,914)	-	-	(14,51,00,205)	
Investments	-	2,47,70,000	2,47,70,000	-	-	-
Other Financial Assets	6,66,552	4,57,64,562	4,64,31,114	2,15,331	2,80,62,050	2,82,77,381
Non-Financial Assets						
Current Tax Assets (Net)	-	-	-	9,03,165	-	9,03,165
Deffered Tax Assets (Net)	-	4,69,46,240	4,69,46,240	-	4,81,18,510	4,81,18,510
Property, Plant and Equipment	-	18,72,54,438	18,72,54,438		12,68,34,573	12,68,34,573
Other Intangible Assets	-	32,96,454	32,96,454		31,10,549	31,10,549
Other Non-Financial Assets	93,83,643	7,23,09,691	8,16,93,334	2,31,87,167	1,89,59,160	4,21,46,327
Total Assets	**5,02,73,20,758**	**87,04,90,506**	**5,74,06,57,351**	**3,27,08,84,563**	**1,00,17,52,175**	**4,12,75,36,533**
LIABILITIES						
Financial Liabilities						
Payables	-	-	-	-	-	-
Debt Securities	40,03,43,000	1,35,28,27,000	1,75,31,70,000	54,90,98,000	86,18,22,000	1,41,09,20,000
- Adjustment on account of EIR	-	-	(1,21,89,098)	-	-	(71,99,200)
Borrowings (Other than Debt Securities)	10,10,80,254	6,96,385	10,17,76,639	4,63,08,336	18,41,377	4,81,49,713
Subordinated Liabilities	-	3,05,03,36,000	3,05,03,36,000	-	1,89,10,03,000	1,89,10,03,000
Other Financial liabilities	12,15,40,409	6,60,31,443	18,75,71,852	11,57,67,460	3,53,60,213	15,11,27,673
Non-Financial Liabilities						
Current Tax Liabilities (Net)	64,79,286	-	64,79,286	-	-	-
Other Non-Financial Liabilities	28,50,222	-	28,50,222	75,60,881		75,60,881
Total Liabilities	**63,22,93,171**	**4,46,98,90,828**	**5,08,99,94,901**	**71,87,34,677**	**2,79,00,26,590**	**3,50,15,62,067**
Net	**4,39,50,27,588**	**(3,59,94,00,322)**	**65,06,62,450**	**2,55,21,49,887**	**(1,78,82,74,415)**	**62,59,74,467**

Note 34 - Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial lending institution, the Company is exposed to risks that are particular to its lending and the environment within which it operates. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The principal objective in Company's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks.

The Company's Risk Management Committee of the Board of Directors constituted is responsible for the overall risk management approach, approving risk management strategies and principles.

The Risk Management Committee shall be responsible for the following:

1. Reviewing the operations of the organization followed by identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

2. Identifying the risks an organization is subject to, deciding how to manage it, implementing the management technique, measuring the ongoing effectiveness of management and taking appropriate correction action and provide a framework that enables future activities to take place in a consistent & controlled manner.

The Company is generally exposed to credit risk, liquidity risk, market risk and operational risk.

I. Credit risk

Credit risk is the possibility of loss due to the failure of any counterparty abiding by the terms and conditions of any financial contract obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances.

The Company addresses credit risk through following processes:

1. Through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy.

2. Minimise losses due to defaults or untimely payments by borrowers

3. Credit risk on Gold loan is considerably reduced as collateral is in the form of Gold ornaments which can be easily liquidated and adequate margin of 25% or more is retained while disbursing the loan.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes 90 days past due (DPD) on its contractual payments. All financial assets are deemed to have suffered a significant increase in credit risk when they are 30 DPD and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, whether scheduled by contract or otherwise.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Company uses historical information wherever available to determine PD.

Loss Given Default (LGD)

LGD is the estimated loss that the Company might bear if the borrower defaults.The Company determines its recovery by analysing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset. In estimating LGD, the company reviews macro-economic developments taking place in the economy.

II. Liquidity risk

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

Company has implemented liquidity management policy for reducing the risk relating to liquidity issues. Currently the policies relating to liquidity are as follows:1. The Company is maintaining high capital adequacy ratio over and above limits prescribed by regulators.2. The Company ensures to keep liquidity to cover unexpected repayment obligation.3. Promoting fund infusion by way of Non-Convertible debentures and subordinated debts so that due date for interest and maturity can be pre known.4. Funding from long terms sources and lending as short term loans.5. Reducing the percentage of unsecured lending so that repayment up to a level is not affected.

Asset Liability Management (ALM)

The table below shows the maturity pattern of significant financial assets and financial liabilities. In the case of loans, contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the below maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

Maturity pattern of assets and liabilities as on March 31, 2020:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM*	Total
Financial Assets										
Cash and Cash Equivalents	36,18,16,424	-	-	-	-	-	-	-	-	36,18,16,424
Bank Balance Other than Cash and Cash Equivalents	-	-	-	1,01,50,000	-	-	-	-	-	1,01,50,000
Loans	32,96,46,787	25,77,20,207	20,40,74,033	1,15,54,36,259	2,69,84,26,853	49,01,49,121	-	-	(15,71,53,914)	4,97,82,99,347
Investments	-	-	-	-	-	-	-	2,47,70,000	-	2,47,70,000
Financial Liabilities										
Debt Securities	25,30,000	-	3,00,000	15,00,000	7,61,95,000	25,40,39,000	48,02,68,000	-	(1,21,89,098)	80,26,42,902
Borrowings (Other than Debt Securities)	91,342	92,064	92,791	2,82,792	10,05,21,265	6,96,385	-	-	-	10,17,76,639
Subordinated Liabilities	-	-	-	-	-	1,05,55,81,000	1,96,04,57,000	3,42,98,000	-	3,05,03,36,000

* *represents adjustments on account of EIR/ECL*

III. Market risk

Market risk refers to potential losses arising from the movement in market values of interest rates in the Company's line of business. The objective of market risk management is to avoid excessive exposure of our earnings to loss.

Interest rate risk

Interest rate risk is the risk where changes in the market interest rates might adversely affect the Company's financial condition. The interest rate risks are viewed from earning perspective and economic value perspective, respectively. Over the last several years, the Government of India has substantially deregulated the financial sector. As a result, interest rates are now primarily determined by the market, which has increased the interest rate risk exposure.

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

In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans and the company adopts funding strategies to ensurediversified resource-raising options to minimize cost and maximize stability of funds. The Company has Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

IV. Operational risk

Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to certain other external events. The Company has instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Any loss on account of failure by employees to comply with defined appraisal mechanism is recovered out of their variable incentive. The Company also has detailed guidelines on movement and security measures of cash or gold. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

Note 35 - Related party disclosures

Names of Related Parties

(A)Subsidiaries

1) KMLM Financial Services Limited

(B)Key Management Personnel	**Designation**
1) Shibu Thekkumpurathu Varghese	Whole-time Director
2) Josekutty Xavier	Whole-time Director (Change in designation to Director w.e.f. October 28, 2019)
3) Joseph P. Abraham	Chief Executive Officer (Resigned on December 13, 2019)
4) Thanish Dalee	Chief Financial Officer
5) Srikanth G. Menon	Company Secretary

(C) Entities in which KMP / Relatives of KMP can exercise significant influence

1) KLM Tiana Gold & Diamonds Private Limited

2) Payyoli Granites Private Limited

3) Axiva Mfin Limited

(D) Relatives of Key Management Personnel

Biji Shibu	w/o Shibu Thekkumpurathu Varghese
Elen Elu Shibu	d/o Shibu Thekkumpurathu Varghese
Aleyamma Varghese	Mother of Shibu Thekkumpurathu Varghese
Princy Josekutty	w/o Josekutty Xavier
Vithya Mathew	w/o Thanish Dalee
Lakshmi P. S.	w/o Srikanth G. Menon

Related Party transactions during the year:

Particulars	KMP		Relatives of KMP	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Shares subscribed including share premium	3,000,000	30,000,000	7,200,000	30,000,000
Investment in equity shares	-	-	-	-
Purchase of listed NCD of the Company	700,000	-	1,100,000	-
Purchase of sub-debts of the Company	-	-	225,000	-
Interest paid on listed NCD	38,079	-	59,938	-
Interest paid on subordinate debts	-	-	9,712	-
Remuneration paid	8,848,974	6,725,666	-	-
Professional consulting fees	600,000	-	-	-
Sitting Fees	80,000	-	40,000	20,000

Particulars	Subsidiary Company		Entities in which KMP / Relatives of KMP can exercise significant influence	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Shares subscribed including share premium	-	-	-	-
Investment in equity shares	24,770,000	-	-	-
Purchase of listed NCD of the Company	-	-	-	-
Purchase of sub-debts of the Company	-	-	-	-
Interest paid on listed NCD	3,070,890	1,296,233	-	-
Interest paid on subordinate debts	-	-	-	-
Remuneration paid	-	-	-	-
Professional consulting fee	-	-	-	-
Sitting Fees	-	-	-	-

Balance outstanding as at the year end: Asset/ (Liability)

Particulars	KMP		Relatives of KMP	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Investment in Subsidiary Company		-		-
Equity shares subscribed	(51,337,000)	(48,837,000)	(74,393,050)	(68,393,050)
NCD - Listed		(695,180)		(1,092,426)
Subordinate debt	-	-	(225,000)	-
Interest payable on NCD		(6,522)	-	(14,856)

Particulars	Subsidiary Company		Entities in which KMP/ Relatives of KMP can exercise significant influence	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
IInvestment in Subsidiary Company	24,770,000	-	-	-
Equity shares subscribed	-	-	-	-
NCD - Listed	(24,835,019)	(24,796,823)	-	-
Subordinate debt	-	-	-	-
Interest payable on NCD	(1,233,390)	(1,225,000)	-	-

Note:

Related parties have been identiûed on the basis of the declaration received by the management and other records available and the same has been relied upon by the auditors.

Note 36 - Capital

Capital Management

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment. The Company aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks– which include credit, liquidity and interest rate.The Company monitors its capital to risk-weighted assets ratio (CRAR) on a regular basis through its Assets Liability Management Committee (ALCO).

Regulatory Capital

Particulars	As at March 31, 2020	As at March 31, 2019
Tier I Capital	600,419,756	574,745,407
Tier II Capital	305,541,369	289,458,169
Total capital	**905,961,125**	**864,203,576**
Risk Weighted Assets	**5,323,779,723**	**3,870,233,251**
Tier I CRAR	**11.28%**	**14.85%**
Tier II CRAR	**5.74%**	**7.48%**
Total capital ratio	**17.02%**	**22.33%**

Regulatory capital consists of Tier I capital, which comprises share capital, share premium, statutory reserve and retained earnings including current year profit. The other component of regulatory capital is other Tier 2 Capital Instruments.

Note 37 - First-time adoption of IND AS

These financial statements, for the year ended March 31, 2020, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2020, together with the comparative period data as at and for the year ended March 31, 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2018 and the financial statements as at and for the year ended March 31, 2019.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

1. Deemed cost of PPE / investment property and certainintangible assets

Ind AS 101 permits a first time adopter to elect to continue the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments to decommissioning liabilities. This exemption can also be used for intangible assets covered under Ind AS 38 and Investment Property covered under Ind AS 40. Accordingly, the Company has elected to measure all its property, plant and equipment and intangible assets at their Indian GAAP carrying value.

2. Investment in subsidiaries/associates/ joint ventures

Ind AS 27 requires a Company, when it is preparing separate financial statements, to account for its investments in subsidiaries, joint ventures and associates either:(a) at cost; or(b) in accordance with Ind AS 109 - financial instrument at fair value.

A first-time adopter can measure such investment at cost in accordance with Ind AS 27. Accordingly, the Company has elected to measure the investment at cost for the Investment in Subsidiary.

Equity reconciliation for April 1, 2018

Particulars	Previous GAAP	Adjustments	Ind AS
ASSETS			
Financial Assets			
Cash and Cash Equivalents	184,510,872	-	184,510,872
Bank Balance Other than a Above	299,454	-	299,454
Loans	1,977,469,984	(50,318,303)	1,927,151,681
Other Financial Assets	16,872,458		16,872,458
Total (A)	**2,179,152,767**	**(50,318,303)**	**2,128,834,464**
Non-Financial Assets			
Deferred Tax Assets (Net)	7,488,620	25,212,664	32,701,284
Property, Plant and Equipment	66,601,221	-	66,601,221
Other Intangible Assets	1,279,434	-	1,279,434
Other Non-Financial Assets	21,078,452	-	21,078,452
Total (B)	**96,447,727**	**25,212,664**	**121,660,391**
Total Assets (A) + (B)	**2,275,600,495**	**(25,105,639)**	**2,250,494,856**

LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Debt Securities	546,160,000	-	546,160,000
Borrowings (Other than Debt Securities)	72,013,562	-	72,013,562
Subordinated Liabilities	1,055,581,000	-	1,055,581,000
Other Financial liabilities	83,382,934	-	83,382,934
Total (C)	**1,757,137,496**	**-**	**1,757,137,496**
Non - Financial Liabilities			
Current Tax Liabilities (Net)	14,528,527	-	14,528,527
Other Non-Financial Liabilities	9,284,082	3,998,771	13,282,854
Total (D)	**23,812,609**	**3,998,771**	**27,811,380**
Equity			
Equity Share Capital	399,887,870	-	399,887,870
Other Equity	94,762,520	(29,104,411)	65,658,110
Total (E)	**494,650,390**	**(29,104,411)**	**465,545,980**
Total Liabilities and Equity (C)+(D)+(E)	**2,275,600,495**	**(25,105,639)**	**2,250,494,856**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Equity reconciliation for March 31, 2019

Particulars	Previous GAAP	Adjustments	Ind AS
ASSETS			
Financial Assets			
Cash and Cash Equivalents	197,883,340	-	197,883,340
Bank Balance Other than a Above	10,276,348	-	10,276,348
Loans	3,774,585,962	(104,599,623)	3,669,986,339
Other Financial Assets	28,277,381		28,277,381
Total (A)	**4,011,023,031**	**(104,599,623)**	**3,906,423,408**
Non-Financial Assets			
Current Tax Assets (Net)	903,165	-	903,165
Deferred Tax Assets (Net)	14,020,300	34,098,210	48,118,510
Property, Plant and Equipment	126,834,573	-	126,834,573
Other Intangible Assets	3,110,549	-	3,110,549
Other Non-Financial Assets	42,146,327	-	42,146,327
Total (B)	**187,014,915**	**34,098,210**	**221,113,125**
Total Assets (A) + (B)	**4,198,037,946**	**(70,501,413)**	**4,127,536,533**
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Debt Securities	1,410,920,000	(7,199,200)	1,403,720,800
Borrowings (Other than Debt Securities)	48,149,713	-	48,149,713

Subordinated Liabilities	1,891,003,000	-	1,891,003,000
Other Financial liabilities	151,127,673	-	151,127,673
Total (C)	**3,501,200,385**	**(7,199,200)**	**3,494,001,185**
Non - Financial Liabilities			
Other Non-Financial Liabilities	4,359,454	3,201,428	7,560,881
Total (D)	**4,359,454**	**3,201,428**	**7,560,881**
Equity			
Equity Share Capital	514,932,280	-	514,932,280
Other Equity	177,545,826	(66,503,640)	111,042,186
Total (E)	**692,478,106**	**(66,503,640)**	**625,974,466**
Total Liabilities and Equity (C)+(D)+(E)	**4,198,037,944**	**(70,501,412)**	**4,127,536,533**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Profit reconciliation for the year ended March 31, 2019

Particulars	Previous GAAP	Adjustments	Ind AS
Revenue From Operations			
Interest Income	681,038,829	(18,115,506)	662,923,323
Other Income	2,522,469	-	2,522,469
Total Income	**683,561,299**	**(18,115,506)**	**665,445,792**
Expenses			
Finance Costs	299,898,776	-	299,898,776
Impairment on Financial Instruments	12,315,262	35,368,470	47,683,732
Employee benefits expenses	102,666,613	-	102,666,613
Depreciation, amortization and impairment	18,373,880	-	18,373,880
Other expenses	166,961,763	(7,199,200)	159,762,563
Total Expenses	**600,216,295**	**28,169,270**	**628,385,565**
Profit/(Loss) Before Tax	**83,345,004**	**(46,284,777)**	**37,060,228**
Tax Expense:			
1. Current Tax	30,102,260		30,102,260
2. Deferred Tax	(6,531,680)	(8,885,547)	(15,417,227)
Profit /(Loss) for the Period	**59,774,424**	**(37,399,230)**	**22,375,195**
Other Comprehensive Income	-	-	-
Total Comprehensive Income	**59,774,424**	**(37,399,230)**	**22,375,195**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Footnotes to the reconciliation of equity as at April 1, 2018 and March 31, 2019 and profit or loss for the year ended March 31, 2019

1. Effective Interest Rate (EIR)

(a) Under Indian GAAP, transaction costs charged to customers was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method over the tenure of the loan. Consequently, the effect of such adjustments as on the date of transition has been taken to retained earnings and the effect as on March 31, 2019 has been taken to statement of profit and loss.

(b) Under Indian GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of borrowings and recognised as interest expense using the effective interest method over the tenure of the borrowing. Consequently, the effect of such adjustments as on the date of transition has been taken to retained earnings and the effect as on March 31, 2019 has been taken to statement of profit and loss.

2. Impairment as per ECL

Under Indian GAAP, Non Performing Assets and provisioning were computed based on the RBI guidelines. Under Ind AS, loan assets are classified based on staging criteria prescribed under Ind AS 109 - Financial instruments and impairment is computed based on Expected Credit Loss model. Under Indian GAAP provision for Non Performing Asset and standard asset were presented under provisions. However, under Ind AS, financial assets measured at amortised cost are presented net of provision for expected credit losses. The Company has consequently, reclassified the Indian GAAP provisions for standard assets/NPAs to impairment allowance as ECL and the effect of such adjustments as on the date of transition has been taken to retained earnings and the effect as on March 31, 2019 to statement of profit and loss.

3. Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Consequently, the effect of such adjustments as on the date of transition has been taken to retained earnings and the effect as on March 31, 2019 has been taken to statement of profit and loss.

4. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

Note 38 - Disclosure with regard to dues to Micro Enterprises and Small Enterprises

Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2020 together with interest paid /payable are required to be furnished.

Note 39 - Details of the Auctions conducted with respect to Gold Loan

Year	Number of Loan Accounts	Amount due as on the date of auction	Value Fetched
31-03-2020	710	2,69,54,466	2,45,63,494
31-03-2019	1,078	5,77,58,240	5,31,30,479
31-03-2020	710	2,69,54,466	2,45,63,494
31-03-2019	1,078	5,77,58,240	5,31,30,479

Note 40 - Disclosures required as per Reserve Bank of India Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

(' in lakhs)

Sl. No.	Particulars	As at March 31, 2020	
	Liabilities side :	**Amount out-standing**	**Amount overdue**
1.	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		
	(a) Debentures : Secured	18,054.64	-
	: Unsecured	-	-
	(other than falling within the meaning of public deposits)	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans 18.41	-	
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits	-	-
	(g) Other Loans–	-	-
	Subordinated debt	31,483.26	-
	Cash credit / overdraft facilities from banks	999.35	-
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-
	Assets side :	**Amount out-standing**	
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**		
	(a) Secured	46,959.63	
	(b) Unsecured	4,394.90	
4	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	-	
	(b) Operating lease	-	
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	
	(b) Repossessed Assets	-	
	(iii) Other loans counting towards asset financing activities		
	(a) Loans where assets have been repossessed	-	
	(b) Loans other than (a) above	-	

5		**Break-up of Investments**	
		Current Investments :	
1		Quoted :	
	(i)	Shares	
		(a) Equity	-
		(b) Preference	-
	(ii)	Debentures and Bonds	-
	(iii)	Units of mutual funds	-
	(iv)	Government Securities	-
	(v)	Others (please specify)	-
	2	Unquoted :	
	(i)	Shares	
		(a) Equity	-
		(b) Preference	-
	(ii)	Debentures and Bonds	-
	(iii)	Units of mutual funds	-
	(iv)	Government Securities	-
	(v)	Others (please specify)	-
		Long Term investments :	
	1	Quoted :	
	(i)	Shares	
		(a) Equity	-
		(b) Preference	-
	(ii)	Debentures and Bonds	-
	(iii)	Units of mutual funds	-
	(iv)	Government Securities	-
	(v)	Others (please specify)	-
	2	Unquoted :	
	(i)	Shares	
		(a) Equity	247.70
		(b) Preference	-
	(ii)	Debentures and Bonds	-
	(iii)	Units of mutual funds	-
	(iv)	Government Securities	-
	(v)	Others (please specify)	-

6 **Borrower group-wise classification of assets financed as in (3) and (4) above :**

	Category	Amount net of provisions		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2	Other than related parties	46,959.63	4,394.90	51,354.53

7 **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)**

	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties		
	(a) Subsidiaries	-	247.70
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2	Other than related parties	-	-
	Total	**-**	**247.70**

8	Other information		
	Particulars	Amount	
(i)	Gross Non-Performing Assets*		
	(a) Related parties	-	
	(b) Other than related parties		4,512.05
(ii)	Net Non-Performing Assets*		
	(a) Related parties	-	
	(b) Other than related parties		3,065.73
(iii)	Assets acquired in satisfaction of debt	-	

* Stage 3 loan assets under Ind AS

Note 40.2 - Capital *(‘ in lakhs)*

Sl. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	CRAR (%)	17.02%	22.33%
2	CRAR - Tier I Capital (%)	11.28%	14.85%
3	CRAR - Tier II Capital (%)	5.74%	7.48%
4	Amount of subordinated debt raised as Tier - II capital	3,002.10	2,873.73
5	Amount raised by issue of perpetual debt instruments	-	-

Note 40.3 - Investments *(‘ in lakhs)*

Sl. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	247.70	-
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	247.70	-
	(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write off / write back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

Note 40.4 - Ratings assigned by Credit rating Agencies

Sl. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Bank Loans - Cash Credit/overdraft	CRISIL BB+/ Stable; CARE BB+/Stable	CRISIL BB+/ Stable; CARE BB/Stable
2	Non Convertible Debentures - Public issue	CARE BB+/Stable	CARE BB/Stable

Migration in rating during the year - Change in outlook from CARE BB/Stable to CARE BB+/Stable.

Note 40.5 - Provisions and Contingencies *(' in lakhs)*

Sl. No.	Break up of Provisions and Contingencies shown under the head Expenses in the Statement of Profit and Loss	As at March 31, 2020	As at March 31, 2019
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA (Expected Credit Loss)	120.54	476.84
3	Provision made towards Income Tax	375.32	301.02
4	Other Provision and Contingencies (with details)	-	-
5	Provision for Standard Assets	-	-

Note 40.6 - Concentration of Advances *(' in lakhs)*

Sl. No.	Particulars	As at March 31, 2020
1	Total Advances to twenty largest borrowers	6,410.88
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	12.48%

Note 40.7 - Concentration of Exposures *(' in lakhs)*

Sl. No.	Particulars	As at March 31, 2020
1	Total Exposures to twenty largest borrowers/customers	6,410.88
2	Percentage of Exposures to twenty largest borrowers/Customers to Total Exposures of the NBFC on borrowers/Customers.	12.48%

Note 40.8 - Concentration of NPAs *(' in lakhs)*

Sl. No.	Particulars	As at March 31, 2020
1	Total Exposures to top four NPA accounts	1,066.06

Note 40.9 - Sector wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	-
2	MSME	17.73%
3	Corporate borrowers	-
4	Services	-
5	Unsecured personal loans	-
6	Auto loans (vehicle loan)	-
7	Other loans	3.55%

* Stage 3 loan assets under Ind AS.

Note 40.10 - Movement of NPAs

Sl. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Net NPAs* to Net Advances (%)		
(ii)	Movement of NPAs* (Gross)	6.14%	12.80%
	(a) Opening balance	605,911,019	366,742,713
	(b) Net additions during the year	(154,705,571)	239,168,305
	(c) Closing balance	451,205,447	605,911,019
(iii)	Movement of Net NPAs*		
	(a) Opening balance	471,111,479	274,115,367
	(b) Net additions during the year	(164,538,824)	196,996,112

	(c) Closing balance	306,572,654	471,111,479
(iv)	Movement of provisions for NPAs* (excluding Provisions on Standard Assets)		
	(a) Opening balance	134,799,540	92,627,346
	(b) Provisions made during the year	9,833,253	42,172,194
	(c) Write-off/ write-back of excess provisions	-	-
	(d) Closing balance	144,632,793	134,799,540

Note 42 - Customer complaints

Sl. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	No. of complaints pending as at the beginning of the year	Nil	Nil
2	No. of complaints received during the year	Nil	Nil
3	No. of complaints redressed during the year	Nil	Nil
4	No. of complaints pending as at the end of the year	Nil	Nil

Note 43 - Percentage of Loans granted against collateral of gold jewellery to total assets

Sl. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Gold Loans granted against collateral of gold jewellery	2,554,040,423	1,514,128,094
2	Total assets of the Company	5,135,453,260	3,815,086,544
3	Percentage of Gold Loans to Total Assets	49.73%	39.69%

Note 44 - Previous year's figures have been regrouped/rearranged, wherever necessary to conform to current year's classifications/disclosure.

As per our report of even date attached

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

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

Place: Aluva
Date: 05.10.2020

For and on behalf of the Board of Directors

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

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

Place: Ernakulam
Date: 05.10.2020

Note 41 - Disclosure required as per Reserve Bank of India Notification No. DOR (NBFC). CC . PD. No.109/ 22.10.106 /2019-20 dated March 13,2020

A comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 - Financial instruments.

Asset Classification as per RBI Norms(1)	Asset Classification as per IND AS 109(2)	Gross Carrying Amount as per IND AS(3)	Loss Allowances (Provisions) as required under IND AS 109 (4)	Net carrying Amount(5)=(3)-(4)	Provisions required as per IRACP norms(6)	Difference between IND AS 109 provisions and IRACP norms(7)=(4)-(6)
Performing Assets						
Standard Assets	Zero overdue	2,357,304,031	-	2,357,304,031	9,429,216	(9,429,216)
	Stage 1	1,631,289,117	5,331,491	1,625,957,627	6,525,156	(1,193,666)
	Stage 2	517,570,647	7,189,630	510,381,016	2,070,283	5,119,348
Subtotal		**4,506,163,795**	**12,521,121**	**4,493,642,674**	**18,024,655**	**(5,503,534)**
Non-Performing Assets						
Sub Standard	Stage 3	387,651,425	122,505,842	265,145,583	38,765,142	83,740,699
Doubtful- up to 1 year	Stage 3	10,394,903	3,541,817	6,853,086	2,078,981	1,462,836
1 to 3 years	Stage 3	277,787	76,668	201,119	83,336	(6,668)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful	**10,672,690**	**3,618,485**	**7,054,205**	**2,162,317**	**1,456,168**	
Loss	Stage 3	52,881,333	18,508,467	34,372,866	52,881,333	(34,372,866)
Subtotal for NPA		**451,205,448**	**144,632,793**	**306,572,655**	**93,808,792**	**50,824,001**
Other items such as guarantees, loan	Stage 1	-	-	-	-	-
commitments, etc. which are in the scope	Stage 2	-	-	-	-	-
of Ind AS 109 but not covered under						
current Income Recognition, Asset						
Classification and Provisioning (IRACP)	Stage 3	-	-	-	-	-
norms						
Subtotal	-	-	-	-	-	-
Total	**Zero overdue**	**2,357,304,031**	**-**	**2,357,304,031**	**9,429,216**	**(9,429,216)**
	Stage 1	**1,631,289,117**	**5,331,491**	**1,625,957,627**	**6,525,156**	**(1,193,666)**
	Stage 2	**517,570,647**	**7,189,630**	**510,381,016**	**2,070,283**	**5,119,348**
	Stage 3	**451,205,448**	**144,632,793**	**306,572,655**	**93,808,792**	**50,824,001**
	Total	**4,957,369,243**	**157,153,914**	**4,800,215,329**	**111,833,447**	**45,320,467**

INDEPENDENT AUDITOR'S REPORT

To the Members of **KLM AXIVA FINVEST LIMITED**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **KLM Axiva Finvest Limited** (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31st March 2020, and the consolidated statement of profit and loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, of consolidated profit/loss (including Other Comprehensive Income), consolidated changes in equity and its consolidated cash flows and the for the year ended on that date.

Basis for Opinion

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

Emphasis Of Matter

We draw attention to Note 3 to the consolidated Financial Statements, which describes that the Group has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic.

Due to the Covid-19 pandemic, we were not able to visit the branches of the Holding Company and hence could not verify the underlying security in respect of gold loans. We are relying on the internal control system in force and management representation with respect to the same.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Key audit matters with respect to the Holding Company.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Effective 1 April 2019, the Company adopted the Indian Accounting Standards (‘Ind AS’) notified by the Ministry of Corporate Affairs with the transition date of 1 April 2018.

The major impact areas for the Company upon transition are:-

Classification and measurement of financial assets and financial liabilities

- Measurement of loan losses (expected credit losses)

- Accounting for loan fees and costs.

The migration to Ind AS is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date.</td><td>We have evaluated the management’s transition date choices and exemptions for compliance/acceptability under Ind AS 101.

We understood the methodology implemented by management to give impact on the transition.

We tested the system reports to check the completeness and accuracy of the data and reports used to perform computations for giving effect to Ind AS transition adjustments.

We assessed the accuracy of the computations.

We assessed areas of significant estimates and management judgment in line with principles under Ind AS and assessed the appropriateness of the disclosures made in the Consolidated Financial Statements.</td></tr>
<tr><td>Provision for Expected Credit Losses (ECL) on Loans

As against the provisioning norms earlier prescribed by Reserve Bank of India and adopted by the Company in prior years, Ind-AS 109 (Financial Instruments) requires the Company to recognise Expected Credit Loss (ECL) and impairment loss allowances on financial assets. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company’s loans and advances.

In the process, a significant degree of judgment has been applied by the Management for:

• Timely identification and classification of the impaired loans.

• Staging of loans [i.e. classification in ‘significant increase in credit risk’ (‘SICR’) and ‘default’ categories].

• Determination and calculation of probability of default / Loss given default.

• Consideration of probability weighted scenarios and forward looking macro-economic factors for determining credit quality of receivables.

• Estimation of losses for loan products with no/ minimal historical defaults..</td><td>We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company.

We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates.

These controls included, among others, controls over the allocation of assets into stages including management’s monitoring of stage effectiveness, model monitoring including the need for post model adjustments and disclosures.

We assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3.

We tested the appropriateness of determining the Exposure At Default (EAD), Probability of Default (PD) and Loss Given Default (LGD) for a samples of exposure.

We performed an overall assessment of the ECL provision levels at each stage including management’s assessment on Covid-19 impact to determine if they were reasonable in considering the Company’s portfolio, risk profile, credit risk management practices and the macroeconomic environment.</td></tr>
</table>

The outbreak of the COVID – 19 pandemic during the year has necessitated a high degree of Management's judgement to consider the possible impact of uncertainties associated with the same and the Management's judgement involved in estimation of ECL.	We assessed disclosures included in the consolidated financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.
Tax expense The Holding Company, during the year, paid an amount of ‘311.31 lakhs towards tax and interest liability relating to assessment years 2013-14 to 2016-17 upon the completion of the Income Tax Settlement proceedings after a search and seizure proceeding was initiated under section 132 of the Income Tax Act, 1961 on October 5, 2015 in the case of the Company and other group companies. The Holding Company had declared an additional income of ‘401.64 lakhs before the Settlement Commission for the various assessment years which were subject matter of settlement. Refer Note 32 to the consolidated financial statements.	We have obtained the Income Tax Settlement Commission orders, assessment orders giving effect to the Settlement Commission orders and details of additional income made from the management. We obtained expert opinion in evaluating management's position on the treatment of the tax liability and interest paid and assessed the disclosures made in the consolidated financial statements in respect of the same.
Information technology Financial accounting and reporting processes, are fundamentally reliant on IT systems and IT controls to process significant volumes of transaction. The Company's financial accounting and reporting processes are so highly dependent on the automated controls in information systems, that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. From a financial reporting perspective the Company uses and we have tested the financial accounting and reporting system and loan management systems and other tools for its overall financial reporting.	We obtained an understanding of the Company's IT control environment and changes during the audit period that may be relevant to the audit. We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management. We evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other subsidiaries included in the consolidated financial statements, which has been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

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

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.**Except Ind AS-19 - Employee Benefits*

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies are disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

i. The Group does not have any pending litigations which would impact its financial position.

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

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

For Balan & Co.,

Chartered Accountants

(FRN 000340S)

P. Mohandas, FCA

Partner (M. No. 021262)

Aluva,

30.10.2020

“Annexure A” to the Independent Auditor’s Report of even date on the Consolidated Financial Statements of KLM Axiva Finvest Limited

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of KLM Axiva Finvest Limited (hereinafter referred to as “the Holding Company”) and its subsidiary company, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the the Holding Company and its subsidiary company, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Balan & Co.,**

Chartered Accountants

(FRN 000340S)

P. Mohandas, FCA

Partner (M.No.021262)

Aluva,

30.10.2020

Consolidated Balance Sheet as at March 31, 2020

Sl no:	PARTICULARS	Note no:	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
	ASSETS				
1	**Financial Assets**				
(a)	Cash and Cash Equivalents	8	36,35,93,482	19,78,83,340	18,45,10,872
(b)	Bank Balance Other than (a) above	9	1,01,50,000	1,02,76,348	2,99,454
(c)	Loans	10	4,97,82,99,347	3,66,99,86,339	1,92,71,51,681
(d)	Investments		-	-	-
(e)	Other Financial Assets	11	4,64,31,114	2,82,77,381	1,68,72,458
2	**Non-Financial Assets**				
(a)	Current Tax Assets (Net)	12	-	9,03,165	-
(b)	Deferred Tax Assets (Net)	13	4,69,46,240	4,81,18,510	3,27,01,284
(c)	Property, Plant and Equipment	14	18,72,54,438	12,68,34,573	6,66,01,221
(d)	Other Intangible Assets	15	32,96,454	31,10,549	12,79,434
(e)	Other Non-Financial Assets	16	8,16,93,334	4,21,46,327	2,10,78,452
	TOTAL		**5,71,76,64,408**	**4,12,75,36,533**	**2,25,04,94,856**
	LIABILITIES AND EQUITY				
1	**Financial Liabilities**				
(a)	Payables		-	-	-
(b)	Debt Securities	17	1,71,59,80,902	1,40,37,20,800	54,61,60,000
(c)	Borrowings (Other than Debt Securities)	18	10,17,76,639	4,81,49,713	7,20,13,562
(d)	Subordinated Liabilities	19	3,05,03,36,000	1,89,10,03,000	1,05,55,81,000
(e)	Other Financial liabilities	20	18,69,24,212	15,11,27,673	8,33,82,934
2	**Non-Financial Liabilities**				
(a)	Current Tax Liabilities (Net)	21	69,54,730	-	1,45,28,527
(b)	Other Non-Financial Liabilities	22	28,50,222	75,60,881	1,32,82,854
3	**EQUITY**				
(a)	Equity Share Capital	23	53,12,82,280	51,49,32,280	39,98,87,870
(b)	Other Equity	24	12,15,59,424	11,10,42,186	6,56,58,110
	TOTAL		**5,71,76,64,408**	**4,12,75,36,533**	**2,25,04,94,856**

See accompanying notes forming part of the consolidated financial statements

For and on behalf of the Board of Directors

As per our report of even date attached

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

For Balan & Co.,

Chartered Accountants
(FRN 000340 S)

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

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

Srikanth G. Menon
Company Secretary

Place: Aluva
Date: 30.10.2020

Place: Ernakulam
Date: 30.10.2020

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

Sl no:	PARTICULARS	Note no:	Year ended March 31, 2020	Year ended March 31, 2019
I	**Revenue From Operations**			
	Interest Income	25	995,697,439	662,923,323
II	**Other Income**	26	26,840,068	2,522,469
III	**Total income (I+II)**		**1,022,537,507**	**665,445,792**
	EXPENSES			
	Finance Costs	27	511,985,421	299,898,776
	Impairment on Financial Instruments	28	12,053,709	47,683,732
	Employee benefits expenses	29	189,793,424	102,666,613
	Depreciation, amortization and impairment	30	33,777,007	18,373,880
	Other expenses	31	199,305,886	159,762,563
IV	**Total expenses**		**946,915,448**	**628,385,565**
V	**Profit/(Loss) before Tax (III-IV)**		**75,622,059**	**37,060,228**
VI	**Tax Expense:**	32		
	1. Current Tax		38,007,044	30,102,260
	2. Deferred Tax		1,172,270	(15,417,227)
	3. Tax relating to prior years paid on settlement		31,130,905	-
VII	**Profit /(Loss) for the Period (V-VI)**		**5,311,840**	**22,375,195**
VIII	**Other Comprehensive Income**	-	-	
IX	**Total Comprehensive Income (VII+VIII)**		**5,311,840**	**22,375,195**
	Profit for the year attributable to			
	Equity holders of the parent		5,290,644	22,375,195
	Non-controlling interest		21,196	-
	Other comprehensive income attributable to			
	Equity holders of the parent	-	-	
	Non-controlling interest	-	-	
	Total comprehensive income for the year attributable to			
	Equity holders of the parent		5,290,644	22,375,195
	Non-controlling interest		21,196	-
X	**Earnings per Equity Share**	33		
	Basic & Diluted (Rs.)		0.10	0.56

See accompanying notes forming part of the consolidated financial statements

For and on behalf of the Board of Directors

As per our report of even date attached

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

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

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

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

Srikanth G. Menon
Company Secretary

Place: Aluva
Date: 30.10.2020

Place: Ernakulam
Date: 30.10.2020

Consolidated Cash Flow Statement for the year ended March 31, 2020

	PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net profit Before Taxation	75,622,059	37,060,228
	Adjustments for:		
	Depreciation and amortisation	33,777,007	18,373,880
	Finance costs	509,031,553	297,987,812
	Interest on income tax	2,953,868	1,910,964
	Impairment on financial instruments	12,053,709	47,683,732
	Operating Profit before Working Capital Changes	**633,438,196**	**403,016,616**
	(Increase)/Decrease in Loans & Advances -Financial Assets	(1,320,366,716)	(1,790,518,390)
	(Increase)/Decrease in Other financial Assets	(18,153,734)	(11,404,923)
	(Increase)/Decrease in Other non financial Assets	(56,397,506)	(21,067,875)
	Increase/(Decrease) in Other financial liabilities	35,484,442	91,738,011
	Increase/(Decrease) in Other Non financial liabilities	(4,710,659)	(5,721,972)
	Cash from operations	**(730,705,978)**	**(1,333,958,533)**
	Net income tax paid	(47,383,423)	(47,444,914)
	Net Cash From Operating Activities	**(778,089,400)**	**(1,381,403,448)**
B.	**CASH FLOW FROM INVESTINGACTIVITIES :**		
	Capital Expenditure	(94,382,777)	(80,438,347)
	Acquisition of subsidiary	1,167,160	-
	Bank balances not considered as cash and cash equivalents	126,348	(9,976,895)
	Net Cash From Investing Activities	**(93,089,269)**	**(90,415,242)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from issuance of equity shares	16,350,000	115,044,410
	Share Premium on issue of equity shares	3,270,000	23,008,882
	Proceeds from issue of Debentures	312,260,102	857,560,800
	Proceeds from issue of Subordinate debts	1,159,333,000	835,422,000
	(Repayment)/ Increase in long-term borrowings	53,626,926	(23,863,850)
	Dividend Paid	-	(23,993,272)
	Changes in ownership interests in a subsidiary	1,080,334	-
	Finance cost	(509,031,553)	(297,987,812)
	Net Cash From Financing Activities	**1,036,888,810**	**1,485,191,158**
	NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**165,710,141**	**13,372,468**
	OPENING CASH AND CASH EQUIVALENTS	**197,883,340**	**184,510,872**
	CLOSING CASH AND CASH EQUIVALENTS	**363,593,482**	**197,883,340**

As per our report of even date attached

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

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

Place : Aluva
Date : 30.10.2020

For and on behalf of the Board of Directors

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

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

Place : Ernakulam
Date : 30.10.2020

A. Equity Share Capital

Equity Shares of '10 each issued, subscribed and fully paid

Particulars	Nos.	Amount
As at April 1, 2018	3,99,88,787	39,98,87,870
Issued during the year	1,15,04,441	11,50,44,410
As at March 31, 2019	5,14,93,228	51,49,32,280
Issued during the year	16,35,000	1,63,50,000
As at March 31, 2020	5,31,28,228	53,12,82,280

B. Other Equity

Particulars	Reserves and Surplus						Other compre-hensive Income	Total attributable toequity holdersof the parent	Total non controlling interest	Total
	Statutory Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Capital Reserve	Retained Earnings				
As at April 1, 2018	**21,298,500**	**52,738,680**	**-**	**408,000**	**-**	**(8,787,070)**	**-**	**65,658,110**	**-**	**65,658,110**
Dividends	-	-	-	-	-	-	-	-	-	-
Transfer to/from Retained Earnings	11,955,000	-	53,055,878	-	-	(65,010,878)	-	-	-	-
Other Additions/Deductions during the year										
Securities premium received during the year	-	23,008,882	-	-	-	-	-	23,008,882	-	23,008,882
Profit for the year (net of taxes)	-	-	-	-	-	22,375,195	-	22,375,195	-	22,375,195
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-
Net gain / (loss) on transaction with non-controlling interest	-	-	-	-	-	-	-	-	-	-
Adjustments to non-controlling interest								-		-
As at March 31, 2019	**33,253,500**	**75,747,562**	**53,055,878**	**408,000**	**-**	**(51,422,754)**	**-**	**111,042,186**	**-**	**111,042,186**
Dividends	-	-	-	-	-	-	-	-	-	-

Transfer to/from Retained Earnings	1,013,600	-	(53,055,878)	-	-	52,042,278	-	-		-
Other Additions/Deductions during the year										
Others	-	-	-	-	855,063	-	-	855,063	-	855,063
Securities premium received during the year	-	3,270,000	-	-	-	-	-	3,270,000	-	3,270,000
Profit for the year (net of taxes)	-	-	-	-	-	5,290,644	-	5,290,644	21,196	5,311,840
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	12,330,334	12,330,334
Net gain / (loss) on transaction with non-controlling interest	-	-	-	-	-	1,101,531	-	1,101,531	-	1,101,531
Adjustments to non-controlling interest	-	-	-	-	-	-	-	-	(12,351,531)	(12,351,531)
As at March 31, 2020	**34,267,100**	**79,017,562**	**-**	**408,000**	**855,063**	**7,011,699**	**-**	**121,559,424**	**-**	**121,559,424**

As per our report of even date attached

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

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

Place: Aluva
Date: 30.10.2020

For and on behalf of the Board of Directors

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

Thanish Dalee
Chief Financial Officer

Biji Shibu
Director (DIN: 06484566)

Srikanth G. Menon
Company Secretary

Place: Ernakulam
Date: 30.10.2020

1. CORPORATE INFORMATION

KLM Axiva Finvest Limited, (the Company), is a Public limited company, incorporated on 28 April 1997. The Company was a Non-Systemically important Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The Company has received the certificate of registration 09.00006 on 13th December, 1997 enabling the Company to carry on business as Non-Banking Financial Company. The total assets size of the Company, during the year crossed ₹500 crore and the Company became a Systemically important non-deposit taking non-banking financial company.

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

The registered office of the Company is at Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana – 500074.

The Company has a subsidiary KMLM Financial Services Limited. The Company along with the Subsidiary is collectively referred to as the "Group". KMLM Financial Services Limited is a public limited company and was incorporated on November 9, 2011.

2. BASIS OF PREPARATION AND PRESENTATION

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant Accounting Standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

For the period up to and including the year ended March 31, 2019, the Group prepared its financial statements in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended). The financial statements for the year ended March 31, 2020 are the first financial statement of the Group prepared in accordance with Ind AS. Refer to Note 37 on First time adoption to Ind AS for information on adoption of Ind AS by the Company.

The above financial statements have been prepared in accordance with the Indian Accounting Standards prescribed read with relevant rules issued there under and other accounting principles generally accepted in India mainly considering the Master Directions issued by the Reserve Bank of India ('RBI') as applicable to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company.

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosed amount of contingent liabilities. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Group are discussed in Note 7 - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (INR) which is the Group's functional currency. All financial information presented in INR has been rounded off to the nearest two decimals, unless otherwise stated.

PRESENTATION OF FINANCIAL STATEMENT

The consolidated financial statements of the Group are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis.

STATEMENT OF COMPLIANCE

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the generally accepted accounting principles as referred to above.

3. IMPACT OF COVID-19

The COVID-19 outbreak is on-going and the actual extent of its impact on the economy globally in general and in India, in particular remains uncertain. The outbreak has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Holding Company has offered an optional moratorium of six months on the payment of all principal instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue as on 29 February 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

Further, the Group has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial asset as at March 31, 2020. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate.

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2020. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group:

- Has power over the investee,
- Has exposure or rights to variable return from its involvement with the investee, and
- Has the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above three elements of control.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights and
- Size of the Group's holding of voting rights relative to the size and dispersion of holdings of other investees with voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

Consolidation procedure followed is as under:

- Items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries are combined like to like basis. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

- The difference between carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary is subject to adjustment of goodwill.
- Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated subject to impact of deferred taxes.

Profit or loss and each component of other comprehensive income (OCI) are attributable to equity holders of the parent of the Group and to the non-controlling interest (NCI), even if this results in the NCI having deficit balance.

5. BUSINESS COMBINATION

The Group applies Ind AS 103, Business Combinations, to business combinations. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identified assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for that purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in Other Comprehensive Income and accumulates the same in equity as capital reserve. If there does not exist clear evidence of the underlying assets for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in the statement of profit and loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

When a business combination is achieved in stages, the Group's previously held equity interest of the acquirer in the acquiree is remeasured to its acquisition date fair value and any resulting gain or loss is recognised in the Statement of Profit and Loss or OCI, as appropriate

6. SIGNIFICANT ACCOUNTING POLICIES

6.1. Financial Instruments

(I) Financial Assets

a) Initial recognition

All financial assets are recognised initially at fair value. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

b) Subsequent measurement

The Group classifies its financial assets into the following measurement categories depending on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets:

a. **Financial assets measured at amortised cost-** A financial asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. **Financial assets measured at fair value through other comprehensive income (FVOCI) -** A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c. **Financial assets measured at fair value through profit or loss (FVTPL) -** A financial asset which is not classified in any of the above categories is measured at FVTPL.

c) Other Equity Investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Group has elected to present the changes in fair value through other comprehensive income (FVOCI).

(II) Financial Liabilities

a) Initial recognition

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, non-convertible debentures, loans and borrowings including bank overdrafts.

b) Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

6.2. Derecognition of financial assets and liabilities

(I) Financial Assets

The Group derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

(II) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

6.3. Impairment of financial assets

I. Overview of the Expected Credit Loss (ECL) model

The Group recognises impairment allowance for expected credit loss on financial assets held at amortised cost. The Group recognises loss allowances (provisions) for expected credit losses on its financial assets (including non-fund exposures) that are measured at amortised costs or at fair value through other comprehensive income account.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. The 12-month ECL is the portion of the lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within 12 months after the reporting date.

The Group performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The Group applies a three-stage approach to measuring expected credit losses (ECLs).

Stage 1: 12-months ECL

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

Stage 2: Lifetime ECL – not credit impaired

For financial assets where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining life time of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

The Group has identified a zero bucket for financial assets that are not overdue.

II. Estimation of Expected Credit Loss

The Group has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and EAD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Group uses historical information where available to determine PD.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, whether scheduled by contract or otherwise, expected draw downs on committed facilities.

Loss Given Default (LGD) – The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

6.4. Offsetting of financial instruments

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognised amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

6.5. Cash and cash equivalents

Cash and cash equivalents include cash on hand and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

6.6. Property, Plant and Equipment

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Advances paid towards the acquisition of fixed assets, outstanding at each reporting date are shown under other non-financial assets. The cost of property, plant and equipment not ready for its intended use at each reporting date are disclosed as capital work-in-progress.

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

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income /expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

6.7. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

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

6.8. Depreciation and Amortisation

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

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

Asset	**Useful life**
Building	30-60Years
Computers and servers	3-6 Years
Office equipment	5 Years
Furniture and fixtures	10 Years
Vehicles	8-10 Years

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

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

6.9. Impairment of non–financial assets

At Balance Sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Group's assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An assessment is also done at each Balance Sheet date whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The carrying amount of the fixed asset is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised in the Statement of Profit and Loss for the year.

After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the fixed asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on written down value basis over its remaining useful life.

6.10. Revenue recognition

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

(I) Interest Income

The Group recognises Interest income by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets. For purchased or originated credit-impaired financial assets, the Group applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. Such interests, where instalments are overdue in respect of non-performing assets are recognised on realization basis.

The EIR in case of a financial asset is computed

a) As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b) By considering all the contractual terms of the financial instrument in estimating the cash flows

c) Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes.

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

(II) Recognition of revenue from sale of goods or services

Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. The Group recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Processing fee which is not form part of effective interest rate has been recognised as and when it is accrued.

(III) Dividend Income

Dividend income is recognised when the Group's right to receive the payment is established. This is established when it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

6.11. Finance cost

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

a) As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b) By considering all the contractual terms of the financial instrument in estimating the cash flows

c) Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, Rating Fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

6.12. Employee Benefits

Short Term Employee Benefits: All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Group recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense)

Defined Contribution Plan

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

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

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

6.13. Income taxes

Income tax comprises current and deferred income tax.

Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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

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

6.14. Earnings per share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

6.15. Provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

6.16. Contingent liabilities

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

6.17. Cash flow statement

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

6.18. Segment Reporting

The Group is engaged in the business segment of Financing, whose operating results are regularly reviewed by the Board of Directors, which has been identified as being the chief operating decision maker, to make decisions about resources to be allocated and to assess its performance, and for which discrete financial information is available. The Group has concluded that the business of lending finance is the only reportable segment.

6.19. Leases

With effect from April 1, 2019, the Group has applied Ind AS 116 'Leases' to all lease contracts existing on April 01, 2019 by adopting the modified retrospective approach. Accordingly, the comparative information is not required to be restated.

The Group evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset.

The Group as a lessee

The Group has elected not to recognise right-of use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months and leases with low value assets. The Group determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease, where the Group is reasonably certain to exercise that option.

The Group recognises the lease payments associated with these leases as an expense in Statement of Profit and Loss on a straight-line basis over the lease term or another systematic basis if that basis is more representative of the pattern of the lessee's benefit. The related cash flows are classified as operating activities.

Wherever the above exception permitted under Ind AS 116 is not applicable, the Group at the time of initial recognition:

• measures lease liability as present value of all lease payments discounted using the Group's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is increased by interest on lease liability, reduced by lease payments made and remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

• measures 'Right-of-use assets' as present value of all lease payments discounted using the Group's incremental cost of borrowing and any initial direct costs. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation (depreciated on straight line basis over the lease period) and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'

7. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

n particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

7.1. Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

7.2. Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

7.3. Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

7.4. Effective Interest Rate (EIR) method

The Group's EIR methodology recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, probable fluctuations in collateral value as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

7.5. Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

Note 8 - Cash and Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Cash on hand	46,508,149	17,979,731	38,361,452
(b) Balance with banks			
In current accounts	192,085,332	179,903,609	115,249,420
In fixed deposits (with maturity of less than 3 months)	125,000,000	-	30,900,000
TOTAL	**363,593,482**	**197,883,340**	**184,510,872**

Note 9 - Bank Balance Other Than Above

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Balance deposits with maturity more than 3 months	10,150,000	10,150,000	-
(b) On Escrow Accounts			
Unpaid Dividend account	-	126,348	299,454
TOTAL	**10,150,000**	**10,276,348**	**299,454**

Note 10 - Loans

Particulars	As at March 31, 2020				
		at Fair Value			
	Amortised Cost	Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	Total
Loans					
(A)					
Gold Loan	2,554,040,423	-	-	-	2,554,040,423
Business Loan	1,897,468,431	-	-	-	1,897,468,431
Personal Loan	243,725,413	-	-	-	243,725,413
Vehicle Loan	728,590	-	-	-	728,590
Microfinance Loan	439,490,403	-	-	-	439,490,403
Total (A) - Gross	**5,135,453,260**	**-**	**-**	**-**	**5,135,453,260**
Less: Impairment loss allowance	157,153,914	-	-	-	157,153,914
Total (A) - Net	**4,978,299,347**	**-**	**-**	**-**	**4,978,299,347**
(B)					
(i) Secured by tangible assets	4,695,962,857	-	-	-	4,695,962,857
(ii) Covered by Bank/ Government guarantees	-	-	-	-	-
(ii) Unsecured	439,490,403	-	-	-	439,490,403
Total (B) - Gross	**5,135,453,260**	**-**	**-**	**-**	**5,135,453,260**
Less: Impairment loss allowance	157,153,914	-	-	-	157,153,914
Total (B) - Net	**4,978,299,347**	**-**	**-**	**-**	**4,978,299,347**
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	5,135,453,260	-	-	-	5,135,453,260
Total (C) - Gross	**5,135,453,260**	**-**	**-**	**-**	**5,135,453,260**
Less: Impairment loss allowance	157,153,914	-	-	-	157,153,914
Total (C) - Net	**4,978,299,347**	**-**	**-**	**-**	**4,978,299,347**

Particulars	As at March 31, 2019				
		at Fair Value			
	Amortised Cost	Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	Total
Loans					
(A)					
Gold Loan	1,514,128,094	-	-	-	1,514,128,094
Business Loan	1,407,422,516	-	-	-	1,407,422,516
Personal Loan	628,506,260	-	-	-	628,506,260
Vehicle Loan	10,398,494	-	-	-	10,398,494
Microfinance Loan	254,631,181	-	-	-	254,631,181
Total (A) - Gross	**3,815,086,544**	**-**	**-**	**-**	**3,815,086,544**
Less: Impairment loss allowance	145,100,205	-	-	-	145,100,205
Total (A) - Net	**3,669,986,339**	**-**	**-**	**-**	**3,669,986,339**
(B)					
(i) Secured by tangible assets	3,560,455,363	-	-	-	3,560,455,363
(ii) Covered by Bank/ Government guarantees	-	-	-	-	-
(ii) Unsecured	254,631,181	-	-	-	254,631,181
Total (B) - Gross	**3,815,086,544**	**-**	**-**	**-**	**3,815,086,544**
Less: Impairment loss allowance	145,100,205	-	-	-	145,100,205
Total (B) - Net	**3,669,986,339**	**-**	**-**	**-**	**3,669,986,339**
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	3,815,086,544	-	-	-	3,815,086,544
Total (C) - Gross	**3,815,086,544**	**-**	**-**	**-**	**3,815,086,544**
Less: Impairment loss allowance	145,100,205	-	-	-	145,100,205
Total (C) - Net	**3,669,986,339**	**-**	**-**	**-**	**3,669,986,339**

Particulars	As at April 1, 2018				
		at Fair Value			
	Amortised Cost	Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	Total
Loans					
(A)					
Gold Loan	587,290,650	-	-	-	587,290,650
Business Loan	809,066,376	-	-	-	809,066,376
Personal Loan	451,909,663	-	-	-	451,909,663
Vehicle Loan	14,525,032	-	-	-	14,525,032
Microfinance Loan	161,776,433	-	-	-	161,776,433
Total (A) - Gross	**2,024,568,154**	**-**	**-**	**-**	**2,024,568,154**
Less: Impairment loss allowance	97,416,472	-	-	-	97,416,472

Total (A) - Net	**1,927,151,681**	**-**	**-**	**-**	**1,927,151,681**
(B)					
(i) Secured by tangible assets	1,862,791,721	-	-	-	1,862,791,721
(ii) Covered by Bank/ Government guarantees	-	-	-	-	-
(ii) Unsecured	161,776,433	-	-	-	161,776,433
Total (B) - Gross	**2,024,568,154**	**-**	**-**	**-**	**2,024,568,154**
Less: Impairment loss allowance	97,416,472	-	-	-	97,416,472
Total (B) - Net	**1,927,151,681**	**-**	**-**	**-**	**1,927,151,681**
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	2,024,568,154	-	-	-	2,024,568,154
Total (C) - Gross	**2,024,568,154**	**-**	**-**	**-**	**2,024,568,154**
Less: Impairment loss allowance	97,416,472	-	-	-	97,416,472
Total (C) - Net	**1,927,151,681**	**-**	**-**	**-**	**1,927,151,681**

Summary of ECL provisions

Particulars	**F.Y. 2019-20**			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	45,036	179,916	9,565,744	9,790,695
Business Loan	4,194,886	5,718,152	117,722,191	127,635,229
Personal Loan	4,068	1,216,960	347,991	1,569,019
Vehicle Loan	-	10,848	-	10,848
Microfinance Loan	1,087,501	63,754	16,996,867	18,148,122
Total Closing ECL provision	**5,331,491**	**7,189,630**	**144,632,793**	**157,153,914**

Particulars	**F.Y. 2018-19**			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	1,170,858	3,586,502	17,832,558	22,589,918
Business Loan	585,369	4,076,022	42,275,652	46,937,043
Personal Loan	53,259	273,594	67,260,997	67,587,850
Vehicle Loan	7,418	1,248	2,060,285	2,068,951
Microfinance Loan	268,562	277,833	5,370,048	5,916,442
Total Closing ECL provision	**2,085,466**	**8,215,199**	**134,799,540**	**145,100,205**

Credit Quality of Loan Assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 35.

Particulars	**As at 31st March, 2020**			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Standard Grade	1,631,289,117	-	-	1,631,289,117
Sub-Standard Grade	-	517,570,647	-	517,570,647
Doubtful and Loss Assets	-	-	451,205,447	451,205,447
	1,631,289,117	**517,570,647**	**451,205,447**	**2,600,065,211**

Particulars	As at 31st March, 2019			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Standard Grade	1,165,249,496	-	-	1,165,249,496
Sub-Standard Grade	-	862,189,195	-	862,189,195
Doubtful and Loss Assets	-	-	605,911,019	605,911,019
	1,165,249,496	**862,189,195**	**605,911,019**	**2,633,349,709**

Particulars	As at 1st April, 2018			
	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
Standard Grade	34,56,87,050	-	-	345,687,050
Sub-Standard Grade	-	37,97,40,276	-	379,740,276
Doubtful and Loss Assets	-	-	366,742,713	366,742,713
	345,687,050	**379,740,276**	**366,742,713**	**1,092,170,039**

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

Particulars	F.Y. 2019-20			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,165,249,496	862,189,195	605,911,019	2,633,349,709
New assets originated or purchased	1,279,785,458	377,053,870	361,720,491	2,018,559,818
Assets derecognised or repaid (excluding write offs)	(967,337,696)	(669,574,413)	(314,709,828)	(1,951,621,936)
Amounts written off during the year	-	(67,390)	(6,838,256)	(6,905,646)
Transfers to Stage 1	-	(122,570,286)	(79,357,015)	(201,927,301)
Transfers to Stage 2	86,693,165	-	(115,520,963)	(28,827,799)
Transfers to Stage 3	66,898,695	70,539,671	-	137,438,366
Gross carrying amount closing balance	**1,631,289,117**	**517,570,647**	**451,205,447**	**2,600,065,211**

Particulars	F.Y. 2018-19			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	345,687,050	379,740,276	366,742,713	1,092,170,039
New assets originated or purchased	1,128,526,602	805,429,479	220,936,053	2,154,892,134
Assets derecognised or repaid (excluding write offs)	(205,206,223)	(212,884,731)	(174,309,850)	(592,400,804)
Transfers to Stage 1	25,350,830	(27,997,587)	(47,350)	(2,694,107)
Transfers to Stage 2	(62,873,955)	50,392,015	(111,395)	(12,593,335)
Transfers to Stage 3	(66,234,808)	(132,490,257)	192,700,848	(6,024,218)
Gross carrying amount closing balance	**1,165,249,496**	**862,189,195**	**605,911,019**	**2,633,349,709**

Reconciliation of ECL balance is given below:

Particulars	F.Y. 2019-20			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	2,085,466	8,215,199	134,799,540	145,100,205
New assets originated or purchased	4,161,276	6,100,871	124,344,806	134,606,953
Assets derecognised or repaid (excluding write offs)	(1,553,414)	(5,916,792)	(61,960,475)	(69,430,682)
Amounts written off during the year	-	(930)	(1,810,061)	(1,810,991)
Transfers to Stage 1	-	(1,652,745)	(19,586,390)	(21,239,135)
Transfers to Stage 2	317,323	-	(31,154,627)	(30,837,304)
Transfers to Stage 3	320,840	444,028	-	764,868
ECL allowance - closing balance	**5,331,491**	**7,189,630**	**144,632,793**	**157,153,914**

Particulars	F.Y. 2018-19			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	787,557	4,001,569	92,627,346	97,416,472
New assets originated or purchased	1,993,879	7,526,219	44,737,041	54,257,139
Assets derecognised or repaid (excluding write offs)	(481,187)	(2,162,215)	(47,818,059)	(50,461,462)
Transfers to Stage 1	61,621	(249,463)	(13,146)	(200,988)
Transfers to Stage 2	(126,252)	605,688	(31,960)	447,476
Transfers to Stage 3	(150,152)	(1,506,599)	45,298,318	43,641,567
ECL allowance - closing balance	**2,085,466**	**8,215,199**	**134,799,540**	**145,100,205**

Note 11 - Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) **Interest accrued on fixed deposits**	666,552	168,925	63,151
(b) **Security Deposits**	45,764,562	28,062,050	16,809,307
(c) **Other Receivables**	-	46,406	-
TOTAL	**46,431,114**	**28,277,381**	**16,872,458**

Note 12 - Current Tax Assets (Net)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Advance tax and tax deducted at source (net of provisions)	-	903,165	-
TOTAL	**-**	**903,165**	**-**

Note 13 - Deferred Tax

Deferred Tax Assets/(Liabilities)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Fixed Asset : Timing difference on account of depreciation and amortisation	8,819,490	5,865,330	3,247,720
Impairment of financial instruments	39,552,500	42,253,180	25,084,742
Amortisation of expenses & income under effective interest rate method	(1,425,750)	-	4,368,822
Total	46,946,240	48,118,510	32,701,284
Net deferred tax asset	**46,946,240**	**48,118,510**	**32,701,284**

Note 14 - Property, Plant and Equipment

Particulars	Land	Computers and data processing units	Electrical Installations and Equipment	Furniture and furnishings	Office Equipments	Motor Vehicles	Total
Cost:							
Deemed cost as at 1st April 2018	2,91,63,013	24,73,286	37,15,734	2,72,77,049	39,72,140	-	6,66,01,221
Additions	3,48,03,040	57,62,274	42,48,864	1,97,31,000	88,70,066	37,53,516	7,71,68,759
Disposals	-	-	-	-	-	-	-
As at 31st March 2019	6,39,66,053	82,35,559	79,64,598	4,70,08,048	1,28,42,206	37,53,516	14,37,69,980
Additions	2,92,08,000	1,09,13,685	42,08,729	3,19,92,015	1,65,04,685	-	9,28,27,113
Disposals	-	-	-	-	-	-	-
As at 31st March 2020	9,31,74,053	1,91,49,244	1,21,73,327	7,90,00,063	2,93,46,891	37,53,516	23,65,97,094
Accumulated Depreciation:							
As at 1st April 2018	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	-	29,23,286	14,91,234	88,61,597	32,56,199	4,03,091	1,69,35,407
As at 31st March 2019	-	29,23,286	14,91,234	88,61,597	32,56,199	4,03,091	1,69,35,407
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	-	65,93,820	21,90,516	1,40,10,618	85,65,810	10,46,485	3,24,07,248
As at 31st March 2020	-	95,17,105	36,81,750	2,28,72,215	1,18,22,009	14,49,576	4,93,42,655
Carrying Amount:							
As at 1st April 2018	**2,91,63,013**	**24,73,286**	**37,15,734**	**2,72,77,049**	**39,72,140**	**-**	**6,66,01,221**
As at 31st March 2019	**6,39,66,053**	**53,12,274**	**64,73,364**	**3,81,46,452**	**95,86,007**	**33,50,424**	**12,68,34,573**
As at 31st March 2020	**9,31,74,053**	**96,32,139**	**84,91,577**	**5,61,27,848**	**1,75,24,882**	**23,03,940**	**18,72,54,438**

Note 15 - Other Intangible Assets

Particulars	**Computer Software**
Cost:	
Deemed cost as at 1st April 2018	12,79,434
Additions	32,69,589
Disposals	-
As at 31st March 2019	45,49,022
Additions	15,55,664
Disposals	-
As at 31st March 2020	61,04,686
Accumulated Amortisation:	
As at 1st April 2018	-
Disposals	-
Amortisation charge for the year	14,38,473
As at 31st March 2019	14,38,473
Disposals	
Amortisation charge for the year	13,69,759
As at 31st March 2020	28,08,232
Carrying Amount:	
As at 1st April 2018	**12,79,434**
As at 31st March 2019	**31,10,549**
As at 31st March 2020	**32,96,454**

Note 16 - Other Non-Financial Assets

Particulars	**As at March 31, 2020**	**As at March 31, 2019**	**As at April 01, 2018**
(a) Balance with revenue Authorities			
Income Tax Advance*	-	16,850,500	16,850,500
GST receivable	8,087,599	6,070,933	2,679,922
(b) Advances for land	70,632,635	17,621,989	144,230
(c) Other Advances	2,960,600	1,590,405	1,391,300
(d) Stock of Stationary	12,500	12,500	12,500
TOTAL	**81,693,334**	**42,146,327**	**21,078,452**

** The amount represents the amount paid by the company upon application with the Settlement Commission. Refer Note 32.*

Note 17 - Debt Securities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
At Amortised Cost:			
(a) Secured Non-Convertible Debentures - Privately Placed	157,430,000	410,920,000	546,160,000
(b) Secured Non-Convertible Debentures - Public Issue	1,558,550,902	992,800,800	-
Total (A)	**1,715,980,902**	**1,403,720,800**	**546,160,000**
Borrowings in India	1,715,980,902	1,403,720,800	546,160,000
Borrowings outside India	-	-	
TOTAL	**1,715,980,902**	**1,403,720,800**	**546,160,000**

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.

Secured by way of first ranking pari passu charge on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company and first ranking pari passu charge on the immovable property situated at Malligai Nagar, Kombai Village, Uthampalayam Taluk, Theni District, Tamil Nadu.

17.1 - Secured Non Convertible Debentures - Private Placement

Series wise classification of secured non convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non Convertible Debentures 2018 - 19 Series	*27,660,000*	*34,160,000*	*-*
Non Convertible Debentures 2017 - 18 Series	*96,720,000*	*133,970,000*	*177,510,000*
Non Convertible Debentures 2016 - 17 Series	*32,830,000*	*216,930,000*	*280,070,000*
Non Convertible Debentures 2015 - 16 Series	*220,000*	*25,860,000*	*88,580,000*
TOTAL	***157,430,000***	***410,920,000***	***546,160,000***

Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non Convertible Debentures - 12.5%	*29,060,000*	*158,670,000*	*351,680,000*
Non Convertible Debentures - 12%	*92,370,000*	*242,220,000*	*194,480,000*
Non Convertible Debentures - < 12%	*36,000,000*	*10,030,000*	*-*
TOTAL	***157,430,000***	***410,920,000***	***546,160,000***

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non Convertible Debentures - 60 months maturity	*151,550,000*	*204,420,000*	*223,350,000*
Non Convertible Debentures - 36 months maturity	*5,880,000*	*206,500,000*	*322,810,000*
TOTAL	***157,430,000***	***410,920,000***	***546,160,000***

17.2 - Secured Non Convertible Debentures - Public Issue

Series wise classification of secured non convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non Convertible Debentures 2019 - 20 Series (Public Issue II)	*938,338,000*	*-*	*-*
Non Convertible Debentures 2018 - 19 Series (Public Issue I)	*632,402,000*	*1,000,000,000*	*-*
Sub Total	***1,570,740,000***	***1,000,000,000***	*-*
Less: EIR impact of transaction cost	*12,189,098*	*7,199,200*	*-*
TOTAL	***1,558,550,902***	***992,800,800***	*-*

Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non Convertible Debentures - > 12%	*202,499,000*	*227,499,000*	-
Non Convertible Debentures - 12%	*300,680,000*	*275,253,000*	-
Non Convertible Debentures - > 11.5% to 11.75%	*402,041,000*	*96,928,000*	-
Non Convertible Debentures - >11.25% to 11.5%	*277,444,000*	*232,351,000*	-
Non Convertible Debentures - 11% to 11.25%	*388,076,000*	*167,969,000*	-
Sub Total	***1,570,740,000***	***1,000,000,000***	**-**
Less: EIR impact of transaction cost	*12,189,098*	*7,199,200*	-
TOTAL	***1,558,550,902***	***992,800,800***	**-**

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Non Convertible Debentures - 75 months maturity	*82,370,000*	-	-
Non Convertible Debentures - 72 months maturity	*142,410,000*	*142,410,000*	-
Non Convertible Debentures - 60 months maturity	*501,047,000*	*310,198,000*	-
Non Convertible Debentures - 45 months maturity	*20,243,000*	-	-
Non Convertible Debentures - 36 months maturity	*306,105,000*	*128,599,000*	-
Non Convertible Debentures - 24 months maturity	*198,747,000*	*76,195,000*	-
Non Convertible Debentures - 13 months maturity	*319,818,000*	-	-
Non Convertible Debentures - 12 months maturity	-	*342,598,000*	-
Sub Total	*1,570,740,000*	*1,000,000,000*	-
Less: EIR impact of transaction cost	*12,189,098*	*7,199,200*	-
TOTAL	***1,558,550,902***	***992,800,800***	**-**

Note 18 - Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
At Amortised Cost:			
(a) Term Loan			
Indian Rupee Loans from Banks (Secured)	1,841,373	2,883,228	27,000,000
(b) Loans repayable on demand			
Cash credit / overdraft facilities from banks (Secured)	99,935,266	45,266,485	45,013,562
Total (A)	**101,776,639**	**48,149,713**	**72,013,562**
Borrowings in India	101,776,639	48,149,713	72,013,562
Borrowings outside India	-	-	-
TOTAL	**101,776,639**	**48,149,713**	**72,013,562**

Nature of Security :

(a) Term loan from bank - Vehicle loan - The loans are secured by hypothecation of respective vehicles against which the loans have been availed.

(b) Loans repayabale on demand

Particulars	Primary	Collateral	Guarantors
South Indian Bank (Limit - Rs. 10 Crore)	All book debts and receivables.	1. EM of land in the name of Josekutty Xavier admeasuring 22.91 cents under Sy No: 1160/6B, 1160/6A; 32.57 cents under Sy No: 1160/8, 1160/7; 20.35 cents under Sy No:1159/9 and 21.61 cents under Sy No:1159/9 in Kothamangalam Village, Ernakulam District. 2. EM of land admeasuring 19.224 cents with 23079 sq. ft. commercial building under Sy. No. 1267/9-2 with building no. 30/564 in Kothamangalam municipality, Kothamangalam taluk, Ernakulam District in the name of M/s KMLM Chits India Limited. 3. EM of 8 cents of vacant land under Sy. No. I/4A, I/4B, Re. Sy.No. 26/2 in Edappally North Village, Kanayannur Taluk, Ernakulam District in the name of M/s KLM Axiva Finvest Limited.	1. Josekutty Xavier 2. Shibu T. Varghese 3. Biji Shibu 4.James Joseph Corporate guarantee - 1. M/s KMLM Chits India Limited

Note 19 - Subordinated Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
At Amortised Cost:			
(a) Subordinated Debts	3,050,336,000	1,891,003,000	1,055,581,000
Total (A)	**3,050,336,000**	**1,891,003,000**	**1,055,581,000**
Subordinated liability in India	3,050,336,000	1,891,003,000	1,055,581,000
Subordinated liability outside India	-	-	-
TOTAL	**3,050,336,000**	**1,891,003,000**	**1,055,581,000**

19.1 - Unsecured Subordinated Debt - Private Placement

Series wise classification of unsecured subordinated debt

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unsecured Subordinated Debt 2019 - 20 Series	*1,159,333,000*	-	-
Unsecured Subordinated Debt 2018 - 19 Series	*835,422,000*	*835,422,000*	-
Unsecured Subordinated Debt 2017 - 18 Series	*949,467,000*	*949,467,000*	*949,467,000*
Unsecured Subordinated Debt 2016 - 17 Series	*106,114,000*	*106,114,000*	*106,114,000*
TOTAL	***3,050,336,000***	***1,891,003,000***	***1,055,581,000***

Interest wise classification of unsecured subordinated debt

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unsecured Subordinated Debt - >12.5%	*174,712,000*	*181,133,000*	*163,573,000*
Unsecured Subordinated Debt - 12.5%	*191,302,000*	*518,278,000*	*312,056,000*
Unsecured Subordinated Debt - 12.25%	*37,413,000*	*37,663,000*	-
Unsecured Subordinated Debt - 12%	*726,947,000*	*970,008,000*	*579,952,000*
Unsecured Subordinated Debt < 12%	*1,919,962,000*	*183,921,000*	-
TOTAL	***3,050,336,000***	***1,891,003,000***	***1,055,581,000***

Maturity wise classification of unsecured subordinated debt

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unsecured Subordinated Debt - 5 to 6 years maturity	*279,514,000*	*226,241,000*	*163,573,000*
Unsecured Subordinated Debt - 5 years maturity	*2,770,822,000*	*1,664,762,000*	*892,008,000*
TOTAL	***3,050,336,000***	***1,891,003,000***	***1,055,581,000***

Note 20 - Other Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Interest payable on debt securities	63,249,688	51,983,911	18,928,382
(b) Interest payable on subordinated debts	97,989,975	93,278,588	39,181,879
(c) Unclaimed Dividend	-	-	157,199
(d) Interim Dividend Payable	-	-	23,993,272
(e) Others	25,684,549	5,865,174	1,122,202
TOTAL	**186,924,212**	**151,127,673**	**83,382,934**

Note 21 - Current Tax Liabilities (Net)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Income tax provision (net of advance tax and tax deducted at source)	6,954,730	-	14,528,527
	6,954,730	**-**	**14,528,527**

Note 22 - Other Non-Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
(a) Statutory remittances	2,840,398	4,359,454	9,284,082
(b) Advance interest received on loans	9,824	3,201,428	3,998,771
TOTAL	**2,850,222**	**7,560,881**	**13,282,854**

Note 23 - Equity Share Capital

The reconciliation of equity shares outstanding at the beginning and at the end of the period

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Authorised			
6,00,00,000 (March 31, 2019: 6,00,00,000; April 1, 2018: 4,50,00,000)			
equity Shares of '10/- each	**600,000,000**	**600,000,000**	**450,000,000**
	600,000,000	**600,000,000**	**450,000,000**
Issued, Subscribed & Fully Paid Up			
5,31,28,228 (March 31, 2019: 5,14,93,228; April 1, 2018: 3,99,88,787)			
equity Shares of '10/- each	531,282,280	514,932,280	399,887,870
TOTAL	**531,282,280**	**514,932,280**	**399,887,870**

i. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year

Particulars	In Numbers	Amount
As at April 01, 2018	**39,988,787**	**399,887,870**
Shares Issued during the Year	11,504,441	115,044,410
As at March 31, 2019	**51,493,228**	**514,932,280**
Shares Issued during the Year	1,635,000	16,350,000
As at March 31, 2020	**53,128,228**	**531,282,280**

ii. Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of '10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii. Details of equity shareholders holding more than 5% Shares

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No: of shares	% of Holding	No: of shares	% of Holding
Aleyamma Varghese	3,756,450	7.07	3,656,450	7.10
Shibu Theckumpuram	4,811,200	9.06	4,561,200	8.86
Biji Shibu	3,190,300	6.00	2,940,300	5.71

Name of shareholder	As at April 01, 2018	
	No: of shares	% of Holding
Aleyamma Varghese	3,656,450	9.14
Shibu Theckumpuram	1,961,200	4.90
Biji Shibu	440,300	1.10

Note 24 - Other Equity

Particulars	Amount
Securities Premium	
As at April 1, 2018	**52,738,680**
Add: Additions upon share issue	23,008,882
As at March 31, 2019	**75,747,562**
Add: Additions upon share issue	3,270,000
As at March 31, 2020	**79,017,562**
Statutory Reserve	
As at April 1, 2018	**21,298,500**
Add: Additions/(Deductions) during the year	11,955,000
As at March 31, 2019	**33,253,500**
Add: Additions/(Deductions) during the year	1,013,600
As at March 31, 2020	**34,267,100**
General Reserve	
As at April 1, 2018	**408,000**
Utilised during the year	-
As at March 31, 2019	**408,000**
Utilised during the year	**-**
As at March 31, 2020	**408,000**
Debenture Redemption Reserve	
As at April 1, 2018	-
Add: Additions/(Deductions) during the year	53,055,878
As at March 31, 2019	**53,055,878**
Add: Additions/(Deductions) during the year	(53,055,878)
As at March 31, 2020	-
Capital Reserve	
As at April 1, 2018	**-**
Add: Additions during the year	-
As at March 31, 2019	**-**
Add: Additions during the year	855,063
As at March 31, 2020	**855,063**
Retained Earnings	
As at April 1, 2018	**(8,787,070)**
Add: Profit for the year	22,375,195
Less: Transfer to Statutory Reserve	(11,955,000)
Transfer to Debenture Redemption Reserve	(53,055,878)
As at March 31, 2019	**(51,422,754)**
Add: Profit for the year	5,290,644
Less: Transfer to Statutory Reserve	(1,013,600)
Add: Transfer from Debenture Redemption Reserve	53,055,878
Add: Adjustment because of change in shareholding in subsidiary	1,101,531
As at March 31, 2020	**7,011,699**
Total Other Equity	
As at April 1, 2018	**65,658,110**
As at March 31, 2019	**111,042,186**
As at March 31, 2020	**121,559,424**

Nature and purpose of Reserves

Securities premium

This Reserve represents the premium on issue of equity shares. The reserve can be utilised only for the purposes in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Statutory Reserve represents the Reserve Fund created by the company and its subsidiaries under the relevant applicable statutes.

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of profit for the period at a specified percentage in accordance with applicable regulations. After the introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Debenture redemption reserve

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). 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.

Pursuant to notification issued by Ministry of Corporate Affairs on August 16, 2019 in exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government amended the Companies (Share Capital and Debentures) Rules, 2014 by amending in the principal rules, in rule 18, for sub-rule (7), that Debenture Redemption Reserve is not required to be maintained in case of public issue of debentures as well as privately placed debentures for NBFCs registered with Reserve Bank of India under section 45-IA of the RBI Act, 1934.

In compliance of the above notification, the Company has transferred the balance in the DRR to retained earnings and in respect of the debentures issued through public issue, the Company has not created DRR during the year.

Capital reserve

This reserve represents the reserve created pursuant to the business combination.

Retained earnings

This reserve represents the cumulative profits of the Company.

Note 25 - Interest Income

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
On financial assets measured at amortised cost:		
(i) Interest on Loans		
Gold Loan	458,000,727	174,503,471
Business Loan	386,877,526	210,130,775
Personal Loan	52,404,827	202,740,496
Vehicle Loan	691,292	1,024,860
Microfinance Loans	90,958,479	65,143,518
(ii) Interest on deposit with banks	5,199,784	9,370,903
(iii) Other interest income	1,526,355	9,299
On financial assets measured at fair value through OCI:		
(i) Interest income	38,448	-
TOTAL	**995,697,439**	**662,923,323**

Note 26 - Other Income

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Commission Income	25,636,076	1,942,170
Notice Charge	36,142	102,031
Miscellaneous Income	1,167,850	478,268
TOTAL	**26,840,068**	**2,522,469**

Note 27 - Finance Cost

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
On financial liabilities measured at amortised cost:		
Interest on Borrowings (other than debt securities)	5,103,620	4,953,415
Interest on Subordinate Debt	289,083,089	182,568,274
Interest on Debenture	214,844,843	110,466,123
Others		
Interest on delayed payment of income tax	2,953,868	1,910,964
TOTAL	**511,985,421**	**299,898,776**

Note 28 - Impairment on Financial Instruments

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
On financial assets measured at amortised cost:		
Loan Assets	12,053,709	47,683,732
TOTAL	**12,053,709**	**47,683,732**

Note 29 - Employee benefits expenses

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Salaries & Wages	178,504,667	93,996,599
Contributions to provident and other funds	11,288,757	8,670,015
TOTAL	**189,793,424**	**102,666,613**

Note 30 - Depreciation, amortisation and impairment

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Depreciation of tangible assets	32,407,248	16,935,407
Amortisation of intangible assets	1,369,759	1,438,473
TOTAL	**33,777,007**	**18,373,880**

Note 31 - Other expenses

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Advertisement	27,844,281	49,541,732
Audit Expenses	137,845	166,460
Audit Fee	779,750	500,000
Bank Charges	1,444,008	1,329,774
Bad Debts written off	6,444,995	-

Business Promotion	7,309,645	5,816,078
Canvasing Expenses	2,087,575	-
Celebration Expense	916,362	740,553
Collection Expenses	1,095,803	1,216,606
Computer & Software Expenses	1,146,102	1,680,415
Corporate social responsibility expenditure	1,674,109	1,298,100
Crisil rating expenses	354,098	538,150
Customer Meet expenses	1,203,983	460,314
Debenture Trustee Remuneration	120,000	484,250
Discount Given	,001,618	-
Donation	28,841	-
Electricity Charges	4,797,499	3,404,330
Inaugural Expense	367,334	365,008
Incentive	31,124,390	23,501,375
Insurance Charges	2,343,981	730,050
Internet Charges	2,042,209	1,470,208
Legal Expense	4,483,405	2,573,881
Loss on Auction Gold	2,390,972	4,627,761
Marketing Expenses	850,033	1,051,113
Meeting Expenses	2,538,660	1,096,468
Membership Fee	118,600	71,500
Miscellaneous Expense	242,531	27,283
Newspaper & Periodicals	93,330	140,034
Office Expense	12,332,919	4,932,245
Postage	1,167,737	827,019
Printing & Stationery	4,236,845	3,114,970
Professional Fee	6,995,862	3,831,322
Public Issue	3,167,257	751,778
Rates & Taxes	538,054	432,000
Rent	46,705,425	26,805,717
Repairs and Maintenance	661,460	1,690,616
Repairs and Maintenance-Building	463,421	571,897
ROC Filing Charge	52,751	1,298,350
Sitting Fees	230,000	60,000
Staff Training Expense	102,000	138,000
Telephone charges	3,546,035	2,524,670
Travelling expenses	8,928,005	7,981,764
GST & flood cess Paid	3,636,963	301,610
Vehicle Maintenance	1,318,093	1,543,024
Water Charges	241,099	126,136
TOTAL	**199,305,886**	**159,762,563**

Note - 31.1
Payment to the auditors comprises :

Particulars	**For the year ended**	
	March 31, 2020	**March 31, 2019**
As auditors - statutory audit	629,750	400,000
For taxation matters	150,000	100,000
TOTAL	**779,750**	**500,000**

Note 32 - Income Tax

The components of income tax expense for the year ended March 31, 2020 and year ended March 31, 2019 are:

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Current tax	38,007,044	30,102,260
Tax relating to prior years paid on settlement*	31,130,905	-
Deferred Tax	1,172,270	(15,417,227)
Income tax expense reported in statement of profit and loss	**70,310,219**	**14,685,033**

The group has computed the tax expense of the current financial year as per the tax regime announced under section 115BAA of the Income Tax Act, 1961. Accordingly, tax expense for the year comprising current and deferred tax as per Indian Accounting Standards -12 Income Taxes have been recognised using the reduced tax rates applicable.

* A search and seizure proceedings was initiated by the Income Tax Department under Section 132 of the Income-Tax Act, 1961 on October 5, 2015 in the business premises of the Company and other group Companies. Simultaneously, search was also conducted in the residential premises of the Directors. Further, a survey under section 133A of the Income Tax Act, 1961 was also conducted in the business premises of the branches of the Company. Pursuant to the IT Search and Seizure Proceedings, the Company received notices under section 148 of the Income Tax Act, 1961 issued by the Deputy Commissioner of Income Tax, Centre Circle, Kochi. It was alleged that the Company had generated undisclosed income and utilized the same over the period because of which the Company, subsequently, approached the Income Tax Settlement Commission, Chennai Bench ("The Commission"). The Company declared an additional income of ₹401.64 lakhs before the Settlement Commission for the assessment years 2013-14 to 2016-17. The Settlement Commission through its order dated December 28, 2017 allowed the settlement application of the Company. Further, The Commission, vide its order under section 245(D)4 of the Income Tax Act, 1961, dated May 24, 2019 settled the income for the assessment years which were subject matter of settlement and allowed the payment of tax including interest in six quarterly installments. The Assistant Commissioner of Income Tax, Central Circle - 1, Ernakulam, passed an order dated August 29, 2019 giving effect of the order of the Settlement Commission. The Company has as at March 31, 2020 paid off the entire tax liability including interest.

Reconciliation of total Income tax expense:

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Profit before tax as per Ind AS	75,622,059	37,060,228
Add: Ind AS adjustments	-	46,284,776
Profit before tax for computation	**75,622,059**	**83,345,004**
Allowances/(disallowances) - net	(74,277,439)	(20,027,715)
Adjusted profit before tax for Income Tax	**149,899,498**	**103,372,719**
Income tax expense at applicable tax rate	37,726,706	30,102,260
Effect of other adjustments	280,338	-
Income tax expense recognised in Consolidated profit or loss	38,007,044	30,102,260
Tax relating to prior years paid on settlement	31,130,905	-
Total tax recognised in Consolidated profit or loss	**69,137,949**	**30,102,260**

Note 33 - Earnings per share

Particulars	For the year ended	
	March 31, 2020	March 31, 2019
Net profit for calculation of basic earnings per share	5,290,644	22,375,195
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	51,797,831	40,115,209
Basic and diluted earnings per share (Rs.)	0.10	0.56

Note 34 - Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled and considering contractual terms. For Loans and advances to customers, maturity analysis is based on expected repayment behaviour.

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and Cash Equivalents	36,35,93,482	-	36,35,93,482	19,78,83,340		19,78,83,340
Bank Balance Other than above	1,01,50,000	-	1,01,50,000	1,26,348	1,01,50,000	1,02,76,348
Loans	4,64,53,04,140	49,01,49,121	5,13,54,53,260	3,04,85,69,212	76,65,17,332	3,81,50,86,544
- Adjustment on account of EIR/ECL	-	(15,71,53,914)	-	-	(14,51,00,205)	
Other Financial Assets	6,66,552	4,57,64,562	4,64,31,114	2,15,331	2,80,62,050	2,82,77,381
Non-Financial Assets						
Current Tax Assets (Net)	-	-	-	9,03,165	-	9,03,165
Deferred Tax Assets (Net)	4,69,46,240	4,69,46,240	-	4,81,18,510	4,81,18,510	
Property, Plant and Equipment	-	18,72,54,438	18,72,54,438		12,68,34,573	12,68,34,573
Other Intangible Assets	-	32,96,454	32,96,454		31,10,549	31,10,549
Other Non-Financial Assets	93,83,643	7,23,09,691	8,16,93,334	2,31,87,167	1,89,59,160	4,21,46,327
Total Assets	**5,02,90,97,816**	**84,57,20,506**	**5,71,76,64,408**	**3,27,08,84,563**	**1,00,17,52,175**	**4,12,75,36,533**
LIABILITIES						
Financial Liabilities						
Payables	-	-	-	-	-	
Debt Securities	1,32,78,27,000	1,72,81,70,000	54,90,98,000	86,18,22,000	1,41,09,20,000	
- Adjustment on account of EIR	-	(1,21,89,098)	-	-	(71,99,200)	
Borrowings (Other than Debt Securities)	10,10,80,254	6,96,385	10,17,76,639	4,63,08,336	18,41,377	4,81,49,713
Subordinated Liabilities	12,08,92,769	6,60,31,443	18,69,24,212	11,57,67,460	3,53,60,213	15,11,27,673
Non-Financial Liabilities						
Current Tax Liabilities (Net)	69,54,730	-	69,54,730	-	-	-
Other Non-Financial Liabilities	28,50,222	-	28,50,222	75,60,881		75,60,881
Total Liabilities	**63,21,20,974**	**4,44,48,90,828**	**5,06,48,22,704**	**71,87,34,677**	**2,79,00,26,590**	**3,50,15,62,067**
Net	**4,39,69,76,842**	**(3,59,91,70,322)**	**65,28,41,704**	**2,55,21,49,887**	**(1,78,82,74,415)**	**62,59,74,467**

Note 35 - Risk Management

Risk is an integral part of the Group's business and sound risk management is critical to the success. The Group is exposed to risks that are particular to its lending and the environment within which it operates. The Companies in the Group have a risk management policy which covers risk associated with the financial assets and liabilities. The principal objective in Group's risk management processes is to measure and monitor the various risks that the Companies in the Group are subject to and to follow policies and procedures to address such risks.

The Board of Directors constituted is responsible for the overall risk management approach, approving risk management strategies and principles.

The Group has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Companies in the Group. The risk management process is continuously reviewed, improved and adapted in the changing risk scenario.

The Group is generally exposed to credit risk, liquidity risk, market risk and operational risk.

I. Credit risk

Credit risk is the possibility of loss due to the failure of any counterparty abiding by the terms and conditions of any financial contract obligations resulting in financial loss to the Group. The Group's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances.

The Group addresses credit risk through following processes:

1. Through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy.

2. Minimise losses due to defaults or untimely payments by borrowers

3. Credit risk on Gold loan is considerably reduced as collateral is in the form of Gold ornaments which can be easily liquidated and adequate margin of 25% or more is retained while disbursing the loan.

Classification of financial assets under various stages

The Group classifies its financial assets in three stages having the following characteristics:

Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

The Group considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for Expected Credit Loss (ECL) calculations in all cases when the borrower becomes 90 days past due (DPD) on its contractual payments. All financial assets are deemed to have suffered a significant increase in credit risk when they are 30 DPD and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12 month Point in Time probability weighted probability of default (PD). For stage 2 and 3 assets a life time ECL is calculated based on a lifetime PD.

The Group has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD).

Exposure at Default (EAD)

The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, whether scheduled by contract or otherwise.

Probability of default (PD)

The Probability of Default is an estimate of the likelihood of default over a given time horizon. To calculate the ECL for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 month ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Group uses historical information wherever available to determine PD.

Loss Given Default (LGD)

LGD is the estimated loss that the Group might bear if the borrower defaults. The Group determines its recovery by analysing the recovery trends, borrower rating, collateral value and expected proceeds from sale of asset. In estimating LGD, the Group reviews macro-economic developments taking place in the economy.

II. Liquidity risk

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

The objective of liquidity risk management, is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generates sufficient cash flows from operating and financial activities to meet its financial obligations as and when they fall due. The Companies in the Group mobilise funds from multiple sources and managing interest rate risks thereby addressing the liquidity risk.

Asset Liability Management (ALM)

The maturity schedule for all financial liabilities and assets are regularly reviewed and monitored. The companies in the Group has an asset liability management (ALM) policy and ALM Committee to review and monitor the liquidity risk and ensure the compliance with the prescribed regulatory requirement.

The table below shows the maturity pattern of significant financial assets and financial liabilities. In the case of loans, contracted tenor of gold loan is maximum of 12 months. However, on account of high incidence of prepayment before contracted maturity, the below maturity profile has been prepared by the management on the basis of historical pattern of repayments. In case of loans other than gold loan, the maturity profile is based on contracted maturity.

Maturity pattern of assets and liabilities as on March 31, 2020:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM*	Total
Financial Assets										
Cash and Cash Equivalents	36,35,93,482	-	-	-	-	-	-	-	-	36,35,93,482
Bank Balance Other than Cash and Cash Equivalents	-	-	-	1,01,50,000	-	-	-	-	-	1,01,50,000
Loans	32,96,46,787	25,77,20,207	20,40,74,033	1,15,54,36,259	2,69,84,26,853	49,01,49,121	-	-	(15,71,53,914)	4,97,82,99,347
Financial Liabilities										
Debt Securities	25,30,000	-	3,00,000	15,00,000	39,60,13,000	55,40,97,000	69,13,60,000	8,23,70,000	(1,21,89,098)	1,71,59,80,902
Borrowings (Other than Debt Securities)	91,342	92,064	92,791	2,82,792	10,05,21,265	6,96,385	-	-	-	10,17,76,639
Subordinated Liabilities	-	-	-	-	-	1,05,55,81,000	1,96,04,57,000	3,42,98,000	-	3,05,03,36,000

** represents adjustments on account of EIR/ECL*

III. Market risk

Market risk refers to potential losses arising from the movement in market values of interest rates in the line of business carried on by the Group. The objective of market risk management is to avoid excessive exposure of our earnings to loss.

Interest rate risk

Interest rate risk is the risk where changes in the market interest rates might adversely affect the Group's financial condition. The interest rate risks are viewed from earning perspective and economic value perspective, respectively. Over the last several years, the Government of India has substantially deregulated the financial sector. As a result, interest rates are now primarily determined by the market, which has increased the interest rate risk exposure.

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

In order to manage interest rate risk, the companies in the Group seek to optimize borrowing profile between short-term and long-term loans and the Group adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. The Companies in the Group have a Board Approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

IV. Operational risk

Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to certain other external events. The Group has instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Any loss on account of failure by employees to comply with defined appraisal mechanism is recovered out of their variable incentive. The Group also has detailed guidelines on movement and security measures of cash or gold. The Companies in the Group cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

Note 36 - Related party disclosures

Names of Related Parties

(A) Key Management Personnel	**Designation**
1) Shibu Thekkumpurathu Varghese	Whole-time Director
2) Josekutty Xavier	Whole-time Director (Change in designation to Director w.e.f. October 28, 2019)
3) Joseph P. Abraham	Chief Executive Officer (Resigned on December 13, 2019)
4) Thanish Dalee	Chief Financial Officer
5) Srikanth G. Menon	Company Secretary

(B) Entities in which KMP / Relatives of KMP can exercise significant influence

1) KLM Tiana Gold & Diamonds Private Limited
2) Payyoli Granites Private Limited
3) Axiva Mfin Limited

(C) Relatives of Key Management Personnel

Biji Shibu	w/o Shibu Thekkumpurathu Varghese
Elen Elu Shibu	d/o Shibu Thekkumpurathu Varghese
Aleyamma Varghese	Mother of Shibu Thekkumpurathu Varghese
Princy Josekutty	w/o Josekutty Xavier
Vithya Mathew	w/o Thanish Dalee
Lakshmi P. S.	w/o Srikanth G. Menon

Related Party transactions during the year:

Particulars	**KMP**		**Relatives of KMP**	
	As at March 31, 2020	**As at March 31, 2019**	**As at March 31, 2020**	**As at March 31, 2019**
Shares subscribed including share premium	3,000,000	30,000,000	7,200,000	30,000,000
Purchase of listed NCD of the Company	700,000	-	1,100,000	-
Purchase of sub-debts of the Company	-	-	225,000	-
Interest paid on listed NCD	38,079	-	59,938	-
Interest paid on subordinate debts	-	-	9,712	-
Remuneration paid	8,848,974	6,725,666	-	-
Professional consulting fees	600,000	-	-	-
Sitting Fees	80,000	-	40,000	20,000

Particulars	**Entities in which KMP / Relatives of KMP can exercise significant influence**	
	As at March 31, 2020	**As at March 31, 2019**
Shares subscribed including share premium	-	-
Purchase of listed NCD of the Company	-	-
Purchase of sub-debts of the Company	-	-
Interest paid on listed NCD	-	-
Interest paid on subordinate debts	-	-
Remuneration paid	-	-
Professional consulting fees	-	-
Sitting Fees	-	-

Balance outstanding as at the year end: Asset/ (Liability)

Particulars	KMP		Relatives of KMP	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Equity shares subscribed	(51,337,000)	(48,837,000)	(74,393,050)	(68,393,050)
NCD - Listed		(695,180)		(1,092,426)
Subordinate debt	-	-	(225,000)	-
Interest payable on NCD	(6,522)	-	(14,856)	-

Particulars	Entities in which KMP / Relatives of KMP can exercise significant influence	
	As at March 31, 2020	As at March 31, 2019
Equity shares subscribed	-	-
NCD - Listed	-	-
Subordinate debt	-	-
Interest payable on NCD	-	-

Note:

Related parties have been identiûed on the basis of the declaration received by the management and other records available and the same has been relied upon by the auditors.

Note 37 - First-time adoption of IND AS

These financial statements, for the year ended March 31, 2020, are the first financial statements the Group has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2019, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2020, together with the comparative period data as at and for the year ended March 31, 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 1, 2018, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2018 and the financial statements as at and for the year ended March 31, 2019.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

1. Deemed cost of PPE / investment property and certainintangible assets

Ind AS 101 permits a first time adopter to elect to continue the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments to decommissioning liabilities. This exemption can also be used for intangible assets covered under Ind AS 38 and Investment Property covered under Ind AS 40. Accordingly, the Group has elected to measure all its property, plant and equipment and intangible assets at their Indian GAAP carrying value.

2. Investment in subsidiaries/associates/ joint ventures

Ind AS 27 requires a Company, when it is preparing separate financial statements, to account for its investments in subsidiaries, joint ventures and associates either:

(a) at cost; or

(b) in accordance with Ind AS 109 - financial instrument at fair value.

A first-time adopter can measure such investment at cost in accordance with Ind AS 27. Accordingly, the Group has elected to measure the investment at cost for the Investment in Subsidiary.

Estimates:

The estimates at April 01, 2018 and at March 31, 2019 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model
- Fair valuation of financials instruments carried at FVTPL
- Investment in equity and debt instruments carried at FVOCI and FVTPL

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at April 01, 2018, the date of transition to Ind AS and as of March 31, 2019.

Equity reconciliation for April 1, 2018

Particulars	Previous GAAP	Adjustments	Ind AS
ASSETS			
Financial Assets			
Cash and Cash Equivalents	184,510,872	-	184,510,872
Bank Balance Other than a Above	299,454	-	299,454
Loans	(50,318,303)	1,927,151,681	
Other Financial Assets	16,872,458		16,872,458
Total (A)	**2,179,152,767**	**(50,318,303)**	**2,128,834,464**
Non-Financial Assets			
Deferred Tax Assets (Net)	7,488,620	25,212,664	32,701,284
Property, Plant and Equipment	66,601,221	-	66,601,221
Other Intangible Assets	1,279,434	-	1,279,434
Other Non-Financial Assets	21,078,452	-	21,078,452
Total (B)	**96,447,727**	**25,212,664**	**121,660,391**
Total Assets (A) + (B)	**2,275,600,495**	**(25,105,639)**	**2,250,494,856**
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Debt Securities	546,160,000	-	546,160,000
Borrowings (Other than Debt Securities)	72,013,562	-	72,013,562
Subordinated Liabilities	1,055,581,000	-	1,055,581,000
Other Financial liabilities	83,382,934	-	83,382,934
Total (C)	**1,757,137,496**	**-**	**1,757,137,496**
Non - Financial Liabilities			
Current Tax Liabilities (Net)	14,528,527	-	14,528,527
Other Non-Financial Liabilities	9,284,082	3,998,771	13,282,854
Total (D)	**23,812,609**	**3,998,771**	**27,811,380**
Equity			
Equity Share Capital	399,887,870	-	399,887,870
Other Equity	94,762,520	(29,104,411)	65,658,110
Total (E)	**494,650,390**	**(29,104,411)**	**465,545,980**
Total Liabilities and Equity (C)+(D)+(E)	**2,275,600,495**	**(25,105,639)**	**2,250,494,856**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Equity reconciliation for March 31, 2019

Particulars	Previous GAAP	Adjustments	Ind AS
ASSETS			
Financial Assets			
Cash and Cash Equivalents	197,883,340	-	197,883,340
Bank Balance Other than a Above	10,276,348	-	10,276,348
Loans	3,774,585,962	(104,599,623)	3,669,986,339
Other Financial Assets	28,277,381		28,277,381
Total (A)	**4,011,023,031**	**(104,599,623)**	**3,906,423,408**
Non-Financial Assets			
Current Tax Assets (Net)	903,165	-	903,165
Deferred Tax Assets (Net)	14,020,300	34,098,210	48,118,510
Property,Plant and Equipment	126,834,573	-	126,834,573
Other Intangible Assets	3,110,549	-	3,110,549
Other Non-Financial Assets	42,146,327	-	42,146,327
Total (B)	**187,014,915**	**34,098,210**	**221,113,125**
Total Assets (A) + (B)	**4,198,037,946**	**(70,501,413)**	**4,127,536,533**
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Debt Securities	1,410,920,000	(7,199,200)	1,403,720,800
Borrowings (Other than Debt Securities)	48,149,713	-	48,149,713
Subordinated Liabilities	1,891,003,000	-	1,891,003,000
Other Financial liabilities	151,127,673	-	151,127,673
Total (C)	**3,501,200,385**	**(7,199,200)**	**3,494,001,185**
Non - Financial Liabilities			
Other Non-Financial Liabilities	3,201,428	7,560,881	
Total (D)	**4,359,454**	**3,201,428**	**7,560,881**
Equity			
Equity Share Capital	514,932,280	-	514,932,280
Other Equity	177,545,826	(66,503,640)	111,042,186
Total (E)	**692,478,106**	**(66,503,640)**	**625,974,466**
Total Liabilities and Equity (C)+(D)+(E)	**4,198,037,944**	**(70,501,412)**	**4,127,536,533**

Profit reconciliation for the year ended March 31, 2019

Particulars	Previous GAAP	Adjustments	Ind AS
Revenue From Operations			
Interest Income	681,038,829	(18,115,506)	662,923,323
Other Income	2,522,469	-	2,522,469
Total Income	**683,561,299**	**(18,115,506)**	**665,445,792**
Expenses			
Finance Costs	299,898,776	-	299,898,776
Impairment on Financial Instruments	12,315,262	35,368,470	47,683,732
Employee benefits expenses	102,666,613	-	102,666,613
Depreciation, amortization and impairment	18,373,880	-	18,373,880
Other expenses	166,961,763	(7,199,200)	159,762,563
Total Expenses	**600,216,295**	**28,169,270**	**628,385,565**
Profit/(Loss) Before Tax	**83,345,004**	**(46,284,777)**	**37,060,228**
Tax Expense:			
1. Current Tax	30,102,260		30,102,260
2. Deferred Tax	(6,531,680)	(8,885,547)	(15,417,227)
Profit /(Loss) for the Period	**59,774,424**	**(37,399,230)**	**22,375,195**
Other Comprehensive Income	-	-	
Total Comprehensive Income	**59,774,424**	**(37,399,230)**	**22,375,195**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Footnotes to the reconciliation of equity as at April 1, 2018 and March 31, 2019 and profit or loss for the year ended March 31, 2019

1. Effective Interest Rate (EIR)

(a) Under Indian GAAP, transaction costs charged to customers was recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using the effective interest method over the tenure of the loan. Consequently, the effect of such adjustments as on the date of transition has been taken to retained earnings and the effect as on March 31, 2019 has been taken to statement of profit and loss.

(b) Under Indian GAAP, transaction costs incurred on borrowings was charged to statement of profit and loss upfront while under Ind AS, such costs are included in the initial recognition amount of borrowings and recognised as interest expense using the effective interest method over the tenure of the borrowing. Consequently, the effect of such adjustments as on the date of transition has been taken to retained earnings and the effect as on March 31, 2019 has been taken to statement of profit and loss.

2. Impairment as per ECL

Under Indian GAAP, Non Performing Assets and provisioning were computed based on the RBI guidelines. Under Ind AS, loan assets are classified based on staging criteria prescribed under Ind AS 109 - Financial instruments and impairment is computed based on Expected Credit Loss model. Under Indian GAAP provision for Non Performing Asset and standard asset were presented under provisions. However, under Ind AS, financial assets measured at amortised cost are presented net of provision for expected credit losses. The Group has consequently, reclassified the Indian GAAP provisions for standard assets/NPAs to impairment allowance as ECL and the effect of such adjustments as on the date of transition has been taken to retained earnings and the effect as on March 31, 2019 to statement of profit and loss.

3. Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Consequently, the effect of such adjustments as on the date of transition has been taken to retained earnings and the effect as on March 31, 2019 has been taken to statement of profit and loss.

4. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

Note 38 - Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Related Party transactions during the year:

Name of the entity in the Group	Net assets, i.e. total assets minus total liabilities as at March 31, 2020		Share in profit or loss for the year ended March 31, 2020	
	As a % ofconsolidated net assets	Amount	As a % ofconsolidated profit/loss	Amount
Parent				
KLM Axiva Finvest Limited	95.90%	626,079,530	74.44%	3,954,135
Subsidiary				
KMLM Financial Services Limited	4.10%	26,762,174	25.56%	1,357,705
Total	100.00%	652,841,704	100.00%	5,311,840

Note 39 - Business Combination

KMLM Financial Services Limited

On November 18 2019, the Group acquired control of KMLM Financial Services Limited, a non-listed company by acquiring shares and subsequently in a staggered manner acquired the entire shares of the Company.

The assets and liabilities recognised as a result of the acquisition are as follows:

Particulars	Amount
Assets	
Cash & cash equivalents	22,85,197
Investments	**2,72,85,197**
Liabilities	
Other current liability	5,79,800
	5,79,800
Net Asset acquired at fair value	**2,67,05,397**
Calculation of gain/(loss) on acquisition	
Fair value of previous equity interest	1,23,20,000
Purchase consideration	12,00,000
Non-controlling interest	1,23,30,334
Less: Net identifiable assets acquired	2,67,05,397
Capital Reserve	**8,55,063**

Note 40 - Disclosure with regard to dues to Micro Enterprises and Small Enterprises

Based on the information available with the Group and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2020 together with interest paid /payable are required to be furnished.

Note 41 - Previous year's figures have been regrouped/rearranged, wherever necessary to conform to current year's classifications/disclosure.

As per our report of even date attached

For **Balan & Co.,**

Chartered Accountants
(FRN 000340 S)

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

Place: Aluva
30.10.2020

For and on behalf of the Board of Directors

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

Biji Shibu
Director (DIN: 06484566)

Thanish Dalee
Chief Financial Officer

Srikanth G. Menon
Company Secretary

Place: Ernakulam
Date: 30.10.2020

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

Name of the Shareholder	
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.