

# Corporate Information

## CORPORATE IDENTITY NUMBER (CIN)

U65910TG1997PLC026983

## BOARD OF DIRECTORS

### **Chairman**

1. Mr. T. P. Sreenivasan – Non-Executive Director

### **Wholetime Director**

2. Mr. Shibu Theckumpurath Varghese

### **Directors**

3. Mrs. Biji Shibu – Non-Executive Director
4. Mr. Issac Jacob – Independent Director
5. Mr. K. M. Kuriakose – Additional Director (Independent)
6. Mr. Joseph Paul Menacherry - Additional Director (Independent)
7. Mr. Abraham Thariyan - Additional Director (Independent)

## KEY MANAGERIAL PERSONNELS

### **Chief Executive Officer (CEO)**

Mr. Manoj Raveendran Nair

### **Chief Financial Officer (CFO)**

Mr. Thanish Dalee

### **Company Secretary & Compliance Officer**

Mr. Srikanth G. Menon

## STATUTORY AUDITORS

R. B. Jain & Associates

(Practicing Chartered Accountants)

## SECRETARIAL AUDITORS

Nekkanti S.R.V.V.S. Narayana & Co.

(Practicing Company Secretaries)

## REGISTRAR OF COMPANIES

Registrar of Companies (RoC), Hyderabad

## DEBENTURE TRUSTEE

### **Public Issue**

Vistra ITCL (India) Limited

The IL&FS Financial Center, Plot No. C-22G

Block, Bandra Kurla Complex

Bandra (East), Mumbai – 400 051

Tel: +91 22 2659 3333

Email: [itclcomplianceofficer@vistra.com](mailto:itclcomplianceofficer@vistra.com)

### **Private Placement**

Mr. Abhjith Satheesh

Chartered Accountant

Chakkaraparambu, Kochi

Email: [abhi4dxi@gmail.com](mailto:abhi4dxi@gmail.com)

## LISTING (NON-CONVERTIBLE DEBENTURES)

BSE Limited

## REGISTRAR & SHARE TRANSFER AGENT

### **KFin Technologies Limited**

Selenium Tower B, Plot 31-32, Financial District,

Nanakramguda, Serilingampally, Hyderabad,

Telangana-500 032

**Tel:** +91 40 6716 2222

**Email:** [klmaxiva.ncdipo@kfintech.com](mailto:klmaxiva.ncdipo@kfintech.com)

## REGISTERED OFFICE

Plot No. 39, Door No. 8-13, 1<sup>st</sup> Floor,

Ashoka Complex, Mythripuram Colony, Gayathrinagar

X Road, Vaishalinagar P.O., Hyderabad, Rangareddi,

Telangana – 500079

Email: [adminvn@klmaxiva.com](mailto:adminvn@klmaxiva.com)

Website: [www.klmaxiva.com](http://www.klmaxiva.com)

## CORPORATE OFFICE

4<sup>th</sup> Floor, Door No. 1871A24

VM Plaza, Palarivattom

Ernakulam, Kerala – 682 025

Tel: +91 484 4281 111

Email: [adminvn@klmaxiva.com](mailto:adminvn@klmaxiva.com)

## **Notice of 26<sup>th</sup> Annual General Meeting**

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of the members of **KLM Axiva Finvest Limited** will be held on Friday, the 18<sup>th</sup> day of August 2023 at 03:00 P.M. IST through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”) to 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, 2023 and Reports of Board of Directors’ and Auditors’ thereon.
2. To appoint a Director in place of Mrs. Biji Shibu (DIN: 06484566), who is liable to retire by rotation, and being eligible, offers herself for re-appointment.

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

“**RESOLVED THAT** pursuant to the provisions of section 152 of the Companies Act, 2013, Mrs. Biji Shibu (DIN: 06484566), who retires by rotation and being eligible has offered herself for re-appointment, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

3. To appoint Statutory Auditors and fix their remuneration.

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

“**RESOLVED THAT** pursuant to provisions of Section 139, 142 read with the companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, including any modification or re-enactment thereof, and pursuant to the recommendations of the Audit Committee and the Board of Directors of the company, M/s. R. B. Jain & Associates, Chartered Accountants, (FRN 103951W), be and is hereby re-appointed as the Statutory Auditors of the Company to hold the office for a term of 1 (one) year from the conclusion of the 26<sup>th</sup> Annual General Meeting till the conclusion of the 27<sup>th</sup> Annual General Meeting of the Company on such terms and remuneration as may be mutually agreed upon between the Auditors and Board of Directors of the Company.”

### **Special Business:**

4. **Appointment of Mr. Kuriakose (DIN: 08924909) as Independent Director**

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

“**RESOLVED THAT** pursuant to sections 149, 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 (“the Act”) and the rules framed thereunder, and the provisions of regulations 17(1C) and 25(2A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s),

amendments(s) or re-enactment(s) thereof for the time being in force), and based on the recommendations of the Nomination and Remuneration Committee and Board of Directors, Mr. Kuriakose (DIN: 08924909) in respect of whom the Company has received a notice of candidature from a member under section 160 of the Act, be and is hereby appointed as Director (Non-Executive and Independent) to hold the office for a term of 1 (one) year with effect from May 23, 2023, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to delegate all or any of the powers to any committee of Board and also do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions or doubts that may arise in this regard.”

**5. Appointment of Mr. Joseph Paul Menacherry (DIN: 06540233) as Independent Director**

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

“**RESOLVED THAT** pursuant to sections 149, 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 (“the Act”) and the rules framed thereunder, and the provisions of regulations 17(1C) and 25(2A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) amendments(s) or re-enactment(s) thereof for the time being in force), and based on the recommendations of the Nomination and Remuneration Committee and Board of Directors, Mr. Joseph Paul Menacherry (DIN: 06540233) in respect of whom the Company has received a notice of candidature from a member under section 160 of the Act, be and is hereby appointed as Director (Non-Executive and Independent) to hold the office for a term of 1 (one) year with effect from June 08, 2023, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to delegate all or any of the powers to any committee of Board and also do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions or doubts that may arise in this regard.”

**6. Appointment of Mr. Abraham Thariyan (DIN: 07132831) as Independent Director**

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

“**RESOLVED THAT** pursuant to sections 149, 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 (“the Act”) and the rules framed thereunder, and the provisions of regulations 17(1C) and 25(2A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) amendments(s) or re-enactment(s) thereof for the time being in force), and based on the recommendations of the Nomination and Remuneration Committee and Board of Directors, Mr. Abraham Thariyan (DIN: 07132831) in respect of whom the Company has received a notice of candidature from a member under section 160 of the Act, be and is hereby

appointed as Director (Non-Executive and Independent) to hold the office for a term of 1 (one) year with effect from June 21, 2023, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to delegate all or any of the powers to any committee of Board and also do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions or doubts that may arise in this regard.”

**7. Revised remuneration to Mr. Shibu Theckumpurath Varghese (DIN: 02079917), Wholetime Director**

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

“**RESOLVED THAT** pursuant to the provisions of section 197, 198 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013, rules framed thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and based on the recommendations of the Nomination & Remuneration Committee and the Board of Directors, and the approval of Audit Committee, approval of the members be and is hereby accorded to pay Mr. Shibu Theckumpurath Varghese, (DIN: 02079917) Wholetime Director an annual remuneration of Rs. 96,00,000/- (Rupees Ninety Six Lakhs only) by way of monthly payment with effect from September 01, 2023.

**RESOLVED FURTHER THAT** pursuant to the provisions of Schedule V of the Companies Act, 2013 and regulation 17(6) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 the revised remuneration of Shibu Theckumpurath Varghese, (DIN: 02079917) Wholetime Director shall be payable till the expiry of his term.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to delegate all or any of the powers to any committee of Board and also do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions or doubts that may arise in this regard.”

**8. Remuneration to Mrs. Biji Shibu (DIN: 06484566), Non-Executive Director**

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

“**RESOLVED THAT** pursuant to the provisions of section 197, 198 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013, rules framed thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and based on the recommendations of the Nomination & Remuneration Committee and the Board of Directors, and the approval of Audit Committee, approval of the members be and is hereby accorded to pay Mrs. Biji Shibu (DIN: 06484566), Non-Executive Director an annual

remuneration of Rs. 12,00,000/- (Rupees Twelve Lakhs only) by way of monthly payment with effect from September 01, 2023.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to delegate all or any of the powers to any committee of Board and also do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions or doubts that may arise in this regard.”

For and behalf of the Board of Directors  
Sd/-  
Shibu Theckumpurath Varghese  
Whole time Director  
DIN: 02079917

Place: Ernakulam  
Date: July 20, 2023

**NOTES:**

**1. AGM THROUGH VIDEO CONFERENCING / OAVM**

The Ministry of Corporate Affairs (“MCA”) inter-alia vide its General Circular Nos. 14/ 2020 dated April 8, 2020 and 17/2020 dated April 13, 2020, followed by General Circular Nos. 20/2020 dated May 5, 2020, and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 (collectively referred to as “MCA Circulars”) and Securities and Exchange Board of India (“SEBI”) Circular dated May 13, 2022 read with Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023 (collectively referred to as “SEBI Circulars”) and all other applicable laws and circulars issued by MCA, Government of India and SEBI has permitted the holding of the annual general meeting through Video Conferencing (“VC”) or through other audio-visual means (“OAVM”), **without the physical presence of the Members at a common venue.**

In compliance with the provisions of the Companies Act, 2013 (“the Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars, the 26<sup>th</sup> Annual General Meeting (“Meeting” or “AGM”) of the Company is being held through VC / OAVM on Friday, August 18, 2023, at 03:00 p.m. (IST). The proceedings of the AGM deemed to be conducted at the Registered Office of the Company.

**2. APPOINTMENT OF PROXY**

Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. **Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**

**However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes.**

3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization, etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [caesarpintojohn@gmail.com](mailto:caesarpintojohn@gmail.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and [secretarial@klmaxiva.com](mailto:secretarial@klmaxiva.com) not later than 48 hours before the scheduled time of the commencement of the Meeting.

#### **4. SPECIAL BUSINESS**

The explanatory statement pursuant to Section 102 of the Companies Act, 2013 read with relevant rules setting out the material facts and reasons in respect of the special business specified under Item Nos. 4, 5, 6, 7 and 8 of this Notice, is annexed herewith.

#### **5. PROCEEDINGS AND PARTICIPATION OF MEMBERS AT THE AGM**

The Members can join the AGM in the VC/OAVM mode 15 minutes before the scheduled time of the commencement of the Meeting by using the e-voting login credentials and by following the procedure mentioned in this Notice under Instructions for members for e-voting. Pursuant to the MCA, SEBI Circulars read with Listing Regulations, the Company will be providing live webcast of proceedings of the AGM. The Members will be able to view the proceedings on Central Depository Services (India) Limited (“CDSL”) e-Voting website at [www.cdslindia.com](http://www.cdslindia.com). The facility of participation at the AGM through VC/ OAVM will be made available for members on first come first served basis. The facility will not be closed earlier than 30 minutes after scheduled time.

Members may attend the AGM using VC facility on a live streaming link as provided in the e-mail of notice by using the login credentials. The login-id and password to join the zoom meeting is also given in email as follows:

**Meeting ID: 989 0997 0496**

**Passcode: 620084**

#### **6. JOINT HOLDERS**

In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.

#### **7. INSPECTION OF DOCUMENTS**

All documents which are relevant and in supportive to the resolutions referred to in this Notice, requiring the approval of the members at the meeting shall be made available for inspection by the members at the Registered and Corporate Offices of the Company, in

physical form, on all working days between 10:00 a.m. IST to 02:00 p.m. IST and on August 18, 2023, up to the conclusion of the Annual General Meeting. Electronic copies of the documents are available in the website of the Company <https://klmaxiva.com/stakeholders>.

Members may access the electronic copy of the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act. Members desiring inspection of statutory registers and other relevant documents may send their request in writing to the Company at [secretarial@klmaxiva.com](mailto:secretarial@klmaxiva.com), latest by Thursday, August 17, 2023 (up to 03:00 p.m. IST)

## **8. INFORMATION ON FINANCIAL STATEMENTS AND OTHER MATTERS**

Members seeking any information with regard to the financial statements or any matter to be placed at the AGM, are requested to write to the Company on or before Wednesday, August 16, 2023, through email on [secretarial@klmaxiva.com](mailto:secretarial@klmaxiva.com) and the same will be replied by the Company suitably.

## **9. DISCLOSURES ON DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT OR FIXATION OF REMUNERATION**

The relevant details with respect to Item Nos. 2, 4, 5, 6, 7 & 8 pursuant to Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India (ICSI), in respect of Directors seeking appointment/re-appointment or fixation of remuneration at this AGM are also annexed hereto.

Requisite declarations also have been received from the Directors for seeking appointment/re-appointment.

## **10. FACILITY FOR NOMINATION**

As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. **SH-13**. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form **ISR-3** or **SH-14** as the case may be. Members are requested to submit the said details to their Depository Participant (“DP”) in case the shares are held by them in electronic form and to the Company/Registrar and Share Transfer Agents in case the shares are held in physical form.

## **11. CONSOLIDATION OF FOLIO'S**

Members holding shares in physical form, in identical order of names, more than one folio may please write to the RTA of the Company viz. KFin Technologies Limited, so that their holdings can be consolidated into one folio. Requests for consolidation of share certificates shall be processed only in dematerialized form.

## **12. INVESTOR'S SERVICE REQUEST**

KFin Technologies Limited is the Registrar & Share Transfer Agent (“RTA”) of the Company. The shareholders holding shares in physical form are requested to notify changes in their address along with PINCODE with the RTA ([compliance.corp@kfintech.com](mailto:compliance.corp@kfintech.com)) or with the Company ([secretarial@klmaxiva.com](mailto:secretarial@klmaxiva.com)).

If the shares are held in dematerialised form, the beneficial owners have to intimate about any change in Company account details, address for communication and nomination only to the Depository Participant concerned and not directly to the Company or to RTA.

## **13. UPDATION OF KYC – PHYSICAL SHAREHOLDERS**

The Securities and Exchange Board of India (SEBI) has vide its latest Circular No. SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023 mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, e-mail address, mobile number, Company account details) and nomination details by holders of securities and has extended the timeline till September 30, 2023. In absence of these details updated with the Registrar and Transfer Agents (RTA), any service requests or complaints received from the Members, is not being processed by the RTA till the aforesaid details/ documents are provided to RTA by the security holders. If any of the above cited documents/ details are not available on or after October 1, 2023, in the respective Folio(s), the RTA shall be constrained to freeze such Folio(s). In view of the above, the Shareholders in physical mode are advised to submit the necessary details for updating to the RTA, as soon as possible.

## **14. ISSUE OF SECURITIES IN DEMATERIALIZED FORM**

Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition.

As per the said circular, the RTA will issue letter of confirmation after processing any of the above said service request received from the shareholders and the shareholders within the period of 120 days from the date of issue of letter of confirmation, shall make a request to DP for dematerialising the said underlying shares as mentioned in the letter of confirmation

Accordingly, Members are requested to make service requests by submitting duly filled and signed Form ISR-4 with RTA, the format of which is available on the website of the Company's Registrar and Transfer Agents.

## **15. REQUEST FOR TRANSMISSION AND TRANSPOSITION**

SEBI vide notification dated January 24, 2022, has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. Transfers of equity shares in electronic form are effected through the



depositories with no involvement of the Company. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or the Company's Registrars and Share Transfer Agents for assistance in this regard.

## **16. DUE DILIGENCE**

To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company/RTA of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their Demat account(s) dormant for long. Periodic statements of holdings should be obtained from the concerned DP and holdings should be verified from time to time.

## **17. GREEN INITIATIVE**

In terms of Rule 18 of the Companies (Management & Administration) Rules, 2014, a Company may give notice through electronic mode, addressing to the persons entitled to receive such e-mail as per the records of the company or as maintained by the depository, provided that the company shall give an advance opportunity at least once in a financial year, to the member to register his e-mail address and change therein and such request may be made by only those members who have not got their email address recorded or to update a fresh email address.

In view of the above, the Company hereby requests members who have not updated their e-mail address to update the same with their respective Depository Participant(s) or with Kfin Technologies Limited, Registrar & Share Transfer Agents of the Company. Further, members holding shares in electronic mode are also requested to keep their e-mail addresses updated with the Depository Participant(s) of the Company. Members holding shares in physical mode are also requested to update their e-mail addresses by writing to the Company/RTA quoting their folio number(s).

In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website at [www.klmaxiva.com](http://www.klmaxiva.com), websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) respectively, and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com).

## **18. REGISTRATION OF EMAIL ADDRESSES**

To support the "Green Initiative", members who have not yet registered their email address are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company/RTA in case the shares are held by them in physical form.

## **19. QUORUM**

Members attending the AGM through VC/OAVM shall only be counted for the purpose of reckoning the quorum under Section 103 of the Act.

## **20. E-VOTING**

The Company is providing the facility to its Members holding shares in physical or dematerialized form as on the cut-off date, Friday, August 11, 2023, to exercise their rights to vote by electronic means (the 'e-voting') on any or all of the business specified in the accompanying notice. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (**CDSL**) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using e-voting system will be provided by CDSL. Details of the process and manner of e-voting are being sent to all the Members along with the Notice. **Any person who is not a Member as on the Cut-off date or becomes a member post the Cut-off date should treat this Notice for information purpose only.**

## **21. RIGHT TO CAST VOTE DURING THE MEETING**

The Members, who will be present in the AGM through VC / OAVM facility shall be eligible to vote through e-voting system during the AGM.

## **22. ROUTE MAP**

Since the AGM will be held through VC / OAVM as mentioned in Point no.1, the requirement of annexing the Route Map is not needed.

## **23. SCRUTINIZER**

The Board of Directors has appointed CS. Nikhil George Pinto, Practicing Company Secretary, Partner, CaesarPintoJohn & Associates LLP, Company Secretaries, Kochi, as the Scrutinizer, to scrutinize the e-voting process in a fair and transparent manner.

## **24. PROCESS FOR DECLARATION OF E-VOTING RESULTS**

The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through e-voting (votes cast during the AGM) and on completion of scrutiny, submit a Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman/ Whole-time Director of the Company, or such person as authorized. The results will be announced within the time stipulated under the applicable laws and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.

## **25. CUT OFF DATE FOR ELIGIBILITY TO CAST VOTE**

The e-voting period begins on Friday, August 18, 2023 at 03:00 p.m. IST and ends on Friday, August 18, 2023 at 05:00 p.m. IST. The e-voting module shall be disabled by CDSL for

voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Friday, 11 August, 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.

## 26. INSTRUCTIONS FOR E-VOTING AND JOINING VIRTUAL MEETING:

<b>Step 1:</b>	<b>Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.</b>
<b>Step 2:</b>	<b>Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.</b>

In order to increase the efficiency of the voting process, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

<b>STEP 1</b>	<b>ACCESS THROUGH DEPOSITORIES CDSL/NSDL E-VOTING SYSTEM IN CASE OF INDIVIDUAL SHAREHOLDERS HOLDING SHARES IN DEMAT MODE.</b>
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In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode with CDSL/NSDL is given below:

<b>Type of shareholders</b>	<b>Login Method</b>
Individual Shareholders holding securities in Demat mode with CDSL Depository	<p>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</p> <p>2) After successful login, the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting</p>

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option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.

- 3) If the user is not registered for Easi/Easiest, option to register is available at <https://web.cdslindia.com/myeasi/Registration/EasiRegistration>
- 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on [www.cdslindia.com](http://www.cdslindia.com) home page or click on <https://evoting.cdslindia.com/Evoting/EvotingLogin>. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

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Individual Shareholders holding securities in demat mode with NSDL Depository

- 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <https://eservices.nsdl.com> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the e-Voting period or joining virtual meeting & voting during the meeting.
  - 2) If the user is not registered for IDeAS e-Services, option to register is available at <https://eservices.nsdl.com>. Select "Register Online for IDeAS" "Portal" or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
  - 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the e-
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Voting period or joining virtual meeting & voting during the meeting.

- 4) Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.

**NSDL Mobile App is available on**



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Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	1) You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Votingservice provider name and you will be redirected to e-Voting service provider website for casting your vote during the e-Voting period or joining virtual meeting & voting during the meeting.
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**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

<b>Login type</b>	<b>Helpdesk details</b>
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cDSLindia.com">helpdesk.evoting@cDSLindia.com</a> or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

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**STEP 2**

**ACCESS THROUGH CDSL E-VOTING SYSTEM IN CASE OF SHAREHOLDERS HOLDING SHARES IN PHYSICAL MODE AND NON-INDIVIDUAL SHAREHOLDERS IN DEMAT MODE.**

- A. Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**
1. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  2. Click on “Shareholders” module.
  3. Now enter your User ID
    - For CDSL: 16 digits beneficiary ID,
    - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
  4. Next enter the Image Verification as displayed and Click on Login.
  5. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
  6. **If you are a first-time user follow the steps given below:**

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**For Physical shareholders and other than individual shareholders holding shares in Demat.**

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<b>PAN</b>	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company at <a href="mailto:secretarial@klmaxiva.com">secretarial@klmaxiva.com</a> / RTA email id at <a href="mailto:compliance.corp@kfintech.com">compliance.corp@kfintech.com</a></li> </ul>
<b>Dividend Company Details OR Date of Birth (DOB)</b>	<p>Enter the Dividend Company Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or Company, please enter the member id / folio number in the Dividend Company details field.</li> </ul>

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- B. After entering these details appropriately, click on “SUBMIT” tab.
- C. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- D. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- E. Click on the Electronic Voting Sequence Number (EVSN) for the **KLM AXIVA FINVEST LIMITED** on which you choose to vote.

- F. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- G. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- H. After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- I. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- J. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- K. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- L. There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- M. Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login will be mapped automatically & can be delinked in case of any wrong mapping.
  - It is mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - Alternatively, Non Individual shareholders are required mandatorily to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz. [secretarial@klmaxiva.com](mailto:secretarial@klmaxiva.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**27. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING:**

- i. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.

- ii. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
- iii. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- iv. Further, shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- v. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- vi. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance by mentioning their name, demat account number/folio number, email id, mobile number to [secretarial@klmaxiva.com](mailto:secretarial@klmaxiva.com) from Tuesday, August 01, 2023 (09:00 a.m. IST) to Wednesday, August 16, 2023 (05:00 p.m. IST).
- vii. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance till Wednesday, August 16, 2023 (05:00 p.m. IST) by mentioning their name, demat account number/folio number, email id, mobile number at [secretarial@klmaxiva.com](mailto:secretarial@klmaxiva.com). These queries will be replied to by the Company suitably by email.
- viii. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- ix. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the User ID and Password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). However, if he/she is already registered with CDSL for remote e-voting then he/ she can use his/her existing User ID and Password for casting the vote.
- x. In case of individual shareholders holding securities in dematerialized mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned above as under “**ACCESS THROUGH DEPOSITORIES CDSL/NSDL E-VOTING SYSTEM IN CASE OF INDIVIDUAL SHAREHOLDERS HOLDING SHARES IN DEMAT MODE.**”
- xi. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.



**28. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NUMBER ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

- i. **For Physical shareholders** - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company at [secretarial@klmaxiva.com](mailto:secretarial@klmaxiva.com) /RTA email id at [compliance.corp@kfintech.com](mailto:compliance.corp@kfintech.com)
- ii. **For Demat shareholders** – Please update your email id & mobile number with your respective Depository Participant (DP).
- iii. **For Individual Demat shareholders** – Please update your email id & mobile number with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.

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

**Item No: 4 - Appointment of Mr. Kuriakose (DIN: 08924909) as Independent Director**

Mr. Kuriakose was appointed as the Additional Director (Non-Executive and Independent) of the Company on May 23, 2023 by the Board of Directors through resolution passed through circulation. As per section 161 of the Companies Act, 2013 (“the Act”), any person appointed as Additional Director, shall hold office up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier. Pursuant to section 152 of the Act, save as otherwise expressly provided in the Act, every director shall be appointed by the company in general meeting.

In accordance with the provisions of regulation 17(1C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) approval of shareholders is to be sought for appointment of a person on the Board of Directors at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. Further as per regulation 25(2A) of the Listing Regulations the appointment of an Independent Director shall be subject to the approval of shareholders by way of a special resolution.

The Nomination and Remuneration Committee of the Board of Directors, has recommended the appointment Mr. Kuriakose and the Board of Directors recommend to appoint him as an Independent Director of the Company for a term of 1 (one) year with effect from May 23, 2023.

Mr. Kuriakose is a graduate in B.A. (English Language and Literature) from Mahatma Gandhi University, Kerala; post graduate in M.A. (English Language and Literature) from Vikram University, Ujjain and M.Phil. holder in Linguistics from Kerala University.

The Board has received the consent from Mr. Kuriakose to act as the Director in the prescribed Form DIR-2 under section 152(5) of the Act and Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 along with the declaration that he meets the criteria for independence as provided under section 149(6) of the Act and regulation 16(1)(b) of the Listing Regulations and an intimation to the effect that he is not disqualified from being appointed as a Director in terms of section 164(2) of the Act.

In the opinion of the Board, Mr. Kuriakose is independent of the management and he fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director of the Company. He is also in compliance with the ‘fit and proper’ criteria prescribed by Reserve Company of India (RBI) for directors under Non-Companying Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Company) Directions, 2016.

The draft letter of appointment which set out the terms of appointment and other details as per Schedule IV of the Companies Act, 2013, is posted on the website of the Company for the perusal of the members. If appointed, the same shall be dispatched to Mr. Kuriakose. The terms and conditions of appointment of independent director shall be open for inspection at the corporate office of the company by any member during normal business hours. The terms and conditions of appointment of independent directors is also posted on the company’s website.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Kuriakose, are concerned or interested (financially or otherwise) in the resolution set out as item no. 4.

Therefore, in accordance with the above provisions, the Board recommends the special resolution set out at item no. 4 for approval of the Members.

Details of director seeking appointment at the forthcoming Annual General Meeting as per secretarial standard on general meetings (SS-2)

Name of the Director	Mr. Kuriakose
DIN	08924909
Date of Birth and Age	04/09/1954 – 69 Years
Qualifications	Mr. Kuriakose is a graduate in B.A. (English Language and Literature) from Mahatma Gandhi University, Kerala; post graduate in M.A. (English Language and Literature) from Vikram University, Ujjain and M.Phil. holder in Linguistics from Kerala University.
Experience	Mr. Kuriakose has more than 30 years of experience in teaching in reputed colleges at Kerala.
Terms and Conditions of appointment	As per draft letter of appointment posted in the website of the Company.
Remuneration sought to be paid	Sitting fees for attending meetings of Board and Committees thereof within the limits specified by the Companies Act, 2013.
Date of first appointment on the Board	May 23, 2023
Shareholding in KLM Axiva Finvest Limited	Nil
Relationship with other directors, manager and other Key Managerial Personnel of the Company	Nil
Number of Meetings of the Board attended during the year (2023-24)	2
List of Directorship held in other Companies	1. Astoria Nidhi Limited 2. Ente Naadu Nidhi Limited
List of Membership / Chairmanship of Committees of other Board	Nil
Justification for choosing the appointees for appointment as Independent Directors	The knowledge of business, competence and experience of Mr. Kuriakose would be beneficial to the Company and diversify the Board.

**Item No: 5 - Appointment of Mr. Joseph Paul Menacherry (DIN: 06540233) as Independent Director**

Mr. Joseph Paul Menacherry was appointed as the Additional Director (Non-Executive and Independent) of the Company on June 08, 2023 by the Board of Directors through resolution passed through circulation. As per section 161 of the Companies Act, 2013 (“the Act”), any person appointed

as Additional Director, shall hold office up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier. Pursuant to section 152 of the Act, save as otherwise expressly provided in the Act, every director shall be appointed by the company in general meeting.

In accordance with the provisions of regulation 17(1C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) approval of shareholders is to be sought for appointment of a person on the Board of Directors at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. Further as per regulation 25(2A) of the Listing Regulations the appointment of an Independent Director shall be subject to the approval of shareholders by way of a special resolution.

The Nomination and Remuneration Committee of the Board of Directors, has recommended the appointment Mr. Joseph Paul Menacherry and the Board of Directors recommend to appoint him as an Independent Director of the Company for a term of 1 (one) year with effect from June 08, 2023.

Mr. Joseph Paul Menacherry IAS (Retd.), is a Masters Holder in Human Resources Development from Victoria University of Manchester, UK, Master’s degree holder in Solid State Physics from The Cochin University of Science and Technology and has done his Pre-University Course from Loyola College Nugumbakkam, Chennai.

Mr. Joseph Paul Menacherry was an Advisor in the Rank of Additional Chief Secretary from July 2012 to July 2016 advising the Government of Kerala on Migration Affordable Housing, Industrial Relations, Project Financing, Management of Projects etc. He was Executive Vice Chairman of Bhavanam Foundation Kerala from February 2014 to February 2016; Chief Technical Advisor and Project Director/ Project Manager on Children's Issues of International Labour Organization from August 1992 to December 2011); Managing Director of Overseas Development and Employment Promotion Consultants from October 1987 to October 1991; Labour Commissioner, Trivandrum, Kerala from May 1986 to October 1991; District Collector, Ernakulam District, Kerala from April 1984 to May 1986; Mayor of Cochin Corporation from May 1984 to May 1986.

The Board has received the consent from Mr. Joseph Paul Menacherry to act as the Director in the prescribed Form DIR-2 under section 152(5) of the Act and Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 along with the declaration that he meets the criteria for independence as provided under section 149(6) of the Act and regulation 16(1)(b) of the Listing Regulations and an intimation to the effect that he is not disqualified from being appointed as a Director in terms of section 164(2) of the Act.

In the opinion of the Board, Mr. Joseph Paul Menacherry is independent of the management and he fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director of the Company. He is also in compliance with the ‘fit and proper’ criteria prescribed by Reserve Company of India (RBI) for directors under Non-Companying Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Company) Directions, 2016.

The draft letter of appointment which set out the terms of appointment and other details as per Schedule IV of the Companies Act, 2013, is posted on the website of the Company for the perusal of the members. If appointed, the same shall be dispatched to Mr. Joseph Paul Menacherry. The terms

and conditions of appointment of independent directors shall be open for inspection at the corporate office of the company by any member during normal business hours. The terms and conditions of appointment of independent directors is also posted on the company's website.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Joseph Paul Menacherry, are concerned or interested (financially or otherwise) in the resolution set out as item no. 5.

Therefore, in accordance with the above provisions, the Board recommends the special resolution set out at item no. 5 for approval of the Members.

Details of director seeking appointment at the forthcoming Annual General Meeting as per secretarial standard on general meetings (SS-2)

Name of the Director	Mr. Joseph Paul Menacherry
DIN	06540233
Date of Birth and Age	24/12/1953 – 70 Years
Qualifications	Mr. Joseph Paul Menacherry IAS (Retd.), is a Masters Holder in Human Resources Development from Victoria University of Manchester, UK, Master's degree holder in Solid State Physics from The Cochin University of Science and Technology and has done his Pre-University Course from Loyola College Nugumbakkam, Chennai.
Experience	Mr. Joseph Paul Menacherry was an Advisor in the Rank of Additional Chief Secretary advising the Government of Kerala. He was the Executive Vice Chairman of Bhavanam Foundation Kerala.
Terms and Conditions of appointment	As per draft letter of appointment posted in the website of the Company.
Remuneration sought to be paid	Sitting fees for attending meetings of Board and Committees thereof within the limits specified by the Companies Act, 2013.
Date of first appointment on the Board	June 08, 2023
Shareholding in KLM Axiva Finvest Limited	Nil
Relationship with other directors, manager and other Key Managerial Personnel of the Company	Nil
Number of Meetings of the Board attended during the year (2023-24)	1
List of Directorship held in other Companies	1. M P Joseph's Jgnana Kendra (OPC) Private Limited
List of Membership / Chairmanship of Committees of other Board	Nil

Justification for choosing the appointees for appointment as Independent Directors	The skills, expertise and experience of Mr. Joseph Paul Menacherry would be beneficial to the Company for its global expansion plans.
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**Item No: 6 - Appointment of Mr. Abraham Thariyan (DIN: 07132831) as Independent Director**

Mr. Abraham Thariyan was appointed as the Additional Director (Non-Executive and Independent) of the Company on June 21, 2023 by the Board of Directors through resolution passed through circulation. As per section 161 of the Companies Act, 2013 (“the Act”), any person appointed as Additional Director, shall hold office up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier. Pursuant to section 152 of the Act, save as otherwise expressly provided in the Act, every director shall be appointed by the company in general meeting.

In accordance with the provisions of regulation 17(1C) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) approval of shareholders is to be sought for appointment of a person on the Board of Directors at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier. Further as per regulation 25(2A) of the Listing Regulations the appointment of an Independent Director shall be subject to the approval of shareholders by way of a special resolution.

The Nomination and Remuneration Committee of the Board of Directors, has recommended the appointment Mr. Abraham Thariyan and the Board of Directors recommend to appoint him as an Independent Director of the Company for a term of 1 (one) year with effect from June 21, 2023.

Mr. Abraham Thariyan has a Bachelor of Science Degree in Chemistry and a Post-Graduate Degree in Sociology, Master of Business Administration from Cochin University and is a Certified Associate of the Indian Institute of Bankers. He was designated as Executive Director (ED) at South Indian Company. Prior to the 6-year stint at South Indian Company as ED, he had an extensive work experience of 36 years at Federal Company.

He began his career with Federal Company by joining Federal Company’s 100<sup>th</sup> branch and 2<sup>nd</sup> outside Kerala Branch at Mount Road, Chennai and thereon successfully rose through the ranks by handling multidimensional assignments and heading all the major functions of the Company at various points in time. Elevated as General Manager in 2005 and was in charge of International Companying, Treasury, Financial services, NRI services, overseeing representative offices and retail gold business, recovery dept. and SME.

Mr. Abraham Thariyan has 20 years of experience in International Companying and Foreign Exchange and was an elected Managing Committee member of FEDAI (Foreign Exchange Dealers Association of India) for 15 years, representing private sector banks. Board considers that given his knowledge of business, skills, expertise and experience, his association would be very beneficial to the Company.

The Board has received the consent from Mr. Abraham Thariyan to act as the Director in the prescribed Form DIR-2 under section 152(5) of the Act and Rule 8 of the Companies (Appointment

and Qualifications of Directors) Rules, 2014 along with the declaration that he meets the criteria for independence as provided under section 149(6) of the Act and regulation 16(1)(b) of the Listing Regulations and an intimation to the effect that he is not disqualified from being appointed as a Director in terms of section 164(2) of the Act.

In the opinion of the Board, Mr. Abraham Thariyan is independent of the management and he fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director of the Company. He is also in compliance with the 'fit and proper' criteria prescribed by Reserve Company of India (RBI) for directors under Non-Companying Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Company) Directions, 2016.

The draft letter of appointment which set out the terms of appointment and other details as per Schedule IV of the Companies Act, 2013, is posted on the website of the Company for the perusal of the members. If appointed, the same shall be dispatched to Mr. Abraham Thariyan. The terms and conditions of appointment of independent directors shall be open for inspection at the corporate office of the company by any member during normal business hours. The terms and conditions of appointment of independent directors is also posted on the company's website.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Abraham Thariyan, are concerned or interested (financially or otherwise) in the resolution set out as item no. 6.

Therefore, in accordance with the above provisions, the Board recommends the special resolution set out at item no. 6 for approval of the Members.

Details of director seeking appointment at the forthcoming Annual General Meeting as per secretarial standard on general meetings (SS-2)

Name of the Director	Mr. Abraham Thariyan
DIN	07132831
Date of Birth and Age	08/06/1952 – 71 Years
Qualifications	Mr. Abraham Thariyan has a Bachelor of Science Degree in Chemistry and a Post-Graduate Degree in Sociology, Master of Business Administration from Cochin University and is a Certified Associate of the Indian Institute of Bankers.
Experience	Mr. Abraham Thariyan has 6 years of experience at South Indian Company. Prior to that, he had an extensive work experience of 36 years at Federal Company.
Terms and Conditions of appointment	As per draft letter of appointment posted in the website of the Company.
Remuneration sought to be paid	Sitting fees for attending meetings of Board and Committees thereof within the limits specified by the Companies Act, 2013.
Date of first appointment on the Board	June 21, 2023
Shareholding in KLM Axiva Finvest	Nil

Limited	
Relationship with other directors, manager and other Key Managerial Personnel of the Company	Nil
Number of Meetings of the Board attended during the year (2023-24)	1
List of Directorship held in other Companies	1. ESAF Financial Holdings Private Limited
List of Membership / Chairmanship of Committees of other Board	Chairman of Audit Committee, Nomination and Remuneration Committee, Group Risk Management Committee and Investment Committee of ESAF Financial Holdings Private Limited
Justification for choosing the appointees for appointment as Independent Directors	Considering the knowledge of business, skills, expertise and experience, association of Mr. Abraham Thariyan would be very beneficial to the Company.

**Item No: 7 - Revised remuneration to Mr. Shibu Theckumpurath Varghese (DIN: 02079917), Wholetime Director**

The Board of Directors of the Company at their meeting held on July 07, 2023 based on the recommendation of the nomination and remuneration committee and approval of audit committee approved to pay Mr. Shibu Theckumpurath Varghese a remuneration of Rs. 8,00,000/- (Rupees Eight Lakhs only) per month subject to Rs. 96,00,000/- (Rupees Ninety Six Lakhs only) per financial year with effect from September 01, 2023. The annual remuneration payable shall be Rs. 96,00,000/- (Rupees Ninety Six Lakhs only).

Disclosures required to be furnished as per Part II of the Schedule V of the Companies Act, 2013 are as under:

**I. General information:**

i. Nature of Industry:

The Company is a systemically important non-deposit taking Non-Companying Financial Company (NBFC) registered with Reserve Company India (RBI) predominantly in the business of lending against the security of gold.

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

The Company was incorporated on April 28, 1997. The Company started its business operations in May 1997.

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

Not applicable.

iv. Financial performance based on given indicators - as per audited standalone financial statements for the year ended on March 31, 2023:



<b>Particulars</b>	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Income from Operations and other Income	2,78,74,97,882	1,85,91,26,342
Total expenses	2,54,12,19,933	1,68,52,87,942
Profit/(Loss) before tax	24,62,77,949	17,38,38,401
Profit/(Loss) after tax	18,33,10,369	11,38,34,430

v. Foreign investments or collaborations, if any:

The Company has not made any foreign investments and neither entered into any collaborations till date.

## **II. Information about the Wholetime Director**

i. Background details:

Mr. Shibu Theckumpurath Varghese is associated with the company as Wholetime Director with effect from August 2016. He specializes in the Companying sector.

ii. Past remuneration:

Mr. Shibu Theckumpurath Varghese was paid a Rs. 5,00,000/- (Rupees Five Lakhs only) per month.

iii. Recognition or awards:

Nil.

iv. Job profile and his suitability:

Job profile

Mr. Shibu Theckumpurath Varghese shall perform all the applicable duties and functions as prescribed under the Companies Act read with rules made thereunder, SEBI Regulations as amended from time to time and other applicable laws.

Suitability

Mr. Shibu Theckumpurath Varghese possess relevant skills, knowledge, experience, and expertise required for discharging his duties and effective functioning of the Company.

v. Remuneration proposed:

An annual remuneration of annual remuneration of Rs. 96,00,000/- (Rupees Ninety Six Lakhs only) by way of monthly payment effect from September 01, 2023.

vi. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

Considering the responsibility shouldered by him for the enhanced business activities of the Company, proposed remuneration is commensurate with industry standards and Board level positions held in similar sized and similarly positioned businesses.

vii. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any:

Mr. Shibu Theckumpurath Varghese is a shareholder of the company holding 17.02% shares in the Company. He is part of the promoter group and the spouse of Mrs. Biji Shibu, promoter and director of the Company

### III. Other information:

- i. Reasons of loss or inadequate profits:  
The proposed remuneration is within the limits specified under section 197 and Part II of schedule V of the Companies, Act, 2013.
- ii. Steps taken or proposed to be taken for improvement:  
Not Applicable.
- iii. Expected increase in productivity and profits in measurable terms:  
Not Applicable.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Shibu Theckumpurath Varghese being the director to whom the remuneration is proposed to be paid and Mrs. Biji Shibu being his relative are concerned or interested (financially or otherwise) in the resolution set out in item no. 7.

The Board of Directors recommends the special resolution set out at item no. 7 of the notice for approval of the Members.

Details of directors seeking fixation of remuneration at the forthcoming Annual General Meeting as per secretarial standard on general meetings (SS-2)

Name of the Director	Shibu Theckumpurath Varghese
DIN	02079917
Date of Birth and Age	21/05/1965 – 58 Years
Qualifications and Experience	He is associated with the company for about 7 years. He specializes in the Companying sector.
Terms and Conditions of appointment	Appointed for a term of 5 years with effect from August 30, 2019 (i.e., till August 30, 2023) at the EGM held on February 23, 2019.
Remuneration sought to be paid	Annual remuneration of Rs. 96,00,000/- (Rupees Ninety Six Lakhs only) by way of monthly payment
Date of first appointment on the Board	July 27, 2016
Shareholding in KLM Axiva Finvest Limited	17.02 % shareholding
Relationship with other directors, manager and other Key Managerial Personnel of the Company	Spouse of Mrs. Biji Shibu
Number of Meetings of the Board attended during the year (2023-24)	2
List of Directorship held in other Companies	1. Payyoli Granites Private Limited 2. Ente Naadu Nidhi Limited

List of Membership / Chairmanship of Committees of other Board	Nil
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**Item No: 8 - Remuneration to Mrs. Biji Shibu (DIN: 06484566), Non-Executive Director**

The Board of Directors of the Company at their meeting held on July 07, 2023 based on the recommendation of the nomination and remuneration committee and approval of audit committee approved to pay Mrs. Biji Shibu annual remuneration of Rs. 12,00,000/- (Rupees Twelve Lakhs only) by way of monthly payment with effect from September 01, 2023.

Disclosures required to be furnished as per Part II of the Schedule V of the Companies Act, 2013 are as under:

**I. General information:**

i. Nature of Industry:

The Company is a systemically important non-deposit taking Non-Companying Financial Company (NBFC) registered with Reserve Company India (RBI) predominantly in the business of lending against the security of gold.

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

The Company was incorporated on April 28, 1997. The Company started its business operations in May 1997.

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

Not applicable.

iv. Financial performance based on given indicators - as per audited standalone financial statements for the year ended on March 31, 2023:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Income from Operations and other Income	2,78,74,97,882	1,85,91,26,342
Total expenses	2,54,12,19,933	1,68,52,87,942
Profit/(Loss) before tax	24,62,77,949	17,38,38,401
Profit/(Loss) after tax	18,33,10,369	11,38,34,430

v. Foreign investments or collaborations, if any:

The Company has not made any foreign investments and neither entered into any collaborations till date.

**II. Information about the Director**

i. Background details:

Mrs. Biji Shibu is the promotor of the Company and is associated with the company as Director from March 2013.

ii. Past remuneration:  
Nil.

iii. Recognition or awards:  
Nil.

iv. Job profile and his suitability:

Job profile

Mrs. Biji Shibu shall perform all the applicable duties and functions as prescribed under the Companies Act read with rules made thereunder, SEBI Regulations as amended from time to time and other applicable laws.

Suitability

Mrs. Biji Shibu possess relevant skills, knowledge, experience, and expertise required for discharging her duties and effective functioning of the Company She has been a director of the Company for about 10 years and has led the organization to successful growth.

v. Remuneration proposed:  
Annual remuneration of Rs. 12,00,000/- (Rupees Twelve Lakhs only) by way of monthly payment with effect from September 01, 2023.

vi. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:  
Taking into consideration the size of the Company, the remuneration proposed to be paid is commensurate with the compensation package paid to counter parts in other companies in the sector.

vii. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any:  
Mrs. Biji Shibu is the promotor of the Company holding 11.67% shares in the Company. She is the spouse of Mr. Shibu Theckumpurath Varghese, Wholetime Director of the Company.

**III. Other information:**

i. Reasons of loss or inadequate profits:  
The proposed remuneration is within the limits specified under section 197 and Part II of schedule V of the Companies, Act, 2013.

ii. Steps taken or proposed to be taken for improvement:  
Not Applicable.

iii. Expected increase in productivity and profits in measurable terms:  
Not Applicable.

None of the Directors or Key Managerial Personnel and their relatives, except Mrs. Biji Shibu being the director to whom the remuneration is proposed to be paid and Mr. Shibu Theckumpurath Varghese being her relative are concerned or interested (financially or otherwise) in the resolution set out in item no. 8.

The Board of Directors recommends the special resolution set out at item no. 8 of the notice for approval of the Members.

Details of directors seeking appointment and fixation of remuneration at the forthcoming Annual General Meeting as per secretarial standard on general meetings (SS-2)

Name of the Director	Mrs. Biji Shibu
DIN	06484566
Date of Birth and Age	21/05/1970 – 53 Years
Qualifications and Experience	She is associated with the company since 2013.
Terms and Conditions of appointment	Appointed as Non-Executive Director, liable to retire by rotation
Remuneration sought to be paid	Annual remuneration of Rs. 12,00,000/- (Rupees Twelve Lakhs only) by way of monthly payment
Date of first appointment on the Board	March 09, 2013
Shareholding in KLM Axiva Finvest Limited	11.67 % shareholding
Relationship with other directors, manager and other Key Managerial Personnel of the Company	Spouse of Mr. Shibu Theckumpurath Varghese
Number of Meetings of the Board attended during the year (2023-24)	2
List of Directorship held in other Companies	1. Ente Naadu Nidhi Limited 2. Carbomix Polymers (India) Private Limited 3. KLM Tiana Gold & Diamonds Private Limited
List of Membership / Chairmanship of Committees of other Board	Nil

For and behalf of the Board of Directors  
Sd/-  
Shibu Theckumpurath Varghese  
Whole time Director  
DIN: 02079917

Place: Ernakulam  
Date: July 20, 2023

## REPORT OF THE BOARD OF DIRECTORS

Dear Members,

The Board of Directors of KLM Axiva Finvest Limited are delighted to present the 26<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended March 31, 2023.

### 1. FINANCIAL SUMMARY

The financial performance of the Company is summarized below:

Amount in ₹

Particulars	Standalone	
	2022-23	2021-22
Revenue from Operations	2,75,40,07,284	1,79,43,43,418
Other Income	3,34,90,598	6,47,82,924
Total Revenue	2,78,74,97,882	1,85,91,26,342
Total Expenses	2,54,12,19,933	1,68,52,87,942
Profit Before Tax	24,62,77,949	17,38,38,401
Tax Expenses	62,967,580	6,00,03,971
<b>Net Profit for the Year</b>	<b>18,33,10,369</b>	<b>11,38,34,430</b>
Appropriations:		
Transfer to statutory reserve	3,66,62,074	2,27,66,886
Transfer to specific reserve	-	81,33,136
Interim dividend on equity share	-	5,43,42,582
<b>Balance carried forward to balance Sheet</b>	<b>14,66,48,295</b>	<b>2,85,91,826</b>

### 2. OPERATIONAL PERFORMANCE

During the financial year, Company achieved an increase in its profitability with a net profit of ₹1,833.10 lakhs for the year ended March 31, 2023 as compared to ₹1,138.34 lakhs for the year ended March 31, 2022.

Interest income of the Company increased to ₹27,540.07 lakhs from previous year's interest income of ₹17,943.43 lakhs. Total income has increased from ₹18,591.26 lakhs for the year ended March 31, 2022 to ₹27,874.98 lakhs for the year ended March 31, 2023.

For the financial years ended March 31, 2023, March 31, 2022, revenues from our gold loan business constituted 64.60% and 62.99%, of our total income for the respective years.

The Company is primarily engaged in lending against collateral of gold jewellery. As on March 31, 2023 the percentage of gold loan to total loan book is 64.23%.

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

- i. **Change in the financial year:** There is no change in the financial year during the year under review.
- ii. **Capital expenditure programs:** Construction of the new corporate office of the Company at Edappally, Kerala is in progress.
- iii. **Developments, acquisition and assignment of material Intellectual Property Rights:** There were no major developments, acquisition and assignment of material Intellectual Property Rights.
- iv. **Details and status of acquisition, merger, expansion, modernization and diversification:** There were no major events like acquisition, merger, expansion, modernization and diversification happened during the financial year.
- v. **Change in status of the company:** There is no change in the status of the company during the financial year.
- vi. **Key business developments:** Our business in each sector is growing. Historically, our distribution networks are concentrated in Kerala, Tamil Nadu and Karnataka. As part of our growth strategy, we continue to evaluate attractive growth opportunities to expand our business into new regions and markets of Andhra Pradesh, Telangana, and Maharashtra. Initiative were taken by adding additional products to our portfolio.
- vii. **Any other material event having an impact on the affairs of the company:** For operational convenience, during the reporting period, the Board of Directors of the Company approved shifting of the registered office of the Company from Door No. 3-3-408/1, First Floor, RTC Colony Opposite SBI Bank, L B Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana-500074 to Plot No. 39, Door No. 8-13, 1<sup>st</sup> Floor, Ashoka Complex, Mythripuram Colony, Gayathri Nagar X Road, Vaishalinagar P.O., Hyderabad, Rangareddi Telangana - 500079 within the local limits of the city of Hyderabad, Telangana with effect from August 13, 2022.

There were no other material events having an impact on the affairs of the company.

### 4. DIVIDEND

During the year under review, Company has not declared any interim or final dividend on the equity shares of the company. No amount is recommended to be paid by way of dividend in the ensuing 26<sup>th</sup> Annual General Meeting.

### 5. TRANSFER TO RESERVES

Company has transferred 20% of its net profit for the year i.e., ₹366.62 lakhs to the Statutory Reserve maintained under section 451C of the Reserve Bank of India Act, 1934 taking it to a total of ₹1,078.13 lakhs post transfer of profits to the statutory reserve.

The revaluation reserve of the Company was increased by ₹71.36 lakhs taking the total to ₹693.15 lakhs on March 31, 2023.

The securities premium account and general reserve of the Company stood at ₹3,165.95 lakhs and ₹4.08 lakhs respectively on March 31, 2023.

After transfer to the reserves, the retained earnings of the Company stood at ₹1,842.66 lakhs on March 31, 2023.

#### **6. TRANSFER OF UNPAID/UNCLAIMED AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

No interest/dividend/redemption amount is unpaid/unclaimed for a period of seven (7) years, therefore, no amounts were required to be transferred to Investor Education and Protection Fund (IEPF) as per the provisions of section 125 of the Companies Act, 2013 (hereinafter referred to as “Act”).

#### **7. DEBENTURE REDEMPTION RESERVE (DRR)**

In accordance with the Companies (Share Capital and Debentures) Rules, 2014, Debenture Redemption Reserve (DRR) is not required to be maintained in the 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.

Further, the Company shall on or before the 30<sup>th</sup> day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than 15% percent, of the amount of its debentures maturing during the year ending on the 31<sup>st</sup> day of March of the next year in the manner mentioned in Rule 18(7)(c) of Companies (Share Capital and Debentures) Rules, 2014.

During the reporting period, the company has duly deposited in scheduled commercial banks, 15% percent, of the amount of its non-convertible debentures maturing during the year ending on March 31, 2023 on or before April 30, 2022.

#### **8. COMPLIANCE WITH RBI DIRECTIONS/GUIDELINES**

The Company is registered with the Reserve Bank of India as a Non-Banking Financial Company (Non-Deposit taking) under Sec. 45IA of Reserve Bank of India Act, 1934 and holds a valid certificate of registration bearing No. 09.00006 and classified as systemically important non-deposit taking non-banking financial company (NBFC-ND-SI).

The operations of the Company are predominantly in financing activities (loan Company) and as such it is a NBFC-Investment and Credit Company (NBFC-ICC) as per the guidelines issued by the Reserve Bank of India. The Company has been regular in complying with regulatory directions/guidelines issued by the Reserve Bank of India.



## 9. CAPITAL ADEQUACY AND NET OWNED FUNDS

The Company being a Systemically Important Non- Deposit Accepting NBFC is subject to the capital adequacy requirements prescribed by the Reserve Bank of India. The Company was required to maintain a minimum Capital to Risk Asset Ratio (CRAR) of 15% as prescribed under the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (as amended from time to time) based on total capital to risk weighted assets.

As of March 31, 2023, the Company's total Capital to Risk Assets Ratio (CRAR) stood at 25.27%, which is well above the regulatory minimum of 15%. Out of the above, Tier I capital stood at 16.66% and Tier II capital stood at 8.61%.

The net owned fund (NOF) of the Company as on March 31, 2023 is ₹26,698.76 lakhs.

## 10. DEPOSITS

During the year, the Company has not accepted any deposits from the public within the meaning of the provisions of the Master Direction – Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 or any deposits within the meaning of section 73 of the Act and the Companies (Acceptance of Deposits) Rules, 2014.

## 11. 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 disclosed on the website of the Company at [https://admin.klmaxiva.com/uploads/Fair\\_Practice\\_Code\\_84e3d799ec.pdf](https://admin.klmaxiva.com/uploads/Fair_Practice_Code_84e3d799ec.pdf)

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

### a) Issue of shares:

During the financial year, authorized share capital of the Company was increased from ₹1,15,00,00,000/- (Rupees One Hundred Fifteen crores only) divided into 11,50,00,000 (Eleven crores Fifty lakhs) equity shares of ₹10/- (Rupees Ten only) each to ₹1,75,00,00,000/- (Rupees One Hundred Seventy Five crores only) divided into 17,50,00,000 (Seventeen crores Fifty lakhs) equity shares of ₹10/- (Rupees Ten only) each at the Extra Ordinary General Meeting held on June 23, 2022.

The authorized share capital of the Company was further increased from ₹1,75,00,00,000/- (Rupees One Hundred Seventy Five crores only) divided into 17,50,00,000 (Seventeen crores Fifty lakhs) equity shares of ₹10/- (Rupees Ten only) each to ₹2,50,00,00,000 (Rupees Two Hundred Fifty crores only) divided into 25,00,00,000 (Twenty Five crores) equity shares of ₹10/- (Rupees Ten only) each at the Extra Ordinary general meeting held on December 09, 2022.

During the financial year 2022-23, the Company has issued and allotted 6,61,09,200 (Six crores Sixty One lakhs Nine thousand Two hundred) equity shares of ₹10/- (Rupees Ten only) each at an issue price of ₹12.50/- (Rupees Twelve and Fifty paise only) on private placement basis to 132 (One Hundred Thirty Two) allottees on December 19, 2022.

As on March 31, 2023, the authorized share capital and paid up share capital of the Company stood at ₹2,50,00,00,000/- (Rupees Two Hundred Fifty crores only) and ₹1,86,72,80,780 (Rupees One Hundred Eighty Six Crores Seventy Two Lakhs Eighty Thousand Seven Hundred Eighty only) respectively.

- b) Disclosure regarding issue of equity shares with differential rights:** The Company has not issued any equity shares with differential rights during the financial year.
- c) Disclosure regarding Issue of employee stock options:** The Company has not issued any employee stock options during the year.
- d) Disclosure regarding Issue of sweat equity shares:** The Company has not issued any sweat equity shares during the reporting period.
- e) 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 stock option to employees, none of the shares are held in trust for the benefit of employees where the voting rights are not exercised directly by the employees.
- f) Disclosure regarding buy back of securities:** The Company has not bought back any of its securities during the year under review.
- g) Disclosure regarding bonus shares:** The Finance Committee of the Board on July 13, 2022 has allotted 57,43,750 bonus equity shares amounting to ₹5,74,37,500 out of the securities premium account of the Company in the ratio of 1:20 [i.e., 1 (One) new fully paid-up equity share for every 20 (Twenty) fully paid-up equity shares held] during the year under review.
- h) Disclosure regarding issue of warrants:** The Company has not issued any warrants during the year under review.

### **13. RESOURCE MOBILIZATION**

During the year the company raised funds through Public issue of Secured Redeemable Non-Convertible Debentures (NCDs), Loans from Banks, Private placement of Equity shares and Perpetual Debt Instruments (PDIs) and issue of Subordinated Debts.

#### **A. Public Issue of Secured Non-Convertible Debentures (NCDs)**

During the financial year 2022-23, the Company successfully completed 7<sup>th</sup> and 8<sup>th</sup> Public issue of Secured Redeemable Non-Convertible Debentures (NCDs), of face value of ₹1,000/- (Rupees One Thousand only) each during FY 2022-23 raising an aggregate of ₹32,411.52 lakhs.

The total amount of NCDs issued through public issue outstanding as on March 31, 2023 is ₹81,398.44 lakhs.

Contact details of 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: 022 2659 3333

Email: [itclcomplianceofficer@vistra.com](mailto:itclcomplianceofficer@vistra.com)

Investor grievance email: [itclcomplianceofficer@vistra.com](mailto:itclcomplianceofficer@vistra.com)

Website: [www.vistraitel.com](http://www.vistraitel.com)

Contact person: Mr. Jatin Chonani – Compliance Officer

SEBI Registration Number: IND000000578.

**B. Private Placement of Equity Shares**

During the financial year 2022-23, the Company has allotted 6,61,09,200 (Six crores Sixty One lakhs Nine thousand Two hundred) equity shares on December 19, 2022 at an issue price of ₹12.50/- (Rupees Twelve and Fifty paise only) through private placement.

**C. Private Placement of Perpetual Debt Instruments (PDIs)**

During the financial year 2022-23 the Company has raised ₹1,428.43 lakhs through private placement Perpetual Debt Instruments (PDIs) in the nature of debentures on June 30, 2022. The outstanding amount of PDIs as on March 31, 2023 is ₹2,443.93 lakhs.

There were no defaults in payment of interest of PDIs during the reporting period. Percentage of the amount of PDI to the total amount of Tier I Capital of the Company is. 9.15%

**D. Subordinated Debt**

Subordinated Debts represents long term source of funds for the Company and the amount outstanding as on March 31, 2023 is ₹47,845.52 lakhs.

**E. Bank Finance**

Bank Finance remains an important source of funding for the Company. Commercial Banks continued their support to the Company during financial year. As of March 31, 2023, borrowings from banks stood at ₹7,562.82 lakhs.

**14. CREDIT RATINGS**

The credit ratings obtained by the Company as on the date of this report are as under:

<b>Credit Rating Agency</b>	<b>Instrument</b>	<b>Rating</b>	<b>Rating action during the year 2022-23</b>
India Ratings and Research	Non-Convertible Debentures (NCD VII & NCD VIII)	IND BBB-/Stable	Assignment and Affirmation
	Bank Loans	IND BBB-/Stable	Assignment and Affirmation
CARE Ratings	Non-Convertible Debentures (NCD I to NCD VI)	CARE BBB-; Stable	Revised from CARE BB+; Positive to CARE BBB-; Stable
	Long Term Bank Facilities	CARE BB+; Positive	Revised from CARE BB+; Positive to CARE BBB-; Stable
Brickwork Ratings	Bank Loans	BWR BBB-/Stable	-

## 15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors state that:

- a. In the preparation of the annual accounts for the year ended March 31, 2023, the applicable Indian 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 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 the 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; and
- 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.

## 16. AUDITORS

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

The members of the company at the 25<sup>th</sup> Annual General Meeting (AGM) held on September 30, 2022, reappointed M/s. R B Jain & Associates, Chartered Accountants, Kochi (FRN. 103951W) as Statutory Auditors of the Company from the conclusion of the 25<sup>th</sup> AGM to the conclusion of the 26<sup>th</sup> AGM for the Financial Year 2022-2023.

The Board proposes to reappoint M/s. R. B. Jain & Associates, Chartered Accountants, Kochi (FRN. 103951W), as the statutory auditors of the Company for the Financial Year 2023-24 in the ensuing 26<sup>th</sup> Annual General Meeting.

**b) Secretarial Auditors under section 204**

The Board of Directors of the Company at its meeting held on May 23, 2022, has appointed M/s. Nekkanti S. R. V. V. S. Narayana & Co., Practicing Company Secretaries, Hyderabad to conduct the Secretarial Audit of the Company pursuant to the provisions of section 204 of the Act, read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Listing Regulations”)

In accordance with the provisions of sub-section (1) of section 204 of the Act, and sub regulation (1) of regulation 24A of the Listing Regulations, the Secretarial Audit Report for the financial year 2022-23 is appended to this report as Annexure I.

**c) Explanations or comments by the Board on qualification, reservation or adverse remark or disclaimer on audit reports for financial year 2022-23**

Qualification, reservation or adverse remark or disclaimer by statutory auditors or secretarial auditors	Reply by the Board of Directors
<u>Observations by Statutory Auditors</u>	
Nil	Not Applicable
<u>Observations by Secretarial Auditors</u>	
a) The Company has not fully complied with the Master Direction – Information Technology Framework for the NBFC sector.	<p>a) The Company has in place an IT policy dated August 18, 2021. The Company has constituted Information Technology Strategy Committee (ITSC) on August 26, 2021 in accordance with Para 1.1 of Section A of the Master Direction on Information Technology Framework for the NBFC Sector dated June 08, 2017.</p> <p>Mr. K. M. Kuriakose, Independent Director of the company has been appointed as the Chairman of the ITSC by the board of directors of the company through its resolution passed by circulation on June 21, 2023.</p>

	<p>The ITSC, in its meeting held on June 22, 2023 approved the quote and appointed a CERT-In empaneled Information Security Auditing Organization registered with Ministry of Electronics and Information Technology for IT Risk Assessment and IS Audit. The IT Risk Assessment and IS Audit is ongoing.</p> <p>The Company undertakes to ensure that meetings of the ITSC will be duly conducted in accordance with the instructions contained in Para 1.1 of Master Direction ibid, which stipulates that not more than six months should elapse between two meetings.</p>
<p>b) The Company has not fully complied with the Master Direction – Non Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 with respect to uploading the requisite KYC details of the borrowers of the Company with CERSAI.</p>	<p>b) The Company has initiated the process to upload the requisite KYC details of the borrowers of the Company with CERSAI.</p>

**d) Annual Secretarial Compliance Report**

M/s. Nekkanti S. R. V. V. S. Narayana & Co., Practicing Company Secretaries reviewed all applicable compliances for the year 2022-23 as per SEBI Regulations and Circulars/ Guidelines issued thereunder. The Annual Secretarial Compliance Report was submitted to the BSE Limited within 60 days from the end of the financial year.

**17. DETAILS OF FRAUDS REPORTED BY THE AUDITORS**

During the year under review, neither the Statutory Auditors nor the Secretarial Auditors of the Company have reported any fraud required to be reported to the central government or the audit committee of the board under section 143(12) of the Act.

**18. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS MATERIAL 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**

There were no material 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 except as stated below:

- Tenure of Mr. Ambramoli Purushothaman (DIN: 07706484) as Independent Director expired with effect from April 12, 2023;
- Mr. Sivadas Chettoor (DIN: 01773249) has resigned as the Independent Director of the Company (before expiry of his tenure) with effect from May 19, 2023 due to health reasons;
- The shareholders of the Company at the EGM held on May 23, 2023 approved the capitalization of a sum not exceeding Rs. 20,00,00,000 (Rupees Twenty crores only) from and out of the securities premium account for the purpose of issue of bonus equity shares to be credited as fully paid up to the eligible members of the Company in the ratio of 1:10 i.e. 1 (One) new fully paidup equity share of Rs. 10/- (Rupees Ten only) each for every 10 (Ten) fully paid-up equity shares of Rs. 10/- (Rupees Ten only) each held;
- The shareholders of the Company at the EGM held on May 23, 2023 approved the reappointment of Mr. Issac Jacob (DIN: 02078308) as Independent Director for his 2<sup>nd</sup> term of 5 years with effect from March 17, 2023;
- The shareholders of the Company at the EGM held on May 23, 2023 approved the alteration of Articles of Association (AOA) with respect to appointment of Nominee Director by Debenture Trustee and affixing of Common seal;
- The shareholders of the Company at the EGM held on May 23, 2023 approved the Appointment of Mr. Sreenivasan Thettalil Parameswaran Pillai (DIN: 03048551) as Chairman and Non-Executive Director of the Company;
- The Board of Directors through resolution passed through circulation May 23, 2023 appointed Mr. K. M. Kuriakose (DIN: 08924909) as Additional Director (Non-Executive and Independent);
- The Board of Directors of the Company at the meeting held on May 26, 2023 approved payment of interim dividend at the rate of 3% per share;
- The Board of Directors of the Company at the meeting held on May 26, 2023 approved the public issue of Secured Redeemable Non-Convertible Debenture (NCD IX) for a base issue of ₹7,500 lakhs with an option to retain an over-subscription of ₹7,500 lakhs aggregating to ₹15,000 lakhs; and
- The Finance Committee of the Board on May 31, 2023 has allotted 1,86,72,779 bonus equity shares amounting to ₹18,67,27,790/- out of the securities premium account of the Company in the ratio of 1:10 [i.e., 1 (One) new fully paid-up equity share for every 10 (Ten) fully paid-up equity shares held].
- The Board of Directors through resolution passed through circulation June 08, 2023 appointed Mr. Joseph Paul Menacherry (DIN: 06540233) as Additional Director (Non-Executive and Independent).

- The Board of Directors through resolution passed through circulation June 21, 2023 appointed Mr. Abraham Thariyan (DIN: 07132831 as Additional Director (Non-Executive and Independent).

## 19. CORPORATE GOVERNANCE REPORT

A report on corporate governance as per the Listing Regulations is attached as Annexure II and forms part of this report. The report also includes the details as required to be provided on the composition and category of directors, number of meetings of the board, attendance of directors, composition of the various committees and its terms of reference, annual evaluation of board and committees, disclosure of relationships between directors inter-se, whistle blower policy/vigil mechanism, etc.

## 20. CODE OF CONDUCT

During the reporting period the company has adopted the Code of Conduct of Board of Directors and Senior Management. Pursuant to the Regulation 26(3) of SEBI Listing Regulations, all the members of the Board and Senior Management Personnel affirmed compliance with the code and a declaration by the Chief Executive Officer confirming the adherence to the code is annexed as Annexure III to this report. The code of conduct is available at the website of the Company in the link: <https://klmaxiva.com/assets/pdf/Code%20of%20conduct%20of%20board%20of%20directors%20and%20senior%20management%20personnel.pdf>

## 21. CERTIFICATE ON CORPORATE GOVERNANCE

The Compliance Certificate M/s. Nekkanti S. R. V. V. S. Narayana & Co., Practicing Company Secretaries confirming compliance with the conditions of corporate governance as stipulated in part C of schedule V under the Listing Regulations for financial year 2022-23 is attached as Annexure IV to this report.

## 22. DIRECTORS & KEY MANAGERIAL PERSONNEL

As on March 31, 2023, the Board of directors of the company comprises of five directors including three Independent Directors. The composition of the Board of Directors and details of Key Managerial Personnel are as under:

Sl. No.	Name	Designation	Date of Appointment	DIN/PAN	Category
1.	Mr. Shibu Theckumpurath Varghese	Wholetime Director	27/07/2016	02079917	Executive - Non Independent
2.	Ms. Biji Shibu	Director	09/03/2013	06484566	Non-Executive & Non-Independent



3.	Mr. Issac Jacob	Director	17/03/2018	02078308	Independent
4.	Mr. Sivadas Chettoor	Director	28/01/2022	01773249	Independent
5.	Mr. Ambramoli Purushothaman	Director	12/04/2022	07706484	Independent
6.	Mr. Thanish Dalee	Chief Financial Officer	08/08/2017	AMAPD3042K	-
7.	Mr. Srikanth G. Menon	Company Secretary	26/12/2018	AWTPG2737M	-
8.	Mr. Manoj Raveendran Nair	Chief Executive Officer	12/01/2022	AIRPR8676C	-

### Woman Director

As per the provisions of section 149 of the Act, the Company shall have at least one-woman Director in the Board. The Company has Mrs. Biji Shibu, as Woman Director on the Board.

The current composition of board of directors of the Company after the end of the financial year and at the date of this report is as under:

Sl. No.	Name	Designation	Date of Appointment	DIN	Category
1.	Mr. Shibu Theckumpurath Varghese	Wholetime Director	27/07/2016	02079917	Executive - Non Independent
2.	Ms. Biji Shibu	Director	09/03/2013	06484566	Non-Executive & Non-Independent
3.	Mr. Issac Jacob	Director	17/03/2018	02078308	Independent
4.	Mr. Sreenivasan Thettalil Parameswaran Pillai	Chairman	23/05/2023	03048551	Non-Executive & Non-Independent
5.	Mr. K. M. Kuriakose	Additional Director	23/05/2023	08924909	Independent
6.	Mr. Joseph Paul Menacherry	Additional Director	08/06/2023	06540233	Independent
7.	Mr. Abraham Thariyan	Additional Director	21/06/2023	07132831	Independent

## **23. CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL**

There were no changes in the composition of board of directors & key managerial personnel during the reporting period except as stated below:

1. Mr. Ambramoli Purushothaman (DIN: 07706484) was appointed as Additional Director (Independent) on April 12, 2022.
2. The shareholders of the Company at the EGM held on June 23, 2022 approved the Change in designation of Mr. Sivadas Chettoor (DIN: 01773249) and Mr. Ambramoli Purushothaman (DIN: 07706484) from Additional Director (Non-Executive and Independent) to Director (Non-Executive and Independent)
3. Mr. Issac Jacob (DIN: 02078308) was re-appointed as Additional Director (Independent) on March 17, 2023, consequent to the expiry of his first term of appointment as Independent Director.

## **24. RESIGNATION OF DIRECTOR**

Mr. Sivadas Chettoor (DIN: 01773249) has resigned as the Independent Director of the Company (before expiry of his tenure) with effect from May 19, 2023 due to health reasons.

## **25. MEETINGS OF BOARD OF DIRECTORS**

The Board of directors met six times during the FY 2022-23 on May 23, 2022, July 01, 2022, August 13, 2022, November 08, 2022, February 13, 2022 and March 31, 2023. The requisite quorum was present for all the meetings. The maximum gap between these Board meetings did not exceed one hundred and twenty days. The details of the various meetings of the Board are given in the Corporate Governance Report which forms part of this report.

## **26. COMMITTEES OF BOARD**

The Board of Directors has constituted Nine (9) Committees in accordance with the provisions of the Act, Listing Regulations and RBI Master Directions. viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Information Technology Strategy Committee, Debenture Committee, and Finance 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 of composition, terms of reference and number of meetings held for respective Committees are given in the Corporate Governance Report, which forms a part to this Report of the Board of Directors.

## 27. AUDIT COMMITTEE

The composition of the Audit committee as on March 31, 2023 is as under:

Sl. No	Name	Nature of Directorship	Designation
1.	Mr. Sivadas Chettoor	Independent	Chairperson
2.	Mrs. Biji Shibu	Non-Independent	Member
3.	Mr. Issac Jacob	Independent	Member
4.	Mr. Ambramoli Purushothaman	Independent	Member

Pursuant to section 177(8) of the Act, the Board of Directors state that, during the year under review, all recommendations of the Audit Committee have been accepted by the Board of Directors.

The composition of the Audit Committee of the Company as on the date of this report is as follows:

Sl. No	Name	Nature of Directorship	Designation
1.	Mr. K. M. Kuriakose	Independent	Chairperson
2.	Mrs. Biji Shibu	Non-Independent	Member
3.	Mr. Issac Jacob	Independent	Member
4.	Mr. Abraham Thariyan	Independent	Member

## 28. INDEPENDENT DIRECTORS

The independent directors have submitted necessary disclosures confirming that they meet the criteria of independence as provided under section 149(6) of the Act and regulation 16(1)(b) of the Listing Regulations. The Board is satisfied of the integrity, expertise, and experience of all independent directors on the Board.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company other than the sitting fees, and reimbursement of expenses incurred for the purpose of attending the meetings of the Board or Committees thereof of the Company.

## 29. DIRECTOR LIABLE TO RETIRE BY ROTATION

In terms of Section 152 of the Act and the Articles of Association of the Company, Mrs. Biji Shibu, Director of the Company is liable to retire by rotation at the ensuing 26<sup>th</sup> Annual General Meeting and being eligible, offers herself for reappointment.

### **30. ANNUAL EVALUATION OF THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

During the reporting period, a formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors. The performance evaluation is done by rating the performances as per the criteria formulated by the NRC for the same. The rating activity is done by all the directors of the Board.

The independent directors of the Company held a separate meeting on March 29, 2023 without the presence of non-independent directors and members of the management reviewed the performance of non-independent directors and board as a whole, and to assess the quality, quantity and timeliness of flow of information between the management of the Company and the board of directors.

### **31. CHIEF COMPLIANCE OFFICER (CCO)**

The Company being a non-deposit taking NBFC with an asset size of above ₹1000 crore is classified as NBFC-Middle Layer (NBFC-ML) as per the RBI guideline on “Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs”. (Circular Ref. DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021.)

As indicated in the said guideline, every NBFC-ML would be required, inter alia, to have a Chief Compliance Officer (CCO). Accordingly, Mr. Anilkmar A. K. was appointed as the Chief Compliance Officer of the Company on August 13, 2022 as per RBI circular on “Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs”. (Circular Ref. DoS.CO.PPG./SEC.01/11.01.005/2022-23 dated April 11, 2022.)

### **32. 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. The financials of the Company is prepared in compliance and in accordance with the Indian Accounting Standards.

### **33. SECRETARIAL STANDARDS**

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

### **34. CHANGE IN NATURE OF BUSINESS, IF ANY**

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

### **35. DETAILS OF REVISION OF FINANCIAL STATEMENT OR THE REPORT**

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

### **36. VIGIL MECHANISM**

As a part of Vigil Mechanism, a Whistle Blower Policy approved by the Board has been established in the Company. 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 found guilty, disciplinary action will be initiated depending upon the materiality of the unethical doings. During the year under report there have been no instances which required reporting.

The whistle blower policy is available at the website of the Company in the link:  
[https://admin.klmaxiva.com/uploads/Vigil\\_Mechanism\\_Whistle\\_Blower\\_Policy\\_8fbb7cd0a0.pdf](https://admin.klmaxiva.com/uploads/Vigil_Mechanism_Whistle_Blower_Policy_8fbb7cd0a0.pdf)

### **37. CRITERIA FOR DETERMINING QUALIFICATION, ATTRIBUTES, INDEPENDENCE OF DIRECTORS AND POLICY ON REMUNERATION OF DIRECTORS, KMPS, SENIOR MANAGEMENT & OTHER EMPLOYEES**

The Nomination and Remuneration Committee (NRC) of the Board has formulated the criteria determining qualifications, positive attributes and independence of a director as well as criteria for evaluation of performance of Board as a whole, its committees, and individual directors (independent & non-independent).

Based on the recommendations of the NRC, the Board has adopted a remuneration policy for Directors, Key Managerial Personnel, Senior Management and other employees. The Remuneration policy is placed at the website of the Company in the link:  
[https://admin.klmaxiva.com/uploads/Remuneration\\_Policy\\_with\\_seal\\_5942cb5614.pdf](https://admin.klmaxiva.com/uploads/Remuneration_Policy_with_seal_5942cb5614.pdf)

### **38. SUBSIDIARIES/JOINT VENTURE/ASSOCIATE COMPANY**

National Company Law Tribunal (NCLT), Kochi bench vide order dated May 05, 2022 approved the voluntary liquidation and dissolution of the wholly-owned subsidiary company namely M/s. KMLM Financial Services Limited (CIN: U74110KL2011PLC029750) under Insolvency and Bankruptcy code, 2016. KMLM Financial Services Limited shall stand dissolved with effect from May 05, 2022.

During the reporting period, the Company has not created or closed any subsidiaries, joint ventures, or associate companies.

### **39. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS, TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

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

### **40. RISK MANAGEMENT**

The Company is engaged in the business of financial services. The Board is periodically informed of the business risks and the actions taken to manage them. The Company has formulated and implemented a policy for risk management. The policy adopted by the Company for risk management is placed on the website of the Company at the web link: [https://admin.klmaxiva.com/uploads/Risk\\_Management\\_Policy\\_d3ac2d3e99.pdf](https://admin.klmaxiva.com/uploads/Risk_Management_Policy_d3ac2d3e99.pdf)

### **41. INTERNAL FINANCIAL CONTROL SYSTEMS**

The Board of the Company has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively. The 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.

### **42. 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 the company.

### **43. DISCLOSURE OF MAINTENANCE OF COST RECORDS UNDER SECTION 148 OF THE COMPANIES ACT, 2013**

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

### **44. PREVENTION SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The Company has always believed in providing a safe and harassment-free workplace for every individual working in the Company. The company has constituted of an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy is disclosed at the website of the Company in the web link:

[https://admin.klmaxiva.com/uploads/23\\_PREVENTION\\_OF\\_SEXUAL\\_HARASSMENT\\_POLICY\\_1\\_7f06ed9a42.pdf](https://admin.klmaxiva.com/uploads/23_PREVENTION_OF_SEXUAL_HARASSMENT_POLICY_1_7f06ed9a42.pdf)

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.

#### **45. ANNUAL RETURN**

A copy of Annual Return of the company as per the provisions of section 92 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, is available on the Company's website as per section 92(3) of the Act and can be accessed at the web-link: [https://admin.klmaxiva.com/uploads/Draft\\_Annual\\_Return\\_2022\\_23\\_Form\\_MGT\\_7\\_7fbfc9dec1.pdf](https://admin.klmaxiva.com/uploads/Draft_Annual_Return_2022_23_Form_MGT_7_7fbfc9dec1.pdf)

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

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

In terms of section 135 of the Act read with Companies (Corporate Social Responsibility) Rules, 2014 as amended ("CSR Rules") and in accordance with CSR Policy, during the year under review, the Company has spent ₹24.38 lakhs on CSR activities/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 ₹23.83 lakhs. The Company is in compliance with the statutory requirements in this regard.

The CSR Policy of the Company is placed on the Company's website at the web-link: [https://admin.klmaxiva.com/uploads/CSR\\_Policy\\_48f3b3a564.pdf](https://admin.klmaxiva.com/uploads/CSR_Policy_48f3b3a564.pdf) 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 V to this Report.

#### **47. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pursuant to Section 134(3) (m) of the Act read with the Companies (Accounts) Rules, 2014 is as follows:

i. Conservation of energy

The Company being a Non-Banking Finance Company, has no activities involving conservation of energy. The Company has taken adequate measures for conservation of energy and usage of alternative source of energy, wherever required.

ii. Technology absorption

The Company being a Non-Banking Finance Company, has no activities involving adoption of any specific technology. The Company has been in implementing latest information technology and tools towards enhancing our customer convenience. The Company focuses on various digital transformation initiatives during the year providing a great customer experience, improved business efficiencies, and ease of operations.

iii. Foreign exchange earnings and outgo

Total Foreign Exchange earnings - Nil

Total Foreign Exchange outgo – Nil.

#### **48. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

Pursuant to Section 186(11)(a) of the Act read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Non- Banking Financial Company (NBFC) registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. As such the particulars of loans and guarantees have not been disclosed in this Report.

The details of the loans & advances by the Company are furnished under note 8 of notes forming part of the Standalone Financial Statements for the year ended March 31, 2023.

The Company has not applied for one-time settlement and therefore the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not provided.

#### **49. PARTICULARS OF EMPLOYEES**

Disclosures as required under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended as Annexure VI 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.

#### **50. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

During the year under review, the Company had not entered into any material contracts or arrangements with related parties referred to in sub-section (1) of section 188 of the Act, hence disclosures in Form AOC-2 under section 134(3)(h) of the Act is not applicable.

The Company's policy on dealing with related party transactions is placed on the website of the Company. The web link of the policy is [https://admin.klmaxiva.com/uploads/Policy\\_on\\_dealing\\_with\\_Related\\_Party\\_Transactions\\_b73cfcfe05.pdf](https://admin.klmaxiva.com/uploads/Policy_on_dealing_with_Related_Party_Transactions_b73cfcfe05.pdf)



## 51. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report (MDAR) as per Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 containing the details of Industry structure and developments, Opportunities and Threats, Segment-wise or product-wise performance, Risks and Concerns, Internal control systems and their adequacy, etc. is attached as Annexure VII to this Report of the Board of Directors and forms an integral part of the Report. MDAR also highlights the business-wise details of the Company during the reporting period.

## 52. DEMATERIALIZATION OF SECURITIES

All securities issued and allotted by the Company during the financial year 2022-23 are in dematerialized form. The entire holding of securities of the promoters and directors of the Company has been dematerialized. The Company has provided necessary facilities to the existing equity shareholders to dematerialize their securities. International Securities Identification Number (ISIN) for equity shares is INE01I501011.

## 53. FORWARD LOOKING STATEMENT

This Report(s) contains certain forward-looking statements within the provisions of the ACT and listing Regulations and hence reasonable caution is to be exercised by stakeholders while relying on these statements.

## 54. ACKNOWLEDGEMENT

The Directors wish to place on record their sincere gratitude especially to the bankers, government authorities, other statutory authorities, customers, and shareholders. The directors also wish to thank all the employees for their co-operation.

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

Sd/-

Biji Shibu  
Director  
(DIN: 06484566)

Sd/-

Shibu Theckumpurath Varghese  
Whole-time Director  
DIN: 02079917)

Place: Ernakulam  
Date: July 07, 2023

## Annexure I

### Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2023

[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,  
P.N.39, D.N.8-13, 1<sup>st</sup> Floor, Ashoka Complex,  
Mythripuram Colony, Gayathri Nagar X Road,  
Vaishalinagar PO. Hyderabad,  
Telangana - 500079

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 our opinion thereon.

Based on our verification of the KLM Axiva Finvest Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2023 ("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 the Company for the financial year ended on 31<sup>st</sup> March, 2023 and made available to us, 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) 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 (Prohibition of Insider Trading) Regulations, 2015;
    - b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
-

- c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 5) Reserve Bank of India Act, 1934.
- 6) Master Direction - Information Technology Framework for the NBFC Sector.
- 7) Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.
- 8) Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016.
- 9) Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016.
- 10) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
- 11) The Reserve Bank of India (Know Your Customer (KYC) Directions, 2016
- 12) Master Direction - Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 2016

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

- i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii) Listing Agreements entered by the Company with 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.**
- b) **The Company has not fully complied with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 with respect to uploading the requisite KYC details of the borrowers of the Company with CERSAI.**

We further report that, there were no events / actions in pursuance of:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
-

- c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- d. 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;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- g. 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;

We further report that:

The compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. 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, and
- a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the Minutes of the Meetings, duly recorded and signed by the Chairman, majority decision is carried through while the Members' views are captured and recorded as part of the Minutes

We further report that, based on the information provided and the representation made by the Company and also on the review of the compliance certificates / reports taken on record by the Board of Directors of the Company, in our opinion, 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.14,28,43,000/- through issue of unsecured perpetual debt instruments on 30<sup>th</sup> June, 2022.**
  - b) **The company has issued 5,743,750 fully paid bonus shares of Rs.10/- to the existing members on 13<sup>th</sup> July, 2022.**
-

- c) The Company has raised a sum of Rs.1,87,98,56,000/- through public issue of Secured Non-Convertible Debentures on 18<sup>th</sup> October, 2022.
- d) The Company has raised a sum of Rs.82,63,65,000/- through private placement of 6,61,09,200 Equity shares on 19<sup>th</sup> December, 2022.
- e) The Company has raised a sum of Rs.1,36,12,96,000/- through public issue of Secured Non-Convertible Debentures on 10<sup>th</sup> March, 2023.
- f) The Reserve Bank of India has carried out inspection of the Company and we could not able to access report on the said inspection since the matter is strictly confidential as per the communication made by the Reserve of India to the Company.

**For NEKKANTI S.R.V.V.S. NARAYANA & CO.**  
**Company Secretaries**  
**ICSI Unique Code: S2009AP122301**

**Sd/-**  
**(NEKKANTI S.R.V.V.S. NARAYANA)**  
Proprietor  
M.No.F7157, C.P.No.7839  
**P.R. No.1709/2022**

Date : 3<sup>rd</sup> July, 2023  
Place : Hyderabad  
UDIN : F007157E000534563

**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,  
P.N.39, D.N.8-13, 1<sup>st</sup> Floor, Ashoka Complex,  
Mythripuram Colony, Gayathri Nagar X Road,  
Vaishalin agar PO. NA Hyderabad,  
Rangareddi,  
Telangana - 500079.

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 (“CSAS”) prescribed by the Institute of Company Secretaries of India (“ICSI”). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record 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 and for which we relied on the report of statutory auditor.
4. Where ever 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**

**ICSI Unique Code: S2009AP122301**

**Sd/-**

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

Proprietor

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

**P.R. No.1709/2022**

Date: 3<sup>rd</sup> July, 2023  
Place: Hyderabad

## Annexure II

### Corporate Governance Report

*[Pursuant to part C of schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015]*

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate governance is a set of principles, processes and systems to be followed by directors, management and all the employees of the Company for enhancement of shareholder's value, keeping in view the interest of other stakeholders. Integrity, transparency and compliance with regulations in dealing with members, employees, customers, lenders, regulators and government agencies are the objectives of good corporate governance.

The Company adopts and practices these principles of good corporate governance while ensuring integrity, transparency and accountability at all levels in the organization.

#### 2. BOARD OF DIRECTORS

##### A. Composition and Category of Directors

The Board of directors of the Company has an optimum combination of executive and non-executive directors in compliance with the requirements of regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), and section 149 of the Companies Act, 2013 ("Act").

As of March 31, 2023, Company's Board consisted of 5 directors of which 1 director is an executive non-independent director (20%), 1 director is non-executive non-independent director (20%), and 3 directors are independent directors (60%). The directors bring in who bring in a wide range of skills, experience and expertise to the Board. The Board does not have a regular chairman.

The names, categories and other details of directors as on March 31, 2023 are as follows:

Name of the Director	Category	No. of shares held in the Company	No. of directorships in public companies*		No. of committee positions held in public companies**		Directorship in other listed entity	
			Chairman	Member	Chairman	Member	Name of listed entity	Category
Mr. Shibu Theckumpurath Varghese	Executive, Non-Independent (Promoter	3,17,98,281	Nil	2	Nil	1	Nil	NA

	Group)							
Mrs. Biji Shibu	Non-Executive, Non-Independent (Promoter)	2,21,96,740	Nil	2	1	2	Nil	NA
Mr. Issac Jacob	Non-Executive, Independent	0	Nil	1	Nil	1	Nil	NA
Mr. Sivadas Chettoor	Non-Executive, Independent	0	Nil	2	2	3	JMJ Fintech Limited	Independent director
Mr. Ambramoli Purushothaman <sup>1</sup>	Non-Executive, Independent	0	Nil	2	Nil	2	Nil	NA

\* Other directorships excludes directorships of private limited companies, companies under section 8 of the Act and foreign companies.

\*\*Chairmanships/memberships of Board committees include only audit committee and stakeholders relationship committee of public companies pursuant to regulation 26(1)(b) of the Listing Regulations.

<sup>1</sup> Mr. Ambramoli Purushothaman was appointed as an additional director (independent) on the Board on April 12, 2022 and thereafter as an independent director at the EGM held on June 23, 2022.

The current composition of board of directors of the Company after the end of the financial year and at the date of this report is as under:

Sl. No.	Name	Designation	Date of Appointment	DIN	Category
1.	Mr. Shibu Theckumpurath Varghese	Wholetime Director	27/07/2016	02079917	Executive - Non Independent
2.	Ms. Biji Shibu	Director	09/03/2013	06484566	Non-Executive & Non-Independent
3.	Mr. Issac Jacob	Director	17/03/2018	02078308	Independent
4.	Mr. Sreenivasan Thettalil Parameswaran Pillai	Chairman	23/05/2023	03048551	Non-Executive & Non-Independent
5.	Mr. K. M. Kuriakose	Additional Director	23/05/2023	08924909	Independent
6.	Mr. Joseph Paul Menacherry	Additional Director	08/06/2023	06540233	Independent
7.	Mr. Abraham Thariyan	Additional Director	21/06/2023	07132831	Independent



## **B. Board confirmation regarding the Independent Directors**

All independent directors have confirmed that they meet the criteria of independence as specified in regulation 16(1)(b) Listing Regulations and section 149(6) Act and have furnished individual declarations to the Board that they qualify the conditions of being an independent director in compliance of requirements under Listing Regulations and the Act. Independent directors are non-executive directors of the Company.

In terms of regulation 25(8) of Listing Regulations, the independent directors have confirmed that they are not aware of any circumstance or situation that exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the independent directors, the Board of directors has confirmed that they meet the criteria of independence as mentioned under regulation 16(1)(b) of the Listing Regulations and that they are independent of the management. Further, the Board is satisfied of the integrity, expertise, and experience of all independent directors on the Board.

During the year, separate meetings of independent directors of the Company were held on March 29, 2023 and all the independent directors were present in the meeting. The independent directors, reviewed the performance of non-independent directors, the flow of information between the management and the Board of directors and the Board as a whole.

## **C. Familiarization programmes imparted to Independent Directors**

During the year, familiarization programmes were imparted to the independent directors of the Company. Details of the familiarization programmes are placed at the website of the Company in the link: <https://klmaxiva.com/assets/pdf/Familiarisation%20ProgrammeWebsite%20Disclosure.pdf>.

## **D. Compliance with limits of Directorship**

As per the disclosures made by the Directors, none of them:

- holds directorships in more than 10 public companies;
- serves as director or as independent director in more than 7 listed entities;
- who are the executive directors serves as independent director in more than 3 listed entities; and
- is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a director. (Chairmanships/memberships in audit committee and stakeholders relationship committee of public companies is only considered pursuant to regulation 26(1)(b) of the Listing Regulations).

Necessary disclosures regarding committee positions in other public companies as at March 31, 2023 have been made by the directors.

## **E. Inter-se relationships between Directors**

Mr. Shibu Theckumpurath Varghese and Mrs. Biji Shibu are related to each other as spouses. None of the independent directors are related to any other directors on the Board of directors in terms of the definition of “relative” given under the Act.

## F. Fit and proper criteria of the Directors

The Board ascertains the fit and proper criteria of the directors at the time of appointment and on a continuing basis. The fit and proper criteria is in line with RBI Master Directions, 2016 and all existing directors are fit and proper to continue to hold the appointment as a director in the Board.

## G. Board meetings and attendance details

The Board of directors met six times during the FY 2022-23 on May 23, 2022, July 01, 2022, August 13, 2022, November 08, 2022, February 13, 2022 and March 31, 2023. The requisite quorum was present for all the meetings. The maximum gap between these Board meetings did not exceed one hundred and twenty days.

The attendance of the directors in the Board meetings held during the financial year 2022-23 and the 25<sup>th</sup> Annual General Meeting (AGM) held on the September 30, 2022 are as follows:

Name of director	25 <sup>th</sup> AGM held on Sept 30, 2022	Board Meeting Dates						No. of meetings entitled to attend during the FY 2022-23	No. of meetings attended during the FY 2022-23
		May 23, 2022	Jul 01, 2022	Aug 13, 2022	Nov 08, 2022	Feb13, 2023	Mar 31, 2023		
Mr. Shibu Theckumpurath Varghese	P	Ab	P	P	P	P	P	6	5
Mrs. Biji Shibu	P	P	P	P	P	P	P	6	6
Mr. Issac Jacob	P	P	Ab	P	Ab	Ab	Ab	6	2
Mr. Sivadas Chettoor	P	Ab	P	P	P	P	P	6	5
Mr. Ambramoli Purushothaman <sup>1</sup>	Ab	P	P	Ab	P	P	P	6	5
No. of Directors attended the meeting	4	3	4	4	4	4	4		

P = Present; Ab = Absent.

<sup>1</sup> Mr. Ambramoli Purushothaman was appointed as an additional director (independent) on the Board on April 12, 2022 and thereafter as an independent director at the EGM held on June 23, 2022.

## H. Skills/expertise/competencies of the Board of Directors

The Board of Directors has identified the following core skills/expertise/competencies for the effective functioning of the Company:

1. Industry knowledge;
2. Leadership qualities;

3. Strategy and Planning;
4. Financial Expertise (Banking, Finance and Accounting);
5. Risk Management;
6. Information Technology;
7. Regulatory Oversight and Understanding of the applicable laws, rules, regulations, policies, etc.;
8. Governance; and
9. Integrity and ethical standards.

The Board is satisfied that the composition of Board on during the FY 2022-23 reflects an appropriate mix of knowledge, skills, experience, diversity and independence. The details of directors possessing such skills/expertise/competencies are as under:

Area of skills/expertise/competence	Name of the Director				
	Mr. Shibu Theckumpurath Varghese	Ms. Biji Shibu	Mr. Issac Jacob	Mr. Sivadas Chettoor	Mr. Ambramoli Purushothaman
Industry knowledge	✓	✓	✓	✓	✓
Leadership qualities	✓	✓	✓	✓	✓
Strategy and Planning	✓	✓	-	-	-
Financial Expertise (Banking, Finance and Accounting)	-	-	-	✓	✓
Risk Management	✓	-	-	✓	✓
Information Technology	-	-	✓		
Regulatory Oversight and Understanding of the applicable laws, rules, regulations, policies, etc.	✓	✓	✓	✓	✓
Governance	✓	✓	✓	✓	✓
Integrity and ethical standards	✓	✓	✓	✓	✓

### **I. Resignation of Independent Director**

During the financial year 2022-23, no independent director has resigned before the expiry of his tenure as independent director.

## **3. COMMITTEES OF BOARD**

### **A. Audit Committee (AC)**

The Company has constituted the Audit Committee as required under section 177 of the Act and regulation 18 of the Listing Regulations. The committee also fulfills the guidelines issued by the Reserve Bank of India for NBFC-ND-SI.

The terms of reference of the audit committee of the Board of Directors as on the date of this report are as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommend appointment, remuneration and terms of appointment of auditors, of the Company;
3. Approval of payment to statutory auditors, for any other services rendered by them;
4. Review with the management, the annual financial statements and auditor's report thereon before submission to the Board for its approval, with particular reference to:
  - a. matters required to be included in the Directors' responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b. changes, if any, in accounting policies and practices and reasons for the same;
  - c. major accounting entries involving estimates based on the exercise of judgement by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions;
  - g. modified opinion(s) in the draft audit report.
5. Review with the management, the quarterly financial statements before submission to the Board for approval;
6. Review with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions with related parties of the Company;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discuss with internal auditors of any significant findings and follow-up thereon;
15. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
17. Look into the reasons for substantial defaults, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. Review the functioning of the Whistle Blower mechanism / oversee the vigil mechanism;
19. Approval of appointment of Chief Financial Officer after assessing qualifications, experience and background, etc. of the candidate;
20. Review the utilisation of loans and / or advances from / investment by the holding company in the subsidiary exceeding Rs.100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
21. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
22. The Audit Committee shall mandatorily review the following:
  - a. Management Discussion and Analysis of financial condition and results of operations;
  - b. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - c. Internal audit reports relating to internal control weaknesses;
  - d. Appointment, removal and terms of remuneration of the chief internal auditor
  - e. Statement of deviations:
    - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations);
    - ii. annual statement of funds utilised for purpose other than those stated in the offer document / prospectus in terms of the Listing Regulations;
23. Monitor the end use of funds raised through public offers and related matters;
24. Examine the financial statements and the auditor's report thereon;
25. Review financial statements of the Company's subsidiaries if any, in particular the investments made by the subsidiaries;
26. Guidance on implementation of Indian Accounting Standards (Ind As);
27. Formulate the scope, functioning, periodicity of and methodology for conducting the internal audit;
28. Shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
29. The Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;
30. All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the Company;
31. The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted to assess operational risks faced by the Company;
32. The rationale and justification for any change in the Expected Credit Losses (ECL) model and any adjustments to the ECL model output shall be approved by the Audit Committee;
33. Approval of the classification of accounts that are past due beyond 90 days but not treated as impaired, with the rationale for the same;
34. Carry out any other role as mandated by the Board from time to time and / or enforced by any statutory laws, notifications, circulars, RBI master directions, or amendments as may be applicable.

During the review period, the Committee was reconstituted on April 13, 2022 after the appointment of Mr. Ambramoli Purushothaman as Independent Director to include him as a member of the Committee.

During the financial year 2022-23, the audit committee met four (4) times on May 23, 2022, August 13, 2022, November 08, 2022, and February 13, 2023. The attendance details and composition of the committee as on March 31, 2023 is as under:

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. Sivadas Chettoor	Independent	Chairperson	3
2.	Mrs. Biji Shibu	Non-Independent	Member	4
3.	Mr. Issac Jacob	Independent	Member	2
4.	Mr. Ambramoli Purushothaman	Independent	Member	3

The Audit committee was reconstituted after the appointment of new Directors. The composition of the Audit Committee of the Company as on the date of this report is as follows:

Sl. No	Name	Nature of Directorship	Designation
1.	Mr. K. M. Kuriakose	Independent	Chairperson
2.	Mrs. Biji Shibu	Non-Independent	Member
3.	Mr. Issac Jacob	Independent	Member
4.	Mr. Abraham Thariyan	Independent	Member

## **B. Nomination and Remuneration Committee (NRC)**

The Company has constituted the nomination and remuneration committee as required under section 178 of the Act and regulation 19 of the Listing Regulations. The committee also fulfills the guidelines issued by the Reserve Bank of India for NBFC-ND-SI.

The terms of reference of the nomination and remuneration committee of the Board of Directors as on the date of this report are as follows:

1. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal
2. Specify the manner for effective evaluation of performance of Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
3. Formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;

4. For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.
5. Formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;
6. Devise a policy on Board diversity;
7. Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal;
8. Consider extension or continue the term of appointment of the Independent Directors on the basis of the report of performance evaluation of Independent Directors;
9. Recommend to the Board, all remuneration, in whatever form, payable to senior management;
10. to ensure 'fit and proper' status of proposed/ existing directors as per RBI Master Direction DNBR.PD.008/03.10.119/2016-17;
11. Carry out any other role as mandated by the Board from time to time and / or enforced by any statutory laws, notifications.

During the financial year 2022-23, the nomination and remuneration committee met once on May 23, 2022. Mrs. Biji Shibu chaired the meeting.

The attendance details and composition of the committee as on March 31, 2023 is as under:

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. Sivadas Chettoor	Independent	Chairperson	0
2.	Mrs. Biji Shibu	Non-Independent	Member	1
3.	Mr. Issac Jacob	Independent	Member	1

The composition of the NRC of the Company as on the date of this report is as follows:

Sl. No	Name	Nature of Directorship	Designation
1.	Mr. K. M. Kuriakose	Independent	Chairperson
2.	Mrs. Biji Shibu	Non-Independent	Member
3.	Mr. Issac Jacob	Independent	Member
4.	Mr. Abraham Thariyan	Independent	Member

- Performance evaluation criteria for independent directors are as follows:
  - a. Regularly and constructively attend board, committee and general meetings.
  - b. Prepares in advance for board and committee meetings.
  - c. Maintenance of confidentiality of information.
  - d. Ensuring of good corporate governance practices.
  - e. Initiates discussions on issues in company's interest.
  - f. Ensuring good corporate governance practices.
  - g. Working relationships with Board members.
  - h. Knowledge of Board governance procedures.
  - i. Being well informed about the Company and external environment in which it operates.
  - j. Exercise of independent judgment in the best interest of Company
  - k. Adherence to the applicable code of conduct for independent directors.

### **C. Stakeholders Relationship Committee (SRC)**

The Company has constituted the Stakeholders Relationship Committee as required under section 178 of the Act and regulation 20 of the Listing Regulations.

The terms of reference of the stakeholders relationship committee of the Board of Directors as on the date of this report are as follows:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings;
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;
5. To monitor transfers, transmissions, dematerialization, re-materialization, splitting and consolidation and all matters connected therewith, of Equity Shares and other securities issued by the Company;
6. To coordinate with the statutory and regulatory authorities regarding investor grievances;
7. Carry out any other role as mandated by the Board from time to time and / or enforced by any statutory laws, notifications, circulars, RBI master directions, or amendments as may be applicable.

During the financial year 2022-23, the Stakeholders Relationship Committee met once on March 31, 2023.

The attendance details and composition of the committee as on March 31, 2023 is as under:

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mrs. Biji Shibu	Non Independent	Chairperson	1



2.	Mr. Shibu Theckumpurath Varghese	Non Independent	Member	1
3.	Mr. Sivadas Chettoor	Independent	Member	1

The composition of the SRC of the Company as on the date of this report is as follows:

Sl. No	Name	Nature of Directorship	Designation
1.	Mrs. Biji Shibu	Non-Independent	Chairperson
2.	Mr. Shibu Theckumpurath Varghese	Non-Independent	Member
3.	Mr. K. M. Kuriakose	Independent	Member

- Name, designation and address of Compliance Officer:

Mr. Srikanth G. Menon  
Company Secretary & Compliance Officer  
KLM Axiva Finvest Limited,  
4<sup>th</sup> Floor, V M Plaza, Palarivattom, Ernakulam, Kerala – 682025  
E-mail id: [cs@klmaxiva.com](mailto:cs@klmaxiva.com)  
Phone: 0484-4281119

- Details of investor complaints received and redressed during the financial year 2022-23 are as follows:

Particulars	For the year ended 31 <sup>st</sup> March, 2023
No. of investor complaints pending at the beginning of the year	0
No. of investor complaints received during the year	8
No. of investor complaints disposed of during the year	8
No. of investor complaints unresolved at the end of the year	0

#### **D. Risk Management Committee (RMC)**

The Company has constituted the Risk Management Committee as required under regulation 24 of the Listing Regulations and RBI Master Directions for NBFC-ND-SI.

The terms of reference of the risk management committee of the Board of Directors as on the date of this report are as follows:

1. To review the operations of the Company followed by identifying potential threats to the Company and the likelihood of their occurrence, and taking appropriate actions to address the most likely threats;
2. To identify the risks, the Company is subject to, deciding how to manage it, implementing the management technique, measuring the ongoing effectiveness of management and taking appropriate correction action;

3. To provide a framework that enables future activities to take place in a consistent & controlled manner
4. To improve the decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats.
5. To contribute towards more efficient use/ allocation of the resources within the organization.
6. To optimize operational efficiency in the Company
7. To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
8. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
9. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
10. To periodically review the risk management policy, including by considering the changing industry dynamics and evolving complexity;
11. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
12. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
13. The Committee shall be responsible for evaluating the overall risks faced by the Company including liquidity risk.
14. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.
15. Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

During the financial year 2022-23, the Risk Management Committee met twice on November 08, 2022 and March 31, 2023.

The attendance details and composition of the committee as on March 31, 2023 is as under:

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. Sivadas Chettoor	Independent	Chairperson	2
2.	Mr. Shibu Theckumpurath Varghese	Non Independent	Member	2
3.	Mr. Biji Shibu	Non Independent	Member	2

The composition of the RMC of the Company as on the date of this report is as follows:

Sl. No	Name	Nature of Directorship / Designation	Designation
1.	Mr. K. M. Kuriakose	Independent	Chairperson
2.	Mr. Shibu Theckumpurath Varghese	Non-Independent	Member
3.	Mrs. Biji Shibu	Non-Independent	Member
4.	Mr. Manoj Raveendran Nair	Chief Executive Officer (CEO)	Member

#### **E. Corporate Social Responsibility (CSR) Committee**

The Company has constituted the Corporate Social Responsibility (CSR) Committee as required under section 135 of the Act.

The terms of reference of the CSR committee of the Board of Directors as on the date of this report are as follows:

1. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013 (Act);
2. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
3. To monitor the CSR activities of the Company from time to time;
4. To formulate and recommend to the Board, an annual action plan which shall include the following, namely: -
  - a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  - b) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4 of the Companies (CSR) Rules, 2014;
  - c) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
  - d) monitoring and reporting mechanism for the projects or programmes; and
  - e) details of need and impact assessment, if any, for the projects undertaken by the company.
5. Carry out any other role as mandated by the Board from time to time and / or enforced by any statutory laws, notifications, circulars, RBI master directions, or amendments as may be applicable.

During the financial year 2022-23, the Corporate Social Responsibility (CSR) Committee met once on March 31, 2023.

The attendance details and composition of the committee as on March 31, 2023 is as under:

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. Sivadas Chettoor	Independent	Chairman	1
2.	Mr. Shibu Theckumpurath Varghese	Non Independent	Member	1
3.	Mrs. Biji Shibu	Non Independent	Member	1

The composition of the CSR Committee of the Company as on the date of this report is as follows:

Sl. No	Name	Nature of Directorship	Designation
1.	Mr. K. M. Kuriakose	Independent	Chairperson
2.	Mr. Shibu Theckumpurath Varghese	Non-Independent	Member
3.	Mrs. Biji Shibu	Non-Independent	Member

#### **F. Asset Liability Management (ALM) Committee**

The Company has constituted the Asset Liability Management Committee as required under RBI Master Directions for NBFC-ND-SI.

The terms of reference of the Asset Liability Management Committee of the Board of Directors as on the date of this report are as follows:

1. Ensuring adherence to the risk tolerance/ limits set by the Board as well as implementing the liquidity risk management strategy of the Company.
2. The role of the ALCO with respect to liquidity risk should include, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches.
3. The ALM Support Group consisting of the operating staff shall be responsible for analysing, monitoring and reporting the liquidity risk profile to the ALCO
4. To create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of the company.
5. To ensure proper balance of assets and liabilities of the company as per guidelines issued by Reserve Bank of India from time to time.
6. The objectives of the committee are as follows:
  - a. Liquidity risk management;
  - b. Management of market risks;
  - c. Funding and capital planning;
  - d. Profit planning and growth projection.
7. Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

During the financial year 2022-23, the Asset Liability Management Committee met once on November 08, 2022.

The attendance details and composition of the committee as on March 31, 2023 and as on the date of this report is as under:

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. Shibu Theckumpurath Varghese	Wholetime Director	Chairperson	1
2.	Mrs. Biji Shibu	Non-Independent	Member	1

#### **G. Information Technology Strategy Committee (ITSC)**

The Company has constituted the Information Technology Strategy Committee as required under RBI Master Directions on Information Technology Framework for the NBFC Sector.

The terms of reference of the Information Technology Strategy Committee of the Board of Directors as on the date of this report are as follows:

1. Approving Information Technology (IT) strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
6. Review and amend the IT strategies in line with the corporate strategies;
7. Institute an effective governance mechanism and risk management process for all IT outsourced operations

No Meetings of the Information Technology Strategy Committee was held during the financial year 2022-23.

The composition of the committee as on March 31, 2023:

Sl. No	Name	Nature of Directorship / Designation	Designation	No. of meetings attended
1.	Mr. Shibu Theckumpurath Varghese	Wholetime Director	Chairperson	-
2.	Mr. Tom Jyothis K.	Chief Information officer (CIO)	Member	-
3.	Ms. Minni Sajan	General Manager - Administration	Member	-

4.	Mr. Thanish Dalee	Chief Financial Officer (CFO)	Member	-
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The composition of the ITSC of the Company as on the date of this report is as follows:

Sl. No	Name	Nature of Directorship / Designation	Designation
1.	Mr. K. M. Kuriakose	Independent	Chairperson
2.	Mr. Tom Jyothis K.	Chief Information officer (CIO)	Member
3.	Mr. Manoj Raveendran Nair	Chief Executive Officer (CEO)	Member
4.	Mr. Thanish Dalee	Chief Financial Officer (CFO)	Member

#### H. Debenture Committee

Terms of reference of the Debenture Committee of the Board of Directors as on the date of this report are as follows:

1. To determine and approve, the terms and conditions and number of the debentures to be issued, the timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of oversubscription, if any, etc.,
2. to approve and make changes to the draft prospectus, prospectus abridged prospectus, applications forms including any corrigendum, amendments supplements thereto, and the issue thereof;
3. to issue and allot the debentures and to approve all other matters relating to the issue;
4. to do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitation the utilisation of the issue proceeds, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, extension of issue and/or early closure of the issue in accordance with applicable laws;
5. Other transactions or financial issues that the Board may desire to have them reviewed by the Committee.

The Debenture Committee met eight (8) times during the financial year 2022-23. The meetings of the Committee were held on August 03, 2022, September 01, 2022, September 13, 2022, October 18, 2022, January 13, 2023, January 24, 2023, February 07, 2023 and March 10, 2023.

The attendance details and composition of the committee as on March 31, 2023 and as on the date of this report is as under:

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
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## I. Finance Committee

The terms of reference of the Finance Committee of the Board of Directors as on the date of this report are as follows:

1. To oversee annual audit process;
2. To allot, transfer, transmit, dematerialize, re-materialise, split and consolidate equity shares and other securities issued by the Company;
3. Review company's financial policies, working capital and cash flow management and make such reports and recommendations to the Board with respect thereto as it may deem advisable;
4. Borrow monies from banks/financial institutions by way of short term/long term loans, cash credit requirements, overdraft facility, commercial papers (CP) and/or by way of other instruments (other than Debentures), securitization/assignment or receivables and exercise all powers for taking necessary actions connected therewith upto a limit of ₹500 crores.
5. Approval/Review of banking arrangements, cash management and arrangements with other financial institutions;
6. Opening and closing of accounts with Banks, change in authorised signatories and perform such other actions connected with Bank accounts of the Company;
7. Carry out any other functions as mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable;
8. Regularly review and make recommendations about the changes to the Charter of the Committee;
9. Invest the funds of the Company up to a limit of ₹100 crore;
10. Other transactions or financial issues that the Board may desire to have them reviewed by the Committee.

The Finance Committee met thirteen (13) times during the year under review. The meetings of the Committee were held on May 04, 2022, May 26, 2022, June 30, 2022, July 13, 2022, August 24, 2022, September 05, 2022, September 28, 2022, November 23, 2022, December 19, 2023, January 13, 2023, February 09, 2023, March 08, 2023 and March 30, 2023.

The attendance details and composition of the committee as on March 31, 2023 and on the date of this report is as under:

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. Shibu Theckumpurath Varghese	Non Independent	Chairman	13
2.	Mrs. Biji Shibu	Non Independent	Member	13

#### 4. REMUNERATION OF DIRECTORS

##### A. Details of all pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company during the FY 2022-23

Sl. No	Name of Director	Designation	Nature of pecuniary relationship or transactions	Amount paid (in ₹)
1.	Mrs. Biji Shibu	Non - Executive Director	-	-
2.	Mr. Issac Jacob	Independent Director	-	-
3.	Mr. Sivadas Chettoor	Independent Director	Sitting Fees	2,80,000
			Reimbursement of expenses	10,000
4.	Mr. Ambramoli Purushothaman	Independent Director	Sitting Fees	2,20,000

##### B. Criteria for making payments to Non-Executive Directors

All payments to the directors is as per the criteria provided in the remuneration policy of the Company. The policy is placed at the website of the Company in the link: [https://admin.klmaxiva.com/uploads/Remuneration\\_Policy\\_with\\_seal\\_5942cb5614.pdf](https://admin.klmaxiva.com/uploads/Remuneration_Policy_with_seal_5942cb5614.pdf).

##### C. Disclosures with respect to remuneration

The remuneration paid to Mr. Shibu Theckumpurath Varghese, Wholetime Director is within the limits of section 197 of the Act, read with the Rules. The remuneration is paid as fixed monthly salary with no performance linked incentives or other benefits. The Company has not issued any Employee stock options

Mr. Shibu Theckumpurath Varghese was reappointed as the Wholetime Director of the Company at the EGM held on February 23, 2019 for a period of five years with effect from August 30, 2019. The shareholders of the Company at the EGM held on June 23, 2023 approved payment of remuneration of Rs. 5 lakhs per month subject to Rs. 60 lakhs per financial year with effect from July 01, 2022 to Mr. Shibu Theckumpurath Varghese. During the FY 2022-23 Mr. Shibu Theckumpurath Varghese was paid a remuneration of Rs. 54 lakhs.

##### D. Performance evaluation criteria for Non-Independent Directors

The performance of Non- Independent Directors (Executive and Non- Executive) is evaluated based on the following criteria:

- a. Regularly and constructively attend board, committee and general meetings.
- b. Prepares in advance for board and committee meetings.
- c. Maintenance of confidentiality of information.
- d. Initiates discussions on issues in company's interest.
- e. Implementation of good corporate governance practices and monitors the same.



- f. The director has developed clear mission statements, policies, and strategic plans that harmoniously balance the needs of shareholders, clients, employees, and other stakeholders.
- g. Establishment of an effective organization structure.
- h. Working relationships with Board members.
- i. Knowledge of Board governance procedures.
- j. Management of financial and other resources.

## 5. GENERAL BODY MEETINGS

### A. Details of date, time and venue of Annual General Meetings held during the previous 3 financial years

Financial Year	No. of AGM	Date	Time	Venue
2022-23	25	September 30, 2022	03:00 P.M.	Conducted through Video Conferencing (“VC”)/Other Audio-Visual Means (“OA VM”). Deemed location is the corporate office of the Company at 4 <sup>th</sup> Floor, VM Plaza, Palarivattom, Ernakulam, Kerala - 682025
2021-22	24	August 31, 2021	02:00 P.M.	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
2020-21	23	November 26, 2020	10:30 A.M.	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

### B. Details of special resolutions passed in the general meetings held during the previous 3 financial years

Financial Year	AGM/ EGM	Date	Details of special resolution passed
2022-23	EGM	December 09, 2022	1. Issue of 10,45,57,200 equity shares on private placement basis.
	AGM	September 30, 2022	-
	EGM	June 23, 2022	1. Appointment of Mr. Sivadas Chettoor (DIN: 01773249) as Independent Director for a term of 2 years with effect from January 28, 2022.

			<ol style="list-style-type: none"> <li>2. Appointment of Mr. Ambramoli Purushothaman (DIN: 07706484) as Independent Director for a term of 1 year with effect from April 12, 2022</li> <li>3. Remuneration to Mr. Shibu Theckumpurath Varghese (DIN: 02079917), Wholetme Director</li> <li>4. Issue of 1,65,843 perpetual debt instruments on preferential basis</li> </ol>
2021-22	EGM	January 05, 2022	<ol style="list-style-type: none"> <li>1. Issue of 74,37,308 equity shares on private placement basis.</li> <li>2. Issue of 1,20,000 perpetual debt instruments on private placement basis.</li> <li>3. Enhancing the borrowing powers of the board to Rs. 2500 crore pursuant to section 180(1)(c) of the Act.</li> </ol>
	EGM	September 06, 2021	<ol style="list-style-type: none"> <li>1. Issue of 4,62,00,000 equity shares on private placement.</li> <li>2. Approval of private placement offer letter.</li> </ol>
	AGM	August 31, 2021	<ol style="list-style-type: none"> <li>1. Reappointment of Dr. Alexander John Joseph (DIN: 00485766) for a term of 5 years with effect from September 26, 2021.</li> </ol>
	EGM	May 21, 2021	<ol style="list-style-type: none"> <li>1. Appointment of M/s. R. B. Jain and Associates as statutory auditors arising out of casual vacancy.</li> </ol>
2020-21	EGM	December 15, 2020	<ol style="list-style-type: none"> <li>1. Issue of 1,55,72,000 equity shares on private placement.</li> <li>2. Approval of private placement offer letter.</li> </ol>
	AGM	November 26, 2020	-

### C. Postal ballot during the financial year 2022-23

No special resolution was proposed to be conducted through postal ballot during the FY 2022-23.

### D. Proposed resolutions through postal ballot

None of the resolutions proposed for the ensuing 26th Annual General Meeting need to be passed by postal ballot.

## 6. MEANS OF COMMUNICATION

The quarterly, half yearly and annual results financial results are published in English national daily newspaper - "Financial Express". The Company is also maintaining a functional website <https://klmaxiva.com/> wherein all the communications are updated including the quarterly financial results of the Company. All the disclosures and communications filed with the stock exchange submitted through e-filing platform are also posted on the website of the Company.

## **7. GENERAL SHAREHOLDER INFORMATION**

### **A. Details of 26<sup>th</sup> AGM**

Date: August 18, 2023

Time: 03:00 P.M. IST

Venue: through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”).

### **B. Financial year**

From April 01, 2022 to March 31, 2023

### **C. Dividend payment date**

Interim dividend for the FY 2022-23 was declared on May 26, 2023 and paid on June 07, 2023.

### **D. Listing on Stock Exchanges**

The Non-Convertible Securities (Non-Convertible Debentures (NCDs)) of the Company are listed on BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The equity shares of the company are not listed on any stock exchange.

### **E. Listing and Custodial Fees**

The Company has paid the requisite Annual Listing and Custodial Fees to the Stock Exchanges and Depositories viz. CDSL and NSDL, respectively for the financial years 2022-23 and 2023-24.

### **F. Registrar and Share Transfer Agents**

KFIN Technologies Limited  
Selenium, Tower-B, Plot No – 31 & 32,  
Financial District, Nanakramguda, Serilingampally,  
Hyderabad, Rangareddi –500 032, Telangana, India  
Telephone: +91 40 6716 2222  
Facsimile: +91 40 2343 1551  
Email: [klmaxiva.ncd@kfintech.com](mailto:klmaxiva.ncd@kfintech.com)  
Investor Grievance Email: [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)  
Contact Person: M. Murali Krishna

### **G. Share transfer system**

The shareholders are free to hold the Company’s shares either in physical form or in dematerialized form. However, with effect from April 01, 2019, the shareholders are not allowed to transfer any shares in the physical form and hence, the dematerialisation of the shares is mandatory for transfer of shares. Thus, the Company encourages the holding of shares in dematerialized form. The shares held in dematerialized form can be transferred through the depositories without the Company’s involvement.

## H. Distribution of Shareholding as on March 31, 2023

The distribution schedule as on March 31, 2023 is as under:

Range of Holdings (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
5001- 10000	3	0.309917	2,525	25,250	0.001352
10001- 20000	3	0.309917	4,500	45,000	0.002410
20001- 30000	18	1.859504	45,000	4,50,000	0.024099
30001- 40000	1	0.103306	4,000	40,000	0.002142
40001- 50000	11	1.136364	55,000	5,50,000	0.029455
50001- 100000	25	2.582645	2,26,000	22,60,000	0.121032
100001& Above	907	93.698347	18,63,91,053	1,86,39,10,530	99.819510
Total	968	100.00	18,67,28,078	1,86,72,80,780	100.00

## I. Dematerialization of shares

The Company has arrangements with both NSDL and CDSL for dematerialization of its shares. The shareholders can hold the Company's shares with any of the depository participants, registered with the depositories. As on March 31, 2023, 88.83% of the equity shares of the Company are in electronic form with the depositories. International Securities Identification Number (ISIN) for equity shares is INE01I501011.

## J. Outstanding Global Depository Receipts (GDRs) or American Depository Receipts (ADRs) or Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company does not have any outstanding GDRs/ADRs/ Warrants or any Convertible instruments as on date.

## K. Branch locations

Company has 694 branches as on March 31, 2023. The details of branch locations are available on the Company's website at: <https://klmaxiva.com/contact>

## L. Address for Correspondence

The registered and corporate office addresses of the Company are as under:

### Registered Office:

KLM Axiva Finvest Limited  
Plot No. 39, Door No. 8-13, 1st Floor,  
Ashoka Complex, Mythripuram Colony,  
Gayathri Nagar X Road, Vaishalinagar P.O.,

Hyderabad, Rangareddi, Telangana-500079.

Corporate Office:

KLM Axiva Finvest Limited  
 Door No. 1871A24, 4<sup>th</sup> Floor, VM Plaza,  
 Palarivattom, Ernakulam, Kerala-682025.

**M. Credit ratings**

The credit ratings obtained by the Company as on the date of this report are as under:

Credit Rating Agency	Instrument	Rating	Rating action during the year 2022-23
India Ratings and Research	Non-Convertible Debentures (NCD VII & NCD VIII)	IND BBB-/Stable	Assignment and Affirmation
	Bank Loans	IND BBB-/Stable	Assignment and Affirmation
CARE Ratings	Non-Convertible Debentures (NCD I to NCD VI)	CARE BBB-; Stable	Revised from CARE BB+; Positive to CARE BBB-; Stable
	Long Term Bank Facilities	CARE BB+; Positive	Revised from CARE BB+; Positive to CARE BBB-; Stable
Brickwork Ratings	Bank Loans	BWR BBB-/Stable	-

**8. OTHER DISCLOSURES**

**A. Details of non-compliance, penalties, strictures, fines, etc. imposed and levied on the company on any matter related to capital market during the last three financial years**

No penalties, strictures, fines, etc. were imposed and levied on the Company by any of the regulatory authorities such as the Stock Exchange, SEBI, Reserve Bank of India, Registrar of Companies, for non-compliance on any matter related to capital markets during the last three financial years, except for the below:

Financial year	Regulator	Regulation	Amount of Fine	Details
2022-23	BSE	Regulation 54 of Listing Regulations	Rs. 54,000/-  (Rs. 1000/- per day of delay of 54 days)	Fine for delayed submission of security cover certificate for the half year ended March 2021.  Fine plus GST paid on September 08, 2022.

	BSE	Regulation 60 of Listing Regulations	Rs. 1,40,000/- (Rs. 10,000/- per ISIN for 14 ISINs plus GST)	Fine in delay in submission of the notice of Record Date of NCDs in the month of November 2021.  Fine plus GST paid on January 19, 2023.
2021-22	BSE	Regulation 54(2) of Listing Regulations	Rs. 47,000/- (Rs. 1000/- per day of delay of 47 days)	Non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements for the year ended March 2021.  Fine plus GST paid on September 14, 2021.
2020-21	-	-	-	-

## B. Vigil Mechanism / Whistle Blower Policy

During the reporting period the Company has formulated and approved Vigil mechanism/Whistle Blower Policy in line with the provisions of section 177(9) & 177(10) of the Act, 2013 and regulation 22 and 4(2)(d)(iv) of the Listing Regulations on February 21, 2023.

The policy provides a framework for responsible and secure whistle blowing involving misuse or abuse of authority, breach of company's code of conduct, breach of terms and conditions of employment and rules thereof, gross or willful negligence causing substantial and specific danger to health, safety and environment, manipulation of company data/records, intentional financial irregularities, including fraud, or suspected fraud, pilfering of confidential/propriety information, deliberate violation of law/regulation, gross wastage/ misappropriation of company funds/ assets, etc.

The policy provides the directors and employees direct access to the chairman of the audit committee to report their genuine concerns or grievances. Board of Directors affirms that no personnel were denied access to the audit committee. The whistle blower policy is available at the website of the Company in the web link: [https://admin.klmaxiva.com/uploads/Vigil\\_Mechanism\\_Whistle\\_Blower\\_Policy\\_8fbb7cd0a0.pdf](https://admin.klmaxiva.com/uploads/Vigil_Mechanism_Whistle_Blower_Policy_8fbb7cd0a0.pdf)

## C. Subsidiaries

The Company does not have any subsidiaries as on the date of this report and hence a policy is not in place for determining 'material' subsidiaries.

## D. Commodity price risk or foreign exchange risk and hedging activities

The Company had no exposure to commodity, commodity risk or hedging activities during the FY 2022-23.

#### **E. Certificate from Company Secretaries regarding non-debarment and non-disqualification of Directors**

M/s. Nekkanti S. R. V. V. S. Narayana & CO., Company Secretaries, have certified that none of the Directors on the Board of the Company have been debarred or disqualified from the being appointed or continuing as a Director of the Company by SEBI or Ministry of Corporate Affairs or RBI or any other statutory authority. The said certificate forms part of this report and is given in Annexure A.

#### **F. Recommendations made by Committees of the Board**

During the year under review, all recommendations of the Committees have been accepted by the Board.

#### **G. Total fee paid to the Statutory Auditors**

The total fees for all the services paid by the Company to M/s. R. B. Jain & Associates (FRN: 103951W) Chartered Accountants, Statutory Auditors of the Company during the FY 2022-23 is as follows:

Particulars	Amount (in lakhs)*
Fee for Statutory Audit	10.00
Fee for other services	7.48
Total	17.48

\*The above fees are exclusive of applicable taxes.

#### **H. Prevention Sexual Harassment of Women at Workplace**

The Company has always believed in providing a safe and harassment-free workplace for every individual working in the Company. The company has constituted an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company policy on prevention of sexual harassment is disclosed at the website of the Company in the web link: [https://admin.klmaxiva.com/uploads/23\\_PREVENTION\\_OF\\_SEXUAL\\_HARASSMENT\\_POLICY\\_1\\_7f06ed9a42.pdf](https://admin.klmaxiva.com/uploads/23_PREVENTION_OF_SEXUAL_HARASSMENT_POLICY_1_7f06ed9a42.pdf).

Details of complaints during the FY 2022-23 is as follows:

Number of complaints filed during the year	Nil
Number of complaints disposed of during the year	Nil
Number of complaints pending as at the end of the year	Nil

#### **I. Loans and Advances**

During the reporting period, the company has not given any loans and advances in the nature of loans to firms/companies in which directors are interested.

#### **J. Compliance Certificate**

In terms of Regulation 17(8) of the Listing Regulations, the Wholetime Director and CEO made a certification to the Board of Directors in the prescribed format for the year under review, which has been reviewed and taken on record by the Board. The same is reproduced at the end of this report and marked as Annexure B.

#### **K. Related Party Transactions**

In the opinion of the Board of Directors, there were no materially significant related party transactions during the year under review made by the Company with its Promoters, Directors, Key Managerial Personnel or their relatives or other designated persons that may have a potential conflict with the interests of the Company at large.

The Company's policy on dealing with related party transactions is available at the website in the link:[https://admin.klmaxiva.com/uploads/Policy\\_on\\_dealing\\_with\\_Related\\_Party\\_Transactions\\_b73cfcfe05.pdf](https://admin.klmaxiva.com/uploads/Policy_on_dealing_with_Related_Party_Transactions_b73cfcfe05.pdf) and attached to this report as Annexure C.

#### **L. Compliance with Corporate Governance Norms**

The company has complied with all mandatory requirements of corporate governance norms as enumerated in chapter IV of the Listing Regulations. The requirements of regulation 17 to regulation 27 of the Listing Regulations to the extent applicable to the company have been complied with as disclosed in this report. The company has also adopted the following discretionary requirements specified in Part E of Schedule II in terms of regulation 27(1) of the Listing Regulations:

- i. Board & posts of Chairperson and MD/CEO: During the reporting period the company does not have a regular Chairperson. CEO is not a director of the Company.
- ii. Shareholder Rights: The quarterly and year to date financial results are published in newspapers and are also displayed on the Company's website, <https://klmaxiva.com/regulations>. Therefore, the results are not being sent separately to the shareholders.
- iii. Modified opinion(s) in audit report: Company's financial statements have unmodified audit opinions.

//By order of the Board//

**For KLM Axiva Finvest Limited**

Sd/-  
Biji Shibu  
Director  
(DIN: 06484566)

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

Place: Ernakulam

Date: July 07, 2023



**Annexure A**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To  
The Members of  
KLM Axiva Finvest Limited,  
P.N.39, D.N.8-13,1<sup>st</sup> Floor,  
Ashoka Complex,  
Mythripuram Colony,  
Gayathri Nagar X Road,  
Vaishalinagar PO.  
Hyderabad – 500079,  
Telangana

We have examined the following documents:

- i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act');
- ii) Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents')

as submitted by the Directors of **KLM Axiva Finvest Limited**, having CIN U65910TG1997PLC026983 and having registered office at P.N.39, D.N.8-13,1<sup>st</sup> Floor, Ashoka Complex, Mythripuram Colony, Gayathri Nagar X Road, Vaishalinagar PO. Hyderabad – 500079, Telangana to the Board of Directors of the Company ('the Board') for the financial year 2022-23 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (LODR) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory/Statutory Authorities.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Ensuring the eligibility for appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorised representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the financial year ended 31<sup>st</sup> March, 2023, have been debarred or disqualified from being appointed or continuing

as Directors of Companies by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority.

<b>Sl. No.</b>	<b>Name of Director</b>	<b>DIN</b>	<b>Date of appointment in Company</b>
1.	Biji Shibu	06484566	09/03/2013
2.	Shibu Theckumpurath Varghese	02079917	27/07/2016
3.	Sivadas Chettoor	01773249	28/01/2022
4.	Ambramoli Purushothaman	07706484	12/04/2022
5.	Issac Jacob	02078308	17/03/2023

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the financial year ended 31<sup>st</sup> March, 2023.

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

ICSI Unique Code: S2009AP122301

**Sd/-**

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

Proprietor

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

P.R. No.1709/2022

ICSI UDIN: **F007157E000419360**

Date : 30<sup>th</sup> May, 2023

Place : Hyderabad

**Annexure B**

**COMPLIANCE CERTIFICATE**

*[Pursuant to Regulation 17(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

To

The Board of Directors

KLM Axiva Finvest Limited

I, Shibu Theckumpurath Varghese, (DIN: 02079917) Wholetime Director of KLM Axiva Finvest Limited (Company), hereby confirm and certify as under:

- A. I have reviewed financial statements and the cash flow statement for the year ended March 31, 2023 and that to the best of my knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have not come across any deficiencies in the design or operation of such internal controls.
- D. I have indicated to the auditors and the Audit committee that there are no:
- 1) significant changes in internal control over financial reporting during the year;
  - 2) significant changes in accounting policies during the year; and
  - 3) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

Shibu Theckumpurath Varghese

DIN: 02079917

Wholetime Director

Date: May 23, 2023

## COMPLIANCE CERTIFICATE

*[Pursuant to regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

To  
The Board of Directors  
KLM Axiva Finvest Limited

I, Manoj Raveendran Nair, Chief Executive Officer of KLM Axiva Finvest Limited (Company), hereby confirm and certify as under:

- E. I have reviewed financial statements and the cash flow statement for the year ended March 31, 2023 and that to the best of my knowledge and belief:
  - 3) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 4) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
  
- F. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
  
- G. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have not come across any deficiencies in the design or operation of such internal controls.
  
- H. I have indicated to the auditors and the Audit committee that there are no:
  - 4) significant changes in internal control over financial reporting during the year;
  - 5) significant changes in accounting policies during the year; and
  - 6) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-  
Manoj Raveendran Nair  
Chief Executive Officer

Date: May 23, 2023

## Annexure C

### Policy on dealing with Related Party Transactions

*(Approved by the Board of Directors on June 18, 2021)*

#### **Purpose of this policy:**

Company has formulated this policy (Policy) on materiality of Related Party Transactions and on dealing with Related Party Transactions. This Policy regulates all transactions between the Company and its Related Parties. **However, KLM AXIVA Finvest Limited being an NBFC, the transactions carried in the ordinary course of business shall not be deemed to be a related party transaction.**

The Companies Act 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') **Master** Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company prescribe comprehensive regulatory framework governing the Related Party Transactions.

#### **Identification of Related Parties and the Related Party Transactions:**

Every Director) shall, at the time of appointment, annually and whenever there is any change in the information already submitted, provide requisite information about all persons, firms, entities in which he is interested whether directly or indirectly, to the Board of Directors and the Company Secretary.

#### **Approval of Related Party Transactions- Audit Committee/Board of Directors:**

- The onus of responsibility shall vest with the Director to disclose his interest to the Board/Audit Committee/KMP's in any transactions which the concerned director is directly/interested.
- Inter corporate loans, if any which the director is directly/indirectly/deemed to be interested must be brought to the attention of the Audit committee and the Board of Directors by the concerned director and the approval as deemed fit for the purpose must be obtained.
- Any Director of the Company, who is a Related Party, shall not vote on resolution passed for approving such Related Party Transaction.
- The disclosures of the related party transactions in the Balance Sheet shall reviewed by the Audit Committee before granting approval to accounts.

#### **Shareholders' Approval:**

If a Related Party Transaction is

- (i) a material transaction or
- (ii) not in the ordinary course of business, or
- (iii) not at arm's length price

and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by a special resolution. In such a case, any member of the Company who is a Related Party shall not vote on resolution passed for approving such Related Party Transaction.

**Limitation and Amendment:**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the SEBI LODR, Companies Act 2013, RBI Master Directions and/or applicable laws in this regard shall automatically apply to this Policy.

**Annexure III**

**Declaration on Compliance with the Code of Conduct of Board of Directors  
and Senior Management**

*[Pursuant to Part D of schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

To  
The Board of Directors  
KLM Axiva Finvest Limited

I, Mr. Manoj Raveendran Nair, Chief Executive Officer of the Company pursuant to Part D of schedule V of the SEBI (LODR) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof) hereby declare that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct applicable to the board of directors and senior management during the period from 01<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023.

Sd/-  
Manoj Raveendran Nair  
Chief Executive Officer

Date: May 23, 2023

Place: Ernakulam

## Annexure IV

### Certificate on Corporate Governance of KLM Axiva Finvest Private Limited

**To**

**The Members,**

KLM Axiva Finvest Limited,  
P.N.39, D.N.8-13, 1<sup>st</sup> Floor, Ashoka Complex,  
Mythripuram Colony, Gayathri Nagar X Road,  
Vaishalinagar PO. Hyderabad,  
Telangana - 500079

We have examined the compliance of conditions of Corporate Governance by **KLM Axiva Finvest Private Limited** (“the Company”) for the year ended on March 31, 2023, as stipulated in Chapter IV and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended which are applicable to high value debt listed entity which has listed its non-convertible debt securities.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clauses and/or Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge, information and according to the explanations given to us and based on the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended which are applicable to high value debt listed entity which has listed its non-convertible debt securities.

We state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

**Company Secretaries**

ICSI Unique Code: S2009AP122301

**Sd/-**

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

Proprietor

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

P.R. No.1709/2022

Date : 5<sup>th</sup> July, 2023

Place : Hyderabad

UDIN : **F007157E000548610**



## Annexure V

### Annual Report on Corporate Social Responsibility (CSR) Activities

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

**1. Brief outline of the CSR policy**

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

**2. Composition of the CSR committee as on March 31, 2023 is as under:**

Sl. No.	Name of director	Designation / Nature of directorship	Number of meetings of CSR committee held during the year	Number of meetings of CSR committee attended during the year
1.	Mr. Sivadas Chettoor	Chairman – (Independent Director)	1	1
2.	Mr. Shibu Theckumpurath Varghese	Member – (Wholetime Director)	1	1
3.	Mrs. Biji Shibu	Member – (Non-Executive Director)	1	1

The composition of the CSR Committee of the Company as on the date of this report is as follows:

Sl. No	Name	Nature of Directorship	Designation
1.	Mr. K. M. Kuriakose	Independent	Chairperson
2.	Mr. Shibu Theckumpurath Varghese	Non-Independent	Member
3.	Mrs. Biji Shibu	Non-Independent	Member

**3. The web-link where composition of the CSR committee, CSR policy and CSR projects approved by the board are disclosed on the website of the company.**

Composition of the CSR committee is available at [Composition of various committees of board of directors.pdf \(klmaxiva.com\)](https://admin.klmaxiva.com/uploads/Composition_of_various_committees_of_board_of_directors.pdf)

CSR policy is available at [https://admin.klmaxiva.com/uploads/CSR\\_Policy\\_48f3b3a564.pdf](https://admin.klmaxiva.com/uploads/CSR_Policy_48f3b3a564.pdf)

CSR projects are available on the Company's website <https://klmaxiva.com/foundation-activities>

4. Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

Not applicable.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)	Balance amount (in ₹)
1.	2021-22	1,58,457	0	1,58,457
2.	2020-21	74,799	0	74,799
3.	2019-20	5,12,096	0	5,12,096

- 6.

a)	Average net profit of the Company for the last 3 financial years as per sub-section (5) of section 135	₹11,91,58,704.54/-
b)	Two percent (2%) of average net profit of the company as per sub-section (5) of section 135	₹23,83,174.90/-
c)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	0
d)	Amount required to be set off for the financial year, if any	0
e)	Total CSR obligation for the financial year (6b+6c-6d).	₹23,83,174.90/-

7. a) (i) Details of CSR amount spent against ongoing projects for the financial year:

Amount in ₹											
1	2	3	4	5	6		7	8	9	10	
Sl. No.	Project ID	Item from the list of activities in schedule VII to the Act	Name of the project	Local area (Yes/ No)	Location of the project		Project duration (in months)	Amount spent for the project	Mode of implementation-Direct (Yes/ No)	Mode of implementation - through implementing agency	
					State	District				Name	CSR registration number
-	-	-	-	-	-	-	-	-	-	-	-

- a) (ii) Details of CSR amount spent against other than ongoing projects for the financial year:

Amount in ₹									
1	2	3	4	5		6	7	8	
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project	Mode of implementation- Direct (Yes/ No)	Mode of implementation - through implementing agency	
				State	District			Name	CSR registration number
1.	Promoting Education	Promoting education	Yes	Kerala	Ernakulam	12,84,060	Yes	-	NA
2.	Promoting Health Care	Promoting health care including preventive health care	Yes	Kerala	Ernakulam	11,54,462.34	Yes	-	NA
Total						24,38,522.34			

b)	Amount spent in administrative overheads	0
c)	Amount spent on impact assessment, if applicable:	0
d)	Total amount spent for the Financial Year (7a+7b+7c):	₹23,83,174.90/-

e) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year	Amount unspent (in ₹)				
	Total amount transferred to unspent CSR account as per section 135(6)		Amount transferred to any fund specified under schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of the fund	Amount	Date of Transfer
₹24,38,522.34/-	Nil	Nil	Nil	Nil	Nil

f) Excess amount for set off, if any:

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	₹23,83,174.90/-
(ii)	Total amount spent for the Financial Year	₹24,38,522.34/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹55,347.44/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0



10. The reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5):

Not Applicable.

11. Responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, follows CSR objectives and policy of the Company:

We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR projects and activities in compliance with our CSR objectives.

For CSR Committee

Sd/-  
K. M. Kuriakose  
Additional Director  
(DIN: 08924909)  
Chairperson of CSR Committee

//By Order of the Board//

For **KLM Axiva Finvest Limited**

Sd/-  
Biji Shibu  
Director  
(DIN: 06484566)

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

Place: Ernakulam  
Date: July 07, 2023

## Annexure VI

### Particulars of Remuneration and Related Disclosures

*[Pursuant to Section 19(12) of the Companies act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees as required under section 197(12) of the Companies Act, 2013 (Act) 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 2022-23

Sl. No	Name of Director	Designation	Remuneration for the FY 2022-23 (in lakhs)	Ratio of the remuneration of each Director to median remuneration of employees (in times)
1.	Mr. Shibu Theckumpurath Varghese	Wholetime Director	54.00	26.47 times
2.	Mrs. Biji Shibu	Non - Executive Director	-	-
3.	Mr. Issac Jacob	Independent Director	-	-
4.	Mr. Sivadas Chettoor	Independent Director	-	-
5.	Mr. Ambramoli Purushothaman <sup>1</sup>	Independent Director	-	-

<sup>1</sup>Mr. Ambramoli Purushothaman was appointed on April 12, 2022

- b) Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Director and Company Secretary in the Financial Year 2022-23

Sl. No	Name of Director	Designation	Remuneration for FY 2022-23 (in lakhs)	Remuneration for FY 2021-22 (in lakhs)	% increase in Remuneration
1.	Mr. Shibu Theckumpurath Varghese	Wholetime Director	54.00	34.50	56.52%
2.	Mrs. Biji Shibu	Non-Executive Director	-	-	-
3.	Mr. Issac Jacob	Independent Director	-	-	-
4.	Mr. Sivadas Chettoor	Independent Director	-	-	-
5.	Mr. Ambramoli Purushothaman <sup>1</sup>	Independent Director	-	-	-

6.	Mr. Manoj Raveendran Nair <sup>2</sup>	Chief Executive Officer	75.00	17.50	328.57%
8.	Mr. Thanish Dalee	Chief Financial Officer	25.60	21.98	16.47%
9.	Mr. Srikanth G. Menon	Company Secretary	11.97	10.60	12.92%

<sup>1</sup>Mr. Ambramoli Purushothaman was appointed on April 12, 2022.

<sup>2</sup>Mr. Manoj Raveendran Nair was appointed on January 12, 2022.

- c) The percentage increase in the median remuneration of employees in the financial year 2022-23:

Median remuneration of employees is ₹17,000/- and ₹15,500/- per month for FY 22-23 & FY 21-22 respectively. There was 9.67% increase in the median remuneration of employees in the financial year 2022-23.

- d) The number of permanent employees on the rolls of company as on March 31, 2023 is 2,401.

- 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 percentile increase in salaries of employees other than managerial personnel during the year 2022-2023 was 10.78%. The average percentile increase in the managerial remuneration during the year was 28.76%. The increase in remuneration is in line with the industry practice and market trends.

- f) Affirmation that the remuneration is as per the remuneration policy of the company:

The company affirms that the remuneration is as per the remuneration policy of the Company.

- g) During the reporting period, the Company do not have any employee who is in receipt of remuneration in the aggregate, not less than one crore and two lakh rupees or at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month or at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

- h) Details of top ten employees (employed throughout the year in terms of remuneration drawn during the year 2022-23 pursuant to the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014:

Sl No.	Name and Age	Designation	Remuneration (in lakhs)	Date of commencement of employment
1.	Mr. Manoj Raveendran Nair (48)	Chief Executive Officer	75.00	29/12/2021
2.	Mr. Shibu Theckumpurath Varghese (58)	Wholetime Director	54.00	01/12/2016
3.	Mr. Thanish Dalee (42)	Chief Financial Officer	25.60	02/05/2016
4.	Mr. Jijo T. K. (45)	Vice President	24.60	25/02/2019
5.	Mr. Srikant Nair* (44)	Vice President	23.64	12/05/2022
6.	Mr. Tom Jyothis K. (44)	Chief Information Officer	18.63	03/05/2021
7.	Mr. V. C. Georgekutty (51)	Vice President	17.90	15/01/2020
8.	Mrs. Minni Sajan (48)	General Manager	15.75	10/02/2004
9.	Mr. George Kuriape (58)	General Manager	14.15	01/01/2022
10.	Mr. Joshy Joseph (46)	Zonal Manager	13.01	01/07/2020

\*Employed for part of the year

Notes:

- None of the employees mentioned above are related to any director, except Mr. Shibu Theckumpurath Varghese related to Mrs. Biji Shibu.
- None of the appointments mentioned above, except the appointment of Mr. Shibu Theckumpurath Varghese, Whole time Director is contractual in nature.

//By order of the Board//

For **KLM Axiva Finvest Limited**

Sd/-

Sd/-

Biji Shibu

Director

(DIN: 06484566)

Shibu Theckumpurath Varghese

Whole-time Director

DIN: 02079917)

Place: Ernakulam

Date: July 07, 2023



## Annexure VII

### Management Discussion and Analysis Report

#### **Non-Banking Financial Institutions**

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.

#### **Industry structure and developments**

With normalcy restored in the economy, lenders are now more comfortable lending to customers, and both banks and non-banking financial companies (NBFCs) are aggressively pitching gold loan products to have good assets on the book. While the economic situation has improved significantly, gold prices are also expected to increase marginally in fiscal 2023. With demand reviving, players are expected to restore loan-to-value (LTV) to pre-pandemic levels.

Demand for gold is likely to remain buoyant for it is considered as a secured asset. The transformation in the gold loan sector continues – shift from unorganised to organised and further from organised to digital and online means. Increasing focus on online gold loans in the current scenario is expected to support overall growth in the coming years.

Gold loan market is expected to continue to post strong performance compared with other retail loans on account of the following factors:

- Digitization and technological advancements
- Higher Gold prices
- Increased demand
- Widening Branch network

It is expected that industry gold loan AUM (Asset Under Management) will grow at 09-11% in fiscal 2024. Growth momentum is expected to continue over the next couple of years due to the post-pandemic boom with businesses restarting. This means there will be a higher requirement of credit, and higher technology adoption and digitisation in the industry, along with the advent of innovative models.

## **Opportunities and Threats**

### **Opportunities:**

- Untapped Markets
- Opting for digital platforms
- Increasing Gold Prices
- RBI has revised the rates for microfinance loans by NBFC from 10% to 25% of total assets.

### **Threats:**

- Competition
- Cost of borrowing to increase on account of RBI's tighten policy stance
- Inflation

## **Segment-wise or product-wise performance**

### **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.

## **Outlook**

### **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.

### **Focus on expanding coverage and sustain growth momentum**

As businesses open up and the economy returns to normalcy, Gold loan financiers are expanding fast to meet the expected demand in the year ahead. Our Company is expanding its reach and customer base to regain its share in the market lead by fierce competition by banks and new aged fintechs. We are trying to achieve this by focused market strategies, with increased advertising, etc.

### **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 our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business, geography or customer segment. Offering a wide range of products helps us attract more customers thereby increasing our scale of operations. At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base in rural and semi-urban markets where a large portion of the population has limited access to credit either because they do not meet the eligibility requirements of banks or financial institutions, or because credit is not available in a timely manner at reasonable rates of interest, or at all.

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

## **Risks and Concerns**

### **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 centralized software which automates inter branch transactions, enabling branches to be monitored centrally and thus reducing the risk of un-reconciled entries. In addition, we are in the process of installing surveillance cameras across our various branches, and subscribe to insurance to cover employee theft or fraud and burglary. Our internal audit department and our 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 control systems and their adequacy**

#### **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 on random basis. We have designed stringent evaluation process and credit policies to ensure the asset quality of our loans and the security provided for such loans. Our credit policy comprises classification of target customers in terms of track record, classification of assets, differentiated loan to value ratio for different class of customers and assets, limits on customer exposure etc. Further, in order to build quality assets and reduce NPA level, we have developed a culture of accountability by making our marketing officers responsible for loan administration, monitoring as well as recovery of the loans they originate.

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

#### **To implement advanced processes and systems**

We intend to invest in our existing technology systems and processes to create a stronger organization and ensure good management of customer credit quality. We also intend to invest in our technology-enabled operating procedures to increase operational and management efficiencies as well as ensure strong customer credit quality. Our focus on the effective use of technology is aimed at allowing employees across our branch network to collect and enter data to a centralized management system, providing our senior management real-time access to credit processing and decision making. We continue to implement technology led processing systems to make our appraisal and collection processes more efficient, facilitate rapid delivery of credit to our customers and augment the benefits of our relationship based approach. We also believe that deploying strong technology systems will

enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, and improve our risk management capabilities. Our Company has 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. We believe that the accurate and timely collection of such data gives us the ability to operate our business in a centralized manner and develop better credit procedures and risk management. As we continue to expand our geographic reach and scale of operations, we intend to further develop and invest in our technology to support our growth, improve the quality of our services and achieve superior turnaround time in our operations.

### **Further strengthen our risk management and loan appraisal**

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

### **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 periodically the maturity pattern of the various liabilities and assets of the company.

### **Internal Audit Department**

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

- (i) Audit and
- (ii) Inspection.

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

## **Risk Management Audit**

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

## **Discussion on financial performance with respect to operational performance**

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

(Amount in lakhs)

Particulars	Financial Years		
	2022-23	2021-22	2020-21
Gold Loan	93,796.18	62,546.94	37,871.22
MSME Loan & Other receivables	37,840.92	35,912.10	30,028.77
Microfinance Loan	14,395.87	8,850.80	6,830.12
Total AUM	146,032.97	1,07,296.71	74,730.11
Gross NPA	2,692.14	4,292.53	4,904.84
Gross NPA/AUM%	1.84%	4%	6.56%
Net NPA	1,123.75	2,898.48	3,471.81
Net NPA/AUM%	0.78%	2.64%	4.77%
Net worth	24,763.63	15,059.46	8,392.66
Return on net worth %	7.54%	7.62%	8.51%
Revenue from Operations	27,540.073	17,943.43	12,377.31
Profit after Tax	1,833.10	1,138.34	714.11

## **Material developments in Human Resources / Industrial Relations front, including number of people employed**

The department of Human Resource plays a crucial role in engaging with employees at all levels, keeping them motivated and enthusiastic towards their respective work, imparting training and development, while aligned to the values and ethos of the Company. The initiatives rolled out by the Human Resource department together with the Learning and Development department for the benefit of the employees and their skill developments have been listed below:

- i. Induction training for newly joined staff members (DISHA): a three days programme mandatory for all the newly joined staff members of the organization. This programme focuses on inducting the employees with a proud feeling and make them comfortable at their new work place. Also to make employees familiarize with the new working environment by educating them about the industry, organisation, products, process and skill sets.

- ii. Refresher training Programmes: a one day training programme for all non-supervisory grade employees conducted once in every quarter to make the employees aware of changing scenarios and equip them with the skill set and knowledge required to be adaptable.
- iii. Leadership Programme: a one day leadership training for all supervisory grade employees conducted once in every quarter to enable the leaders with the required leadership skills and brain storming.
- iv. Performance Enhancement Programme (PEP): a one day training programme for all low performers as per performance score card conducted quarterly once. Bottom performers based on the branch performance score card are selected for this program to identify the gap and address the same.

The number of permanent employees on the rolls of company as on March 31, 2023 is 2,401 as compared to 1,503 as on March 31, 2022.

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

Sd/-

Sd/-

Biji Shibu  
Director  
(DIN: 06484566)

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

Place: Ernakulam  
Date: July 07, 2023

# Green Initiative

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 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 e-mail.

Name of the Shareholder	
Folio Number	
Email ID	
Mobile Number	
PAN	



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**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Audit of Standalone Financial Results**

**Opinion**

We have audited the accompanying standalone annual financial results of **KLM Axiva Finvest Limited** for the year ended March 31, 2023 ('the statement') being submitted by the Company pursuant to the requirement of regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'),

In our opinion and to the best of our information and according to the explanations given to us, these standalone financial results:

- a. are presented in accordance with the requirements of regulation 52 of the Listing Regulations in this regard and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 as amended to the extent applicable, and other accounting principles generally accepted in India, of standalone net profit and standalone other comprehensive income and other financial information of the Company for the year ended March 31, 2023.

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**Basis for Opinion**

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

**Emphasis of Matter**

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

Our opinion is not modified in respect of these matters.



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**Key Audit Matters**

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

Key Audit Matter	How the matter was addressed in our audit
<p><b>Provision for Expected Credit Losses (ECL) on Loans</b></p> <p>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.</p> <p>In the process, a significant degree of judgment has been applied by the Management for:</p>	<p>We examined methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company.</p> <p>We evaluated the design and operating effectiveness of controls across the processes relevant to ECL, including the judgements and estimates.</p> <p>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.</p> <p>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</p>

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<ul style="list-style-type: none"> <li>• Timely identification and classification of the impaired loans.</li> <li>• Staging of loans [i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories].</li> <li>• Determination and calculation of probability of default / Loss given default.</li> <li>• Consideration of probability weighted scenarios and forward looking macro-economic factors for determining credit quality of receivables.</li> <li>• Estimation of losses for loan products with no/minimal historical defaults</li> </ul> <p>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.</p>	<p>stage 2 or 3.</p> <p>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.</p> <p>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.</p> <p>We assessed disclosures included in the financial statement in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.</p> <p>Company has started providing for higher of provisions as per IND AS and IRAC norms.</p>
<p><b>Information technology</b></p>	<p>We obtained an understanding of the Company's IT control environment and changes during the audit period that may be relevant to the audit.</p>

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Financial accounting and reporting processes, are fundamentally reliant on IT systems and IT controls to process significant volumes of transaction. The Company's financial accounting and reporting processes are so highly dependent on the automated controls in information systems, that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.

In the month of Feb 2020 company implemented a new IT Software, and most of the post live fine tuning was during the F.Y 2020-21. The outbreak of the COVID - 19 pandemic during the year; subsequent lockdown and travel restrictions affected the speed of IT Software implementation related work.

From a financial reporting perspective the Company uses and we have tested the financial accounting and reporting system and loan management systems and other tools for its overall financial reporting.

We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management.

We evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.

We obtained an understanding of the Company's Internal control environment and check available IT set up, to counter the shortfalls if any in the IT infrastructure.

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**Information Other than the Financial Statement and Auditor's Report Thereon**

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

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

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

**Board of Directors' Responsibility for the Standalone Financial Results**

These standalone financial results have been compiled from the interim standalone financial statements. The Company's Board of Directors are responsible for the preparation of these standalone Financial Results that give a true and fair view of the net profit/ loss and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS 34) "Interim Financial Reporting" specified under section 133 of the Act/ issued by the Institute of Chartered Accountants of India, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ('RBI Guidelines') and other accounting principles generally accepted in India and in compliance with regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act/ Banking Regulation Act, 1949/non – banking financial company – systematically important non – deposit taking company and deposit taking company (Reserve Bank) directions, 2016 for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities;

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

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fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

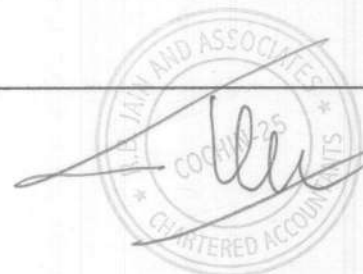
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with

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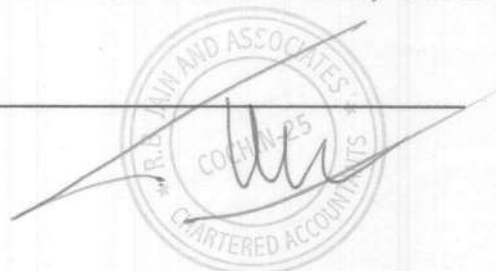
them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "*Annexure A*" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.
  - (e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified during the reporting period from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "*Annexure B*".

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- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations against the company which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (h) In our opinion the remuneration paid by the company to its wholetime director is in accordance with the provisions of section 197 and rules framed there under read with schedule V of Companies Act 2013.

**For R.B Jain and Associates,  
Chartered Accountants  
(FRN: 103951W)**

**K.J Thomas BSc, FCA  
Partner (M. No. 019454)  
UDIN: 23019454BGWFQW5187  
Palarivattom  
26-05-2023**



**RB JAIN AND ASSOCIATES**  
**CHARTERED ACCOUNTANTS**



CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

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**“Annexure A” to the Independent Auditors’ Report**

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2023:

- 1) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(B) The Company has maintained proper records showing full particulars of Intangible assets.
- (b) The Property, Plant and Equipment have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, a portion of the Property, Plant and Equipment has been physically verified by the management during the year and no material discrepancies between the book’s records and the physical Property, Plant and Equipment have been noticed.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deed provided to us by the Company, the title deeds of immovable properties are held in the name of the company;
- (d) According to the information and explanations given to us and based on the valuation report issued by a registered valuer, the value of one one of the property has been enhanced from Rs. 917.47 Lakhs to 988.83 Lakhs which accounts to 92.78% of its purchase value. A change up to 1.12% in net carrying value of class of asset is affected by such enhancement.
- (e) According to the information and explanations given to us, there are no proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

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CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

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- 2) (a) In our opinion and according to the information and explanations given to us, the nature of the Company's business is such that it is not required to hold any inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.
- (b) Based upon the audit procedures performed and the information and explanations given by the management, the company has been sanctioned working capital limits in excess of five crore rupees from banking institution on the basis of security of current assets. The quarterly returns filed by the company with bank are in agreement with the books of the company.
- 3) (a) The company being an NBFC whose principle business is to give loans is exempt from clause 3(iii)(a)
- (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees are, prima facie, not prejudicial to the company's interest.
- (c) In respect of loans granted by the company, the schedule of repayment of principal and payment of interest has been stipulated and repayments of principal amounts and receipts of interest are generally been regular except in few cases.
- (d) According to the information and explanations given to us and based on the audit procedures performed by us, there is an overdue amount of Rs.2,692.13/- lakhs for more than ninety days. Reasonable steps have been taken by the company for the recovery of principle and interest.
- (e) The company being an NBFC whose principle business is to give loans is exempt from clause 3(iii) (e).

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CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

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- (f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying the terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- 5) According to the information and explanations given to us, the Company has not accepted any public deposit from the public within the meaning of section 73 to 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Thus reporting under clause 3(v) of the order is not applicable to the Company.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2023 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, goods and service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

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CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

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- 8) According to information and explanations given to us and on the basis of our examination of the books of account, there are no transactions surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961 (43 of 1961) which are not recorded in the books of account.
- 9) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanation given to us, the company has not declared as wilful defaulter by any bank or financial institution or other lender.
- (c) Based upon the audit procedures performed and the information and explanations given by the management, the loans are applied by the company for the purpose for which the same has obtained.
- (d) The company has not raised any funds on short term basis from any lender. Accordingly, clause 3 (ix) (d) of the order is not applicable for the company.
- (e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures hence clause 3 (ix) (e) does not apply to company.
- (f) The company does not have subsidiaries, joint ventures, or associate companies. Accordingly, the provisions of clause 3 (ix) (f) of the Order are not applicable to the Company and hence not commented upon.
- 10)(a) Based upon the audit procedures performed and the information and explanations given by the management, the Company has raised money by way of public issue of debt instruments and the money raised has been applied for the purpose for which they have been raised.

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CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

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- (b)Based upon the audit procedures performed and the information and explanations given by the management, the Company has complied with the requirements of section 42 and 62 of the Companies Act, 2013 and the amount raised by preferential allotment or private placement of shares during the year under review have been used for the purposes for which the funds were raised. During the year, the Company has not made any preferential allotment or private placement of fully, partially or optionally convertible debentures.
- 11)(a)Based upon the audit procedures performed and the information and explanations given by the management, an amount aggregating to Rs. 164.59 lakhs resulting from various fraud cases on the company has been reported during the year. The same are intimated by the company with Reserve Bank of India.
- (b)Based upon the audit procedures performed and the information and explanations given by the management, no offence involving fraud is being or has been committed against the company by officers or employees of the company. Accordingly, clause 3 (xi) (c) doesn't apply to the company.
- (c) According to the information and explanation given to us, the company has not received any whistle – blower complaints during the year.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 of the Companies Act 2013 and there was no transactions falling under the purview of section 188 during the year. The transactions with related parties have been disclosed in the Financial Statement as required by the applicable accounting standards.
- 14)(a)The company has an adequate internal audit system commensurate with the size and nature of its business.

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CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

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- (b) To ensure the robustness of internal audit system and internal control system in the company we have reviewed the reports made by internal auditors of the company for the period of auditing and found that the internal control systems implemented by management are effective and internal audit procedures are adequate for the company.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration.
- (b) The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) In our opinion, the Company is not a Core Investment Company (CIC) Company. Therefore, the provisions of clause 3 (xvi)(c) of the Order are not applicable to the Company.
- (d) In our opinion, there is no core investment company with in the group and accordingly reporting under clause 3(xvi)(d) of the order is not applicable.
- 17) Based upon the audit procedures performed and the information and explanations given by the management, the company has not incurred cash, losses in the financial year and in the immediately preceding financial year.
- 18) During the year there was no resignation of Statutory Auditor.
- 19) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of

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CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

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Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of audit report indicating that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the company and when they fall due.

20)(a) There are no unspent amount towards Corporate Social responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub – section (5) of section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) There are no unspent amount on ongoing projects which requires to be transferred to special account in compliance with 135(6) of the Companies Act. Accordingly, reporting under clause 3(xx)(b) of the order is not applicable for the year.

**For R.B Jain and Associates,  
Chartered Accountants  
(FRN: 103951W)**

**K.J Thomas BSc, FCA  
Partner (M.No.019454)  
UDIN : 23019454BGWFQW5187  
Palarivattom  
26-05-2023**



**RB JAIN AND ASSOCIATES  
CHARTERED ACCOUNTANTS**



CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

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**“Annexure B” to the Independent Auditor’s Report of even date on the Financial Statement of KLM Axiva Finvest Limited**

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

We have audited the internal financial controls over financial reporting of KLM Axiva Finvest Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the financial statement of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and

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CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

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plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **R.B Jain and Associates,**  
Chartered Accountants  
(FRN 103951W)

**K.J Thomas, BSc, FCA**  
Partner (M.No.019454)  
UDIN : 23019454BGWFQW5187  
Palarivattom  
26-05-2023



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Balance Sheet as at March 31, 2023

(Rs in lakhs)

Sl. No.	Particulars	Note No.	As at March 31,2023	As at March 31, 2022
	<b>ASSETS</b>			
1	<b>Financial Assets</b>			
(a)	Cash and Cash Equivalents	6	9,420.09	31,739.44
(b)	Bank Balance Other than (a) above	7	1,755.45	678.50
(c)	Loans & Advances	8	1,44,464.58	1,05,800.30
(d)	Investments	9	-	-
(e)	Other Financial Assets	10	1,755.36	969.81
2	<b>Non-Financial Assets</b>			
(a)	Current Tax Assets (Net)	11	1,486.93	773.04
(b)	Deferred Tax Assets (Net)	12	417.82	352.64
(c)	Property	13	6,396.33	3,471.01
(d)	Plant and Equipment		5,062.81	1,843.41
(e)	Capital work- in- progress		555.18	262.93
(f)	Other Intangible Assets	14	90.98	42.07
(g)	Other Non-Financial Assets	15	524.13	1,285.23
			-	-
	<b>TOTAL</b>		<b>1,71,929.65</b>	<b>1,47,218.39</b>
	<b>LIABILITIES AND EQUITY</b>			
1	<b>Financial Liabilities</b>			
(a)	Payables			
(b)	Debt Securities	16	81,079.39	66,411.39
(c)	Borrowings (Other than Debt Securities)	17	7,562.82	6,369.67
(d)	Subordinated Liabilities	18	50,289.45	53,331.54
(e)	Other Financial liabilities	19	6,613.26	4,863.66
2	<b>Non-Financial Liabilities</b>			
(a)	Current Tax Liabilities (Net)	20	694.86	488.84
(b)	Other Non-Financial Liabilities	21	233.10	72.03
3	<b>EQUITY</b>			
(a)	Equity Share Capital	22	18,672.81	11,487.51
(b)	Other Equity	23	6,783.97	4,193.73
	<b>TOTAL</b>		<b>1,71,929.65</b>	<b>1,47,218.39</b>

See accompanying notes forming part of the financial statements

As per our report of even date attached

For R.B Jain and Associates.,  
Chartered Accountants  
(FRN: 103951W)

K.J Thomas, BSc, FCA  
Partner (M. No. 019454)



For and on behalf of the Board of Directors

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

Biji Shibu  
Director (DIN: 06484566)

Manoj Raveendran Nair  
Chief Executive Officer

Thanish Dalee  
Chief Financial Officer

Srikanth G. Menon  
Company Secretary

UDIN : 23019454BGWFQW5187

Place:Palarivattom

Date:26-05-2023

Statement of Profit and Loss for the Period ended March 31, 2023

(Rs in lakhs)

Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
<b>I Revenue From Operations</b>			
Interest Income	24	27,540.07	17,943.43
<b>II Other Income</b>	25	334.91	647.83
<b>III Total income (I+II)</b>		<b>27,874.98</b>	<b>18,591.26</b>
<b>EXPENSES</b>			
Finance Costs	26	14,336.45	10,450.40
Impairment on Financial Instruments	27	71.98	63.37
Employee benefits expenses	28	5,232.07	2,960.39
Depreciation, amortization and impairment	29	1,094.76	522.12
Other expenses	30	4,676.94	2,856.59
<b>IV Total expenses</b>		<b>25,412.20</b>	<b>16,852.88</b>
<b>V Profit/(Loss) before Tax (III-IV)</b>		<b>2,462.78</b>	<b>1,738.38</b>
<b>VI Tax Expense:</b>	31		
1. Current Tax		694.86	488.84
2. Deferred Tax		-65.18	111.20
3. Tax relating to prior years paid on settlement			
<b>VII Profit/(Loss) for the Period (V-VI)</b>		<b>1,833.10</b>	<b>1,138.34</b>
<b>VIII Other Comprehensive Income</b>			
<b>IX Total Comprehensive Income (VII+VIII)</b>		<b>1,833.10</b>	<b>1,138.34</b>
<b>X Earnings per Equity Share</b>	32		
Basic & Diluted (Rs.)		1.33	2.16

See accompanying notes forming part of the financial statements

As per our report even date attached

For R.B Jain and Associates.,  
Chartered Accountants  
(FRN: 103951W)

K.J Thomas, BSc, FCA  
Partner (M. No. 019454)

UDIN : 23019454BGWFQW5187  
Place:Palarivattom  
Date:26-05-2023



For and on behalf of the Board of Directors

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

Biji Shibu  
Director (DIN: 06484566)

Manoj Raveendran Nair  
Chief Executive Officer

Thanish Dalee  
Chief Financial Officer

Srikanth G. Menon  
Company Secretary

Cash Flow Statement for the Period ended March 31, 2023

(Rs in lakhs)

PARTICULARS	For the Period ended March 31, 2023	For the year ended March 31, 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit Before Taxation	2,462.78	1,738.38
<i>Adjustments for:</i>		
Depreciation and Amortisation	1,094.76	522.12
Finance costs	14,336.45	10,450.12
Interest on income tax	-	0.28
Impairment on financial instruments	71.98	63.37
<b>Operating Profit before Working Capital Changes</b>	<b>17,965.97</b>	<b>12,774.28</b>
(Increase)/Decrease in Loans & Advances -Financial Assets	(38,736.26)	(32,566.60)
(Increase)/Decrease in Other Financial Assets	(785.55)	(351.92)
(Increase)/Decrease in Other non Financial Assets	761.09	(440.40)
Increase/(Decrease) in Other Financial Liabilities	1,749.60	1,466.23
Increase/(Decrease) in Other Non financial Liabilities	161.06	(41.82)
<b>Cash from operations</b>	<b>(18,884.08)</b>	<b>(19,160.24)</b>
Net income tax paid	(1,202.73)	(652.70)
<i>Net Cash From Operating Activities</i>	<b>(20,086.81)</b>	<b>(19,812.94)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Capital Expenditure	(7,509.27)	(3,276.92)
Purchase of investments	-	247.70
Bank balances not considered as cash and cash equivalents	(1,076.95)	(677.00)
<i>Net Cash From Investing Activities</i>	<b>(8,586.22)</b>	<b>(3,706.22)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of equity shares	7,185.30	4,694.69
Share Premium on issue of equity shares	767.11	1,238.67
Additions/Deductions in Specific Reserve	(81.33)	-
Proceeds from issue of Debentures	14,668.00	41,014.98
Proceeds from issue of Subordinate debts	(3042.09)	10,823.66
(Repayment)/ Increase in long-term borrowings	1,193.14	5,349.28
Dividend Paid		(543.43)
Finance cost	(14,336.45)	(10,450.40)
<i>Net Cash From Financing Activities</i>	<b>6,353.67</b>	<b>52,127.46</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(22,319.36)</b>	<b>28,608.30</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>31,739.44</b>	<b>3,131.14</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>9,420.09</b>	<b>31,739.44</b>

As per our report even date attached

For R.B Jain and Associates,  
Chartered Accountants  
(FRN: 103951W)

K.J Thomas, BSc, FCA  
Partner (M. No. 019454)

UDIN : 23019454BGWFQW5187  
Place:Palarivattom  
Date:26-05-2023



For and on behalf of the Board of Directors

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

Biji Shibu  
Director (DIN: 06484566)

Manoj Raveendran Nair  
Chief Executive Officer

Thanish Dalee  
Chief Financial Officer

Srikanth G. Menon  
Company Secretary

Statement of changes in Equity for the year ended March 31, 2023

A. Equity Share Capital

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

Particulars

As at March 31, 2022

Issued during the year

As at March 31, 2023

(Rs in lakhs)	
Nos.	Amount
11,48,75,128.00	11,487.51
7,18,52,950.00	7,185.30
18,67,28,078.00	18,672.81

B. Other Equity

(Rs in lakhs)

Particulars	Reserves and Surplus							Total
	Statutory Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Retained Earnings	Revaluation Reserve	Specific Reserve	
As at March 31, 2022	711.51	2,398.85	-	4.08	376.18	621.79	81.33	4,193.73
Dividends	-	-	-	-	-366.62	-	-	-
Transfer to/from Retained Earnings	366.62	-	-	-	-	-	-	-
Specific Purpose	-	-	-	-	-	-	-	-
Other Additions/Deductions during the year	-	767.11	-	-	-	-	-	-
Net impact of Securities premium during the year	-	-	-	-	-	-	-	-
Net impact of assets revalued during the year	-	-	-	-	-	71.36	-	-
Net impact of specific reserve during the year	-	-	-	-	-	-	-81.33	-
Profit for the year (net of taxes)	-	-	-	-	1,833.10	-	-	-
As at March 31, 2023	1,078.13	3,165.95	-	4.08	1,842.66	693.15	-	6,783.97

As per our report of even date attached

For R.B Jain and Associates.,  
Chartered Accountants  
(FRN: 103951W)

K.J Thomas, BSc, FCA  
Partner (M. No. 019454)  
UDIN : 23019454BGWFQW5187  
Place:Palarivattom  
Date:26-05-2023

For and on behalf of the Board of Directors

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

Manoj Raveendran Nair  
Chief Executive Officer

Srikanth G. Menon  
Company Secretary

Biji Shibu  
Director (DIN: 06484566)

Thanish Baftee  
Chief Financial Officer





## Notes to the Financial Statements for the year ended March 31, 2023

### 1. CORPORATE INFORMATION

KLM Axiva Finvest Limited, (the Company), is a Public limited company, incorporated on 28 April 1997. The Company was registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The Company has received the certificate of registration 09.00006 on 13<sup>th</sup> December, 1997 enabling the Company to carry on business as Non-Banking Financial Company.

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

The registered office of the Company is at Plot No. 39, Door No. 8-13, 1<sup>st</sup> Floor, Ashoka Complex, Mythripuram Colony, Gayathri Nagar X Road, Vaishalinagar PO. Hyderabad, Rangareddi, Telangana, 500079.

### 2. BASIS OF PREPARATION AND PRESENTATION

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

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

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

Consolidation of financial statement is not applicable to the company as KMLM Financial Services Limited the wholly owned subsidiary of KLM Axiva Finvest Limited pursuant to Extra Ordinary General Meeting resolution dated 25th January 2022 initiated the voluntary winding up procedure and appointed Mr. P D Vincent as the official liquidator of the company who manage the accounts and affairs of the company there after. National Company Law Tribunal passed the winding up order on 5th May 2022 ( Order No : CP(IB) /28/KOB/2022, Under Section 59 of the Insolvency and Bankruptcy Code 2016)

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

### PRESENTATION OF FINANCIAL STATEMENT

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



## **STATEMENT OF COMPLIANCE**

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

### **3. IMPACT OF COVID-19**

The COVID-19 outbreak is on-going and the actual extent of its impact on the economy globally in general and in India, in particular remains uncertain. The outbreak has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Company has offered an optional moratorium of six months on the payment of all principal instalments and/or interest, as applicable, for the loans disbursed up to covid period and during the year 2020-21. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

A lot of requests were received during the year 2022-23 from customers under stress and concerned branches seeking extension in repayment period. The board noted that the RBI has given a total period of 2 years (including already given moratorium period, if any) for FITL, vide its circular dated May 5, 2021 and granted additional time of eighteen months.

Further, the Company has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial asset as at March 31, 2023. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

### **4. SIGNIFICANT ACCOUNTING POLICIES**

#### **4.1. Financial Instruments**

##### **(I) Financial Assets**

##### **a) Initial recognition**

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

##### **b) Subsequent measurement**

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

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



## Notes to the Financial Statements for the year ended March 31, 2023

and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

### c) Other Equity Investments

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

## (II) Financial Liabilities

### a) Initial recognition

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

### b) Subsequent measurement

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

## 4.2. Derecognition of financial assets and liabilities

### (I) Financial Assets

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

### (II) Financial Liability

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

## 4.3. Impairment of financial assets

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

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



## **Notes to the Financial Statements for the year ended March 31, 2023**

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.

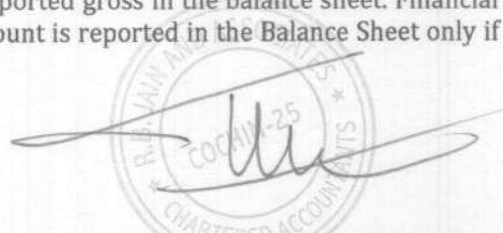
**Probability of Default (PD)** - The Probability of Default is an estimate of the likelihood of default over a given time horizon. The Company uses historical information where available to determine PD.

**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



P. J. M. & CO.  
CHARTERED ACCOUNTANTS  
COCAIN-25

## **Notes to the Financial Statements for the year ended March 31, 2023**

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.

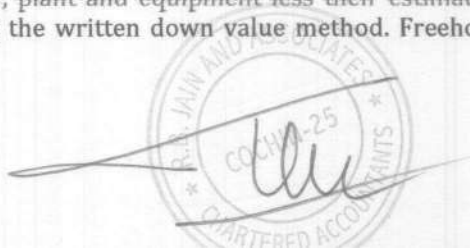
### **4.7. Intangible assets**

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.



## Notes to the Financial Statements for the year ended March 31, 2023

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.

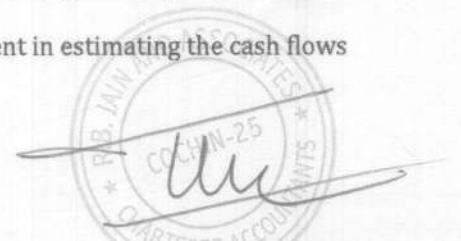
#### (I) Interest Income

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

- 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.
- By considering all the contractual terms of the financial instrument in estimating the cash flows



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

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

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

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

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

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

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

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

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

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

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

## **(III) Dividend Income**

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

### **4.11.Finance cost**

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

The EIR in case of a financial liability is computed

- a) As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- b) By considering all the contractual terms of the financial instrument in estimating the cash flows
- c) Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.



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

#### **4.12. Employee Benefits**

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

##### **Defined Contribution Plan**

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

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

The Company has not made any provision for gratuity payable during the year in accordance with IND AS. However, the company has created a specific reserve of Rs. 81,33,136 during the year 2021-22.

#### **4.13. Income taxes**

Income tax comprises current and deferred income tax.

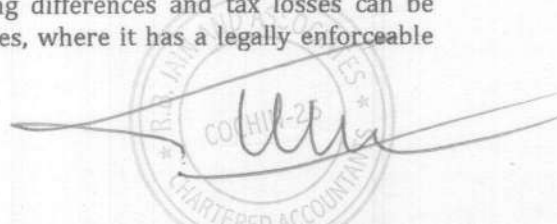
Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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

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



A handwritten signature in blue ink is written over a circular stamp. The stamp contains the text "CO-23" and "CHARTERED ACCOUNTANTS" around the perimeter. The signature is a cursive-style name.



## ***Notes to the Financial Statements for the year ended March 31, 2023***

right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **4.14. Earnings per share**

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

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

### **4.15. Provisions**

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

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

### **4.16. Contingent liabilities**

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

### **4.17. Cash flow statement**

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

### **4.18. Segment Reporting**

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



#### 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'

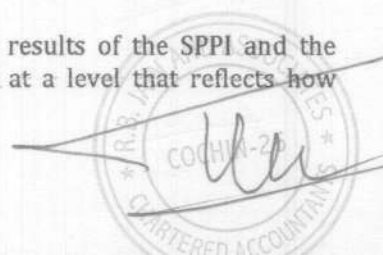
## 5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 March 31, 2023	As at March 31, 2022
(a) Cash on hand	1,366.80	1,124.01
(b) Balance with banks		
In current accounts	3,992.29	11,046.43
In fixed deposits (with maturity of less than 3 months)	4,061.00	19,569.00
<b>TOTAL</b>	<b>9,420.09</b>	<b>31,739.44</b>

Note 7 - Bank Balance Other Than Above

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Balance deposits with maturity more than 3 months	1,755.45	678.50
(b) On Escrow Accounts		
Unpaid Dividend account	-	-
<b>TOTAL</b>	<b>1,755.45</b>	<b>678.50</b>

Note 8 - Loans & Advances

Particulars	As at March 31, 2023				Total
	Amortised Cost	At Fair Value			
		Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	
<b>Loans</b>					
(A)					
Gold Loan	93,796.18	-	-	-	93,796.18
MSME & Other Receivables	37,840.92	-	-	-	37,840.92
Microfinance Loan	14,395.87	-	-	-	14,395.87
<b>Total (A) - Gross</b>	<b>1,46,032.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,46,032.97</b>
Less: Impairment loss allowance	1,568.39	-	-	-	1,568.39
<b>Total (A) - Net</b>	<b>1,44,464.58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,44,464.58</b>
(B)					
(i) Secured by tangible assets	1,31,637.10	-	-	-	1,31,637.10
(ii) Covered by Bank/Government guarantees		-	-	-	
(ii) Unsecured	14,395.87	-	-	-	14,395.87
<b>Total (B) - Gross</b>	<b>1,46,032.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,46,032.97</b>
Less: Impairment loss allowance	1,568.39	-	-	-	1,568.39
<b>Total (B) - Net</b>	<b>1,44,464.58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,44,464.58</b>
(C)					
<b>Loans in India</b>					
(i) Public Sector		-	-	-	
(ii) Others	1,46,032.97	-	-	-	1,46,032.97
<b>Total (C) - Gross</b>	<b>1,46,032.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,46,032.97</b>
Less: Impairment loss allowance	1,568.39	-	-	-	1,568.39
<b>Total (C) - Net</b>	<b>1,44,464.58</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,44,464.58</b>



Note 8 - Loans & Advances

Particulars	As at March 31, 2022				Total
	Amortised Cost	At Fair Value			
		Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	
<b>Loans</b>					
<b>(A)</b>					
Gold Loan	62,546.94	-	-	-	62,546.94
MSME & Other Receivables	35,898.97	-	-	-	35,898.97
Microfinance Loan	8,850.80	-	-	-	8,850.80
<b>Total (A) - Gross</b>	<b>1,07,296.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,07,296.71</b>
Less: Impairment loss allowance	1,496.40	-	-	-	1,496.40
<b>Total (A) - Net</b>	<b>1,05,800.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,05,800.30</b>
<b>(B)</b>					
(i) Secured by tangible assets	98,445.91	-	-	-	98,445.91
(ii) Covered by Bank/Government guarantees	-	-	-	-	-
(iii) Unsecured	8,850.80	-	-	-	8,850.80
<b>Total (B) - Gross</b>	<b>1,07,296.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,07,296.71</b>
Less: Impairment loss allowance	1,496.40	-	-	-	1,496.40
<b>Total (B) - Net</b>	<b>1,05,800.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,05,800.30</b>
<b>(C)</b>					
<b>Loans in India</b>					
(i) Public Sector	-	-	-	-	-
(ii) Others	1,07,296.71	-	-	-	1,07,296.71
<b>Total (C) - Gross</b>	<b>1,07,296.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,07,296.71</b>
Less: Impairment loss allowance	1,496.40	-	-	-	1,496.40
<b>Total (C) - Net</b>	<b>1,05,800.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,05,800.30</b>

Summary of ECL provisions

Particulars	F.Y. 2022-23			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	3.28	18.29	16.04	37.60
MSME & Other Receivables	0.06	25.90	1,040.84	1,066.80
Microfinance Loan	14.06	5.22	444.70	463.98
<b>Total Closing ECL provision</b>	<b>17.40</b>	<b>49.41</b>	<b>1,501.58</b>	<b>1,568.39</b>

Summary of ECL provisions

Particulars	F.Y. 2021-22			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	6.63	66.50	51.36	124.48
MSME & Other Receivables	0.05	18.64	968.50	987.19
Microfinance Loan	6.69	3.85	374.19	384.73
<b>Total Closing ECL provision</b>	<b>13.36</b>	<b>88.99</b>	<b>1,394.05</b>	<b>1,496.40</b>

Note 10 - Other Financial Assets

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Interest accrued on fixed deposits	43.02	29.25
(b) Security Deposits	1,450.40	922.84
(c) Other Receivables	261.93	17.71
<b>TOTAL</b>	<b>1,755.36</b>	<b>969.81</b>

Note 11 - Current Tax Assets (Net)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance tax and tax deducted at source	1,486.93	773.04
<b>TOTAL</b>	<b>1,486.93</b>	<b>773.04</b>



Note 12 - Deferred Tax

Deferred Tax Assets/(Liabilities)	As at March 31, 2023	As at March 31, 2022
Fixed Asset : Timing difference on account of depreciation and amortisation	156.14	148.62
Impairment of financial instruments	394.73	376.62
Amortisation of expenses & income under effective interest rate method	(133.04)	(172.60)
<b>Total</b>	<b>417.82</b>	<b>352.64</b>
<b>Net deferred tax asset</b>	<b>417.82</b>	<b>352.64</b>

Note 15 - Other Non-Financial Assets

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Balance with revenue Authorities		
GST receivable	83.28	134.43
(b) Advances for land	-	1,000.25
(c) Other Advances	438.23	147.93
(d) Stock of Stationary	2.63	2.63
	-	-
<b>TOTAL</b>	<b>524.13</b>	<b>1,285.23</b>

Note 16 - Debt Securities

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At Amortised Cost:</b>		
(a) Secured Non-Convertible Debentures - Privately Placed	235.10	768.20
(b) Secured Non-Convertible Debentures - Public Issue	80,844.29	65,643.19
<b>Total (A)</b>	<b>81,079.39</b>	<b>66,411.39</b>
Borrowings in India	81,079.39	66,411.39
Borrowings outside India		
<b>TOTAL</b>	<b>81,079.39</b>	<b>66,411.39</b>

Nature of Security :

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

Extend of Security:

Equal to the value of one time (one hundred percentage) of the NCDs outstanding plus interest accrued thereon.

16.1 - Secured Non Convertible Debentures - Private Placement

Series wise classification of secured non convertible debentures

Particulars	As at March 31, 2023	As at March 31, 2022
Non Convertible Debentures 2018 - 19 Series	158.10	197.10
Non Convertible Debentures 2017 - 18 Series	62.70	520.10
Non Convertible Debentures 2016 - 17 Series	12.10	48.80
Non Convertible Debentures 2015 - 16 Series	2.20	2.20
<b>TOTAL</b>	<b>235.10</b>	<b>768.20</b>



## Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2023	As at March 31, 2022
Non Convertible Debentures - 12.5%	29.30	97.70
Non Convertible Debentures - 12%	155.30	449.50
Non Convertible Debentures - < 12%	50.50	221.00
<b>TOTAL</b>	<b>235.10</b>	<b>768.20</b>

## Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2023	As at March 31, 2022
Non Convertible Debentures - 60 months maturity	220.80	743.90
Non Convertible Debentures - 36 months maturity	14.30	24.30
<b>TOTAL</b>	<b>235.10</b>	<b>768.20</b>

## 16.2 - Secured Non Convertible Debentures - Public Issue

## Series wise classification of secured non convertible debentures

Particulars	As at March 31, 2023	As at March 31, 2022
Non Convertible Debentures 2022 - 23 Series (Public Issue VIII)	13,612.96	-
Non Convertible Debentures 2022 - 23 Series (Public Issue VII)	18,798.56	-
Non Convertible Debentures 2021 - 22 Series (Public Issue VI)	15,551.43	17,765.22
Non Convertible Debentures 2021 - 22 Series (Public Issue V)	10,525.35	16,210.77
Non Convertible Debentures 2021 - 22 Series (Public Issue IV)	8,892.45	15,000.00
Non Convertible Debentures 2020 - 21 Series (Public Issue III)	6,306.99	7,884.81
Non Convertible Debentures 2019 - 20 Series (Public Issue II)	3,184.62	4,959.68
Non Convertible Debentures 2018 - 19 Series (Public Issue I)	4,526.08	4,526.08
<b>Sub Total</b>	<b>81,398.44</b>	<b>66,346.56</b>
Less: EIR impact of transaction cost	554.15	703.37
<b>TOTAL</b>	<b>80,844.29</b>	<b>65,643.19</b>

## Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2023	As at March 31, 2022
Non Convertible Debentures - > 12%	2,274.99	2,274.99
Non Convertible Debentures - 12%	2,850.56	2,850.56
Non Convertible Debentures - > 11.5% to 11.86%	6,810.64	7,133.85
Non Convertible Debentures - >11.25% to 11.5%	2,444.58	4,370.79
Non Convertible Debentures - 11% to 11.25%	15,990.60	18,888.39
Non Convertible Debentures - <11%	51,027.07	30,827.98
<b>Sub Total</b>	<b>81,398.44</b>	<b>66,346.56</b>
Less: EIR impact of transaction cost	554.15	703.37
<b>TOTAL</b>	<b>80,844.29</b>	<b>65,643.19</b>

## Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2023	As at March 31, 2022
Non Convertible Debentures - 82 months maturity	1,551.69	-
Non Convertible Debentures - 80 months maturity	948.53	948.53
Non Convertible Debentures - 78 months maturity	1,837.19	1,837.19
Non Convertible Debentures - 75 months maturity	2,177.35	2,177.35
Non Convertible Debentures - 72 months maturity	1,424.10	1,424.10
Non Convertible Debentures - 60 months maturity	28,710.95	19,512.73
Non Convertible Debentures - 45 months maturity	202.43	202.43
Non Convertible Debentures - 36 months maturity	13,948.93	11,763.39
Non Convertible Debentures - 24 months maturity	12,324.96	7,831.54
Non Convertible Debentures - 18 months maturity	6,892.49	5,911.34
Non Convertible Debentures - 16 months maturity	6,030.00	-
Non Convertible Debentures - 13 months maturity	2,525.53	6,804.45
Non Convertible Debentures - 12 months maturity	2,824.29	7,933.51
<b>Sub Total</b>	<b>81,398.44</b>	<b>66,346.56</b>
Less: EIR impact of transaction cost	554.15	703.37
<b>TOTAL</b>	<b>80,844.29</b>	<b>65,643.19</b>

## Note 17 - Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At Amortised Cost:</b>		
(a) Term Loan		
Indian Rupee Loans from Banks (Secured)	3,941.88	5,013.92
(b) Loans repayable on demand		
Cash credit / overdraft facilities from banks (Secured)	3,660.66	1,403.41
Less: EIR impact of transaction cost	39.72	47.66
<b>Total (A)</b>	<b>7,562.82</b>	<b>6,369.67</b>
Borrowings in India	7,562.82	6,369.67
Borrowings outside India	-	-
<b>TOTAL</b>	<b>7,562.82</b>	<b>6,369.67</b>



Nature of Security :

(a) Term loan from bank -

Vehicle loan - The loans are secured by hypothecation of respective vehicles against which the loans have been availed.

Particulars	Primary	Collateral	Guarantors
State Bank of India -Term Loan Of Rs 50.00Cr	Hypothecation of Book Debts , Loan Receivables and other Current Assets on First Pari Passu basis with Debenture Trustees of the Company and other Banks in MBA.	<p>a. Exclusive Equitable Mortgage charge over the commerical plot bearing survey number-Sy.no 549,570/3-2,570 /3-3, Situated at door no 5/699, muringoor Thekkummuri, Chalakkudy. 680308, Admeasuring total Area:4.09 Acres,Belonging to KLM Axiva Finvest Limited(Sale Deed No.561/2019).</p> <p>b.Exclusive Equitable Mortgage charge over the Commercial Plot bearing Survey Number: Sy. No 379 /1,-2 and 379 /2, situated near Vallakkunnu junction, Oppo. Two Pole Structure No. IIKU/RS/207, R S Road, Vallakkunnu, Irinjalakuda, Thrissur 680683 Admeasuring Total Area: 2.93 Acres, Belonging to KLM Axiva Finvest Limited [Sale Deed No 1291/2022].</p> <p>c.Exclusive Charge(Lien) Over the Fixed Deposit of Rs 9.54 Crs held in the name of the company with SBI</p> <p>d.Exclusive Charge(Lien) Over the Fixed Deposit of Rs 15.00 Crs held in the name of the company with SBI</p>	<p>1. Shibu T Varghese</p> <p>2.Biji Shibu</p>

(b) Loans repayable on demand

Particulars	Primary	Collateral	Guarantors
South Indian Bank (Limit - Rs 10.00 Crore)	All book debts and receivables of the Company.	<p>1. EM of land in the name of Josekutty Xavier Managing Director KLM Axiva Finvest ltd,admeasuring 22.91 cents under Sy No: 1160/6B, 1160/6A; 32.57 cents under Sy No: 1160/8, 1160/7; 20.35 cents under Sy No:1159/9 and 21.61 cents under Sy No:1159/9 in Kothamangalam Village, Ernakulam District</p> <p>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.</p> <p>3. EM of 8 cents of vacant land under Sy. No. 1/4A, 1/4B, Re. Sy.No. 26/2 in Fdappally North Village, Kanayannur Taluk, Ernakulam District in the name of M/s KLM Axiva Finvest Limited.</p>	<p>1. Shibu T. Varghese</p> <p>2. Biji Shibu</p> <p>Corporate guarantee</p> <p>1. M/s KMLM Chits India Limited</p>
Dhanalakshi Bank (Limit - Rs 4.50 Crore)	First ranking pari passu charge with existing secured creditors including debenture trustees on all movable assets including book debts and receivables, cash and bank balances, Loans & advances both present and future of the company at a margin of 30%.(For DP calculation only gold loan portfolio to be reckoned at the stipulatedmargin level of 30%.)	<p>1.Residential Land(301) -EM of 54.73 Ares land under Sy no 322/4 of 8.90 ares, Syno.322/5 of 45.83 ares of Mazhuvannur Village, Kunnathunadu Taluk, Ernakulam District</p> <p>2.Residential land with residential building(305) - EM of 82.35 Ares of Residential land and 479.03sq meter residential building (82.35 ares(203.40 cents) under Re Sy no 470/11-3-3 of 21.22 ares, Re Sy no 470/11 of 2.26 ares Re Sy 470/11-3-2 of 22.54ares, Re Sy 470/11-1-2 of 19.95 ares, Re Sy 470/11-3 of 3.24 Ares,Re Sy470/2 of 8.44 Ares and Re Sy no 470/15 of 4.70 Ares)of valakam village ,Muvattupuzha taluk, Ernakulam District</p> <p>3.Residential Land_EM of 19.94 Ares of land under Sy No 385/2-2-4 of 6.07 ares ,Sy No 385/2-2-5 of 7.80 ares and sy no.385/2-2-6 of 6.07 ares of Mazhuvannor Village , Kunnathunadu taluk,Ernakulam District.</p>	<p>1. Shibu T Varghese</p> <p>2. Biji Shibu</p>
State Bank of India (Limit- Rs 25.00 Crore)	Hypothecation of Book Debts , Loan Receivables and other Current Assets on First Pari Passu basis with Debenture Trustees of the Company and other Banks in MBA.	<p>a. Exclusive Equitable Mortgage charge over the commerical plot bearing survey number-Sy.no 549,570/3-2,570 /3-3, Situated at door no 5/699, muringoor Thekkummuri, Chalakkudy. 680308, Admeasuring total Area:4.09 Acres,Belonging to KLM Axiva Finvest Limited(Sale Deed No.561/2019).</p> <p>b.Exclusive Equitable Mortgage charge over the Commercial Plot bearing Survey Number: Sy. No 379 /1,-2 and 379 /2, situated near Vallakkunnu junction, Oppo. Two Pole Structure No. IIKU/RS/207, R S Road, Vallakkunnu, Irinjalakuda, Thrissur 680683 Admeasuring Total Area: 2.93 Acres, Belonging to KLM Axiva Finvest Limited [Sale Deed No 1291/2022].</p> <p>c.Exclusive Charge(Lien) Over the Fixed Deposit of Rs 9.54 Crs held in the name of the company with SBI</p> <p>d.Exclusive Charge(Lien) Over the Fixed Deposit of Rs 15.00 Crs held in the name of the company with SBI</p>	<p>1. Shibu T Varghese</p> <p>2.Biji Shibu</p>

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**Note 18 - Subordinated Liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At Amortised Cost:</b>		
(a) Subordinated Debts		
(b) Tier- 1 Capital - Perpetual Debt Instruments	47,845.52	52,316.04
<b>Total (A)</b>	<b>50,289.45</b>	<b>53,331.54</b>
Subordinated liability in India	50,289.45	53,331.54
Subordinated liability outside India	-	-
<b>TOTAL</b>	<b>50,289.45</b>	<b>53,331.54</b>

**18.1 - Unsecured Subordinated Debt - Private Placement**

*Series wise classification of unsecured subordinated debt*

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured Subordinated Debt 2020 - 22, 22-23 Series	27,632.67	22,387.74
Unsecured Subordinated Debt 2019 - 20 Series	11,593.33	11,593.33
Unsecured Subordinated Debt 2018 - 19 Series	8,354.22	8,354.22
Unsecured Subordinated Debt 2017 - 18 Series	265.30	9,494.67
Unsecured Subordinated Debt 2016 - 17 Series	-	486.08
<b>TOTAL</b>	<b>47,845.52</b>	<b>52,316.04</b>

*Interest wise classification of unsecured subordinated debt*

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured Subordinated Debt - >12.5%	1,284.57	1,480.16
Unsecured Subordinated Debt - 12.5%	201.21	2,112.59
Unsecured Subordinated Debt - 12.25%	376.13	374.13
Unsecured Subordinated Debt - 12%	3,369.15	9,799.76
Unsecured Subordinated Debt < 12%	42,614.46	38,549.40
<b>TOTAL</b>	<b>47,845.52</b>	<b>52,316.04</b>

*Maturity wise classification of unsecured subordinated debt*

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured Subordinated Debt - 5 to 6 years maturity	4,351.23	3,070.52
Unsecured Subordinated Debt - 5 years maturity	43,494.29	49,245.52
<b>TOTAL</b>	<b>47,845.52</b>	<b>52,316.04</b>

**Note 19 - Other Financial Liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Interest payable on debt securities	3,594.98	2,230.63
(b) Interest payable on subordinated debts	2,346.61	2,400.58
(c) Interest payable on PDI	28.79	4.98
(d) Others	642.89	227.46
<b>TOTAL</b>	<b>6,613.26</b>	<b>4,863.66</b>

**Note 20 - Current Tax Liabilities (Net)**

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Income tax provision	694.86	488.84
<b>TOTAL</b>	<b>694.86</b>	<b>488.84</b>

**Note 21 - Other Non-Financial Liabilities**

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Statutory remittances	233.10	72.03
<b>TOTAL</b>	<b>233.10</b>	<b>72.03</b>



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, 2023	As at March 31, 2022
<b>Authorised</b>		
250,000,000 (March 31, 2022: 115,000,000.) equity Shares of `10/- each	25,000.00	11,500.00
	25,000.00	11,500.00
<b>Issued, Subscribed &amp; Fully Paid Up</b>		
186,728,078 (March 31, 2022: 114,875,128.) equity Shares of `10/- each	18,672.81	11,487.51
<b>TOTAL</b>	<b>18,672.81</b>	<b>11,487.51</b>

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

Particulars	In Numbers	Amount
As at March 31, 2022		
Shares Issued during the Year	1,145.75	11,457.51
As at March 31, 2023	721.53	7,215.30
	1,867.28	18,672.81

ii. Terms / Rights attached to equity shares

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

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

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

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No: of shares	% of Holding	No: of shares	% of Holding
Shibu T Varghese	317.98	17.03	131.41	11.44
Aleyamma Varghese	104.98	5.62	99.98	8.70
Biji Shibu	221.97	11.89	87.59	7.62
Elen Elu Shibu	88.74	4.75	60.71	5.28



(Rs' in lakhs)

Note 23 - Other Equity

Particulars	Amount
<b>Securities Premium</b>	
As at March 31, 2022	
Add: Additions upon share issue	2,398.85
As at March 31, 2023	767.11
	3,165.95
<b>Statutory Reserve</b>	
As at March 31, 2022	
Add: Additions/(Deductions) during the year	711.51
As at March 31, 2023	366.62
	1,078.13
<b>General Reserve</b>	
As at March 31, 2023	
Utilised during the year	4.08
	-
<b>Specific Reserve</b>	
As at March 31, 2022	
Add: Additions/(Deductions) during the year	81.33
As at March 31, 2023	-81.33
	-
<b>Revaluation reserve</b>	
As at March 31, 2022	
Add: Additions/(Deductions) during the year	621.79
As at March 31, 2023	71.36
	693.15
<b>Retained Earnings</b>	
As at March 31, 2022	
Add: Profit for the year	376.18
Less: Dividend	1,833.10
less: Transfer to statutory reserve	-
less: Transfer to Specific reserve	(366.62)
	-
	1,842.66
<b>Total Other Equity</b>	
As at March 31, 2022	
As at March 31, 2023	4,193.73
	6,783.97

Nature and purpose of Reserves

**Securities premium**

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

**Statutory reserve**

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

**Specific reserve**

Specific reserves refers to the reserves that are created for a specific purpose in business. These reserves cannot be used for any other purpose apart from the purpose for which they were created. Rs 81.33 lakhs is towards gratuity liabilities of employees who have completed 5 years of service as on 31.03.2022 and has transferred to other financial liabilities during the year.

**General reserve**

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

**Revaluation reserve**

The revaluation reserves represents the gain/ loss attained by the company while revaluing its assets to fair market value. During the year, the company revalued some of its landed property and the gain/loss has been transferred to revaluation reserve.

**Retained earnings**

This reserve represents the cumulative profits of the Company.

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CHARTERED ACCOUNTANTS  
COCHIN-25

Note 24 - Interest Income

Particulars		
	March 31, 2023	March 31, 2022
On financial assets measured at amortised cost:		
(i) Interest on Loans		
Gold Loan	18,008.58	11,709.83
MSME & Other Loans	5,680.42	4,223.66
Microfinance Loans	3,356.25	1,895.93
(ii) Interest on deposit with banks	488.73	103.92
(iii) Other interest income	6.09	10.09
<b>TOTAL</b>	<b>27,540.07</b>	<b>17,943.43</b>

Note 25 - Other Income

Particulars		
	March 31, 2023	March 31, 2022
Commission Income	175.68	574.35
Notice Charge	12.29	4.32
Miscellaneous Income	142.11	53.89
Profit on Investment	4.83	15.26
<b>TOTAL</b>	<b>334.91</b>	<b>647.83</b>

Note 26 - Finance Cost

Particulars		
	March 31, 2023	March 31, 2022
On financial liabilities measured at amortised cost:		
Interest on Borrowings (other than debt securities)	496.97	12.45
Interest on Subordinate Debt	6,137.10	5,844.98
Interest on Debenture	7,455.17	4,569.69
Interest on PDI	247.21	22.99
Others	-	-
Interest on delayed payment of income tax	-	0.28
<b>TOTAL</b>	<b>14,336.45</b>	<b>10,450.40</b>

Note 27 - Impairment on Financial Instruments

Particulars		
	March 31, 2023	March 31, 2022
On financial assets measured at amortised cost:		
Loan Assets	71.98	63.37
<b>TOTAL</b>	<b>71.98</b>	<b>63.37</b>

Note 28 - Employee benefits expenses

Particulars		
	March 31, 2023	March 31, 2022
Salaries & Wages	4,877.00	2,845.06
Contributions to provident and other funds	293.88	111.79
Gratuity	61.19	3.54
<b>TOTAL</b>	<b>5,232.07</b>	<b>2,960.39</b>

Note 29 - Depreciation, amortisation and impairment

Particulars		
	March 31, 2023	March 31, 2022
Depreciation of tangible assets	1,080.39	508.10
Amortisation of intangible assets	14.37	14.02
<b>TOTAL</b>	<b>1,094.76</b>	<b>522.12</b>



Note 30 - Other expenses

Particulars	March 31, 2023		March 31, 2022	
Advertisement		184.31		511.81
Audit Expenses		0.40		0.51
Audit Fee		11.50		10.00
Bank Charges		39.00		31.16
Business Promotion		129.91		43.71
Celebration Expense		9.51		7.54
Collection Expenses		3.17		6.15
Computer & Software Expenses		17.14		8.38
Corporate social responsibility expenditure		24.39		14.75
Crisil rating expenses		2.74		1.85
Customer Meet expenses		5.12		1.11
Cibil Charges		4.70		4.89
Debenture Trustee Remuneration		1.20		1.00
Discount Given		70.97		61.99
Electricity Charges		126.50		70.28
Fuel Expenses		14.22		11.39
Inaugural Expense		21.19		9.56
Incentive		957.57		349.57
Insurance Charges		21.88		16.87
Internet Charges		31.62		22.95
Legal Expense		30.93		25.00
Loss on Auction Gold		68.79		35.56
Marketing Expenses		5.52		5.29
Meeting Expenses		36.65		13.27
Membership Fee		2.01		0.57
Miscellaneous Expense		0.10		0.02
Newspaper & Periodicals		1.78		2.51
Office Expense		162.53		123.87
Postage		36.11		20.44
Printing & Stationery		107.31		82.98
Professional Fee		97.33		51.92
Public Issue		246.07		99.65
Rates & Taxes		42.10		10.88
Rent		1,636.20		886.14
Repairs and Maintenance		12.40		8.73
Repairs and Maintenance-Building		6.31		4.66
ROC Filing Charge		14.67		9.74
Sitting Fees		6.00		2.75
Staff Training Expense		99.88		63.47
Telephone charges		73.87		49.65
Travelling expenses		299.07		147.31
GST & flood cess Paid		-		15.16
Vehicle Maintenance		6.99		7.80
Water Charges		7.31		3.73
<b>TOTAL</b>		<b>4,676.94</b>		<b>2,856.59</b>

Note - 30.1

Payment to the auditors comprises :

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
As auditors - statutory audit	9.20	8.00
For taxation matters	2.30	2.00
<b>TOTAL</b>	<b>11.50</b>	<b>10.00</b>


  
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CHARTERED ACCOUNTANTS

(Rs in lakhs)

## Note 31 - Income Tax

The components of income tax expense for the year ended March 31, 2023 and year ended March 31, 2022 are:

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Current tax	694.86	488.84
Deferred Tax	(65.18)	111.20
Income tax expense reported in statement of profit and loss	629.68	600.04

## Note 32 - Earnings per share

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Net profit for calculation of basic earnings per share	1,833.10	1,138.34
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	1,376.54	527.77
Basic and diluted earnings per share (Rs.)	1.33	2.16

## Note 35 - Related party disclosures

## Names of Related Parties

## (A) Key Management Personnel

- 1) Shibu Thekkumpurathu Varghese
- 2) Manoj Raveendran Nair
- 3) Thanish Dalee
- 4) Srikanth G. Menon

## Designation

- Whole-time Director  
Chief Executive Officer  
Chief Financial Officer  
Company Secretary

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

- 1) KLM Tiana Gold & Diamonds Private Limited
- 2) Payyoli Granites Private Limited
- 3) Ente Naadu Nidhi Limited \*
- 4) Axiva Mfin Limited
- 5) Carbomix Polymers (India) Private Limited

\* Ente Naadu Nidhi Limited is also related party for the financial year 2021-22

## (C) Relatives of Key Management Personnel

- Biji Shibu  
Elen Elu Shibu  
Erin Lizbeth Shibu  
Aleyamma Varghese  
Vithya Mathew  
Lakshmi P. S.

- w/o Shibu Thekkumpurathu Varghese  
d/o Shibu Thekkumpurathu Varghese  
d/o Shibu Thekkumpurathu Varghese  
Mother of Shibu Thekkumpurathu Varghese  
w/o Thanish Dalee  
w/o Srikanth G. Menon



Related Party transactions during the year:

(Rs` in lakhs)

Particulars	KMP		Relatives of KMP	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Shares subscribed including share premium	2,315.71	637.57	2,394.65	1,868.68
Purchase of listed NCD of the Company	-	10.00	-	1.00
Purchase of sub-debts of the Company	-	-	-	-
Interest paid on listed NCD	-	0.57	0.17	0.07
Interest paid on subordinate debts	-	-	-	-
Remuneration paid	166.57	84.58	-	-
Professional consulting fees	-	-	-	-
Sitting Fees	-	1.00	-	-

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

Particulars	KMP		Relatives of KMP	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Investment in Subsidiary Company	-	-	-	-
Equity shares subscribed	3,179.83	1,314.12	4,758.92	2,818.02
NCD - Listed	2.50	10.00	-	1.00
Subordinate debt	-	-	-	-
Interest payable on NCD	0.26	0.22	-	0.07

Note:

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

Note 36 - Capital

Capital Management

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

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

Regulatory Capital

Particulars	As at March 31, 2023	As at March 31, 2022
Tier I Capital	26,698.76	15,680.25
Tier II Capital	13,797.42	8,284.46
Total capital	40,496.18	23,964.71
Risk Weighted Assets	1,60,245.31	1,14,405.73
Tier I CRAR	16.66%	13.71%
Tier II CRAR	8.61%	7.24%
Total capital ratio	25.27%	20.95%

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



**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, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	(Rs in lakhs)					
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash and Cash Equivalents	9,420.09	-	9,420.09	31,739.44	-	31,739.44
Bank Balance Other than above	1,755.45	-	1,755.45	677.00	1.50	678.50
Loans	1,10,628.74	35,404.23	1,46,032.97	69,491.36	37,805.35	1,07,296.71
- Adjustment on account of EIR/ECL	-	(1,568.39)	(1,568.39)	-	(1,496.40)	(1,496.40)
Investments	-	-	-	-	-	-
Other Financial Assets	304.95	1,450.40	1,755.36	46.97	922.84	969.81
<b>Non-Financial Assets</b>						
Current Tax Assets (Net)	1,486.93	-	1,486.93	773.04	-	773.04
Deferred Tax Assets (Net)	-	417.82	417.82	-	352.64	352.64
Property, Plant and Equipment	-	12,014.32	12,014.32	-	5,577.35	5,577.35
Other Intangible Assets	-	90.98	90.98	-	42.07	42.07
Other Non-Financial Assets	524.13	-	524.13	1,148.17	137.05	1,285.23
<b>Total Assets</b>	<b>1,24,120.29</b>	<b>47,809.36</b>	<b>1,71,929.65</b>	<b>1,03,875.99</b>	<b>43,342.40</b>	<b>1,47,218.39</b>
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>						
Payables						
Debt Securities	22,914.90	58,719.64	81,634.54	17,930.74	49,184.02	67,114.76
- Adjustment on account of EIR	-	(554.15)	(554.15)	-	(703.37)	(703.37)
Borrowings (Other than Debt Securities)	4,740.27	2,822.55	7,562.82	1,773.30	4,596.37	6,369.67
Subordinated Liabilities	8,901.31	41,388.14	50,289.45	9,980.75	43,350.79	53,331.54
Other Financial liabilities	2,211.02	4,402.24	6,613.26	2,838.85	2,024.81	4,863.66
<b>Non-Financial Liabilities</b>						
Current Tax Liabilities (Net)	694.85	-	694.85	488.84	-	488.84
Other Non-Financial Liabilities	233.10	-	233.10	72.03	-	72.03
<b>Total Liabilities</b>	<b>39,695.44</b>	<b>1,06,777.42</b>	<b>1,46,472.87</b>	<b>33,084.52</b>	<b>98,452.62</b>	<b>1,31,537.14</b>
<b>Net</b>	<b>84,424.85</b>	<b>(58,968.06)</b>	<b>25,456.78</b>	<b>70,791.47</b>	<b>(55,110.22)</b>	<b>15,681.25</b>





**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, 2023:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM*	Total
<b>Financial Assets</b>										
Cash and Cash Equivalents	1,413.01	2,355.02	5,652.05	-	-	-	-	-	-	9,420.09
Bank Balance Other than Cash and Cash Equivalents	-	-	-	1,755.45	-	-	-	-	-	1,755.45
Loans	19,440.83	2,213.09	2,829.24	8,132.50	78,013.08	26,872.89	7,282.26	1,249.08	(1,568.39)	1,44,464.58
Investments	-	-	-	-	-	-	-	-	-	-
<b>Financial Liabilities</b>										
Debt Securities	4,098.78	28.50	26.00	9,073.45	9,688.17	45,183.01	13,535.63	-	(554.15)	81,079.39
Borrowings (Other than Debt Securities)	90.16	90.17	90.18	270.58	4,199.18	2,862.26	-	-	(39.72)	7,562.82
Subordinated Liabilities	336.13	573.33	227.42	1,240.41	6,523.82	22,120.92	16,823.29	2,443.93	-	50,289.45

\* represents adjustments on account of EIR/ECL

Maturity pattern of assets and liabilities as on March 31, 2022:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM*	Total
<b>Financial Assets</b>										
Cash and Cash Equivalents	1,124.01	11,046.43	19,569.00	-	-	-	-	-	-	31,739.44
Bank Balance Other than Cash and Cash Equivalents	-	-	-	677.00	-	-	-	1.50	-	678.50
Loans	24,113.98	1,830.86	4,883.39	10,122.27	28,540.86	37,805.35	-	-	(1,496.40)	1,05,800.30
Investments	-	-	-	-	-	-	-	-	-	-
<b>Financial Liabilities</b>										
Debt Securities	11.10	16.00	1.55	1,600.17	16,301.92	30,792.39	10,542.97	7,848.66	(703.37)	66,411.39
Borrowings (Other than Debt Securities)	89.30	89.30	89.30	267.90	1,237.50	2,143.20	2,500.83	-	(47.66)	6,369.67
Subordinated Liabilities	74.02	25.82	35.50	350.74	9,494.67	8,354.22	11,593.33	23,403.24	-	53,331.54

\* represents adjustments on account of EIR/ECL



### III. Market risk

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

#### Interest rate risk

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

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

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

### IV. Operational risk

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



Notes on Financial Statements for the year ended March 31, 2023

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

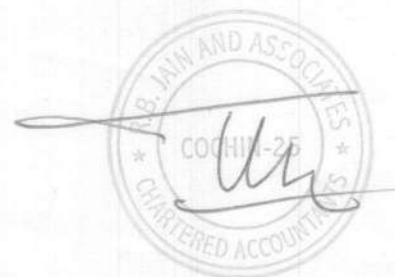
Based on the information available with the Company and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2022 together with interest paid / payable are required to be furnished.

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

Year	Number of Loan Accounts	Amount due as on the date of auction	Value Fetched
31-03-2023	16078	17,290.33	17,221.55
31-03-2022	8431	8,891.95	8,886.66

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

Sl. No.	Particulars	As at March 31, 2023		As at March 31, 2022	
		Amount out-standing	Amount overdue	Amount out-standing	Amount overdue
(RS in lakhs)					
<b>Liabilities side:</b>					
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
(a)	Debtentures : Secured	81,079.39	-	66,411.39	-
	: Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	-	-	-	-
(d)	Inter-corporate loans and borrowing	3,941.88	-	4,966.26	-
(e)	Commercial Paper	-	-	-	-
(f)	Public Deposits	-	-	-	-
(g)	Other Loans -	-	-	-	-
	Subordinated debt	47,845.52	-	52,316.04	-
	Perpetual Debt Instruments	2,443.93	-	1,015.50	-
	Cash credit / overdraft facilities from banks	3,660.66	-	1,403.41	-
2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a)	In the form of Unsecured debtentures	-	-	-	-
(b)	In the form of partly secured debtentures i.e. debtentures where there is a shortfall in the value of security	-	-	-	-
(c)	Other public deposits	-	-	-	-
<b>Assets side:</b>					
3	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	Amount out-standing			
		As at March 31, 2023		As at March 31, 2022	
(a)	Secured				
(b)	Unsecured	1,31,637.10		98,445.91	
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		As at March 31, 2023	As at March 31, 2022
<b>Current Investments :</b>			
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)		-	-
<b>Long Term Investments :</b>			
1 Quoted :			
(i) Shares			
(a) Equity		-	-
(b) Preference		-	-
(ii) Debentures and Bonds		-	-
(iii) Units of mutual funds		-	-
(iv) Government Securities		-	-
(v) Others (please specify)		-	-
2 Unquoted :			
(i) Shares			
(a) Equity		-	-
(b) Preference		-	-
(ii) Debentures and Bonds		-	-
(iii) Units of mutual funds		-	-
(iv) Government Securities		-	-
(v) Others (please specify)		-	-

6 Borrower group-wise classification of assets financed as in (3) and (4) above :						
Category	Amount net of provisions as at March 31, 2023			Amount net of provisions as at March 31, 2022		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1 Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2 Other than related parties	1,31,637.10	14,395.87	1,46,032.97	98,445.91	8,850.80	1,07,296.71

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)					
Category	As at March 31, 2023		As at March 31, 2022		Total
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	
1 Related Parties					
(a) Subsidiaries	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-
(c) Other related parties	-	-	-	-	-
2 Other than related parties	-	-	-	-	-
<b>Total</b>					

8 Other information			As at March 31, 2023	As at March 31, 2022
<b>Particulars</b>				
(i) Gross Non-Performing Assets*				
(a) Related parties			-	-
(b) Other than related parties			2,692.14	4,292.53
(ii) Net Non-Performing Assets*				
(a) Related parties			-	-
(b) Other than related parties			1,123.75	2,898.48
(iii) Assets acquired in satisfaction of debt			-	-

\* Stage 3 loan assets under Ind AS



**Note 40.2 - Capital**

Sl. No.	Particulars	(Rs in lakhs)	
		As at March 31, 2023	As at March 31, 2022
1	CRAR (%)		
2	CRAR - Tier I Capital (%)	25.27%	20.95%
3	CRAR - Tier II Capital (%)	16.66%	13.71%
4	Amount of subordinated debt raised as Tier - II capital	8.61%	7.24%
5	Amount raised by issue of perpetual debt instruments	13,349.38	7,840.12
		2,443.93	1,015.50

**Note 40.3 - Investments**

Sl. No.	Particulars	(Rs in lakhs)	
		As at March 31, 2023	As at March 31, 2022
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	-	-
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	-	-
	(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write off / write back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

**Note 40.4 - Ratings assigned by Credit rating Agencies**

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Bank Loans - Cash Credit/overdraft	CARE BBB-/Stable; IND BBB-/Stable; BWR BBB-/Stable	CRISIL BB+/Stable; CARE BB+/Stable
2	Non Convertible Debentures - Public issue	CARE BBB-/Stable; IND BBB-/Stable;	CARE BB+/Stable

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

**Note 40.5 - Provisions and Contingencies**

Sl. No.	Break up of Provisions and Contingencies shown under the head Expenses in the Statement of Profit and Loss	(Rs in lakhs)	
		As at March 31, 2023	As at March 31, 2022
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA (Expected Credit Loss)	-	63.37
3	Provision made towards Income Tax	694.86	488.84
4	Other Provision and Contingencies (with details)	-	-
5	Provision for Standard Assets	-	-

**Note 40.6 - Concentration of Advances**

Sl. No.	Particulars	(Rs in lakhs)	
		As at March 31, 2023	As at March 31, 2022
1	Total Advances to twenty largest borrowers	14,834.20	9,461.26
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	10.16%	8.82%

**Note 40.7 - Concentration of Exposures**

Sl. No.	Particulars	(Rs in lakhs)	
		As at March 31, 2023	As at March 31, 2022
1	Total Exposures to twenty largest borrowers/customers	14,834.20	9,461.26
2	Percentage of Exposures to twenty largest borrowers/Customers to Total Exposures of the NBFC on borrowers/Customers.	10.16%	8.82%



Note 40.8 - Concentration of NPAs

(Rs in lakhs)

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Total Exposures to top four NPA accounts	134.76	559.91

Note 40.9 - Sector wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		As at March 31, 2023	As at March 31, 2022
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	3.64%	8.83%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans (vehicle loan)	-	-
7	Other loans	-	100%
		0.05%	0.55%

Note 40.10 - Movement of NPAs

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Net NPAs* to Net Advances (%)	0.78%	2.64%
(ii)	Movement of NPAs* (Gross)		
	(a) Opening balance	4,292.53	4,904.84
	(b) Net additions during the year	(1,600.40)	(612.31)
	(c) Closing balance	2,692.14	4,292.53
(iii)	Movement of Net NPAs*		
	(a) Opening balance	2,898.48	3,495.84
	(b) Net additions during the year	(1,774.73)	(597.36)
	(c) Closing balance	1,123.75	2,898.48
(iv)	Movement of provisions for NPAs* (excluding Provisions on Standard Assets)		
	(a) Opening balance	1,394.05	1,409.00
	(b) Provisions made during the year	107.53	-
	(c) Write-off/ write-back of excess provisions	-	(14.95)
	(d) Closing balance	1,501.58	1,394.05

\* Stage 3 loan assets under Ind AS.

Note 42 - Customer complaints

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	No. of complaints pending as at the beginning of the year	Nil	Nil
2	No. of complaints received during the year	6	Nil
3	No. of complaints redressed during the year	6	Nil
4	No. of complaints pending as at the end of the year	Nil	Nil

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

Sl. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Gold Loans granted against collateral of gold jewellery	93,796.18	62,546.94
2	Total Financial assets of the Company	1,46,219.93	1,06,770.11
3	Percentage of Gold Loans to Total Assets	64.15%	58.58%

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

As per our report of even date attached

For and on behalf of the Board of Directors

For R.B Jain and Associates.,  
Chartered Accountants  
(FRN: 103951W)

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

Biji Shibu  
Director (DIN: 06484566)

K.J Thomas, BSc, FCA  
Partner (M. No. 019454)

Manoj Raveendran Nair  
Chief Executive Officer

Thanish Dalee  
Chief Financial Officer

UDIN : 23019454BGWFQW5187

Place:Palarivattom

Date:26-05-2023

Srikanth G. Menon  
Company Secretary





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

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

(Rs in lakhs)

Asset Classification as per RBI Norms (1)	Asset Classification as per IND AS 109 (2)	Gross Carrying Amount as per IND AS (3)	Loss Allowances (Provisions) as required under IND AS 109 (4)	Net carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between IND AS 109 provisions and IRACP norms (7)=(4)-(6)
<b>Performing Assets</b>						
Standard Assets	Zero overdue Stage 1 Stage 2	1,35,547.33 4,970.02 2,823.48 <b>1,43,340.83</b>	- 17.40 49.41 <b>66.81</b>	1,35,547.33 4,952.63 2,774.07 <b>1,43,274.02</b>	542.19 19.88 11.29 <b>573.36</b>	(542.19) (2.49) 38.12 <b>(506.55)</b>
<b>Subtotal</b>						
<b>Non-Performing Assets</b>						
Sub Standard	Stage 3	993.95	115.39	878.56	99.40	16.00
Doubtful- up to 1 year	Stage 3	313.21	156.60	156.60	62.64	93.96
1 to 3 years	Stage 3	621.55	466.16	155.39	186.46	279.70
More than 3 years	Stage 3	763.43	763.43	-	381.71	381.71
<b>Subtotal for doubtful</b>		<b>1,698.18</b>	<b>1,386.19</b>	<b>311.99</b>	<b>630.82</b>	<b>755.37</b>
<b>Loss</b>	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>2,692.14</b>	<b>1,501.58</b>	<b>1,190.55</b>	<b>730.21</b>	<b>771.37</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1 Stage 2 Stage 3	- - -	- - -	- - -	- - -	- - -
<b>Subtotal</b>						
	Zero overdue Stage 1 Stage 2 Stage 3 <b>Total</b>	1,35,547.33 4,970.02 2,823.48 2,692.14 <b>1,46,032.97</b>	- 17.40 49.41 1,501.58 <b>1,568.39</b>	1,35,547.33 4,952.63 2,774.07 1,190.55 <b>1,44,464.58</b>	542.19 19.88 11.29 730.21 <b>1,303.58</b>	(542.19) (2.49) 38.12 771.37 <b>264.80</b>
<b>Total</b>						



As at March 31, 2022

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

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

Asset Classification as per RBI Norms (1)	Asset Classification as per IND AS 109 (2)	Gross Carrying Amount as per IND AS (3)	Loss Allowances (Provisions) as required under IND AS 109 (4)	Net carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between IND AS 109 provisions and IRACP norms (7)=(4)-(6)
<b>Performing Assets</b>						
Standard Assets	Zero overdue	86,500.91	-	86,500.91	346.00	(346.00)
	Stage 1	6,342.68	13.36	6,329.31	25.37	(12.01)
	Stage 2	10,160.59	88.99	10,071.60	40.64	48.35
Subtotal		<b>1,03,004.18</b>	<b>102.35</b>	<b>1,02,901.82</b>	<b>412.02</b>	<b>(309.66)</b>
<b>Non-Performing Assets</b>						
Sub Standard	Stage 3	1,470.50	314.69	1,155.81	147.05	167.64
Doubtful- up to 1 year	Stage 3	950.37	332.63	617.74	190.07	142.56
1 to 3 years	Stage 3	1,260.68	441.24	819.44	378.20	63.03
More than 3 years	Stage 3	610.98	305.49	305.49	305.49	-
Subtotal for doubtful		<b>2,822.03</b>	<b>1,079.36</b>	<b>1,742.67</b>	<b>873.77</b>	<b>205.59</b>
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		<b>4,292.53</b>	<b>1,394.05</b>	<b>2,898.48</b>	<b>1,020.82</b>	<b>373.23</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
<b>Total</b>	<b>Zero overdue</b>	<b>86,500.91</b>	<b>-</b>	<b>86,500.91</b>	<b>346.00</b>	<b>(346.00)</b>
	Stage 1	<b>6,342.68</b>	<b>13.36</b>	<b>6,329.31</b>	<b>25.37</b>	<b>(12.01)</b>
	Stage 2	<b>10,160.59</b>	<b>88.99</b>	<b>10,071.60</b>	<b>40.64</b>	<b>48.35</b>
	Stage 3	<b>4,292.53</b>	<b>1,394.05</b>	<b>2,898.48</b>	<b>1,020.82</b>	<b>373.23</b>
	<b>Total</b>	<b>1,07,296.71</b>	<b>1,496.40</b>	<b>1,05,800.30</b>	<b>1,432.84</b>	<b>63.57</b>



Note 13 - Property, Plant and Equipment

(Rs in lakhs)

Particulars	Land	Computers and data processing units	Electrical Installations and Equipment	Furniture and furnishings	Building	Office Equipments	Motor Vehicles	Capital Work in progress	Total
<b>Cost:</b>									
Deemed cost as at 1st April 2022	3,471.01	194.45	144.19	955.19	-	520.44	29.14	262.93	5,577.35
Additions	2,925.32	394.47	152.63	2,367.21	651.08	719.39	15.00	292.25	7,517.36
Disposals	-	-	-	-	-	-	-	-	-
<b>Depreciation:</b>									
Disposals	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	189.25	49.77	433.31	58.60	335.65	13.81	-	1,080.39
<b>Carrying Amount:</b>									
As at 31st March 2022	3,471.01	194.45	144.19	955.19	-	520.44	29.14	262.93	5,577.35
As at 31st March 2023	6,396.33	399.67	247.04	2,889.10	592.48	904.18	30.33	555.18	12,014.32

Note 14 - Other Intangible Assets

Particulars	Computer Software
<b>Cost:</b>	
Deemed cost as at 1st April 2022	42.07
Additions	63.27
Disposals	-
<b>Accumulated Amortisation:</b>	
Disposals	-
Amortisation charge for the year	14.37
<b>Carrying Amount:</b>	
As at 31st March 2022	42.07
As at 31st March 2023	90.98

