

ANNUAL REPORT

2021
2022

More Relationship
ore Business
ore Profit



KLM AXIVA FINVEST

പുരോഗതിയുടെ ഭൂമിയിൽ എല്ലാവർക്കും...



**KLM AXIVA
FINVEST LTD**

പുരോഗതിയുടെ ഭരണവും എല്ലാവർക്കും...

HAPPINESS PREVAILS
FOR THOSE WHO SHARE
LIFE MEANINGFULLY

ENRICHING
YOUR LIFE

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



**KEEP
LOYAL
MAN**





DIRECTOR'S MESSAGE

Shri. SHIBU THECKUMPURATH VARGHESE
Executive Director, KLM Axiva Finvest Limited

"Quality is not an art, it is a habit", a famous saying by scholar Aristotle is truly what is being preferred and followed by our Company. The financial year 2021-22 has been a blessing in disguise for our organisation as we witnessed many big events.

The company's decision to turn digital, has been seen as a game changer. Most people of this generation are well adept to digitalisation and prefer digital services over normal. Therefore, keeping that aspect in mind, 'Digi Gold' will be a vital service to our customers and well-wishers, as it will be a perfect platform for them to avail our services and to get connected with us digitally.

Last year our company accelerated its growth by adding more products and services to cater to the customers' growing need and wants. Apart from expanding our presence by setting more branches in Kerala, Tamil Nadu, Karnataka and Telangana our company for the first time this year has started its operations in Mumbai. Being a dynamic organisation, we are planning to expand our branch numbers to 750 by the end of this FY 2022-23.

For FY 2021-22, the Company's consolidated AUM stood at Rs. 1072.97 crores, with consolidated PAT at Rs. 11.38 Lakhs. The reduction in profitability was heavily due to higher provisioning requirements, as per Ind As and NBFC-NDSI regulations.

There is a huge gap between the financial needs of

the people and the options available for them to satisfy those needs. NBFCs such as ours are trying to fill in the gap as much as possible by providing affordable financial services to the needy. We at KLM Axiva have been always well intended to help the people achieve their needs and wants. I would like to bring to your attention that our Microfinance division is doing well and have helped people of all walks of life, especially women by providing them with affordable and accessible micro loans. Our Gold Loan portfolio is increasing immensely thanks to our simple and easy loan procedures and the good work put by our hardworking employees.

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

Thanking you

Shibu Theckumpurath Varghese

Executive Director



CEO'S MESSAGE

Shri. MANOJ RAVI

Chief Executive Officer, KLM Axiva Finvest Limited

Gold is not just a precious commodity for most Indian households. It is integral to our lives beyond its intrinsic values. Our perennial love for the yellow metal makes us one of the largest consumers of Gold across the globe.

With changing times, the usage of Gold has also metamorphosed multifariously. The emergence of the NBFC ecosystem in the country has strengthened Gold as the most sought-after commodity in one's financial portfolio. This ongoing phenomenon led to the surge in demand for gold loans across the length and breadth of the country.

The advent of NBFCs with a primary focus on providing gold loans further popularised this lending instrument predominantly in the common man customer segment. A plethora of promotions across communication channels with the involvement of celebrities- national, regional and local, is a living testimony to its growing stature in India.

The growth of NBFCs specialised in lending against Gold has made it one of the fastest-growing personal loan segments in the country. Also, its growth has democratised this segment with easy access to getting short-term loans on reasonable terms.

KLM believes the growth saga of Gold Loan will continue and touch new heights of success. As we

become the 5th largest economy, new growth avenues will open up, further pushing the aspirational sentiments of the entire nation. The rise in aspiration for a better standard of living will have a positive trickle-down effect on the segment.

Customers being the centre of all our communications, KLM is committed to bringing the best of the best offers in terms of our products and service for discerning clientele across the states especially in the rural markets and semi urban.

I want to thank all our stakeholders for reposing their faith, showing their love for the brand, and being an integral part of our growth journey.

Thank you
Greater than the sum of its parts.

Manoj Ravi
CEO



BOARD OF DIRECTORS



EXECUTIVE DIRECTOR
SHIBU THECKUMPURATH VARGHESE

OTHER DIRECTORS



BIJI SHIBU, Director



ISSAC JACOB, Independent Director



SIVADAS CHETTOOR, Independent Director



AMBRAMOLI PURUSHOTHAMAN, Independent Director

A photograph showing several people in business suits sitting around a table. One person is typing on a laptop, another is holding a pen over a document, and another is looking at a smartphone. The scene is brightly lit and professional.

VIBRANT LEADERSHIP



BABY MATHEW SOMATHEERAM

Adv. PEEYUS A KOTTAM



Adv. SEBASTIAN C KAPPAN

Dr. GEORGE JACOB



JOSE NALPAT

SABU PAUL



K.O. ITTOOP

REJI KURIAKOSE



GEORGE KURIAPE

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CORPORATE INFORMATION

CORPORATE IDENTITY NUMBER (CIN)

U65910TG1997PLC026983

BOARD OF DIRECTORS

Whole Time Director

Mr. Shibu Theckumpurath Varghese

Directors

Ms. Biji Shibu - Non-Executive Director
Mr. Issac Jacob - Independent Director
Mr. Sivadas Chettoor - Independent Director
Mr. Ambramoli Purushothaman - Independent Director

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)

DEBENTURE TRUSTEE PUBLIC ISSUE

Vistra ITCL (India) Limited
The IL & FS Financial Center, Plot No. C-22
G Block, Bandra Kurla Complex
Bandra (East), Mumbai – 400 051
Tel : +91 22 2659 3333
Email : itclcomplianceofficer@vistra.com

PRIVATE PLACEMENT

Mr. Abhjith Satheesh
Chartered Accountant
Chakkaraparambu, Kochi

LISTING (NON-CONVERTIBLE DEBENTURES)

BSE Limited

REGISTRAR & SHARE TRANSFER AGENT

KFin Technologies Limited

Selenium Tower B, Plot 31-32,
Gachibowli Financial District,
Nanakramguda, Serilingampally, Hyderabad,
Telangana – 500 032

Tel : +91 40 6716 2222

Email : klmaxiva.ncdipo@kfintech.com

REGISTERED OFFICE

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

Hyderabad, Rangareddi,

Telangana – 500 079

Email : admindvn@klmaxiva.com

Website : www.klmaxiva.com

CORPORATE OFFICE

4thFloor, Door No. 1871A24 VM Plaza,
Palarivattom, Ernakulam, Kerala – 682 025

Tel : +91 484 4281 111

Email : admindvn@klmaxiva.com

NOTICE

Notice is hereby given that the 25th Annual General Meeting of the members of **KLM Axiva Finvest Limited** will be held on Friday, 30th Day of September 2022 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, 2022 and Reports of Board of Directors’ and Auditors’ thereon.
2. To appoint a Director in place of Mr. Shibu Theckumpurath Varghese(DIN:02079917), who is liable to retire by rotation and, being eligible, offers himself for re-appointment.
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 and other applicable provisions, if any, of the Companies Act, 2013 read with the companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any including any modification or re-enactment thereof, and pursuant to the recommendations of the Audit Committee of 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 25th Annual General Meeting till the conclusion of the 26th 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.”

For and behalf of the Board of Directors

Sd/-

Shibu Theckumpurath Varghese
Whole time Director
DIN: 02079917

Place:Ernakulam
Date: 05.09.2022

Notes:

- 1) In view of the COVID 19 pandemic, the Ministry of Corporate Affairs vide its Circular dated 05th May 2022 read with Circulars dated 5th May, 2020, 8th April, 2020 and 13th April, 2020 (collectively referred to as 'Circulars'), has introduced certain measures enabling companies to convene their Annual General Meetings (AGM/ Meeting) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and also send notice of the Meeting and other correspondences related thereto, through electronic mode. In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended 31st March, 2022 consisting of financial statements including Board's Report, Auditors' Report and other documents required to be attached therewith (Collectively referred to as Notice) have been sent only to those members whose e-mail ids are registered with the Company and no physical copy of the Notice has been sent by the Company to any member.
- 2) The members who have not yet registered their e-mail ids with the Company may contact by emailing to secretarial@klmaxiva.com or contact the Secretary at 0484 4281118 for registering their e-mail ids. The Company shall send the Notice to such members whose e-mail ids get registered enabling them to participate in the meeting and cast their votes.
- 3) If there is any change in the e-mail id already registered with the Company, members are requested to immediately notify such change to the Company at the e-mail id or phone number given in point no. 2.
- 4) As per the MCA circular, the attendance of the members attending the Annual General Meeting through VC shall be counted for the purpose of reckoning the quorum under section 103 of the Companies Act, 2013.
- 5) In accordance with the aforementioned MCA Circulars, the Company has tied up with Zoom for providing the VC facility to the members for participating in the Meeting. The members are requested to follow the following instructions in order to participate in the Meeting through VC mechanism:
 - 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 e-mail as follows:

Meeting ID: 843 9328 4750
Passcode: 456557
 - The entry to the meeting will be subject to first cum first serve basis. The facility for joining the Meeting shall be kept open 15 minutes before the time scheduled to start the meeting i.e. 03:15 pm and 15 minutes after the expiry of the said scheduled time i.e. till 03:45 pm; Participation of single member shall only be allowed at a time; Queries on the accounts and operations of the Company or the businesses covered under the Notice may be sent to secretarial@klmaxiva.com at least seven days in advance of the meeting so that the answers may be made readily available at the meeting. Members are requested to e-mail at secretarial@klmaxiva.com or call at 0484 4281 118 in case of any technical assistance required at the time of log in/ assessing/ voting at the Meeting through VC; Members can participate in the AGM through desktop / laptop/smart phone / tablet. However, for better experience and smooth participation, it is advisable to join the Meeting through desktop / laptop connected through broadband. Members are requested to mute

themselves and those members who wish to talk can leave a message in the chat option provided there in expressing their wish to talk. Only those members who express their concern to talk will be un-muted and allowed to speak at the meeting. Further, members will be required to allow camera, if any, and hence use internet with a good speed to avoid any disturbance during the meeting.

- 6) In view of the MCA Circulars, no proxy shall be appointed by the members as the meeting is held through VC. Accordingly, proxy forms and attendance slip is not attached.
- 7) As the Annual General Meeting is being held through VC, the route map is not annexed to this Notice.
- 8) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of e-voting to its Members in respect of the business to be transacted at the AGM. 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 e-Voting's agency. The facility of casting votes by a member using e-voting system on the date of the AGM will be provided by CDSL.

Disclosure of details of directors as per Secretarial Standards – 2:

Name of the Director & DIN	Mr. Shibu Theckumpurath Varghese (DIN: 02079917)
Date of first Appointment	27/07/2016
Qualifications, Experience and Areas of Specialization	He is associated with the company for the past 6 years. He specializes in the banking sector.
Terms & Conditions of Appointment	Whole-time Director liable to retire by rotation
Remuneration last drawn	Rs. 5,00,000 per month
No. of Shares Held in the company	1,37,98,281 equity shares
No. of Board Meetings attended during Financial Year 2021-2022	11 Board Meetings
List of Directorship held in other Companies	1. Payyoli Granites Private Limited 2. Ente Naadu Nidhi Limited
Chairman/ member of the Committee of the Board of Directors of other Companies	Nil
Relation with Key Managerial Personnel and Directors	Husband of Mrs. Biji Shibu

THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins at 03.00 P.M. on Friday, 30th September 2022 and ends at 05.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) 23rd September 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Mr. Nikhil George Pinto, Partner, CaesarPintoJohn & Associates LLP, Company Secretaries, Kochi, has been appointed as the Scrutiniser to scrutinise the e-Voting process and casting of vote through the e-Voting system during the 25th AGM in a fair and transparent manner.
- (iii) The Scrutiniser shall after the conclusion of e-Voting at the 25th AGM, first download the votes cast at the AGM and shall make a scrutiniser's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorised by him, within 48 (forty eight) hours from the conclusion of the 25th AGM, who shall then countersign and declare the result of the voting forthwith.
- (iv) The voting results declared along with the report of the Scrutiniser shall be placed on the website of the Company and on the website of CDSL immediately after the declaration of voting results by the Chairman or a person authorised by him.
- (v) Process for those Members whose e-mail addresses are not registered with the depositories for obtaining login credentials for E-voting for the resolutions proposed in this Notice:

Members whose e-mail addresses are not registered with the depositories can register the same for obtaining login credentials for E-voting for the resolutions proposed in this Notice in the following manner:

- a) For Members holding shares in physical mode - 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), AADHAAR (self attested scanned copy of Aadhaar Card) by e-mail to secretarial@klmaxiva.com.
 - b) For Members holding shares in demat mode - Please update your e-mail id and mobile no. with your respective Depository Participant (DP).
 - c) For Individuals holding shares in demat mode - Please update your e-mail id and mobile no. with your respective Depository Participant (DP) which is mandatory while E-voting and joining virtual meetings through the Depository.
- (vi) In order to increase the efficiency of the voting process, pursuant to a public consultation, 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.

Step 1 : Access through Depositories CDSL e-Voting system in case of individual shareholders holding shares in demat mode.

- (vii) 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 e-mail 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 CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> 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 https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 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 option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, 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 home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & E-mail 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.
Individual Shareholders holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none"> 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 on joining virtual meeting & voting during the meeting.

	<p>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</p> <p>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 hold 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 joining virtual meeting & voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	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-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during joining virtual meeting & voting during the meeting.

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

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

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(i) 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.

2) Click on “Shareholders” module.

3) Now enter your User ID

- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. 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 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:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	<p>Enter your 10digit 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"> ● 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 secretarial@klmaxiva.com or Phone: 0484 4281 118.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank 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"> ● If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

(i) After entering these details appropriately, click on “SUBMIT” tab.

(ii) 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.

(iii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(iv) Click on the EVSN for the relevant <KLM AXIVA FINVEST LIMITED> on which you choose to vote.

(v) 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.

- (vi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (vii) 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.
- (viii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (ix) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (x) 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.
- (xi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xii) Additional Facility for Non – Individual Shareholders and Custodians – For Voting only.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to 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 e-mailed to 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 delink 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 mandatory 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; caesarpintojohn@gmail.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. 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.
3. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.

4. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. 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.
6. 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 atleast 3 days prior to meeting mentioning their name, demat account number/folio number, e-mail id, mobile number at (secretarial@klmaxiva.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 3 days prior to meeting mentioning their name, demat account number/folio number, e-mail id, mobile number at (company e-mail id). These queries will be replied to by the company suitably by e-mail.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
8. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
9. 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.

PROCESS FOR THOSE SHAREHOLDERS WHOSE E-MAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.

1. 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), AADHAAR (self attested scanned copy of Aadhaar Card) by e-mail to Company at secretarial@klmaxiva.com.
2. For Demat shareholders - Please update your e-mail id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your e-mail id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.
4. If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an e-mail to helpdesk.evoting@cDSLindia.com or contact at toll free no. 1800 2255 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, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an e-mail to helpdesk.evoting@cDSLindia.com or call toll free no. 1800 22 55 33.

Dear Members,

The Board of Directors of KLM Axiva Finvest Limited are delighted to present the 25th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended March 31, 2022.

1. FINANCIAL SUMMARY

The financial performance of the Company is summarized below:

Amount in ₹

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Revenue from Operation	1,79,43,43,418	1,23,76,15,874	NA	1,23,77,31,182
Other Income	6,47,82,924	2,75,04,600		2,75,04,600
Total Revenue	1,85,91,26,342	1,26,51,20,474		1,26,52,35,782
Total Expenses	1,68,52,87,942	1,15,48,59,596		1,15,38,06,721
Profit Before Tax	17,38,38,401	11,02,60,878		11,14,29,061
Tax Expenses	6,00,03,971	3,96,77,165		4,00,18,175
Profit for the period	11,38,34,430	7,05,83,713		7,14,10,886
Appropriations:				
Transfer to statutory reserve	2,27,66,886	1,41,16,743	NA	1,41,16,743
Transfer to specific reserve	81,33,136	Nil		Nil
Interim dividend on equity share	5,43,42,582	5,31,28,228		5,31,28,228
Balance carried forward to balance Sheet	2,85,91,826	90,26,251		1,11,77,614

2. OPERATIONAL PERFORMANCE

During the financial year, Company achieved an increase in its profitability with a net profit of ₹ 1,138.34 lakhs for the year ended March 31, 2022 as compared to ₹ 705.83 lakhs for the year ended March 31, 2021.

Total income has increased from ₹ 12,651.20 lakhs for the year ended March 31, 2021 to ₹ 18,591.26 lakhs for the year ended March 31, 2022. Interest income of the Company increased to ₹ 17,943.43 lakhs from previous year's interest income of ₹ 1,2376.16 lakhs.

For the financial years ended March 31, 2022, March 31, 2021, revenues from our gold loan business constituted 62.99% and 61.14%, of our total income for the respective years.

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

- 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.

However, the Company's subsidiary company KMLM Financial Services Limited was voluntary wound up on May 05, 2022 (For details please see point 29 Subsidiaries/Joint Ventures/Associate Company).
- 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 in India. Such initiative was taken by adding additional product to our portfolio such as micro finance.
- vii. **Any other material event having an impact on the affairs of the company:** No other material event having an impact on the affairs of the company.

4. DIVIDEND

During the year under review, your Board has declared an interim dividend of ₹ 0.80 per share (8% of face value) on equity shares out of the profits of the company on July 29, 2021. The dividend payout amounted to ₹ 543.42 lakhs representing 47.73% of the profits after tax of the year ended March 31, 2022.

5. TRANSFER TO RESERVES

Company has transferred 20% of its net profit for the year i.e., ₹ 22,766,886/- to the Statutory Reserve maintained under section 45-IC of the Reserve Bank of India Act, 1934 taking it to a total of ₹ 7,11,50,729/- - post transfer of profits to reserves.

Further the Company has transferred ₹ 81,33,136/- to a specific reserve for payment of gratuity under Payment of Gratuity Act, 1972.

The securities premium account and general reserve of the Company stood at ₹ 23,98,84,812/- and ₹ 4,08,000/- respectively on March 31, 2022.

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

Interim dividend payable during the year was duly paid by the company to all the shareholders. No dividend amount is unpaid/unclaimed for a period of 7 years, therefore, the provisions of section 125 of the Companies Act, 2013 do not apply to the Company.

Further, the interest and redemption amount has also been duly paid to the NCD holders and the

provisions of regulation 61A of the SEBI (LODR) Regulations, 2015 do not apply to the Company.

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 30th day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than fifteen percent, of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in the manner mentioned in Rule 18(7) (c). Accordingly, the Company has deposited requisite amount in deposit accounts for debenture redemption during the financial year 2021-22.

8. RBI REGULATIONS

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 your 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 Board of Directors hereby confirm that the Company has not accepted any public deposit during the year under review and will not accept deposit in future without prior approval of Reserve Bank of India.

Your Company has been regular in complying with all regulatory directions as required by the Reserve Bank of India. As on March 31, 2022 the percentage of gold loan to total loan book is 58.29%.

9. CAPITAL ADEQUACY AND NET OWNED FUNDS

Your 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, 2022, the Company's total Capital Adequacy Ratio (CAR) stood at 20.95%, which is well above the regulatory minimum of 15%. Out of the above, Tier I capital adequacy ratio stood at 13.71% and Tier II capital adequacy ratio stood at 7.24%.

The net owned fund (NOF) of the Company as on March 31, 2022 is 13,953.24 lakhs.

10. FAIR PRACTICES CODE

The Company has framed Fair Practices Code as per the latest guidelines issued by Reserve Bank of

India in this regard. The Fair Practice Code adopted by the Company is placed on the website of the Company.

11. 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 ₹75,00,00,000/- (Seventy Five Crores only) divided into 7,50,00,000 equity shares of ₹ 10/- each to ₹ 1,15,00,00,000 (Hundred and Fifteen crores only)/- divided into 11,50,00,000 equity shares of ₹ 10/- each.

During the financial year 2021-22, the Company has issued and allotted 4,69,46,900 equity shares on private placement basis.

As on March 31, 2022, the authorized share capital and paid up share capital of the Company stood at ₹ 1,15,00,00,000 and ₹ 1,14,87,51,280 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:** Your Company has not bought back any of its securities during the year under review.
- g) **Disclosure regarding bonus shares:** Your Company has not issued any bonus shares during the year under review.
- h) **Disclosure regarding issue of warrants:** Your Company has not issued any warrants during the year under review.

12. RESOURCE MOBILIZATION

During the year your 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 Debentures

Your Company successfully completed 4th, 5th and 6th Public issue of Secured Redeemable Non-Convertible Debentures (NCDs), of face value of ₹ 1,000/- each during FY 2021-22 raising ₹ 4,48,975.99 lakhs.

B. Private Placement of Equity Shares

During the financial year 2021-22, the Company has allotted 4,04,46,900 equity shares on September 13, 2021 at an issue price of ₹ 12.50/- and 65,00,000 equity shares on March 31, 2022 at an issue price of ₹ 13.50/- through private placement.

C. Private Placement of Perpetual Debt Instruments (PDIs)

During the financial year 2021-22 the Company has raised ₹ 1,015.5 lakhs through Private Placement perpetual debt instruments in the nature of debentures on January 21, 2022. The outstanding amount of PDIs as on March 31st, 2022 is ₹ 1,015.5 lakhs.

There were no defaults in payment of interest during the reporting period. Percentage of the amount of PDI to the total amount of Tier I Capital of the Company is 6.48%.

D. Subordinated Debt

Subordinated Debts represents long term source of funds for the Company and the amount outstanding as on March 31, 2022 was ₹ 53,331.54 lakhs.

E. Bank Finance

Bank Finance remains an important source of funding for the Company. Commercial Banks continued their support to your Company during financial year. As of March 31, 2022, borrowings from banks stood at ₹ 6,369.67 lakhs.

13. CREDIT RATINGS

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

Credit Rating Agency	Instrument	Ratings
India Ratings and Research	Bank Loans	IND BBB-/Stable
Brickwork Ratings	Bank Loans	BWR BBB-/ Stable
CARE Ratings	Non-Convertible Debentures	CARE BB+; Positive
	Long Term Bank Facilities	CARE BB+; Positive

14. 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.

15. SECRETARIAL STANDARDS

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

16. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a. In the preparation of the annual accounts for the year ended March 31, 2022, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. The Directors have selected such accounting policies and applied them consistently and made 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, 2022 and of the profit of the Company for the year ended on that date;
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The Directors have prepared the annual accounts on a going concern basis.
- e. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. 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:

- Mr. Ambramoli Purushothaman (DIN: 07706484) was appointed on April 12, 2022 as an Additional (Independent) Director. Thereby the current constitution of board of directors of the Company after the end of the financial year and at the date of this report comprises of five directors.
- National Company Law tribunal (NCLT) Kochi vide order dated May 05, 2022 approved the voluntary liquidation and dissolution of KMLM Financial Services Ltd, Wholly-Owned Subsidiary;
- India Ratings and Research (Ind-Ra) has assigned a credit rating of **IND BBB/ Outlook - Stable** to Bank loans;
- The Members of the Company through Extra-Ordinary General Meeting (EGM) held on June 23, 2022 approved the issue of fully paid bonus equity shares in the ratio of 1:20;
- The Members of the Company through Extra-Ordinary General Meeting (EGM) held on June 23,

2022 approved the issue of PDIs up to ₹ 1658.43 lakhs;

- Brickwork Ratings India Private Limited has assigned a credit rating of **BWR BBB-/ Outlook - Stable** to bank loans;
- The Finance Committee of the Company at their meeting held on June 30, 2022 allotted 1,42,843 PDIs of ₹ 1000/- each aggregating to ₹ 14,28,43,000/- (Fourteen Crore Twenty Eight Lakhs Forty Three Thousand only);
- The Board of Directors of the Company at their meeting held on July 01, 2022 approved the public issue of secured redeemable non-convertible debentures of face value of ₹ 1,000 each at par, aggregating up to ₹ 10,000 lakhs, with an option to retain over-subscription up to ₹ 10,000 lakhs aggregating up to ₹ 20,000 lakhs (NCDs-VII); and
- The Finance Committee of the Company at their meeting held on July 13, 2022 allotted 57,43,750 (Fifty Seven Lakhs Forty Three Thousand Seven Hundred Fifty) bonus equity shares in the ratio of 1:20 to the shareholders of the company as on the record date i.e., June 17, 2022.

18. DIRECTORS & KEY MANAGERIAL PERSONNEL

As on March 31, 2022, the Board of directors of the company comprises of four directors including two 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.	Mrs. 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	Additional Director	28/01/2022	01773249	Independent
5.	Mr. Thanish Dalee	Chief Financial Officer	08/08/2017	AMAPD3042K	-
6.	Mr. Srikanth.G. Menon	Company Secretary	26/12/2018	AWTPG2737M	-
7.	Mr. Manoj Raveendran Nair	Chief Executive Officer	12/01/2022	AIRPR8676C	-

*Mr. Ambramoli Purushothaman (DIN:07706484) was appointed on April 12, 2022 as an Additional (Independent) Director. Thereby the current constitution of board of directors of the Company after the end of the financial year and at the date of this report comprises of five directors.

Woman Director

As per the provisions of section 149 of the Companies Act, 2013, the Company shall have at least one-woman Director in the Board. Your Company has Mrs. BijiShibu, as Woman Director on the Board.

19. 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. Josekutty Xavier, (DIN: 02073994) resigned from the post of Director of the Company with effect from April 12, 2021;
2. Mrs. Biji Shibu (DIN: 06484566) who was liable to retire by rotation was re-appointed in the 24th Annual General Meeting (AGM) held on August 31, 2021;
3. Dr. Alexander John Joseph (DIN: 00485766) Independent Director was re-appointed for a second term of five years with effect from September 26, 2021;
4. Mr. Manoj Raveendran Nair was appointed as the Chief Executive Officer of the Company with effect from January 12, 2022;
5. Dr. Alexander John Joseph (DIN: 00485766) passed away on January 14, 2022; and
6. Mr. Sivadas Chettoor (DIN: 01773249) was appointed as Additional Director (Independent) on January 28, 2022.

20. DIRECTOR LIABLE TO RETIRE BY ROTATION

In terms of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Shibu Theckumpurath Varghese, whole time Director of the Company is liable to retire by rotation at the ensuing 25th Annual General Meeting and being eligible, offers himself for reappointment.

21. MEETINGS OF BOARD OF DIRECTORS AND ATTENDANCE

The Board met 11 (eleven) times during the financial year.

Sl. No.	Date of Board Meeting	Name of the Directors				
		Dr. Alexander John Joseph ¹	Mr. Shibu Theckumpurath Varghese	Mrs. Biji Shibu	Mr. Issac Jacob	Mr. Sivadas Chettoor ²
1.	April 16, 2021	Yes	Yes	Yes	No	NA
2.	May 24, 2021	No	Yes	Yes	No	NA
3.	June 09, 2021	Yes	Yes	Yes	No	NA
4.	June 18, 2021	Yes	Yes	Yes	No	NA
5.	July 29, 2021	No	Yes	Yes	Yes	NA
6.	August 26, 2021	No	Yes	Yes	No	NA

7.	October 29, 2021	Yes	Yes	Yes	No	NA
8.	November 12, 2021	Yes	Yes	Yes	No	NA
9.	December 08, 2021	Yes	Yes	Yes	Yes	NA
10.	January 12, 2022	Yes	Yes	Yes	No	NA
11.	February 14, 2022	NA	Yes	Yes	Yes	Yes

1. Dr. Alexander John Joseph, Chairman and Independent Director of the Company passed away on January 14, 2022.
2. Mr. Sivadas Chettoor (DIN: 01773249) was appointed on January 28, 2022 as Additional (Independent) Director of the Company.

22. DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors have submitted necessary disclosures that they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI LODR Regulations 2015.

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, commission, if any and reimbursement of expenses incurred for the purpose of attending the meetings of the Board or Committees thereof of the Company.

23. AUDITORS

a) Statutory Auditors under section 139

With reference to Master Circular DNBR (PD) CC No.040/03.01.001/2014-15 dated June 03, 2015, and pursuant to Regulation 74 of Master Direction DNBR. PD. 008/03.10.119/2016-17, all applicable NBFCs shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every three years so that same partner does not conduct audit of the company continuously for more than a period of three years. As other partners of Balan & Co. were pre-occupied with other assignments, on 12.04.2021 M/s. Balan & Co. filed their resignation from the post of Statutory Auditors of the Company.

The members of the company at the Extra Ordinary General Meeting held on May 21, 2021, appointed M/s. R B Jain & Associates, Chartered Accountants, Kochi (FRN. 103951W) as Statutory Auditors of the Company for the Financial Year 2020-2021. They were re-appointed as the Statutory Auditors for a term of one (1) year for the financial year 2021-22 at the 24th Annual General Meeting held on August 31, 2021.

The Board proposes to re-appoint M/s. R B Jain & Associates, Chartered Accountants, Kochi (FRN. 103951W), as the statutory auditors of the Company for the Financial Year 2022-23 in the ensuing Annual General Meeting.

b) Secretarial Auditor under section 204

The Board of Directors of the Company has appointed M/s. Nekkanti S.R.V.V.S. Narayana & Co., Practicing Company Secretaries to conduct the Secretarial Audit of the Company pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. In accordance with the provisions of sub-section (1) of section 204, the Secretarial Audit Report for the Financial Year 2021-22 is appended to this Report as Annexure I.

c) Explanations or comments by the Board on qualification, reservation or adverse remark or disclaimer on audits for financial year 2021-22

Sl No.	Qualification, reservation or adverse remark or disclaimer by statutory auditors or secretarial auditors	Reply by the Board of Directors
1.	<p>Remarks by Statutory Auditors</p> <p>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. <i>*Except Ind AS-19 - Employee Benefits (Provision for Gratuity Payable has not been made in accordance with IND AS. However the company has created specific reserve of Rs.81.33 Lakhs in this regard.)</i></p>	<p>The Company received the actuarial valuation on June 07, 2022. A specific reserve of Rs.81.33 lakhs has been created out of the profits of the Company in this regard.</p> <p>Further actions will be taken during the FY 2022-23.</p>
2.	<p>Remarks by Secretarial Auditors</p> <p>a) The Company has not fully complied with the applicable regulations relating to Loan to Value (LTV) for gold loans granted by the Company.</p>	<p>The Company normally follows the LTV rate as prescribed by RBI; instances of violations of LTV in the branches will be taken seriously. Adequate training and support from the head office will be given to the branch staffs. Adequate steps to restrict the LTV deviations shall be facilitated in the software.</p>
	<p>b) The company has not complied with the Regulation 54(2) of SEBI (LODR) Regulations, 2015 pertaining to disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements.</p>	<p>The Company has filed the disclosures with BSE and also paid a fine of Rs. 47,000+GST under protest in this regard.</p>
	<p>c) The Company has not fully complied with the Master Direction - Information Technology Framework for the NBFC Sector.</p>	<p>The Company has currently implemented an ERP solution. Few modules have been completed and few are under process, once the same is completed, the Company will be in a better position to comply with the master direction on Information Technology Framework for the NBFC Sector.</p>

	<p>d) The Company has not fully complied with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 with respect to uploading the requisite KYC details of the borrowers of the Company with CERSAI.</p>	<p>The Company has already registered itself in the CERSAI portal and new software is in place to duly upload the CKYC details of the borrowers.</p>
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24. COMMITTEES OF BOARD

The Board of Directors has constituted eight Board Committees in accordance with the provisions of Companies Act, 2013, Master Directions of Reserve Bank of India and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Asset Liability Management Committee, Risk Management Committee, Debenture Committee, Finance Committee and Corporate Social Responsibility Committee. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference / role of the Committees are taken by the Board of Directors.

Five Committees were reconstituted twice during the year. The first reconstitution was after the resignation of Mr. Josekutty Xavier. The second reconstitution was after the sudden demise of Dr. Alexander John Joseph who was also the member of these committees.

Details on the composition of these Committees, including the number of meetings held during the financial year and attendance at meetings, are provided below.

A. Audit Committee

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

During the financial year 2021-22, the Audit Committee met 6 times on April 16, 2021, June 09, 2021, July 29, 2021, October 29, 2021, November 12, 2021 and February 14, 2022.

The Committee was reconstituted twice during the year i.e., on April 09, 2021 and January 28, 2022. The Committee constitution of the committee as on March 31, 2022 is as under:

Sl. No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. Sivadas Chettoor ¹	Independent	Chairperson	1
2.	Mrs. Biji Shibu	Non-Independent	Member	6
3.	Mr. Issac Jacob	Independent	Member	2

1. Mr. Sivadas Chettoor (DIN: 01773249) was appointed as the member and chairperson of the Audit Committee on January 28, 2022.
2. Dr. Alexander John Joseph (DIN: 00485766), member of the audit committee passed away on January 14, 2022. He attended 4 audit committee meetings during the financial year.

The Audit committee was reconstituted on April 13, 2022 after the appointment of Mr. Ambramoli Purushothaman. 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. Sivadas Chettoor	Independent	Chairperson
2.	Mrs. Biji Shibu	Non-Independent	Member
3.	Mr. Issac Jacob	Independent	Member
4.	Mr. Ambramoli Purushothaman	Independent	Member

B. Nomination and Remuneration Committee

During the financial year 2021-22 the Nomination and Remuneration Committee met twice on July 29, 2021 and January 12, 2022 and Mrs. Biji Shibu Chaired the meetings.

The committee was reconstituted on January 28, 2022. The Committee comprises the following members as on March 31, 2022:

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

1. Mr. Sivadas Chettoor (DIN: 01773249) was appointed as the member and Chairperson of the Nomination and Remuneration Committee on January 28, 2022.
2. Dr. Alexander John Joseph (DIN: 00485766), member of the Nomination and Remuneration committee passed away on January 14, 2022. He attended 1 Nomination and Remuneration committee meeting during the financial year.

C. Asset Liability Management Committee

No meetings of the Asset Liability Management Committee were held during the financial year 2021-22.

The Asset Liability Management Committee was reconstituted on April 9, 2021. The Committee comprises the following members as on March 31, 2022:

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

D. Risk Management Committee

No meetings were held during the financial year 2021-22.

The Risk Management Committee was reconstituted twice on April 9, 2021 and February 02, 2022. The Committee comprises the following members as on March 31, 2022:

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

1. Mr. Sivadas Chettoor (DIN: 01773249) was appointed as the Chairperson and member of the Risk Management Committee on February 02, 2022.

E. Stakeholders Relationship Committee

During the reporting period, the Stakeholders Relationship Committee met twice on April 16, 2021 and October 29, 2021 and Mrs. Biji Shibu chaired the meetings.

Stakeholders Relationship Committee was reconstituted twice during the financial year on April 09, 2021 and January 28, 2022. The Committee comprises the following members as on March 31, 2022:

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

1. Mr. Sivadas Chettoor (DIN: 01773249) was appointed as the member of the Stakeholders Relationship Committee on January 28, 2022.

2. Dr. Alexander John Joseph (DIN: 00485766), member of the Nomination and Remuneration committee passed away on January 14, 2022. He attended both the Stakeholders Relationship Committee meetings during the financial year.

F. DEBENTURE COMMITTEE

The Debenture Committee met 12 times during the financial year 2021-22. The meetings of the Committee were held on June 16, 2021, June 22, 2021, June 30, 2021, July 30, 2021, September 09, 2021, September 17, 2021, September 28, 2021, November 01, 2021, January 18, 2022, February 03, 2022, February 11, 2022 and on March 17, 2022.

The Debenture Committee was reconstituted on April 09, 2021. The Committee comprises the following members as on 31st March, 2022:

Sl.No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. Shibu Theckumpurath Varghese	Non Independent	Chairman	12
2.	Mrs. Biji Shibu	Non Independent	Member	12

G. FINANCECOMMITTEE

The Finance Committee met 9 times during the year under review. The meetings of the Committee were held on April 16, 2021, June 30, 2021, July 06, 2021, September 13, 2021, November 12, 2021, December 28, 2021, January 21, 2022, March 25, 2022 and on March 31, 2022.

The Finance Committee was reconstituted on April 09, 2021. The constitution of the Committee the following members as on March 31, 2022:

Sl.No	Name	Nature of Directorship	Designation	No. of meetings attended
1.	Mr. Shibu Theckumpurath Varghese	Non Independent	Chairman	6
2.	Mrs. Biji Shibu	Non Independent	Member	6

H. CORPORATE SOCIAL RESPONSIBILTY COMMITTEE

During the financial year 2021-22 the Corporate Social Responsibility Committee met twice on April 16, 2021 and on October 29, 2021.

The Committee was reconstituted on January 28, 2022. As on March 31, 2022 the Committee comprises the following members:

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

1. Mr. Sivadas Chettoor (DIN: 01773249) was appointed as the member and Chairperson of the Corporate

2. Dr. Alexander John Joseph (DIN: 00485766), member of the audit committee passed away on January 14, 2022. He attended 2 CSR committee meetings during the financial year.

25. CHANGE IN NATURE OF BUSINESS, IF ANY

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

26. DETAILS OF REVISION OF FINANCIAL STATEMENT OR THE REPORT

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

27. 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.

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

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

29. SUBSIDIARIES/JOINT VENTURE/ASSOCIATE COMPANY

The wholly-owned subsidiary company namely M/s. KMLM Financial Services Limited (CIN: U74110KL2011PLC029750) had not carried out any business transactions during the past five years and no further plans or projects could be worked out for the company. Thereby, the Board of Directors of the subsidiary company in their meeting held on January 13, 2022 proposed to voluntarily liquidate the company, considering that the company shall be able to pay off all its debts in full. The members of the subsidiary company approved the voluntary liquidation of KMLM Financial Services Limited on January 25, 2022. P. D. Vincent, Insolvency Professional was appointed as the liquidator of the subsidiary company.

Books of accounts, Bank operating powers, etc. of KMLM Financial Services Limited was handed over to the Insolvency Professional with effect from January 25, 2022. The investment by the Company in subsidiary was transferred to the Company on March 30, 2022.

NCLT, Kochi bench vide order dated May 05, 2022 approved the voluntary liquidation and dissolution of the subsidiary Company under *Insolvency and Bankruptcy code, 2016*. KMLM Financial Services Limited shall stand dissolved with effect from May 05, 2022.

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

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

31. RISK MANAGEMENT

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

32. INTERNAL FINANCIAL CONTROL SYSTEMS

The Board of your Company has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively. Your Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

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

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

34. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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

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

35. DISCLOSURE OF MAINTENANCE OF COST RECORDS UNDER SECTION 148 OF THE COMPANIES ACT

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

36. DEPOSITS

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

A copy of Annual Return of the company as per the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014, is made available at the registered office of the Company and will be filed with the Registrar of Companies / MCA within the stipulated time and the same will be available on your Company's website and can be accessed at the web-link: www.klmaxiva.com.

38. DISCLOSURE ON CORPORATE SOCIAL RESPONSIBILITY

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

In terms of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014 as amended ("CSR Rules") and in accordance with CSR Policy, during the year under review, your Company has spent ₹14,75,190.44/- on CSR projects/programs. The amount equal to 2% of the average net profit for the past three financial years required to be spent on CSR activities was ₹13,16,731.64/- Your Company is in compliance with the statutory requirements in this regard.

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

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

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are not applicable to the company because the Company is engaged in Finance business. Further, there are no foreign exchange earnings and outgo during the year under review.

40. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

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

41. PARTICULARS OF EMPLOYEES

Disclosures as required under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended as Annexure III to this Report. During the year under review, no employee of the Company was in receipt of remuneration requiring disclosure under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

42. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, your Company had not entered into any material contracts or

arrangements with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 hence disclosures in Form AOC-2 under section 134(3)(h) of the Act is not applicable.

43. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report is attached as Annexure IV to this Report of the Board of Directors and forms an integral part of the Report.

44. 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 as required under Section 143(12) of the Companies Act, 2013.

45. DEMATERIALIZATION OF SECURITIES

All securities issued and allotted by the Company during the financial year 2021-22 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 security holders to dematerialize their securities.

46. ACKNOWLEDGEMENT

Your Directors place on record their respect and homage to Late Chairman Dr. Alexander John Joseph who was the mentor and visionary leader who played pivotal role in the Company's growth and development.

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

For **KLM AxivaFinvest Limited**

Sd/-

Biji Shibu
Director
(DIN: 06484566)

Sd/-

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

Place : Ernakulam
Date : August 13, 2022

Annexure- I

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

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

To
The Members,
KLM Axiva Finvest Limited,
Door No. 3-3-408/1, First Floor,
RTC Colony, Opposite SBI Bank, LB Nagar,
Mansoorabad, Hyderabad,
Telangana – 500074.

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

Based on our verification of 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 31st March, 2022 ("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 31st March, 2022 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) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not applicable to the Company during the Audit Period);
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

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

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

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

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

- a) The Company has not fully complied with the applicable regulations relating to Loan to Value (LTV) for gold loans granted by the Company.
- b) The company has not complied with the Regulation 54(2) of SEBI (LODR) Regulations, 2015 pertaining to disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements.
- c) The Company has not fully complied with the Master Direction - Information Technology Framework for the NBFC Sector.

- d) The Company has not fully complied with the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 with respect to uploading the requisite KYC details of the borrowers of the Company with CERSAI.

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;

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

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

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

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.59,33,36,250/- through private placement of Equity shares.
- b) The Company has raised a sum of Rs.4,89,75,99,000/- through public issue of Secured Non Convertible Debentures.
- c) The Company has issue a sum of Rs. 10,15,50,000/- through issue of unsecured perpetual debt instruments.

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
UDIN : F007157D000515821

Date : 21st June, 2022
Place : Hyderabad

Note:

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

ANNEXURE – A

To
The Members,
KLM Axiva Finvest Limited,
Door No. 3-3-408/1, First Floor,
RTC Colony, Opposite SBI Bank LB Nagar,
Mansoorabad, Hyderabad,
Telangana – 500074.

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

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

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

Date : 21st June, 2022
Place : Hyderabad

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

Annexure- II

Annual Report on Corporate Social Responsibility 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

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)	2	0
2.	Mr. Shibu Theckumpurath Varghese	Member – (Whole Time Director)	2	2
3.	Mrs. Biji Shibu	Member – (Non-Executive Director)	2	2

*Dr. Alexander John Joseph, member of the CSR Committee passed away on January 14, 2022. He attended both the meetings of the committee held during the year.

1. Provide 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, CSR policy and CSR projects are available on the Company’s website <https://www.klmaxiva.com/>

2. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

1. 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 ₹)
1.	2020-21	74,799	0
2.	2019-20	5,12,096	0
3.	2018-19	3,85,567	0

6. Average Net Profit of the Company for the last 3 years: ₹ 6,58,36,582.33/-

7.

a)	2% of average net profit of the company as per section 135(5)	₹13,16,731.64/-
b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	0
c)	Amount required to be set off for the financial year, if any	0
d)	Total CSR obligation for the financial year (7a+7b-7c).	₹13,16,731.64/-

8. (a) 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
₹ 14,75,190.44	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent against ongoing projects for the financial year: Nil

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

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 (lakhs)	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	461,532.5	Yes	-	NA
2.	Promoting Health Care	Promoting health care including preventive health care	Yes	Kerala	Ernakulam	4,24,257.94	Yes	-	NA
3.	Eradicating Hunger	Eradicating hunger	Yes	Kerala	Ernakulam	5,89,400	Yes	-	NA

a) Amount spent in Administrative Overheads: Nil

b) Amount spent on Impact Assessment, if applicable: Nil

c) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹14,75,190.44/-

d) 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)	₹ 13,16,731.64/-
(ii)	Total amount spent for the Financial Year	₹ 14,75,190.44/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹ 1,58,458.80/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	₹ 1,58,458.80/-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
1.	2020-2021	Nil	-	-	-	-	-
2.	2019-2020	Nil	-	-	-	-	-
3.	2018-2019	Nil	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project Amount	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed /Ongoing
-	-	-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

a) Date of creation or acquisition of the capital asset(s): None

b) Amount of CSR spent for creation or acquisition of capital asset: NIL

c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable

d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

1. Specify 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.

2. A 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.

//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 : August 13, 2022

Annexure III

PARTICULARS OF REMUNERATION AND RELATED DISCLOSURES

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

a) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2021-22

Sr. No.	Name of Director	Designation	Remuneration for the FY 2021-2022 (in lakhs)	Ratio of the remuneration of each Director to median remuneration of employees (in times)
1.	Mr. Josekutty Xavier ¹	Whole time Director	-	-
2.	Dr. Alexander John Joseph ²	Independent Director	-	-
3.	Mr. Shibu Theckumpurath Varghese	Wholetime Director	34.5	19.35 times
4.	Mrs. Biji Shibu	Non-Executive Director	-	-
5.	Mr. Issac Jacob	Independent Director	-	-
6.	Mr. Sivadas Chettoor ³	Independent (Additional) Director	-	-

¹Mr. Josekutty Xavier resigned from the post as Director of the Company with effect from April 12, 2021.

²Dr. Alexander John Joseph passed away on January 14, 2022.

³Mr. SivadasChettoor appointed on January 28, 2022.

b) Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Director and Company Secretary during the Financial Year 2021-22

Sr. No.	Name of Director	Designation	Remuneration for FY 2021-22 (in lakhs)	Remuneration for FY 2020-21 (in lakhs)	% increase in Remuneration
1.	Mr. Josekutty Xavier ¹	Wholetime Director	-	-	-
2.	Dr. Alexander John Joseph ²	Independent Director	-	-	-

3.	Mr. Shibu Theckumpurath Varghese	Wholetime Director	34.5	27.75	24.32%
4.	Mrs. Biji Shibu	Non-Executive Director	-	-	-
5.	Mr. Issac Jacob	Independent Director	-	-	-
6.	Mr. Sivadas Chettoor ³	Independent (Additional) Director	-	-	-
7.	Mr. Manoj Raveendran Nair ⁴	Chief Executive Officer	17.50	Nil	17.50%
8.	Mr. Thanish Dalee	Chief Financial Officer	21.98	19.14	14.83%
9.	Mr. Srikanth G Menon	Company Secretary	10.60	9.04	17.25%

¹Mr. Josekutty Xavier resigned from the post as Director of the Company with effect from April 12, 2021

²Dr. Alexander John Joseph passed away on January 14, 2022.

³Mr. Sivadas Chettoor was appointed on January 28, 2022.

⁴ Mr. Manoj Raveendran Nair was appointed as Chief Executive Officer of the Company on January 12, 2022.

a) The percentage increase in the median remuneration of employees in the financial year 2021-22:

Median remuneration of employees is ₹ 15,750/- and ₹15,500/- per month for FY 20-21 & FY 21-22 respectively. There is 1.5% decrease in the median remuneration of employees in the financial year 2021-22.

b) The number of permanent employees on the rolls of company as on March 31, 2022 is 1503.

c) 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 2021-2022 was 5.16%. The average percentile increase in the managerial remuneration during the year was 18.47%. 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.

- b) 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.

//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 : August 13, 2022

Management Discussion and Analysis Report

Non-Banking Financial Institutions

Structure of Non-banking financial institutions in India

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

NBFCs: an important part of the credit system

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

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. Demand for gold is likely to remain buoyant for it is considered as a secured asset.

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 continue to grow at 12-14% in fiscal 2023.

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

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

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 from February 29, 2020. We believe that the accurate and timely collection of such data gives us the ability to operate our business in a centralized manner and develop better credit procedures and risk management. As we continue to expand our geographic reach and scale of operations, we intend to further develop and invest in our technology to support our growth, improve the quality of our services and achieve superior turnaround time in our operations.

Further strengthen our risk management and loan appraisal

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

Asset and Liability Management (“ALM”)

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

Internal Audit Department

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

- (i) Audit and (ii) Inspection.
- (ii) Branch audit is carried out quarterly with the focus on the verification of documents, accounts, performance and compliance. In addition, an incremental high value loan check is carried out by 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:

Particulars	Financial Years		
	2022 (Based on IND AS)	2021 (Based on IND AS)	2020 (Based on IND AS)
Gold Loan	62,546.93	37,871.22	25,540.41
MSME Loan	34700.25	28,833.44	18,974.68
Personal Loan	1,197.27	1,193.66	2,437.25
Microfinance Loan	8,850.80	6,830.12	4,394.90
Vehicle Loan	1.45	1.65	7.29
Total AUM	1,07,296.71	74,730.11	51,354.53
Gross NPA	4,292.53	4,904.84	4,512.05
Gross NPA/AUM%	4%	6.56%	8.79%
Net NPA	2,898.48	3,471.81	2,940.52
Net NPA/AUM%	2.64%	4.77%	5.91%
Equity/ Net worth	15,059.46	8,392.66	6,406.52
Return on net worth %	7.60%	8.51%	0.83%
Revenue from Operations	17,943.43	12,377.31	9,956.59
Profit after Tax (before OCI)	1,138.34	714.11	53.12

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 for the benefit of the employees and their skill developments have been listed below:

1. Induction training for newly joined staff members (DISHA): This is a three days programme, which is mandatory for all the newly joined staff members of the organization. This programme focuses on inducting the employees to align with the industry and the organization.
2. Leadership Effectiveness Advancement Programme (LEAP): This is one day leadership training for branch managers in which leadership building, operations, risk management etc. are addressed.
3. Need based Refresher training Programmes: Based on the requirement of management and stakeholders, various training programmes are conducted.

4. Imparting Knowledge through knowledge bytes: An initiative to keep the employees updated in their area of work.

The number of permanent employees on the rolls of company as on March 31, 2022 is 1,503 as compared to 732 as on March, 2021.



RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS
CIVIL LANE ROAD, PALARIVATTOM, COCHIN-25

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying financial statement of **KLM Axiva Finvest Limited** ("the Company"), which comprise the balance sheet as at 31st March 2022, and the statement of profit and loss (including Other Comprehensive Income), the statement of cash flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statement, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statement give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit/loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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



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Emphasis of Matter

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

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

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in our audit
<p>Provision for Expected Credit Losses (ECL) on Loans</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</p>	<p>We examined Board Policy approving methodologies for computation of ECL that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the Company.</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,</p>



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<p>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> <ul style="list-style-type: none"> • Timely identification and classification of the impaired loans. • Staging of loans [i.e. classification in ‘significant increase in credit risk’ (‘SICR’) and ‘default’ categories]. • Determination and calculation of probability of default / Loss given default. • Consideration of probability weighted scenarios and forward looking macro-economic factors for determining credit quality of receivables. • Estimation of losses for loan products with no/minimal historical defaults. <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>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 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>Information technology</p> <p>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</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> <p>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system</p>



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<p>risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p>In the month of Feb 2020 company implemented a new IT Software, and most of the post live fine tuning was during the FY 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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
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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.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statement that give a true and fairview of the financial position, financial performance including other comprehensive income, cash



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flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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KLM AXIVA FINVEST LIMITED



RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS
CIVIL LANE ROAD, PALARIVATTOM, COCHIN-25

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:

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

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- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under. **Except Ind AS-19 - Employee Benefits (Provision for Gratuity Payable has not been made in accordance with IND AS. However the company has created specific reserve of Rs.81.33 Lakhs in this regard.)*
- (e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations against the company which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Sd/-

K.J Thomas BSc, FCA
Partner **(M. No. 019454)**
UDIN:22019454AMHBN05587
Palarivattom,
23-05-2022

E-Mail:kjtassociates@gmail.com
PH: 0484-2337964, 4055866 MOB: 09349254789
KLM AXIVA FINVEST LIMITED



RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS
CIVIL LANE ROAD, PALARIVATTOM, COCHIN-25

“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2022:

- 1) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (B) The Company has maintained proper records showing full particulars of Intangible assets.
 - (b) The Property, Plant and Equipment have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, a portion of the Property, Plant and Equipment has been physically verified by the management during the year and no material discrepancies between the book’s records and the physical Property, Plant and Equipment have been noticed.
 - (c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deed provided to us by the Company, the title deeds of immovable properties are held in the name of the company;
 - (d) According to the information and explanations given to us and based on the valuation report issued by a registered valuer, the value of one of the property has been enhanced from ₹ 172.48 Lakhs to ₹ 328.48 Lakhs which accounts to 90.70% of its purchase value. A change up to 4.18% in net carrying value of class of asset is affected by such enhancement.
 - (e) According to the information and explanations given to us, there are no proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- 2) (a) In our opinion and according to the information and explanations given to us, the nature of the Company’s business is such that it is not required to hold any inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.
 - (b) Based upon the audit procedures performed and the information and explanations given by the management, the company has been sanctioned working capital limits in excess of five crore rupees from banking institution on the basis of security of current assets. The quarterly returns filed by the company with bank are in agreement with the books of the company.
- 3) (a) The company being an NBFC whose principle business is to give loans is exempt from clause 3(iii)(a)



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- (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees are, prima facie, not prejudicial to the company's interest.
 - (c) In respect of loans granted by the company, the schedule of repayment of principal and payment of interest has been stipulated and repayments of principal amounts and receipts of interest are generally been regular except in few cases.
 - (d) According to the information and explanations given to us and based on the audit procedures performed by us, there is an overdue amount of Rs.4,292.53/- lakhs for more than ninety days. Reasonable steps have been taken by the company for the recovery of principle and interest.
 - (e) The company being an NBFC whose principle business is to give loans is exempt from clause 3(iii)(e).
 - (f) The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying the terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- 5) According to the information and explanations given to us, the Company has not accepted any public deposit from the public within the meaning of section 73 to 76 of the Companies Act, 2013 and the Rules framed there under to the extent notified. Thus reporting under clause 3(v) of the order is not applicable to the Company.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2022 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanation given to us, there are no dues of income tax, sales tax, goods and service tax, duty of customs, duty of excise, value added tax outstanding on

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account of any dispute.

- 8) According to information and explanations given to us and on the basis of our examination of the books of account, there are no transactions surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961 (43 of 1961) which are not recorded in the books of account.
- 9) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanation given to us, the company has not declared as wilful defaulter by any bank or financial institution or other lender.
- (c) Based upon the audit procedures performed and the information and explanations given by the management, the loans are applied by the company for the purpose for which the same has obtained.
- (d) The company has not raised any funds on short term basis from any lender. Accordingly, clause 3 (ix) (d) of the order is not applicable for the company.
- (e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures hence clause 3 (ix) (e) does not apply to company.
- (f) The company does not have subsidiaries, joint ventures, or associate companies. Accordingly, the provisions of clause 3 (ix) (f) of the Order are not applicable to the Company and hence not commented upon.
- 10) (a) Based upon the audit procedures performed and the information and explanations given by the management, the Company has raised money by way of public issue of debt instruments and the money raised has been applied for the purpose for which they have been raised.
- (b) Based upon the audit procedures performed and the information and explanations given by the management, the Company has complied with the requirements of section 42 and 62 of the Companies Act, 2013 and the amount raised by preferential allotment or private placement of shares during the year under review have been used for the purposes for which the funds were raised. During the year, the Company has not made any preferential allotment or private placement of fully, partially or optionally convertible debentures.
- 11) (a) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or

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employees has been noticed or reported during the year.

(b) Based upon the audit procedures performed and the information and explanations given by the management, no offence involving fraud is being or has been committed against the company by officers or employees of the company. Accordingly, clause 3 (xi) (c) doesn't apply to the company.

(c) According to the information and explanation given to us, the company has not received any whistle – blower complaints during the year.

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 of the Companies Act, 2013 and there was no transactions falling under the purview of section 188 during the year. The transactions with related parties have been disclosed in the Financial Statement as required by the applicable accounting standards.

14) (a) The company has an adequate internal audit system commensurate with the size and nature of its business.

(b) To ensure the robustness of internal audit system and internal control system in the company we have reviewed the reports made by internal auditors of the company for the period of auditing and found that the internal control systems implemented by management are effective and internal audit procedures are adequate for the company.

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

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

(b) The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) In our opinion, the Company is not a Core Investment Company (CIC) Company. Therefore, the provisions of clause 3 (xvi)(c) of the Order are not applicable to the Company.

(d) In our opinion, there is no core investment company with in the group and accordingly reporting under clause 3(xvi)(d) of the order is not applicable.

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- 17) Based upon the audit procedures performed and the information and explanations given by the management, the company has not incurred cash, losses in the financial year and in the immediately preceding financial year.
- 18) During the year there was no resignation of Statutory Auditor.
- 19) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of audit report indicating that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the company and when they fall due.
- 20) (a) There are no unspent amount towards Corporate Social responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub – section (5) of section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) There are no unspent amount on ongoing projects which requires to be transferred to special account in compliance with 135(6) of the Companies Act. Accordingly, reporting under clause 3(xx)(b) of the order is not applicable for the year.

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

Sd/-

K.J Thomas BSc, FCA
Partner **(M.No.019454)**
UDIN: 22019454AMHBN05587
Palarivattom,
23-05-2022.

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

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

We have audited the internal financial controls over financial reporting of KLM Axiva Finvest Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the financial statement of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for

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our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sd/-
K.J Thomas, BSc, FCA
Partner (M.No.019454)
UDIN: 22019454AMHBN05587
Palarivattom,
23-05-2022.

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KLMAXIVA FINVEST LIMITED

Hyderabad

Balance Sheet as at March 31, 2022

SI no:	PARTICULARS	Note no:	As at March 31, 2022	As at March 31, 2021
	ASSETS			
1	Financial Assets			
(a)	Cash and Cash Equivalents	6	3,173,944,267	313,113,858
(b)	Bank Balance Other than (a) above	7	67,850,000	150,000
(c)	Loans & Advances	8	10,580,030,470	7,329,707,005
(d)	Investments	9	-	24,770,000
(e)	Other Financial Assets	10	96,980,545	61,788,179
2	Non-Financial Assets			
(a)	Current Tax Assets (Net)	11	77,304,475	43,883,299
(b)	Deferred Tax Assets (Net)	12	35,264,034	46,383,569
(c)	Property, Plant and Equipment	13	557,735,114	328,707,771
(d)	Other Intangible Assets	14	4,207,129	5,432,438
(e)	Other Non-Financial Assets	15	128,522,604	84,482,833
	TOTAL		14,721,838,638	8,238,418,952
	LIABILITIES AND EQUITY			
1	Financial Liabilities			
(a)	Payables			-
(b)	Debt Securities	16	6,641,139,387	2,539,640,931
(c)	Borrowings (Other than Debt Securities)	17	636,967,066	102,039,091
(d)	Subordinated Liabilities	18	5,333,154,000	4,250,788,000
(e)	Other Financial liabilities	19	486,365,773	339,742,787
2	Non-Financial Liabilities			
(a)	Current Tax Liabilities (Net)	20	48,884,435	31,848,995
(b)	Other Non-Financial Liabilities	21	7,203,322	11,384,902
3	EQUITY			
(a)	Equity Share Capital	22	1,148,751,280	679,282,280
(b)	Other Equity	23	419,373,374	283,691,966
	TOTAL		14,721,838,638	8,238,418,952

See accompanying notes forming part of the financial statements

As per our report of even date attached
For R. B. Jain and Associates,
 Chartered Accountants
 (FRN: 103951W)

Sd/-

K. J. Thomas, BSc, FCA
 Partner (M. No. 019454)
 UDIN: 22019454AMHBN05587

Place: Palarivattom
Date: 23-05-2022
For and on behalf of the Board of Directors

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

 Sd/-
Biji Shibu
 Director (DIN: 06484566)

 Sd/-
Manoj Raveendran Nair
 Chief Executive Officer

 Sd/-
Thanish Dalee
 Chief Financial Officer

 Sd/-
Srikanth G. Menon
 Company Secretary

Statement of Profit and Loss for the year ended March 31, 2022

PARTICULARS		Note no:	Year ended March 31, 2022	Year ended March 31, 2021
I	Revenue From Operations			
	Interest Income	24	1,794,343,418	1,237,615,874
II	Other Income	25	64,782,924	27,504,600
III	Total income (I+II)		1,859,126,342	1,265,120,474
	EXPENSES			
	Finance Costs	26	1,045,039,707	730,405,267
	Impairment on Financial Instruments	27	6,336,969	13,850,403
	Employee benefits expenses	28	296,039,394	187,823,938
	Depreciation, amortization and impairment	29	52,212,487	39,518,772
	Other expenses	30	285,659,385	210,962,022
IV	Total expenses		1,685,287,942	1,154,859,596
V	Profit/(Loss) before Tax (III-IV)		173,838,401	110,260,878
VI	Tax Expense:	31		
	1. Current Tax		48884435	31,848,995
	2. Deferred Tax		11,119,536	562,671
	3. Tax relating to prior years paid on settlement		-	7,265,499
VII	Profit /(Loss) for the Period (V-VI)		113,834,430	70,583,713
VIII	Other Comprehensive Income		-	-
IX	Total Comprehensive Income (VII+VIII)		113,834,430	70,583,713
X	Earnings per Equity Share	32		
	Basic & Diluted (Rs.)		2.16	1.24

See accompanying notes forming part of the standalone financial statements

As per our report of even date attached
For R.B Jain and Associates.,
 Chartered Accountants
(FRN: 103951W)

 Sd/-
K.J Thomas, BSc, FCA
 Partner (M. No. 019454)
 UDIN: 22019454AMHBN05587

 Place:Palarivattom
 Date: 23-05-2022

For and on behalf of the Board of Directors

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

 Sd/-
Biji Shibu
 Director (DIN: 06484566)

 Sd/-
Manoj Raveendran Nair
 Chief Executive Officer

 Sd/-
Thanish Dalee
 Chief Financial Officer

 Sd/-
Srikanth G. Menon
 Company Secretary

	PARTICULARS	Year ended March 31, 2022	Year ended March 31, 2021
A.	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net profit Before Taxation	173,838,401	110,260,878
	<i>Adjustments for:</i>		
	Depreciation and Amortisation	52,212,487	39,518,772
	Finance costs	1,045,011,723	730,390,383
	Interest on income tax	27,984	14,884
	Impairment on financial instruments	6,336,969	(13,850,403)
	Operating Profit before Working Capital Changes	1,277,427,563	866,334,514
	(Increase)/Decrease in Loans & Advances -Financial Assets	(3,256,660,434)	(2,337,557,256)
	(Increase)/Decrease in Other Financial Assets	(35,192,366)	(15,357,065)
	(Increase)/Decrease in Other non Financial Assets	(44,039,771)	(2,789,499)
	Increase/(Decrease) in Other Financial Liabilities	146,622,986	152,170,935
	Increase/(Decrease) in Other Non financial Liabilities	(4,181,581)	8,534,680
	Cash from operations	(1,916,023,603)	(1,328,663,691)
	Net income tax paid	(65,270,171)	(57,628,083)
	<i>Net Cash From Operating Activities</i>	(1,981,293,774)	(1,386,291,774)
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	Capital Expenditure	(327,692,210)	(73,251,778)
	Purchase of investments	24,770,000	-
	Bank balances not considered as cash and cash equivalents	(67,700,000)	10,000,000
	<i>Net Cash From Investing Activities</i>	(370,622,210)	(63,251,778)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	Proceeds from issuance of equity shares	469,469,000	148,000,000
	Share Premium on issue of equity shares	123,867,250	37,000,000
	Proceeds from issue of Debentures	4,101,498,457	798,660,028
	Proceeds from issue of Subordinate debts	1,082,366,000	1,200,452,000
	(Repayment)/ Increase in long-term borrowings	534,927,975	262,452
	Dividend Paid	(54,342,582)	(53,128,228)
	Finance cost	(1,045,039,707)	(730,405,267)
	<i>Net Cash From Financing Activities</i>	5,212,746,392	1,400,840,986
	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	2,860,830,409	(48,702,566)
	OPENING CASH AND CASH EQUIVALENTS	313,113,858	361,816,424
	CLOSING CASH AND CASH EQUIVALENTS	3,173,944,267	313,113,858

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)

 Sd/-
K.J Thomas, BSc, FCA
Partner (M. No. 019454)
UDIN: 22019454AMHBN05587

 Place: Palarivattom
Date: 23-05-2022

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

 Sd/-
Biji Shibu
Director (DIN: 06484566)

 Sd/-
Manoj Raveendran Nair
Chief Executive Officer

 Sd/-
Thanish Dalee
Chief Financial Officer

 Sd/-
Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED

Hyderabad

Statement of changes in Equity for the year ended March 31, 2022

A. Equity Share Capital

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

Particulars	Nos.	Amount
As at March 31, 2021		
Issued during the year	67,928,228	679,282,280
As at March 31, 2022	46,946,900	469,469,000
	114,875,128	1,148,751,280

B. Other Equity

Particulars	Reserves and Surplus						Other comprehensive Income	Total
	Statutory Reserve	Securities Premium	Debt Redemption Reserve	General Reserve	Retained Earnings	Revaluation Reserve		
As at March 31, 2021	48,383,843	116,017,562	-	408,000	9,026,251	109,856,310	-	283,691,966
Dividends	-	-	-	-	(54,342,582)	-	-	-54,342,582
Transfer to/from Retained Earnings	22,766,886	-	-	-	(22,766,886)	-	-	-
Specific Purpose	-	-	-	-	(8,133,136)	-	8,133,136	-
Other Additions/Deductions during the year	-	123,867,250	-	-	-	-	-	123,867,250
Securities premium received during the year	-	-	-	-	-	-47,677,690	-	-47,677,690
Net impact of assets revalued during the year	-	-	-	-	113,834,430	-	-	113,834,430
Profit for the year (net of taxes)	-	239,884,812	-	408,000	37,618,077	62,178,620	-	419,373,374
As at March 31, 2022	71,150,729	239,884,812	-	408,000	37,618,077	62,178,620	8,133,136	419,373,374

As per our report of even date attached

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

Sd/-
K.J Thomas, BSc, FCA
Partner (M. No. 019454)
UDIN: 22019454AMHBN05587

Place: Palarivattom
Date: 23-05-2022

For and on behalf of the Board of Directors

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

Sd/-
Manoj Raveendran Nair
Chief Executive Officer

Sd/-
Srikanth G. Menon
Company Secretary

Sd/-
Biji Shibu
Director (DIN: 06484566)

Sd/-
Thanish Dalee
Chief Financial Officer

1. CORPORATE INFORMATION

KLM Axiva Finvest Limited, (the Company), is a Public limited company, incorporated on 28 April 1997. The Company was registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The Company has received the certificate of registration 09.00006 on 13th December, 1997 enabling the Company to carry on business as Non-Banking Financial Company.

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

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

2. BASIS OF PREPARATION AND PRESENTATION

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

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

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

Consolidation of financial statement is not applicable to the company as KMLM Financial Services Limited the wholly owned subsidiary of KLM Axiva Finvest Limited pursuant to Extra Ordinary General Meeting resolution dated 25th January 2022 initiated the voluntary winding up procedure and appointed Mr. P D Vincent as the official liquidator of the company who manage the accounts and affairs of the company there after. National Company Law Tribunal passed the winding up order on 5th May 2022 (Order No : CP(IB) /28/KOB/2022, Under Section 59 of the Insolvency and Bankruptcy Code 2016) The financial statements are presented in Indian Rupees (INR).

PRESENTATION OF FINANCIAL STATEMENT

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

STATEMENT OF COMPLIANCE

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

3. IMPACT OF COVID-19

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Financial Instruments

(I) Financial Assets

a) Initial recognition

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

b) Subsequent measurement

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

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

- b. Financial assets measured at fair value through other comprehensive income (FVOCI)** - A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- c. Financial assets measured at fair value through profit or loss (FVTPL)** - A financial asset which is not classified in any of the above categories is measured at FVTPL.

c) Investment in Subsidiary

The company does not have any investment in subsidiaries as on 31st March 2022. An income of Rs. 15,25,924 received on 30th March 2022 from Profit on sale of investment in a subsidiary which was subsequently wound up has been considered in preparation of company's financials.

d) Other Equity Investments

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

(II) Financial Liabilities

a) Initial recognition

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

b) Subsequent measurement

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

4.2. Derecognition of financial assets and liabilities

(I) Financial Assets

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

(II) Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on

substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.3. Impairment of financial assets

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

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

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

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

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

Stage 1: 12-months ECL

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

Stage 2: Lifetime ECL – not credit impaired

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

Stage 3: Lifetime ECL – credit impaired

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

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

II. Estimation of Expected Credit Loss

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

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

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

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

4.4. Offsetting of financial instruments

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

4.5. Cash and cash equivalents

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

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

4.6. Property, Plant and Equipment

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

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

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

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

Property plant and equipment is derecognised on disposal or when no future economic benefits are

expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income /expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

4.7. Intangible assets

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

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

4.8. Depreciation and Amortisation

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

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

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

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

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

4.9. Impairment of non-financial assets

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

An assessment is also done at each Balance Sheet date whether there is any indication that an

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

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

4.10. Revenue recognition

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

(I) Interest Income

The Company recognises Interest income by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets. For purchased or originated credit-impaired financial assets, the Company applies the

credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. Such interests, where instalments are overdue in respect of non-performing assets are recognised on realization basis.

The EIR in case of a financial asset is computed

- a) As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- b) By considering all the contractual terms of the financial instrument in estimating the cash flows
- c) Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

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

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

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

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

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

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

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

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

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

(III) Dividend Income

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

4.11. Finance cost

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

The EIR in case of a financial liability is computed

- a) As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- b) By considering all the contractual terms of the financial instrument in estimating the cash flows
- c) Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

4.12. Employee Benefits

Short Term Employee Benefits: All employee benefits payable wholly within twelve months of

rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense)

Defined Contribution Plan

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

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

The Company has not made any provision for gratuity payable during the year in accordance with IND AS. However, the company has created a specific reserve of Rs. 81,33,136 during the year.

4.13. Income taxes

Income tax comprises current and deferred income tax.

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

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

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

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

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

4.14. Earnings per share

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

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

4.15. Provisions

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

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

4.16. Contingent liabilities

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

4.17. Cash flow statement

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

4.18. Segment Reporting

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

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, 2022	As at April 01, 2021
(a) Cash on hand	112,401,385.74	48,424,347
(b) Balance with banks		
In current accounts	1,104,642,881.67	212,089,51
In fixed deposits (with maturity of less than 3 months)	1,956,900,000.00	52,600,000
TOTAL	3,173,944,267	313,113,858

Note 7 - Bank Balance Other Than Above

Particulars	As at March 31, 2022	As at April 01, 2021
(a) Balance deposits with maturity more than 3 months	67,850,000.00	150,000
(b) On Escrow Accounts		
Unpaid Dividend account	-	-
TOTAL	67,850,000	150,000

Note 8 - Loans

Particulars	As at March 31, 2022				
	at Fair Value				
	Amortised Cost	Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	Total
Loans					
(A)					
Gold Loan	6,254,693,601	-	-	-	6,254,693,601
Business Loan	3,470,024,529	-	-	-	3,470,024,529
Personal Loan	119,726,898	-	-	-	119,726,898
Vehicle Loan	145,901	-	-	-	145,901
Microfinance Loan	885,080,021	-	-	-	885,080,021
Total (A) - Gross	10,729,670,950	-	-	-	10,729,670,950
Less: Impairment loss allowance	149,640,480	-	-	-	149,640,480
Total (A) - Net	10,580,030,470	-	-	-	10,580,030,470
(B)					
(i) Secured by tangible assets	9,844,590,929	-	-	-	9,844,590,929
(ii) Covered by Bank/ Government guarantees	-	-	-	-	-
(ii) Unsecured	885,080,021	-	-	-	885,080,021
Total (B) - Gross	10,729,670,950	-	-	-	10,729,670,950
Less: Impairment loss allowance	149,640,480	-	-	-	149,640,480
Total (B) - Net	10,580,030,470	-	-	-	10,580,030,470
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	10,729,670,950	-	-	-	10,729,670,950
Total (C) - Gross	10,729,670,950	-	-	-	10,729,670,950
Less: Impairment loss allowance	149,640,480	-	-	-	149,640,480
Total (C) - Net	10,580,030,470	-	-	-	10,580,030,470

Particulars	As at March 31, 2022				
	at Fair Value				
	Amortised Cost	Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	Total
Loans					
(A)					
Gold Loan	3,787,122,458	-	-	-	3,787,122,458
Business Loan	2,883,344,438	-	-	-	2,883,344,438
Personal Loan	119,366,346	-	-	-	119,366,346
Vehicle Loan	165,440	-	-	-	165,440
Microfinance Loan	683,011,833	-	-	-	683,011,833
Total (A) - Gross	7,473,010,516	-	-	-	7,473,010,516
Less: Impairment loss allowance	143,303,511	-	-	-	143,303,511
Total (A) - Net	7,329,707,005	-	-	-	7,329,707,005
(B)					
(i) Secured by tangible assets	6,789,998,683	-	-	-	6,789,998,683
(ii) Covered by Bank/ Government guarantees	-	-	-	-	-
(ii) Unsecured	683,011,833	-	-	-	683,011,833
Total (B) - Gross	7,473,010,516	-	-	-	7,473,010,516
Less: Impairment loss allowance	143,303,511	-	-	-	143,303,511
Total (B) - Net	7,329,707,005	-	-	-	7,329,707,005
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	7,473,010,516	-	-	-	7,473,010,516
Total (C) - Gross	7,473,010,516	-	-	-	7,473,010,516
Less: Impairment loss allowance	143,303,511	-	-	-	143,303,511
Total (C) - Net	7,329,707,005	-	-	-	7,329,707,005

Summary of ECL provisions

Particulars	F. Y. 2021-22			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	662,608	6,649,617	5,135,591	12,447,816
Business Loan	4,957	1,863,996	59,976,893	61,845,846
Personal Loan	-	-	36,822,189	36,822,189
Vehicle Loan	-	-	51,244	51,244
Microfinance Loan	668,895	385,275	37,419,216	38,473,386
Total Closing ECL provision	1,336,460	8,898,888	139,405,132	149,640,480

Summary of ECL provisions

Particulars	F.Y.2020-21			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	21,563	119,255	5,171,902	5,312,721
Business Loan	1,631,707	560,671	102,479,636	104,672,015
Personal Loan	-	-	17,904,952	17,904,952
Vehicle Loan	-	-	-	-
Microfinance Loan	10,834	59,093	15,343,897	15,413,824
Total Closing ECL provision	1,664,104	739,019	140,900,388	143,303,511

Note 9 - Investments

Particulars	As at March 31, 2021				
	at Fair Value				
	Amortised Cost	Through other Comprehensive Income	Through profit/loss	Others	Total
(A) Equity instruments in subsidiaries					
(i) Wholly owned subsidiary (Unquoted) 21,550 equity shares of Rs. 1,000/- each fully paid in KMLM Financial Services Limited	-	-	-	24,770,000	24,770,000
Total (A) - Gross				24,770,000	24,770,000
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	-	-	-	24,770,000	24,770,000
Total (B) - Gross				24,770,000	24,770,000
Less: Impairment loss allowance	-	-	-	-	-
Total - Net				24,770,000	24,770,000

Note 10 - Other Financial Assets

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Interest accrued on fixed deposits	2,925,493.00	666,552
(b) Security Deposits	92,283,947.18	61,121,627
(c) Other Receivables	1,771,105.00	-
TOTAL	96,980,545	61,788,179

Note 11 - Current Tax Assets (Net)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance tax and tax deducted at source	77,304,475	43,883,299
TOTAL	77,304,475	43,883,299

Note 12 - Deferred Tax

Deferred Tax Assets/(Liabilities)	As at March 31, 2022	As at March 31, 2021
Fixed Asset : Timing difference on account of depreciation and amortisation	14,862,356	12,918,027
Impairment of financial instruments	37,661,519	36,066,631
Amortisation of expenses & income under effective interest rate method	(17,259,842)	(2,601,088)
Total	35,264,034	46,383,569
Net deferred tax asset	35,264,034	46,383,569

Note 13 - Property, Plant and Equipment

Particulars	Land	Computers and data processing units	Electrical Installations and Equipment	Furniture and furnishings	Office Equipments	Motor Vehicles	Total
Cost:							
Deemed cost as at 1st April 202	220,649,442	12,791,379	8,892,157	62,785,199	19,304,628	4,284,966	328,707,771
Additions	152,744,236	17,977,568	8,149,774	57,535,168	43,273,774	157,200	279,837,720
Disposals	-	-	-	-	-	-	-
Depreciation:							
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	-	11,323,809	2,622,840	24,801,199	10,534,268	1,528,261	50,810,377
Carrying Amount:							
As at 31st March 2021	220,649,442	12,791,379	8,892,157	62,785,199	19,304,628	4,284,966	328,707,771
As at 31st March 2022	373,393,678	19,445,137	14,419,091	95,519,168	52,044,134	2,913,905	557,735,114

Note 14 - Other Intangible Assets

Particulars	Computer Software
Cost:	
Deemed cost as at 1st April 2021	5,432,438
Additions	176,800
Disposals	-
Accumulated Amortisation:	
Disposals	-
Amortisation charge for the year	1,402,110
Carrying Amount:	
As at 31st March 2021	5,432,438
As at 31st March 2022	4,207,129

Note 15 - Other Non-Financial Assets

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Balance with revenue Authorities		
GST receivable	13,442,753	11,763,814
(b) Advances for land	100,024,500	70,641,635
(c) Other Advances	14,792,851	1,814,884
(d) Stock of Stationary	262,500	262,500
TOTAL	128,522,604	84,482,833

Note 16 - Debt Securities

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost:		
(a) Secured Non-Convertible Debentures - Privately Placed	76,820,000	113,880,000
(b) Secured Non-Convertible Debentures - Public Issue	6,564,319,387	2,425,760,931
Total (A)	6,641,139,387	2,539,640,931
Borrowings in India	6,641,139,387	2,539,640,931
Borrowings outside India		-
TOTAL	6,641,139,387	2,539,640,931

Nature of Security : a) Non Convertible Debentures - First ranking pari passu charge with existing secured creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the Company.

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

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, 2022	As at March 31, 2021
<i>Non Convertible Debentures 2018 - 19 Series</i>	<i>19,710,000</i>	<i>24,460,000</i>
<i>Non Convertible Debentures 2017 - 18 Series</i>	<i>52,010,000</i>	<i>72,810,000</i>
<i>Non Convertible Debentures 2016 - 17 Series</i>	<i>4,880,000</i>	<i>16,390,000</i>
<i>Non Convertible Debentures 2015 - 16 Series</i>	<i>220,000</i>	<i>220,000</i>
TOTAL	76,820,000	113,880,000

Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures - 12.5%	9,770,000	15,150,000
Non Convertible Debentures - 12%	44,950,000	68,880,000
Non Convertible Debentures - < 12%	22,100,000	29,850,000
TOTAL	76,820,000	113,880,000

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures - 60 months maturity	74,390,000	111,150,000
Non Convertible Debentures - 36 months maturity	2,430,000	2,730,000
TOTAL	76,820,000	113,880,000

16.2 - Secured Non Convertible Debentures - Public Issue
Series wise classification of secured non convertible debentures

Particulars	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures 2021 - 22 Series (Public Issue VI)	1,776,522,000	-
Non Convertible Debentures 2021 - 22 Series (Public Issue V)	1,621,077,000	-
Non Convertible Debentures 2021 - 22 Series (Public Issue IV)	1,500,000,000	-
Non Convertible Debentures 2020 - 21 Series (Public Issue III)	788,481,000	1,242,893,000
Non Convertible Debentures 2019 - 20 Series (Public Issue II)	495,968,000	618,520,000
Non Convertible Debentures 2018 - 19 Series (Public Issue I)	452,608,000	581,207,000
Sub Total	6,634,656,000	2,442,620,000
Less: EIR impact of transaction cost	70,336,613	16,859,069
TOTAL	6,564,319,387	2,425,760,931

Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures - > 12%	227499000	630,544,000
Non Convertible Debentures - 12%	285056000	334,700,000
Non Convertible Debentures - > 11.5% to 11.86%	713,385,000	1,010,815,000
Non Convertible Debentures - >11.25% to 11.5%	437,079,000	267,158,000
Non Convertible Debentures - 11% to 11.25%	1,888,839,000	
Non Convertible Debentures - <11%	3082798000	199,403,000
Sub Total	6,634,656,000	2,442,620,000
Less: EIR impact of transaction cost	70,336,613	16,859,069
TOTAL	6,564,319,387	2,425,760,931

Particulars	As at March 31, 2022	As at March 31, 2021
Non Convertible Debentures - 80 months maturity	94,853,000	-
Non Convertible Debentures - 78 months maturity	183,719,000	-
Non Convertible Debentures - 75 months maturity	217,735,000	216,810,000
Non Convertible Debentures - 72 months maturity	142,410,000	142,410,000
Non Convertible Debentures - 60 months maturity	1,951,273,000	776,665,000
Non Convertible Debentures - 45 months maturity	20,243,000	20,243,000
Non Convertible Debentures - 36 months maturity	1,176,339,000	541,511,000
Non Convertible Debentures - 24 months maturity	783,154,000	279,334,000
Non Convertible Debentures - 18 months maturity	591,134,000	128,606,000
Non Convertible Debentures - 13 months maturity	680,445,000	337,041,000
Non Convertible Debentures - 12 months maturity	793,351,000	-
Sub Total	6,634,656,000	2,442,620,000
Less: EIR impact of transaction cost	70,336,613	16,859,069
TOTAL	6,564,319,387	2,425,760,931

Note 17 - Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost:		
(a) Term Loan		
Indian Rupee Loans from Banks (Secured)	501,392,235.00	3,122,491
(b) Loans repayable on demand		
Cash credit / overdraft facilities from banks (Secured)	140,340,903.95	98,916,600
Less: EIR impact of transaction cost	4,766,072.57	
Total (A)	636,967,066	102,039,091
Borrowings in India	636,967,066	102,039,091
Borrowings outside India	-	-
TOTAL	636,967,066	102,039,091

Nature of Security :

(a) Term loan from bank -

Vehicle loan - The loans are secured by hypothecation of respective vehicles against which the loans have been availed.

Particulars	Primary	Collateral	Guarantors
State Bank of India -Term Loan Of Rs 50.00 Crs	Hypothecation of Book Debts , Loan Receivables and other Current Assets on First Pari Passu basis with Debenture Trustees of the Company and other Banks in MBA.	1.Exclusive Equitable 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). 2. Exclusive Charge(Lien) Over the Fixed Depositof Rs 16.00 Crs held in the name of the company with SBI	1. Shibu T. Varghese 2. Biji Shibu

Notes on Financial Statements for the year ended March 31, 2022

(b) Loans repayable on demand

Particulars	Primary	Collateral	Guarantors
South Indian Bank (Limit - Rs 10.00 Crore)	All book debts and receivables of the Company.	1. EM of land in the name of Josekutty Xavier admeasuring 22.91 cents under Sy No: 1160/6B, 1160/6A; 32.57 cents under Sy No: 1160/8, 1160/7; 20.35 cents under Sy No:1159/9 and 21.61 cents under Sy No:1159/9 in Kothamangalam Village, Ernakulam District 2. EM of land admeasuring 19.224 cents with 23079 sq. ft. commercial building under Sy. No. 1267/9-2 with building no. 30/564 in Kothamangalam municipality, Kothamangalam taluk, Ernakulam District in the name of M/s KMLM Chits India Limited. 3. EM of 8 cents of vacant land under Sy. No. I/4A, I/4B, Re. Sy.No. 26/2 in Edappally North Village, Kanayannur Taluk, Ernakulam District in the name of M/s KLM Axiva Finvest Limited.	1. Josekutty Xavier 2. Shibu T. Varghese 3. Biji Shibu 4. James Joseph Armbankudiyil Corporate guarantee -1. M/s KMLM Chits India Limited
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 stipulated margin level of 30%.)	1. Residential Land(301) -EM of 54.73 Ares land under Sy no 322/4 of 8.90 ares, Sy no.322/5 of 45.83 ares of Mazhuvannur Village, Kunnathunadu Taluk, Ernakulam District 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 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.	1. Shibu T Varghese 2. Biji Shibu

Note 18 - Subordinated Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost:		
(a) Subordinated Debts	5,231,604,000	4,250,788,000
(b) Tier- 1 Capital - Perpetual Debt Instruments	101,550,000	-
Total (A)	5,333,154,000	4,250,788,000
Subordinated liability in India	5,333,154,000	4,250,788,000
Subordinated liability outside India	-	-
TOTAL	5,333,154,000	4,250,788,000

18.1 - Unsecured Subordinated Debt - Private Placement
Series wise classification of unsecured subordinated debt

Particulars	As at March 31, 2022	As at March 31, 2021
<i>Unsecured Subordinated Debt 2020 - 22 Series</i>	<i>2,238,774,000</i>	<i>1,200,452,000</i>
<i>Unsecured Subordinated Debt 2019 - 20 Series</i>	<i>1,159,333,000</i>	<i>1,159,333,000</i>
<i>Unsecured Subordinated Debt 2018 - 19 Series</i>	<i>835,422,000</i>	<i>835,422,000</i>
<i>Unsecured Subordinated Debt 2017 - 18 Series</i>	<i>949,467,000</i>	<i>949,467,000</i>
<i>Unsecured Subordinated Debt 2016 - 17 Series</i>	<i>48,608,000</i>	<i>106,114,000</i>
TOTAL	5,231,604,000	4,250,788,000

Interest wise classification of unsecured subordinated debt

Particulars	As at March 31, 2022	As at March 31, 2021
<i>Unsecured Subordinated Debt - >12.5%</i>	<i>148016000</i>	<i>189,787,000</i>
<i>Unsecured Subordinated Debt - 12.5%</i>	<i>211259000</i>	<i>203,977,000</i>
<i>Unsecured Subordinated Debt - 12.25%</i>	<i>37413000</i>	<i>37,413,000</i>
<i>Unsecured Subordinated Debt - 12%</i>	<i>979976000</i>	<i>851,687,000</i>
<i>Unsecured Subordinated Debt < 12%</i>	<i>3854940000</i>	<i>2,967,924,000</i>
TOTAL	5,231,604,000	4,250,788,000

Maturity wise classification of unsecured subordinated debt

Particulars	As at March 31, 2022	As at March 31, 2021
<i>Unsecured Subordinated Debt - 5 to 6 years maturity</i>	<i>307,052,000</i>	<i>323,315,000</i>
<i>Unsecured Subordinated Debt - 5 years maturity</i>	<i>4,924,552,000</i>	<i>3,927,473,000</i>
TOTAL	5,231,604,000	4,250,788,000

Note 19 - Other Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Interest payable on debt securities	223,062,696.81	121,980,463
(b) Interest payable on subordinated debts	240,058,126.54	184,126,128
(c) Interest payable on PDI	498,476.71	-
(d) Others	22,746,472.70	33,636,196
TOTAL	486,365,773	339,742,787

Note 20 - Current Tax Liabilities (Net)

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Income tax provision	48,884,435	31,848,995
TOTAL	48,884,435	31,848,995

Note 21 - Other Non-Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Statutory remittances	7,203,322	11,384,902
TOTAL	7,203,322	11,384,902

Note 22 - Equity Share Capital

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

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
115,000,000 (March 31, 2021 7,50,00,000.) equity Shares of '10/- each	1,150,000,000	750,000,000
	1,150,000,000	750,000,000
Issued, Subscribed & Fully Paid Up		
114,875,128 (March 31, 2021: 6,79,28,228.) equity Shares of '10/- each	1,148,751,280	679,282,280
TOTAL	1,148,751,280	679,282,280

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

Particulars	In Numbers	Amount
As at March 31, 2021	67,928,228	679,282,280
Shares Issued during the Year	46,946,900	469,469,000
As at March 31, 2022	114,875,128	1,148,751,280

ii. Terms / Rights attached to equity shares

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

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

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

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No: of shares	% of Holding	No: of shares	% of Holding
Shibu T Varghese	13,141,220	11.44	7,840,700	11.54
Aleyamma Varghese	9,998,380	8.70	5,841,450	8.60
Biji Shibu	8,758,800	7.62	4,926,300	7.25
Elen Elu Shibu	6,070,555	5.28	2,665,555	3.92

Note 23 - Other Equity

Particulars	Amount
Securities Premium	
As at March 31, 2021	116,017,562
Add: Additions upon share issue	123,867,250
As at March 31, 2022	239,884,812
Statutory Reserve	
As at March 31, 2021	48,383,843
Add: Additions/(Deductions) during the year	22,766,886
As at March 31, 2022	71,150,729
General Reserve	
As at March 31, 2022	408,000
Utilised during the year	-
Specific Reserve	
As at March 31, 2021	-
Add: Additions/(Deductions) during the year	8,133,136
As at March 31, 2022	8,133,136
Revaluation reserve	
As at March 31, 2021	109,856,310
Add: Additions/(Deductions) during the year	(47,677,690)
As at March 31, 2022	62,178,620
Retained Earnings	
As at March 31, 2021	9,026,251
Add: Profit for the year	113,834,430
Less: Dividend	(54,342,582)
less: Transfer to statutory reserve	(22,766,886)
less: Transfer to Specific reserve	(8,133,136)
	37,618,077
Total Other Equity	
As at March 31, 2021	283,691,966
As at March 31, 2022	419,373,374

Nature and purpose of Reserves
Securities premium

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

Statutory reserve

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

Specific reserve

Specific reserves refers to the reserves that are created for a specific purpose in business. These reserves cannot be used for any other purpose apart from the purpose for which they were created. Rs 81.33 lakhs is towards gratuity liabilities of employees who have completed 5 years of service.

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of profit for the period at a specified percentage in accordance with applicable regulations. After the introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

Notes on Financial Statements for the year ended March 31, 2022

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.

Note 24 - Interest Income

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
On financial assets measured at amortised cost:		
(i) Interest on Loans		
Gold Loan	1,170,983,221.20	773,509,962
Business Loan	422,226,807.60	337,246,943
Personal Loan	130,915.00	11,275,980
Vehicle Loan	8,661.74	24,550
Microfinance Loans	189,592,599.00	104,522,973
(ii) Interest on deposit with banks	10,392,155.59	10,826,422
(iii) Other interest income	1,009,057.54	209,043
TOTAL	1,794,343,418	1,237,615,874

Note 25 - Other Income

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Commission Income	57,435,443.67	26,595,497
Notice Charge	432,111.29	30,069
Miscellaneous Income	5,389,445.14	879,034
Profit on Investment	1,525,924.38	-
TOTAL	64,782,924	27,504,600

Note 26 - Finance Cost

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
On financial liabilities measured at amortised cost:		
Interest on Borrowings (other than debt securities)	1,245,235.23	6,114,774
Interest on Subordinate Debt	584,498,327.19	413,873,189
Interest on Debenture	456,969,401.60	310,402,421
Interest on PDI	2,298,759.03	-
Others		
Interest on delayed payment of income tax	27,984.00	14,884
TOTAL	1,045,039,707	730,405,267

Note 27 - Impairment on Financial Instruments

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
On financial assets measured at amortised cost:		
Loan Assets	6,336,969	-13,850,403
TOTAL	6,336,969	-13,850,403

Note 28 - Employee benefits expenses

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Salaries & Wages	284,505,635.11	173,504,558
Contributions to provident and other funds	11,179,351.00	14,319,380
Gratuity	354,408.00	
TOTAL	296,039,394	187,823,938

Note 29 - Depreciation, amortisation and impairment

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Depreciation of tangible assets	50,810,377.00	37,312,186
Amortisation of intangible assets	1,402,109.50	2,206,586
TOTAL	52,212,487	39,518,772

Note 30 - Other expenses

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Advertisement	51,180,983.00	31,251,785
Audit Expenses	50,944.00	116,810
Audit Fee	1,000,000.00	817,500
Bank Charges	3,115,571.61	835,053
Bad Debts written off		817,500
Business Promotion	4,371,013.58	1,110,443
Celebration Expense	754,166.00	776,057
Collection Expenses	614,996.5	625,010
Computer & Software Expenses	837,660.94	1,016,719
Corporate social responsibility expenditure	1,475,190.44	724,715
Crisil rating expenses	185,115.44	-
Customer Meet expenses	111,486.00	19,078
Cibil Charges	489,219.00	266,773
Debenture Trustee Remuneration	100,000.00	110,000
Discount Given	6,198,915.00	3,706,630
Electricity Charges	7,028,293.64	5,577,809
Fuel Expenses	1,139,064.00	1,001,284
Inaugural Expense	955,889.12	244,565
Incentive	34,957,333.83	42,991,619
Insurance Charges	1,686,855.00	8,175,374
Internet Charges	2,294,853.72	2,370,640
Legal Expense	2,499,758.00	3,722,467
Loss on Auction Gold	3,555,862.50	3,555
Marketing Expenses	528,584.00	218,963
Meeting Expenses	1,327,062.00	1,632,355
Membership Fee	57,300.00	4,500
Miscellaneous Expense	2,194.01	7,798
Newspaper & Periodicals	251,419.00	165,356
Office Expense	12,386,589.78	8,707,503
Postage	2,043,819.60	980,109
Printing & Stationery	8,298,119.40	3,761,411

Professional Fee	5,192,270.27	2,664,129
Public Issue	9,965,049.22	4,139,587
Rates & Taxes	1,088,471.70	747,911
Rent	88,614,264.46	56,334,140
Repairs and Maintenance	873,473.31	764,655
Repairs and Maintenance-Building	466,129.46	337,812
ROC Filing Charge	974,438.31	1,410,980
Sitting Fees	275,000.00	135,000
Staff Training Expense	6,347,035.92	2,647,371
Telephone charges	4,965,289.33	4,123,109
Travelling expenses	14,731,246.91	8,546,551
GST & flood cess Paid	1,515,623.36	6,627,095
Vehicle Maintenance	780,151.45	447,586
Water Charges	372,682.00	276,714
TOTAL	285,659,385	210,962,022

Note - 30.1
Payment to the auditors comprises :

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
As auditors - statutory audit	800,000	600,000
For taxation matters	200,000	150,000
TOTAL	1,000,000	750,000

Note 31 - Income Tax

The components of income tax expense for the year ended March 31, 2021 and year ended March 31, 2020 are:

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Current tax	48,884,435	31,848,995
Tax relating to prior years paid on settlement*	-	7,265,499
Deferred Tax	11,119,536	562,671
Income tax expense reported in statement of profit and loss	60,003,970	39,677,164

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

* A search and seizure proceedings was initiated by the Income Tax Department under Section 132 of the Income-Tax Act, 1961 on October 5, 2015 in the business premises of the Company and other group Companies. Simultaneously, search was also conducted in the residential premises of the Directors. Further, a survey under section 133A of the Income Tax Act, 1961 was also conducted in the business premises of the branches of the Company. Pursuant to the IT Search and Seizure Proceedings, the Company received notices under section 148 of the Income Tax Act, 1961 issued by the Deputy Commissioner of Income Tax, Centre Circle, Kochi. It was alleged that the Company had generated undisclosed income and utilized the same over the period because of which the Company, subsequently, approached the Income Tax Settlement Commission, Chennai Bench ("The Commission"). The Company declared an additional income of ₹ 401.64 lakhs before the Settlement Commission for the assessment years 2013-14 to 2016-17. The Settlement Commission through its order dated December 28, 2017 allowed the settlement application of the Company. Further, The Commission, vide its order under section 245(D)4 of the Income Tax Act, 1961, dated May 24, 2019 settled the income for the assessment years which were subject matter of settlement and allowed the payment of tax including interest in six quarterly installments. The Assistant Commissioner of Income Tax, Central Circle - 1, Ernakulam, passed an order dated August 29, 2019 giving effect of the order of the Settlement Commission. The Company has as at March 31, 2021 paid off the entire tax liability including interest.

Note 32 - Earnings per share

Particulars	For the year ended	
	September 30, 2021	March 31, 2021
Net profit for calculation of basic earnings per share	113,834,430	70,583,713
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	52,776,961	56,990,865
Basic and diluted earnings per share (Rs.)	2.16	1.24

Note 35 - Related party disclosures
Names of Related Parties
(A) Key Management Personnel

1) Shibu Thekkumpurathu Varghese

2) Manoj Raveendran Nair (From 31.12.2021 onwards)

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

(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:

Particulars	KMP		Relatives of KMP	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Shares subscribed including share premium	63,756,500	25,000,000	186,867,875	75,000,000
Purchase of listed NCD of the Company	1,000,000	300,000.00	100,000	400,000
Purchase of sub-debts of the Company	-	-	-	-
Interest paid on listed NCD	57,145	67,778.08	7,450	101,422
Interest paid on subordinate debts	-	-	-	25,875
Remuneration paid	8,458,207	5,593,085	-	-
Professional consulting fees	-	550,000.00	-	-
Sitting Fees	100,000	55,000.00	-	55,000
Particulars	Subsidiary Company		Entities in which KMP / Relatives of KMP can exercise significant influence	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Shares subscribed including share premium	-	-	-	-
Investment in equity shares	-	24,770,000	-	-
Purchase of listed NCD of the Company	-	-	-	-
Purchase of sub-debts of the Company	-	-	-	-
Interest paid on listed NCD	-	1,882,987	-	-
Interest paid on subordinate debts	-	-	-	-
Remuneration paid	-	-	-	-
Professional consulting fees	-	-	-	-
Sitting Fees	-	-	-	-

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

Particulars	KMP		Relatives of KMP	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Investment in Subsidiary Company	-	-	-	-
Equity shares subscribed	131,412,200	(78,407,000)	281,802,350	(134,333,050)
NCD - Listed	1,000,000	(297,929)	100,000	(397,239)
Subordinate debt	-	-	-	(225,000)
Interest payable on NCD	21,905	(2,803)	7,450	(3,737)
Particulars	Subsidiary Company		Entities in which KMP / Relatives of KMP can exercise significant influence	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Investment in Subsidiary Company	-	24,770,000	-	-
NCD - Listed	-	-	-	-
Interest payable on NCD	-	-	-	-

Note:

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

Note 36 - Capital
Capital Management

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

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

Regulatory Capital

Particulars	As at March 31, 2022	As at March 31, 2021
Tier I Capital	1,568,024,872	801,301,928
Tier II Capital	828,446,025	463,475,058
Total capital	2,396,470,896	1,264,776,986
Risk Weighted Assets	11,440,573,208	7,873,339,086
Tier I CRAR	13.71%	10.18%
Tier II CRAR	7.24%	5.89%
Total capital ratio	20.95%	16.06%

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

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Notes on Financial Statements for the year ended march 31, 2022

Note 33 - Maturity analysis of assets and liabilities

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

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and Cash Equivalents	3,173,944,267	-	3,173,944,267	313,113,858	-	313,113,858
Bank Balance Other than above	67,700,000	150,000	67,850,000	5,566,859,498	150,000	5,716,859,498
Loans	2,672,289,912	8,057,381,038	10,729,670,950	-	1,906,151,018	7,473,010,516
- Adjustment on account of EIR/ECL	-	-149,640,480	-149,640,480	-	-143,303,511	(143,303,511)
Investments	-	-	-	-	24,770,000	24,770,000
Other Financial Assets	4,696,598	92,283,947	96,980,545	666,552	61,121,627	61,788,179
Non-Financial Assets						
Current Tax Assets (Net)	77,304,475	-	77,304,475	43,883,299	-	43,883,299
Deferred Tax Assets (Net)	-	35,264,034	35,264,034	-	46,383,569	46,383,569
Property, Plant and Equipment	-	557,735,114	557,735,114	-	328,707,771	328,707,771
Other Intangible Assets	-	4,207,129	4,207,129	-	5,432,438	5,432,438
Other Non-Financial Assets	114,817,351	13,705,253	128,522,604	82,405,449	2,077,384	84,482,833
Total Assets	6,110,752,603	8,611,086,034	14,721,838,638	6,006,928,655	2,231,490,296	8,238,418,951
LIABILITIES						
Financial Liabilities						
Payables	-	-	-	-	-	-
Debt Securities	1,775,500,000	4,935,976,000	6,711,476,000	733,451,000	1,823,049,000	2,556,500,000
- Adjustment on account of EIR	-	-70,336,613	-70,336,613	-	-16,959,069	(16,859,069)
Borrowings (Other than Debt Securities)	247,985,952	388,981,114	636,967,066	98,916,600	3,122,491	102,039,091
Subordinated Liabilities	998,075,000	4,335,079,000	5,333,154,000	106,114,000	4,144,674,000	4,250,788,000
Other Financial liabilities	283,884,733	202,481,039	486,365,773	213,826,683	125,916,104	339,742,787
Non-Financial Liabilities						
Current Tax Liabilities (Net)	48,884,435	-	48,884,435	31,848,995	-	31,848,995
Other Non-Financial Liabilities	7,203,322	-	7,203,322	11,384,902	-	11,384,902
Total Liabilities	3,361,533,442	9,792,180,541	13,153,713,983	1,195,542,180	6,079,802,526	7,275,444,706
Net	2,749,219,162	(1,181,094,507)	1,568,124,655	4,811,386,475	(3,848,312,230)	962,974,245

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.

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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.

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Maturity pattern of assets and liabilities as on March 31, 2022 :

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM*	Total
Financial Assets										
Cash and Cash Equivalents	112,401,386	1,104,642,882	1,956,900,000	-	-	-	-	-	-	3,173,944,267
Bank Balance Other than Cash and Cash Equivalents	-	-	-	67,700,000	-	-	-	150,000	-	67,850,000
Loans	2,411,397,959	183,085,976	488,339,223	1,012,227,346	2,854,085,813	3,780,534,634	-	-	(149,640,480)	10,580,030,470
Investments	-	-	-	-	-	-	-	-	-	-
Financial Liabilities										
Debt Securities	1,110,000	1,600,000	155,000	160,017,000	1,630,192,000	3,079,239,000	1,054,297,000	784,866,000	(70,336,613)	6,641,139,387
Borrowings (Other than Debt Securities)	8,930,000	8,930,000	8,930,000	26,790,000	123,750,452	214,320,000	250,082,687	-	(4,766,073)	636,967,066
Subordinated Liabilities	7,402,000	2,582,000	3,550,000	35,074,000	949,467,000	835,422,000	1,159,333,000	2,340,324,000	-	5,333,154,000

* represents adjustments on account of EIR/ECL

Maturity pattern of assets and liabilities as on March 31, 2021:

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Not sensitive to ALM*	Total
Financial Assets										
Cash and Cash Equivalents	313,113,858	-	-	-	-	-	-	-	-	313,113,858
Bank Balance Other than Cash and Cash Equivalents	-	-	-	-	-	-	150,000	-	-	150,000
Loans	413,987,460	18,695,680	226,235,698	476,492,820	4,431,447,840	1,906,151,018	-	-	(143,303,511)	7,329,707,005
Investments	-	-	-	-	-	-	-	24,770,000	-	24,770,000
Financial Liabilities										
Debt Securities	-	-	-	337,261,000	396,190,000	997,362,000	691,247,000	134,440,000	(16,859,069)	2,539,640,931
Borrowings (Other than Debt Securities)	-	-	-	-	98,916,600	3,122,491	-	-	-	102,039,091
Subordinated Liabilities	-	-	-	-	106,114,000	1,784,889,000	960,457,000	399,328,000	-	4,250,788,000

* represents adjustments on account of EIR/ECL

III. Market risk

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

Interest rate risk

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

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

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

IV. Operational risk

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

Note 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
3/31/2022	8431	892,222,276	888,666,413
3/31/2021	281	9,039,724	8,938,974

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

Sl. No.	Particulars	As at March 31, 2022		As at March 31, 2022	
		Amount out-standing	Amount overdue	Amount out-standing	Amount overdue
1.	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
(a)	Debentures : Secured	66,411.39	-	25,396.41	-
	: Unsecured	-	-	-	-
	(other than falling within the meaning of public deposits)	-	-	-	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	4,966.26	-	31.22	-
(d)	Inter-corporate loans and borrowing	-	-	-	-
(e)	Commercial Paper	-	-	-	-
(f)	Public Deposits	-	-	-	-
(g)	Other Loans –	-	-	-	-
	Subordinated debt	52,316.04	-	42,507.88	-
	Perpetual Debt Instruments	1,015.50	-	-	-
	Cash credit / overdraft facilities from banks	1,403.41	-	989.17	-
2.	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a)	In the form of Unsecured debentures	-	-	-	-
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(c)	Other public deposits	-	-	-	-
	Assets side :	Amount out-standing			
3.	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	As at March 31, 2022		As at March 31, 2022	
(a)	Secured	98,445.91		67,899.99	
(b)	Unsecured	8,850.80		6,830.12	
4.	Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities				
(i)	Lease assets including lease rentals under sundry debtors :				
(a)	Financial lease				
(b)	Operating lease				
(ii)	Stock on hire including hire charges under sundry debtors:				
(a)	Assets on hire				
(b)	Repossessed Assets				
(iii)	Other loans counting towards asset financing activities				
(a)	Loans where assets have been repossessed				
(b)	Loans other than (a) above				

5. Break-up of Investments			
Current Investments :		As at March 31, 2022	As at March 31, 2022
1	Quoted :		
(i)	Shares		
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
2	Unquoted :		
(a)	Equity	-	-
(b)	Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
Long Term investments :		As at March 31, 2022	As at March 31, 2022
1.	Quoted :		
(i)	Shares		
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
2	Unquoted :		
(i)	Shares		
	(a) Equity	-	247.70
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-

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

Category	Amount net of provisions as at March 31, 2022			Amount net of provisions as at March 31, 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	98,445.91	8,850.80	107,296.71	67,899.99	6,830.12
						74,730.11

Notes on Financial Statements for the year ended March 31, 2022

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

7.	Category	as at March 31, 2022		as at March 31, 2022	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties				
	(a) Subsidiaries	-	-	-	247.70
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	Other than related parties	-	-	-	-
	Total	-	-	-	247.70

Other information

8.	Category	as at March 31, 2022		as at March 31, 2022	
		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
(i)	Gross Non-Performing Assets*				
(a)	Related parties		-		-
(b)	Other than related parties		4,292.53		4,904.84
(ii)	Net Non-Performing Assets*		-		-
(a)	Related parties		-		-
(b)	Other than related parties		2,898.48		3,495.84
(iii)	Assets acquired in satisfaction of debt		-		-

* Stage 3 loan assets under Ind AS

Note 40.2 - Capital

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	CRAR (%)	20.95%	16.06%
2	CRAR - Tier I Capital (%)	13.71%	10.18%
3	CRAR - Tier II Capital (%)	7.24%	5.89%
4	Amount of subordinated debt raised as Tier - II capital	7,840.12	4,006.51
5	Amount raised by issue of perpetual debt instruments	1,015.50	-

Note 40.3 - Investments

(' in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India	-	247.7
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	-	247.7
	(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write off / write back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

Note 40.4 - Ratings assigned by Credit rating Agencies

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	Bank Loans - Cash Credit/overdraft	CRISIL BB+/Stable; CARE BB+/Stable	CRISIL BB+/Stable; CARE BB+/Stable
2	Non Convertible Debentures - Public issue	CARE BB+/Stable	CARE BB+/Stable

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

Note 40.5 - Provisions and Contingencies

(' in lakhs)

Sl. No.	Break up of Provisions and Contingencies shown under the head Expenses in the Statement of Profit and Loss	As at March 31, 2022	As at March 31, 2021
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA (Expected Credit Loss)	63.37	-138.50
3	Provision made towards Income Tax	488.84	318.49
4	Other Provision and Contingencies (with details)	-	-
5	Provision for Standard Assets	-	-

Note 40.6 - Concentration of Advances

(' in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	Total Advances to twenty largest borrowers	9,461.26	7,956.82
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	8.82%	10.65%

Note 40.7 - Concentration of Exposures

(' in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	Total Exposures to twenty largest borrowers/customers	9,461.26	7,956.82
2	Percentage of Exposures to twenty largest borrowers/Customers to Total Exposures of the NBFC on borrowers/Customers.	8.82%	10.65%

KLM AXIVA FINVEST LIMITED

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Note 40.8 - Concentration of NPAs

(' in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
1	Total Exposures to top four NPA accounts	559.91	76.47

Note 40.9 - Sector wise NPAs

(' in lakhs)

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		As at March 31, 2022	As at March 31, 2021
1	Agriculture & allied activities	-	-
2	MSME	8.83%	12.27%
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans (vehicle loan)	100%	-
7	Other loans	0.55%	1.85%

Note 40.10 - Movement of NPAs

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Net NPAs* to Net Advances (%)	2.64%	4.77%
(ii)	Movement of NPAs* (Gross)		
	(a) Opening balance	490,484,362	451,205,447
	(b) Net additions during the year	(61,230,972)	39,278,915
	(c) Closing balance	429,253,390	490,484,362
(iii)	Movement of Net NPAs*		
	(a) Opening balance	349,583,974	306,572,654
	(b) Net additions during the year	(59,735,717)	43,011,320
	(c) Closing balance	289,848,257	349,583,974
(iv)	Movement of provisions for NPAs* (excluding Provisions on Standard Assets)		
	(a) Opening balance	140,900,388	144,632,793
	(b) Provisions made during the year	-	-
	(c) Write-off/ write-back of excess provisions	(1,495,256)	(3,732,405)
	(d) Closing balance	139,405,132	140,900,388

* Stage 3 loan assets under Ind AS.

Note 42 - Customer complaints

Sl. No.	Sector	As at March 31, 2022	As at March 31, 2021
1	No. of complaints pending as at the beginning of the year	Nil	Nil
2	No. of complaints received during the year	Nil	Nil
3	No. of complaints redressed during the year	Nil	Nil
4	No. of complaints pending as at the end of the year	Nil	Nil

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

Sl. No.	Sector	As at March 31, 2022	As at March 31, 2021
1	Gold Loans granted against collateral of gold jewellery	6,254,693,601	3,787,122,458
2	Total Financial assets of the Company	13,918,805,282	7,729,529,041
3	Percentage of Gold Loans to Total Assets	44.94%	49.00%

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

As per our report of even date attached

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

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

Place:Palarivattom
Date:23-05-2022

For and on behalf of the Board of Directors

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

Sd/-
Biji Shibu
Director (DIN: 06484566)

Sd/-
Manoj Raveendran Nair
Chief Executive Officer

Sd/-
Thanish Dalee
Chief Financial Officer

Sd/-
Srikanth G. Menon
Company Secretary

KLM AXIVA FINVEST LIMITED

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Notes on Financial Statements for the year ended march 31, 2022
Note 41 - Disclosure required as per Reserve Bank of India Notification No. DOR (NBFC), CC. PD. No.109/22.10.106/2019-20 dated March 13,2020

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

Asset Classification as per RBI Norms (1)	Asset Classification as per IND AS 109(2)	Gross Carrying Amount as per IND AS(3)	Loss Allowances (Provisions) as required under IND AS 109 (4)	Net carrying Amount(5)=(3)-(4)	Provisions required as per IRACP norms(6)	Difference between IND AS 109 provisions and IRACP norms(7)=(4)-(6)
Performing Assets						
Standard Assets	Zero overdue	8,650,091,109	-	8,650,091,109	34,600,364	(34,600,364)
	Stage 1	634,267,873	1,336,460	632,931,413	2,537,071	(1,200,612)
	Stage 2	1,016,058,577	8,898,888	1,007,159,689	4,064,234	4,834,653
Subtotal		10,300,417,559	10,235,348	10,290,182,211	41,201,670	(30,966,323)
Non-Performing Assets						
Sub Standard	Stage 3	147,050,359	31,469,339	115,581,020	14,705,036	16,764,303
Doubtful- up to 1 year	Stage 3	95,036,945	33,262,931	61,774,014	19,007,389	14,255,542
1 to 3 years	Stage 3	126,067,869	44,123,754	81,944,115	37,820,361	6,303,393
More than 3 years	Stage 3	61,098,218	30,549,109	30,549,109	30,549,109	-
Subtotal for doubtful		282,203,032	107,935,794	174,267,238	87,376,859	20,558,935
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		429,253,391	139,405,132	289,848,258	102,081,895	37,323,238
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		8,650,091,109	-	8,650,091,109	34,600,364	(34,600,364)
Total	Zero overdue	634,267,873	1,336,460	632,931,413	2,537,071	(1,200,612)
	Stage 1	1,016,058,577	8,898,888	1,007,159,689	4,064,234	4,834,653
	Stage 2	429,253,391	139,405,132	289,848,258	102,081,895	37,323,238
	Stage 3	10,729,670,950	149,640,480	10,580,030,470	143,283,565	6,356,915
	Total					

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As at March 31, 2021

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

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

Asset Classification as per RBI Norms (1)	Asset Classification as per IND AS 109(2)	Gross Carrying Amount as per IND AS(3)	Loss Allowances (Provisions) as required under IND AS 109 (4)	Net carrying Amount(5)=(3)-(4)	Provisions required as per IRACP norms(6)	Difference between IND AS 109 provisions and IRACP norms(7)=(4)-(6)
Performing Assets						
Standard Assets	Zero overdue	6,447,537,529	-	6,447,537,529	25,790,150	(25,790,150)
	Stage 1	483,672,849	1,664,104	482,008,745	1,934,691	(270,587)
	Stage 2	51,315,776	739,019	50,576,757	205,263	533,756
Subtotal		6,982,526,154	2,403,123	6,980,123,031	27,930,105	(25,526,982)
Non-Performing Assets						
Sub Standard	Stage 3	189,075,819	59,280,667	129,795,152	18,907,582	40,373,085
Doubtful- up to 1 year	Stage 3	95,457,549	33,410,142	62,047,407	19,091,510	14,318,632
1 to 3 years	Stage 3	205,950,994	48,209,579	157,741,415	61,785,298	(13,575,720)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		301,408,543	81,619,721	219,788,822	80,876,808	742,913
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		490,484,362	140,900,388	349,583,974	99,784,390	41,115,998
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and						
Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Zero overdue	6,447,537,529	-	6,447,537,529	25,790,150	(25,790,150)
	Stage 1	483,672,849	1,664,104	482,008,745	1,934,691	(270,587)
	Stage 2	51,315,776	739,019	50,576,757	205,263	533,756
	Stage 3	490,484,362	140,900,388	349,583,974	99,784,390	41,115,998
	Total	7,473,010,516	143,303,511	7,329,707,005	127,714,495	15,589,016

Dear Sir/Madam

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

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

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

Name of the Shareholder	
Folio Number	
Email ID	
Mobile Number	
PAN	

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



Dam Safety Authority Chairman, Justice C.N. Ramachandran Nair lighting the lamp at the inauguration of the 23rd Foundational day celebration of KLM Axiva Finvest Ltd, at KLM Management Institute, Palarivattom.



Film Star and KLM brand Ambassador Ms Manju Warrier unveil the 'Car Loan Division' of KLM Axiva Finvest at Hotel Radisson Blu, Kochi.



KLM brand Ambassador Ms. Manju Warriar unveiling the 'Mahila Vyapar Yojana' scheme at Hotel Radisson Blu, Kochi.

KLM Microfinance is spearheading the scheme, which aims to empower women in the state by encouraging women's entrepreneurship.



KLM brand Ambassador Ms. Manju Warriar lighting the ceremonial lamp during the inauguration of the Zonal Office, held in Renai Cochin.

To coordinate and administer the operations of Regions falling under North Kerala, KLM Axiva Finvest has opened a zonal office at the Palarivattom branch.



KLM FOUNDATION

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



KLM Brand Ambassador Ms Manju Warriar presenting the KLM Educational Award to Dr. Dileep Kumar, Former Vice-Chancellor of Sri Sankaracharya Sanskrit University at Bharat Hotel (BTH), Kochi. Opposition leader Shri. V D Satheeshan and KLM Executive Director Shri. Shibu Thekkumpuram can be seen.



“Niracharthu”- an initiative to promote artistic talents, under the aegis of the KLM Foundation.

KLM GRAND ESTATE

CORPORATE OFFICE, KOCHI



KLM GOLD LOAN

Axiva Microfin

MONEY TRANSFER

KLM fore>X

Health Insurance

CORPORATE OFFICE

KLM House, V M Plaza Building, Civil Line Road , Palarivattom, Cochin - 682025, Ph: +91 484 - 4281111, 9037496223

REGISTERED OFFICE

Door No. 8-13, Plot No. 39, First Floor, Ashoka Complex, Above Indian Bank, Mythripuram Colony, Gayathrinagar X Road, Vaishalinagar P.O., Hyderabad, Telangana - 500079, Telephone Number: +91-40-3516 2071