KLM AXIVA FINVEST LIMITED

Our Company was incorporated on April 28, 1997, as 'Needs Finvest Limited', a public limited company under the Companies Act, 1956 with a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company also obtained the certificate of commencement of business dated May 6, 1997 from the Registrar of Companies, Andhra Pradesh at Hyderabad. The name of our Company was changed to 'KLM Axiva Finvest Limited' pursuant to a resolution passed by the shareholders of our Company at the EGM held on January 25, 2016 and a fresh certificate of incorporation dated February 29, 2016 was issued by the Registrar of Companies, Telangana at Hyderabad ("RoC"). Our Company has obtained a certificate of registration dated March 15, 2016 bearing registration no. 09.00006 issued by the Reserve Bank of India ("RBI") to carry on the activities of a non-banking financial company without accepting public deposits under Section 45 IA of the RBI Act, 1934. For details of changes in our name and registered office, see "History and Certain Other Corporate Matters" on page 132.

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:** +91-40-3516 2071;
Corporate Office: 4th Floor, Door No.1871A24, VM Plaza, Palarivattom, Ernakulam- 682 025, Kerala, India; Telephone: +91 -484-4281 111;
Company Secretary and Compliance Officer/ Contact Person: Srikanth G. Menon; **E-mail:** cs@klmaxiva.com; **Telephone:** +91-484-4281118;
Chief Financial Officer: Thanish Dalee; **E-mail:** cfo@klmaxiva.com; **Telephone:** +91-484-281125;
Corporate Identity Number: U65910TG1997PLC026983; **Permanent Account Number:** AAACN7976P; **Website:** www.klmaxiva.com

PUBLIC ISSUE BY KLM AXIVA FINVEST LIMITED, ("COMPANY" OR "ISSUER") OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹1,000 EACH ("NCDS"), AT PAR, AGGREGATING UP TO ₹10,000 LAKHS, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹10,000 LAKHS, AGGREGATING UP TO ₹20,000 LAKHS, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE" (THE "ISSUE"). THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED, THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED. THE ISSUE IS NOT PROPOSED TO BE UNDERWRITTEN.

PROMOTER

Our Promoter is Ms. Biji Shibu; **Email:** bshibu@yahoo.co.in; **Telephone:** +91 94462 19666. For further details, see "*Our Promoter*" on page 145.

GENERAL RISKS

For taking an investment decision, the investors must rely on their own examination of our Company and the Issue, including the risks involved. Specific attention of the investors is invited to "*Risk Factors*" on page 17 and "*Material Developments*" on page 238, before making an investment in the Issue. This document has not been and will not be approved by any regulatory authority in India, including the RBI, the Securities and Exchange Board of India ("**SEBI**"), the RoC or any stock exchange in India.

COUPON RATE, COUPON PAYMENT FREQUENCY, MATURITY DATE, MATURITY AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Maturity Date and Maturity Amount of the NCDs, see "*Issue Structure*" on page 252. For details relating to eligible investors, see "*Issue Structure*" on page 252.

CREDIT RATING

The NCDs proposed to be issued under this Issue have been rated "IND BBB-/Stable", by India Ratings & Research Private Limited ("**India Ratings**") for an amount up to ₹ 20,000 lakhs, *vide* its letter dated August 23, 2022 and press release for rating rationale dated August 23, 2022. The rating of NCDs by India Ratings indicates that instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations. This rating is not a recommendation or suggestion, directly or indirectly, to buy, sell, make or hold securities and investors should take their own decisions. The rating given by India Ratings & Research Private Limited is valid as on the date of this Prospectus and shall remain valid on date of the issue and allotment of NCDs and the listing of the NCDs on BSE.The rating provided by rating agency may be suspended, withdrawn or revised at any time by the assigning rating agency on the basis of new information etc., and should be evaluated accordingly. Please refer to page 364 for the rating rationale and press release for the above rating.

LISTING

The NCDs offered through this Prospectus are proposed to be listed on the BSE Limited ("**BSE**"). Our Company has obtained 'in-principle' approval for this Issue from BSE *vide* their letter dated September 08, 2022. BSE shall be the Designated Stock Exchange for this Issue.

PUBLIC COMMENTS

The Draft Prospectus dated September 01, 2022, was filed with BSE pursuant to Regulation 27 of the SEBI NCS Regulations and was open for public comments for a period of 7 (seven) Working Days i.e. until 5 p.m. on September 08, 2022.

LEAD MANAGER TO THE ISSUE	DEBENTURE TRUSTEE*	REGISTRAR TO THE ISSUE
VIVRO FINANCIAL SERVICES PRIVATE LIMITED 607/608 Marathon Icon, Opp. Peninsula Corporate Park, Off. Ganpatrao Kadam Marg, Veer Santaji Lane, Lower Parel, Mumbai - 400 013, Maharashtra, India **Telephone:** +91 22 6666 8040/41/42; **Email:** investors@vivro.net **Website**: www.vivro.net **Contact Person:** Jay Shah/ Viral Shah	**VISTRA ITCL (INDIA) LIMITED** The IL&FS Financial Centre, Plot No. C – 22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra, India **Telephone:** +91 22 2659 3333; **Email:** itclcomplianceofficer@vistra.com **Website**: www.vistraitcl.com **Contact Person:** Jatin Chonani	**KFIN TECHNOLOGIES LIMITED** Selenium Tower-B, Plot 31&32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad –500 032, Telangana, India **Telephone:** +91 40 6716 2222 **Facsimile:** +91 40 2343 1551 **Email:** klmaxiva.ncdipo@kfintech.com **Investor Grievance Email:** einward.ris@kfintech.com **Website:** www.kfintech.com **Contact Person:** M Murali Krishna

CREDIT RATING AGENCY	STATUTORY AUDITOR
INDIA RATINGS & RESEARCH PRIVATE LIMITED Wockhardt Towers, 4th floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, Maharashtra, India **Telephone:** 022-40001700 **E-mail:** infogrp@indiaratings.co.in **Contact Person:** Asutosh Patro	**RB JAIN AND ASSOCIATES, CHARTERED ACCOUNTANTS** Kosseril House, Civil Lane Road, Palarivattom, Kochi – 682 025 **Telephone:** +91 9349254789 **Email:** kjtassociates@gmail.com **Website:** www.rbjain.com **Contact Person:** K. J. Thomas, B Sc, FCA

ISSUE PROGRAMME**

ISSUE OPENS ON THURSDAY, SEPTEMBER 15, 2022	ISSUE CLOSES ON WEDNESDAY, OCTOBER 12, 2022 **

**Vistra ITCL (India) Limited, by its letter dated July 29, 2022, has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue. For further details, see "General Information – Debenture Trustee" on page 38.*

*** Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of this Prospectus) as may be decided by the Board of Directors of our Company ("**Board**") or Debenture Committee of the Board. In the event of such early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through advertisement in an English national daily newspaper and a regional daily newspaper in Telangana where the registered office is located, with wide circulation on or before such earlier date or extended date of closure. Application Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

A copy of this Prospectus and written consents of our Directors, our Company Secretary and Compliance Officer, our Chief Executive Officer, our Chief Financial Officer, our Auditor, the Lead Manager, the Registrar to the Issue, Public Issue Account Bank, Sponsor Bank, Refund Bank, Credit Rating Agency, the legal counsel, CRISIL Limited, the Banker to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities shall be filed with the RoC, in terms of Section 26 of the Companies Act, 2013 along with the requisite endorsed/certified copies of all requisite documents. For further details, see "Material Contracts and Documents for Inspection" beginning on page 358.

CONTENTS

SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning ascribed to such definitions and abbreviations set forth. References to any legislation, act, regulation, rules, guidelines, clarifications or policies shall be to such legislation, act, regulation, rules, guidelines, clarifications or policies as amended, supplemented or re-enacted from time to time until the date of this Prospectus, and any reference to a statutory provision shall include any subordinate legislation notified from time to time pursuant to such provision.

The words and expressions used in this Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such words and expressions under the SEBI NCS Regulations, the Companies Act, 2013, the SCRA, the Depositories Act and the rules and regulations notified thereunder.

Notwithstanding the foregoing, the terms defined as part of "Our Business", "Risk Factors", "Industry Overview", "Key Regulations and Policies", and "Summary of Main Provisions of Articles of Association" beginning on pages 112, 17, 76, 328 and 346, respectively shall have the meaning ascribed to them as part of the aforementioned sections. Terms not defined as part of "Our Business", "Risk Factors", "Industry Overview" and "Key Regulations and Policies", beginning on pages 112, 17, 76 and 328, shall have the meaning ascribed to them hereunder.

General Terms

Term	Description
Company / Issuer/ KLM	KLM Axiva Finvest Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at 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 and its Corporate Office at 4th Floor, Door No.1871A24, VM Plaza, Palarivattom, Ernakulam- 682 025, Kerala, India
We / us / our	Unless the context otherwise requires, KLM Axiva Finvest Limited for the relevant financial year/period as applicable.

Company Related Terms

Term	Description
AoA / Articles / Articles of Association	Articles of Association of our Company, as amended.
Audited Financial Statements	Audited Consolidated Ind AS Financial Statement for Fiscals 2021 and 2020 and Audited Standalone Ind AS Financial Statement for Fiscals 2022, 2021 and 2020
Asset Under Management / AUM	For the quarter ended June 30, 2022 and for the year ended March 31, 2022 AUM represents gross loans including interest receivables without considering the impact of impairment loss allowance and impact of effective interest rate in accordance with IND AS on standalone basis. For the year ended March 31, 2021 and March 31, 2020, AUM represents gross loans including interest receivables without considering the impact of impairment loss allowance and impact of effective interest rate in accordance with IND AS on consolidated basis.
Board / Board of Directors / BoD	The Board of Directors of our Company and includes any Committee thereof.
Company Secretary	The company secretary of our Company i.e. Srikanth G. Menon
Compliance Officer	The compliance officer of our Company appointed in relation to this Issue, i.e. Srikanth G. Menon.
Corporate Office	4th Floor, Door No.1871A24, VM Plaza, Palarivattom, Ernakulam- 682025, Kerala, India.
Debenture Committee	The committee re-constituted by the Board of Directors of our Company by a board resolution dated April 09, 2021. For further details, see *"Our Management"* on page 135.

Term	Description
Equity Shares	Equity shares of face value of ₹ 10 each of our Company.
Financial Information	The financial information stated in the Reformatted Financial Statements (defined herein below).
Group Companies	Group Companies as defined in terms of Regulation 2(1)(r) of SEBI NCS Regulations, KLM Tiana Gold & Diamonds Private Limited, Ente Naadu Nidhi Limited and Payyoli Granites Private Limited.
Interim Unaudited Ind AS Financial Statement	The interim unaudited standalone Ind AS financial statements of our Company for the quarter ended on June 30, 2022 comprising of the statement of financial results including notes thereto.
Limited Review Report	Report dated August 13, 2022 on the Interim Unaudited Ind AS Financial Statements, prepared by the Statutory Auditors.
Loan Assets	Assets under financing activities.
Memorandum / MoA / Memorandum of Association	Memorandum of Association of our Company, as amended.
Net Loan Assets	Assets under financing activities net of provision for non-performing assets.
Promoter	Biji Shibu
Reformatted Financial Statements / Reformatted Ind AS Financial Statements	Reformatted Standalone Ind AS Financial Statements for the year ended as on March 31, 2022, March 31, 2021 and March 31, 2020 and Reformatted Consolidated Ind AS Financial Statements for the year ended as on March 31, 2021 and March 31, 2020
Reformatted Consolidated Ind AS Financial Statements	The reformatted consolidated Ind AS statement of Assets and Liabilities and for the year ended as on March 31, 2021 and March 31, 2020, the reformatted consolidated Ind AS Statement of Profit and Loss, the reformatted consolidated Ind AS Statement of cash flows and the reformatted consolidated Ind AS statement of Changes in Equity including the statement of significant accounting policies and other explanatory statements for the Fiscal year ended 2021 and 2020. Our audited consolidated Ind AS financial statements as at and for the year ended 31, 2021 and March 31, 2020 prepared in accordance with Ind AS form the basis for such Reformatted consolidated Ind AS Financial Statements.
Reformatted Consolidated Ind AS Financial Report	The report dated August 3, 2022, on the Reformatted Consolidated Ind AS Financial Statements, prepared by the Statutory Auditors of our Company.
Reformatted Standalone Ind AS Financial Statements	The reformatted standalone Ind AS statement of Assets and Liabilities and for the year ended as on March 31, 2022, March 31, 2021 and March 31, 2020, the reformatted standalone Ind AS Statement of Profit and Loss, the reformatted standalone Ind AS Statement of cash flows and the reformatted standalone Ind AS statement of Changes in Equity including the statement of significant accounting policies and other explanatory statements for the Fiscal year ended 2022, 2021 and 2020. Our audited standalone Ind AS financial statements as at and for the year ended March 31, 2022, March 31, 2021 and March 31, 2020 prepared in accordance with Ind AS form the basis for such Reformatted Standalone Ind AS Financial Statements.
Reformatted Standalone Ind AS Financial Report	The report dated August 3, 2022, on the Reformatted Standalone Ind AS Financial Statements, prepared by the Statutory Auditors of our Company
RoC / Registrar of Companies	The Registrar of Companies, Telangana at Hyderabad.
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
Statutory Auditor(s) / Auditor(s)	The statutory auditor of our Company, being M/s. RB Jain & Associates, Chartered Accountants.
Shareholders	The shareholders of the Company.

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of this Prospectus.
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form.
Allot/Allotment/Allotted	The issue and allotment of the NCDs to successful Applicants pursuant to the Issue.
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment.
Allottee(s)	The successful Applicant to whom the NCDs are being/have been Allotted pursuant to the Issue.
Applicant / Investor	A person who applies for the issuance and Allotment of NCDs pursuant to the terms of this Prospectus and the Application Form for the Issue.
Application / ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the relevant ASBA Account and will include application made by UPI Investors using UPI where the Application amount will be blocked upon acceptance of UPI Mandate Request by UPI Investors, which will be considered as the application for Allotment in terms of this Prospectus.
Application Amount	The aggregate value of NCDs applied for, as indicated in the Application Form for the Issue.
Application Form / ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process or through the UPI Mechanism and which will be considered as the Application for Allotment of NCDs and in terms of this Prospectus.
Application Supported by Blocked Amount / ASBA	The Application (whether physical or electronic) used by an ASBA Applicant to make an Application by authorising the SCSB to block the bid amount in the specified bank account maintained with such SCSB.
ASBA Account	A bank account maintained with a SCSB as specified in the ASBA Form submitted by ASBA Applicants for blocking the Application Amount mentioned in the ASBA Form, and will include a bank account of a retail individual investor linked with UPI, for retail individual investors submitting application value up to ₹ 5,00,000
ASBA Applicant	Any Applicant who applies for NCDs through the ASBA process.
Base Issue	₹ 10,000 lakhs.
Basis of Allotment	The basis on which NCDs will be allotted to successful applicants under the Issue and which is described in "*Issue Procedure – Basis of Allotment for NCDs*" on page 274.
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms (including ASBA Forms under UPI in case of UPI Investors) to a Trading Member. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the respective websites of the Stock Exchange.
Business Days	All days excluding Saturdays, Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
Collection Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated Branch for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for CRTAs and Designated CDP Locations for CDPs.
Collecting Depository Participants / CDPs	A depository participant, as defined under the Depositories Act, 1996 and registered with the SEBI Act and who is eligible to procure Applications at the Designated CDP Locations in terms of the SEBI Operational Circular.
Collecting Registrar and Share Transfer Agents / CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of the SEBI Operational Circular.

Term	Description
Credit Rating Agency / India Ratings	For the present Issue, the credit rating agency, in this case being India Ratings & Research Private Limited.
CRISIL	CRISIL Limited.
Coupon Rate / Interest Rate	The aggregate rate of interest payable in connection with the NCDs in accordance with this Prospectus. For further details, see "*Issue Structure*" on page 252.
Debenture Trust Deed	The trust deed to be executed by our Company and the Debenture Trustee for creating the security over the NCDs issued under the Issue.
Debenture Trusteeship Agreement	Debenture Trusteeship Agreement dated July 29, 2022 entered into between our Company and the Debenture Trustee.
Debentures /NCDs	Secured, redeemable, non-convertible debentures issued pursuant to the Issue.
Deemed Date of Allotment	The date on which the Board or the Debenture Committee of the Board approves the Allotment of the NCDs or such date as may be determined by the Board or the Debenture Committee and notified to the Designated Stock Exchange. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Demographic Details	The demographic details of an Applicant such as his address, bank account details, category, PAN, UPI ID etc. for printing on refund/interest orders or used for refunding through electronic mode as applicable.
Depositories Act	The Depositories Act, 1996.
Depository(ies)	National Securities Depository Limited (NSDL) and/or Central Depository Services (India) Limited (CDSL).
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms used by the ASBA Applicants and a list of which is available at https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such centres of the Collecting Depository Participants where Applicants can submit the Application Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the website of the Stock Exchange and updated from time to time.
Designated Date	The date on which the Registrar to the Issue issues the instruction to SCSBs for unblocking of funds from the ASBA Accounts to the Public Issue Account in terms of this Prospectus and the Public Issue Account and Sponsor Bank Agreement and following which the Board, shall Allot the NCDs to the successful Applicants.
Designated Intermediaries	Collectively, the Lead Managers, the Syndicate Members/Lead Brokers, Trading Members, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue In relation to ASBA applicants authorising an SCSB to block the amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA applicants submitted by Retail Individual Investors where the amount was blocked upon acceptance of UPI Mandate Request using the UPI Mechanism, Designated Intermediaries shall mean the CDPs, RTAs, Lead Manager, Members of the Syndicate, Trading Members and Stock Exchange where applications have been submitted through the app/web interface as provided in the SEBI Operational Circular
Designated Stock Exchange/ DSE	BSE Limited.
Designated RTA Locations	Such centres of the CRTAs where Applicants can submit the Application Forms (including Application Forms by UPI Investors under the UPI Mechanism). The details of such Designated RTA Locations, along with the names and contact details of the CRTAs are available on the website of the Stock Exchange (www.bseindia.com) and updated from time to time.
DP/ Depository Participant	A depository participant as defined under the Depositories Act.

Term	Description
Direct Online Application	An online interface enabling direct applications through UPI by an app based/web interface, by investors to a public issue of debt securities with an online payment facility
Draft Prospectus / Draft Offer Document	The draft prospectus dated September 1, 2022 has been filed by our Company with the Designated Stock Exchange and with SEBI for receiving public comments, in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations.
Existing Secured Creditors	The South Indian Bank Limited, ICICI Bank Limited, HDFC Bank Limited, State Bank of India, Dhanlaxmi Bank Limited debenture holders of the privately placed secured non-convertible debentures and debenture holders of secured non-convertible debentures issued by way of public issue.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
Interest Payment Date / Coupon Payment Date	The dates on which interest/coupon on the NCDs shall fall due for payment which will be specified in this Prospectus. Please see the section titled "*Issue Structure – Interest and Payment of Interest*" on page 252.
Institutional Portion	Portion of Applications received from Category I of persons eligible to apply for the issue which includes Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013; Statutory Corporations including State Industrial Development Corporations; Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks, which are authorised to invest in the NCDs, Provident Funds of minimum corpus of ₹ 2,500 lakhs, Pension Funds of minimum corpus of ₹ 2,500 lakhs; Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; Venture Capital funds and/or Alternative Investment Funds registered with SEBI, Insurance Companies registered with the IRDA; National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India: Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India; Mutual Funds, registered with SEBI; and Systemically Important Non-Banking Financial Companies,.
Issue/ Issue Size	Public issue by our Company of NCDs aggregating up to ₹10,000 lakhs, with an option to retain over-subscription up to ₹10,000 lakhs, aggregating upto ₹20,000 lakhs on the terms and in the manner set forth therein.
Issue Closing Date	Wednesday, October 12, 2022
Issue Opening Date	Thursday, September 15, 2022
Lead Manager	Vivro Financial Services Private Limited.
Market Lot	1 (one) NCD.
Maturity Amount	In respect of NCDs Allotted to NCD Holders, the repayment of the face value of the NCD along with interest that may have accrued as on the redemption date.
Mobile App(s)	The mobile applications listed on the website of Stock Exchange as may be updated from time to time, which may be used by Applicants to submit Bids using the UPI Mechanism
NCD Holder/Debenture Holder	Any debenture holder who holds the NCDs issued in this Issue and whose name appears on the beneficial owners list provided by the Depositories.
Non-Institutional Portion	Category II of persons eligible to apply for the Issue which includes Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; Educational institutions and Associations Of Persons and/or bodies established pursuant to or registered under any central or state statutory enactment, which are authorised to invest in the NCDs; Trust Including Public/private charitable/religious trusts which are authorised to invest in the NCDs; Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; Partnership firms in the name of the partners; Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹ 5 lakhs.

Term	Description
Offer Document	The Draft Prospectus, this Prospectus, Application Form and abridged Prospectus.
Prospectus	This Prospectus dated September 13, 2022, to be filed with the RoC in accordance with the SEBI NCS Regulations, containing *inter alia* the coupon rate for the NCDs and certain other information.
Public Issue Account	Account(s) opened with the Public Issue Account Bank to receive monies from the ASBA Accounts maintained with the SCSBs (including under the UPI Mechanism) on the Designated Date.
Public Issue Account Bank	The Banker to the Issue being HDFC Bank Limited with whom Public Issue Account will be opened.
Public Issue Account and Sponsor Bank Agreement	The agreement dated September 06, 2022 entered into amongst our Company, the Registrar to the Issue, the Lead Manager, the Public Issue Account Bank and the Sponsor Bank for the appointment of the Sponsor Bank in accordance with the SEBI Operational Circular for collection of the Application Amounts from ASBA Accounts under the UPI Mechanism and the Refund Bank for remitting the and where applicable, refunds of the amounts collected from the Applicants on the terms and conditions thereof.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 Working Days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made and as specified in this Prospectus.
Refund Bank	The Banker to the Issue being HDFC Bank Limited, with whom the Refund Account(s) will be opened,
Registrar to the Issue / Registrar	Kfin Technologies Limited
Register of NCD Holders	The statutory register in connection with any NCDs which are held in physical form on account of rematerialisation, containing name and prescribed details of the relevant NCD Holders, which will be prepared and maintained by our Company/Registrar in terms of the applicable provisions of the Act.
RTAs/ Registrar and Share Transfer Agent	The registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue at the Designated RTA Locations.
SCSBs or Self Certified Syndicate Banks	The banks registered with SEBI, offering services in relation to ASBA and UPI, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes for ASBA and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 for UPI, updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Security	The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with Existing Secured Creditors, on all movable assets, including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.
Specified Locations	Collection centres where the Members of the Syndicate shall accept Application Forms, a list of which is included in the Application Form.
Sponsor Bank	The Banker to the Issue registered with SEBI, which has been appointed by our Company to act as a conduit between the Stock Exchanges and the National

Term	Description
	Payments Corporation of India in order to push the mandate collect requests and / or payment instructions of the retail individual investors into the UPI for retail individual investors applying through the app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value up to ₹5,00,000 and carry out any other responsibilities in terms of the SEBI Operational Circular. (In this Issue, HDFC Bank Limited)
Stock Exchange	BSE Limited.
Syndicate ASBA	Applications through the Designated Intermediaries.
Syndicate ASBA Application Locations	Collection centers where the Designated Intermediaries shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI at https://www.sebi.gov.in and at such other websites as may be prescribed by SEBI from time to time.
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on https://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time.
Tenor	Tenor shall mean the tenor of the NCDs.
Trading Member(s)	Individuals or companies registered with SEBI as "trading member(s)" under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, and who hold the right to trade in stocks listed on stock exchanges, through which investors can buy or sell securities listed on stock exchanges whose list is available on stock exchanges.
Transaction Registration Slip / TRS	The acknowledgement slip or document issued by any of the Members of the Syndicate, the SCSBs, or the Trading Members as the case may be, to an Applicant upon demand as proof of upload of the Application on the application platform of the Stock Exchange.
Tripartite Agreement(s)	Agreements as entered into between our Company, Registrar and each of the Depositories under the terms of which the Depositories shall act as depositories for the securities issued by our Company.
Trustees / Debenture Trustee	Trustees for the holders of the NCDs allotted pursuant to Public Issue I, II, III, IV, V, VI and in this issue being Vistra ITCL (India) Limited.
UPI	Unified Payments Interface, is an instant payment system developed by the NPCI. It enables merging several banking features, seamless fund routing and merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank account.
UPI Investor	An Applicant who applies with a UPI number whose Application Amount for NCDs in the Issue is up to ₹ 5,00,000.
UPI ID	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the NPCI.
UPI Mandate Request	A request (intimating the UPI Investors, by way of a notification on the UPI application and by way of an SMS directing the UPI Investors to such UPI application) to the UPI Investors using the UPI Mechanism initiated by the Sponsor Bank to authorise blocking of funds equivalent to the Application Amount in the relevant ASBA Account through the UPI, and the subsequent debit of funds in case of Allotment.
UPI Mechanism	The optional bidding mechanism that may be used by UPI Investors to make Applications in the Issue, in accordance with SEBI Operational Circular and any other circulars issued by SEBI or any other governmental authority in relation thereto from time to time.
UPI PIN	Password to authenticate UPI transaction.
Web Interface	Web interface developed by Designated Stock Exchange wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism
Wilful Defaulter	An issuer who is categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful

Term	Description
	defaulters issued by the RBI and includes an issuer whose director or promoter is categorised as such.
Working Days	All days excluding Sundays or a holiday of commercial banks in Mumbai and/or Kochi, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in Mumbai. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closure to listing of the NCDs on the Stock Exchange, Working Days shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI NCS Regulations, however, with reference to payment of interest/redemption of NCDs, Working Days shall mean those days wherein the money market is functioning in Mumbai.

Business / Industry Related Terms

Term	Description
AFC	Asset Finance Companies
ALM	Asset Liability Management
ALCO	Asset Liability Committee
AUM	Assets Under Management
Average Cost of Borrowing	Amount that is calculated by dividing the interest paid during the period by average of the monthly outstanding
CIBIL	Credit Information Bureau (India) Limited
CIC-ND-SI	Systemically Important Core Investment Company
CPI	Consumer Price Index
CRAR	Capital to Risk Weighted Assets Ratio
DSA	Direct Sales Agent
ECLGS	Emergency Credit Line Guarantee Scheme
EMI	Equated Monthly Instalment
GNPAs	Gross Non-Performing Assets
GLP	Gross Loan Portfolio
Gross Spread	Yield on the average minus the cost of funds
HFC	Housing Finance Company
ICs	Investment Companies
IDF-NBFC	Infrastructure Debt Fund
IFC	Infrastructure Finance Company
IND AS	Indian Accounting Standards
IPO	Initial Public Offering
IRDA	Insurance Regulatory and Development Authority
IRR	Interest Rate Risk
KYC/KYC Norms	Customer identification procedure for opening of accounts and monitoring transactions of suspicious nature followed by NBFCs for the purpose of reporting it to appropriate authority
LAP	Loan Against Property
LCs	Loan Companies
Loan Book	Outstanding loans net of provisions made for NPAs
LTV	Loan to value
MGC	Mortgage Guarantee Companies
MIS	Management Information Systems
MSME	Micro, Small and Medium Enterprises
NABARD	National Bank for Agriculture and Rural Development
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act, 1934
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-ICC	NBFC registered as an Investment and Credit Company
NBFC-MFI	NBFC – Microfinance Institutions
NBFC-ND	NBFC registered as a non-deposit accepting NBFC

Term	Description
NBFC-ND-NSI	Non Systemically Important NBFC-ND, i.e. a non-banking financial company not accepting / holding public deposits and which is not systemically important i.e. having total assets of less than ₹ 50,000 lakhs as per the last audited balance sheet
NBFC-ND-SI	Systematically Important NBFC-ND, i.e. a non-banking financial company not accepting / holding public deposits and which is systemically important i.e. having total assets of ₹ 50,000 lakhs and above as per the last audited balance sheet
NHAI	National Highways Authority of India
NII	Net Interest Income
NOF	Net Owned Fund
NOFHC	Non-Operative Financial Holding Company
NPA	Non-Performing Asset
NPCI	National Payments Corporation of India
NSO	National Statistical Office
Public Issue I	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹10,000.00 lakhs pursuant to the prospectus dated September 18, 2018
Public Issue II	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹9,383.38 lakhs pursuant to the prospectus dated August 19, 2019
Public Issue III	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹12,428.93 lakhs pursuant to the prospectus dated May 27, 2020
Public Issue IV	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹15,000.00 lakhs pursuant to the prospectus dated June 30, 2021
Public Issue V	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹16,210.77 lakhs pursuant to the prospectus dated September 28, 2021
Public Issue VI	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹17,765.22 lakhs pursuant to the prospectus dated February 11, 2022
OLC	Overdue Loan Cell
RBI NSI Master Directions	RBI's Master Direction - Non-Banking Financial Company – Non - Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended
RBI SI Master Directions	RBI's Master Direction - Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended
ROA	Return on Assets
SBR	Scale Based Regulation
SIDBI	Small Industries Development Bank of India
SME	Small and Medium Enterprises
STPLs	Small Ticket Size Loans
TAT	Turnaround Time
Tier I Capital	For NBFC-ND-NSI: Tier I Capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiary and companies in the same group exceeding, in aggregate, ten percent of the owned fund For NBFC-ND-SI: Tier I Capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds,

Term	Description
	outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I Capital of such company as on March 31 of the previous accounting year
Tier II Capital	For NBFC-ND-NSI: Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty-five percent; (c) General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; and To the extent, the aggregate does not exceed Tier I capital. For NBFC-ND-SI: Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of fifty five percent; (c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; and (f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I capital
TLTRO	Targeted Long-Term Repo Operations

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual General Meeting
AML	Anti-Money Laundering
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CGST Act	Central Goods and Services Tax Act, 2017
Companies Act/Companies Act 2013	The Companies Act, 2013 read with rules framed by the Government of India from time to time
DIN	Director Identification Number
DRR	Debenture Redemption Reserve
DT Circular	Circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 issued by SEBI on November 3, 2020, as amended from time to time
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment

Term	Description
FDI Policy	FDI in an Indian company is governed by the provisions of the FEMA read with the FEMA Regulations and the Foreign Direct Investment Policy
FEMA	Foreign Exchange Management Act, 1999
FEMA Non-Debt Regulations	Foreign Exchange Management (Non-Debt Instruments) Rules, 2019
FEMA Debt Regulations	Foreign Exchange Management (Debt Instruments) Rules, 2019
FFMC	Full Fledged Money Changer
Financial Year/FY	Financial Year ending March 31
FII/FPI	Foreign Institutional Investors defined under the SEBI (Foreign Institutional Investors) Regulations, 2014 registered with SEBI and as repealed by Foreign Portfolio Investors defined under the SEBI (Foreign Portfolio Investors) Regulations, 2019
GDP	Gross Domestic Product
GFCE	Government First Consumption Expenditure
GFCF	Gross Fixed Capital Formation
GoI	Government of India
G-Sec	Government Securities
GST	Goods and services tax
ICAI	Institute of Chartered Accountants of India established by an Act of Parliament, viz. The Chartered Accountants Act, 1949 (Act No. XXXVIII of 1949)
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
IGST Act	Integrated Goods and Services Tax Act, 2017
IND AS	The Indian Accounting Standards referred to in Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.
Indian GAAP	Accounting Standards as per the Companies (Accounting standards) Rules, 2006 notified under Section 133 of the Act and other relevant provisions of the Act.
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
IT Act	The Income Tax Act, 1961
KYC	Know Your Customer
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MIS	Management Information System
MoU	Memorandum of Understanding
NA	Not Applicable
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NII(s)	Non-Institutional Investor(s)
NIM	Net Interest Margin
NPCI	National Payments Corporation of India
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
PAN	Permanent Account Number
PDI	Perpetual Debt Instrument
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
RM	Relationship Manager
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992

Term	Description
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2021
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI NCS Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Non Convertible Securities) Regulations, 2021
SEBI Operational Circular	Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021issued by SEBI and as amended *vide* Circular no. SEBI/HO/DDHS/P/CIR/2021/0692 dated December 17, 2021, Circular no. SEBI/HO/DDHS/P/CIR/2021/031 dated March 22, 2022 and Circular no. SEBI/HO/DDHS/P/CIR/2021/613 dated April 13, 2022.
SGST Act	State Goods and Services Tax Act, 2017, as enacted by various state governments.
TDS	Tax Deducted at Source
WDM	Wholesale Debt Market

PRESENTATION OF FINANCIAL, INDUSTRY AND OTHER INFORMATION

Certain Conventions

All references to "India" are to the Republic of India and its territories and possessions and all references to the "Government" or the "State Government" are to the Government of India, central or state, as applicable.

Unless otherwise stated, references in this Prospectus to a particular year are to the calendar year ended on December 31 and to a particular "fiscal" or "fiscal year" are to the fiscal year ended on March 31.

All references to "India" are to the Republic of India and its territories and possessions, and the "Government", the "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

Financial Data

Our Company publishes its financial statements in Rupees.

Our Company's Interim Unaudited Ind AS Financial Statements for quarter ended June 30, 2022 is prepared in accordance with Ind AS, applicable standards and guidance notes specified by the ICAI under the Companies Act.

Our Company's financial statements for the year ended March 31, 2022, March 31, 2021 and March 31, 2020 is prepared in accordance with Ind AS, as applicable standards and guidance notes specified by the ICAI including the applicable provisions of the Companies Act, 2013, including the applicable provisions of the Companies Act, 2013 and other applicable statutory and/or regulatory requirements. With effect from April 1, 2019, as per the roadmap issued by the Ministry of Corporate Affairs ("**MCA**") dated January 18, 2016, under the Companies (Indian Accounting Standards) Rules, 2015, for Non-Banking Finance Companies (other than the Non-Banking Finance Companies having total assets of ₹50,000 lakhs or more), for financial reporting purposes, the Company has followed the Indian Accounting Standards issued by the ICAI specified under Section 133 of the Companies Act, 2013, read with Rule 3 and/or Rule 7 of the Companies (Indian Accounting Standard) Rules, 2015 ("**IND AS**"), as applicable.

The Reformatted Standalone Ind AS Financial Statements of our Company included in this Prospectus are derived from the audited standalone financial statements prepared in accordance with Ind AS for March 31, 2022, March 31, 2021 and March 31, 2020. The Reformatted Consolidated Ind AS Financial Statements of our Company included in this Prospectus are derived from the audited consolidated financial statements prepared in accordance with Ind AS for March 31, 2021 and March 31, 2020. The MCA, in its press release dated January 18, 2016, issued a roadmap for implementation of IND AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies, which was subsequently confirmed by the RBI through its circular dated February 11, 2016. The notification further explains that NBFCs whose equity and/or debt securities are listed or in the process of listing on any stock exchange in India or outside India and having net worth less than ₹50,000 lakh, shall comply with IND AS for accounting periods beginning from April 1, 2019 onwards with comparatives for the periods ending on March 31, 2019 or thereafter. Accordingly, IND AS is applicable to our Company with effect from April 1, 2019.

The Interim Unaudited Financial Statement alongwith Limited Review Report and Reformatted Financial Statements and the examination report on the Reformatted Financial Statements, as issued by our Company's Statutory Auditors, M/s. RB Jain and Associates, Chartered Accountants, is included in this Prospectus, in the chapter titled "*Financial Statements*" beginning on page 148.

Unless stated otherwise, the financial data used in this Prospectus is derived from our Reformatted Standalone Ind AS Financial Statements for the financial year ended March 31, 2022, March 31, 2021 and March 31, 2020 and Reformatted Consolidated Ind AS Financial Statements for the financial year ended March 31, 2021 and March 31, 2020, prepared in accordance with the recognition and measurement principles as laid down in IND AS, applicable standards and guidance notes prescribed by ICAI, Companies Act, 2013 and other applicable statutory and/or regulatory requirements.

In this Prospectus, any discrepancies in any table, including "*Capital Structure*" and "*Objects of the Issue*" between the total and the sum of the amounts listed are due to rounding off. All the decimals have been rounded off to two decimal places.

Further, the financial data and numbers used in this Prospectus are under Ind AS, as specifically mentioned in this Prospectus and is not strictly comparable.

Unless stated otherwise or unless the context requires otherwise, the financial data used in this Prospectus is on a standalone basis.

Currency and units of Presentation

In this Prospectus, all references to 'Rupees'/ 'Rs.'/ 'INR'/ '₹' are to Indian Rupees, the official currency of the Republic of India. Except where stated otherwise in this Prospectus, all figures have been expressed in 'lakhs'. All references to 'lakh/lakhs' means 'one hundred thousand' and 'crore' means 'ten million' and 'billion /billions' means 'one hundred crores'.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although our Company believes that industry data used in this Prospectus is reliable, it has not been independently verified. Also, data from these sources may not be comparable. Similarly, internal reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Certain information and statistics in relation to the industry in which we operate, which has been included in this Prospectus has been extracted from an industry report titled "Industry Report on gold loans, personal loans, MSME loans, and microfinance loans – July 2022", prepared and issued by CRISIL Limited ("**CRISIL Report**"). Please refer to "*Industry Overview*" on page 76 for further details. Following is the disclaimer of CRISIL Limited in relation to the CRISIL Report:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. ***KLM Axiva Finvest Limited*** *will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."*

General Risk

Investment in NCDs involve a degree of risk and investors should not invest any funds in NCDs unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under section "Risk Factors" on page 17. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the NCDs or Investor's decision to purchase such securities.

FORWARD LOOKING STATEMENTS

This Prospectus contains certain statements that are not statements of historical fact and are in the nature of "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "continue", "expect", "estimate", "intend", "objective", "plan", "potential", "project", "will", "will continue", "will pursue", "will likely result", "will seek to", "seek" or other words or phrases of similar import. All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability and other matters discussed in this Prospectus that are not historical facts.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results, performance or achievements to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to our businesses and our ability to respond to them, our ability to successfully implement our strategies, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry.

Important factors that could cause actual results to differ materially from our expectations including, without limitation, the following:

1. The impact of the outbreak of COVID-19 on our business and operations;
2. Any increase in the levels of NPAs in our loan portfolio, for any reason whatsoever, would adversely affect our business and results of operations;
3. Demand for our current products and our ability to introduce new products and implement our growth strategies;
4. Any volatility in interest rates which could cause our gross spreads to decline and consequently affect our profitability;
5. Unanticipated turbulence in interest rates or other rates or prices;
6. The performance of the financial and capital markets in India and globally;
7. Changes in the value of Rupee and other currency changes;
8. Our operations are concentrated in South India, and any adverse developments in the southern states of India may have an adverse effect on our business, results of operations, financial condition and cash flows;
9. The outcome of any legal or regulatory proceedings we are or may become a party to;
10. Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
11. Any changes in connection with policies, statutory provisions, regulations and/or RBI directions in connection with NBFCs, including laws that impact our lending rates and our ability to enforce our collateral;
12. Emergence of new competitors;
13. The rate of growth of our loan assets;
14. Potential mergers, acquisitions or restructurings;
15. Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
16. Availability of adequate debt and equity financing at commercially acceptable terms;
17. General, political, economic, social and business conditions in Indian and other global markets;
18. Our ability to attract and retain qualified personnel; and
19. Other factors discussed in this Prospectus, including under the chapter titled "*Risk Factors*" beginning on page 17.

For further discussion of factors that could cause our actual results to differ from our expectations, please refer to the chapter titled "*Risk Factors*" and chapters titled "*Industry Overview*" and "*Our Business*" beginning on pages 17, 76 and 112, respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward looking statements speak only as on the date of this Prospectus. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Neither the Lead Manager, our Company, its Directors and its officers, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI NCS Regulations, our Company, the Lead Manager will ensure that investors in India are informed of material developments between the date of filing this Prospectus with the Stock Exchange and the date of the Allotment.

SECTION II - RISK FACTORS

An investment in NCDs involves a certain degree of risk. You should carefully consider all the information contained in this Prospectus, including the risks and uncertainties described below, and the information provided in the sections titled "Our Business" on page 112 and "Financial Statements" on page 148, before making an investment decision. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. The following risk factors are determined on the basis of their materiality. In determining the materiality of risk factors, we have considered risks which may not be material individually but may be material when considered collectively, which may have a qualitative impact though not quantitative, which may not be material at present but may have a material impact in the future. Additional risks, which are currently unknown or now deemed immaterial, if materialise, may have a material adverse effect on our business, financial condition and results of operations in the future. The market prices of the NCDs could decline due to such risks and you may lose all or part of your investment including interest thereon.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Prospectus. Unless stated otherwise, the financial data in this section is as per our Reformatted Standalone Financial Statements and Reformatted Consolidated Financial Statements prepared in accordance with Ind AS.

Risks relating to our Business and our Company

1. ***We have received Show-Cause Notice from RBI and any adverse action taken could affect our business and operations.***

RBI issued a Show-Cause Notice dated March 16, 2018 ("**SCN**") under Section 45-IA(6) and Section 58(B) of the RBI Act, against our Company, in relation to alleged violations and non-compliance in the functioning of our Company. In the SCN, RBI has alleged that our Company failed to communicate the name, designation and address of the Principal Officer to the Financial Intelligence Unit-India ("**FIU-IND**") as directed by RBI by its various directions including Master Circular - Know Your Customer Guidelines DNBR (PD) CC No. 051/03.10.19/2015-16 dated July 1, 2015 and the Know Your Customer (Directions), 2016 ("**KYC Directions**"). Further, RBI alleges that it had issued several reminders, namely, letter No. DNBS (H) CMS/1713/04.08.025/2016-17 dated May 10, 2017 and email dated February 28, 2018. Furthermore, RBI also alleges that our Company has been included by the FIU-IND in its list of "High Risk Financial Institutions" for non-compliance with the provisions of Prevention of Money Laundering Act, 2002 and Prevention of Money Laundering (Maintenance of Records) Rules, 2005 ("**PML Rules**") and the directions and guidelines issued by RBI under Rule 9 (14) of the PML Rules. In the SCN, the RBI asked our Company to show cause on or before March 28, 2018 as to why the Certificate of Registration issued to our Company should not be cancelled under Section 45-IA(6) of the RBI Act and penal action should not be initiated against our Company for the offences punishable under Section 58 B of the RBI Act.

Our Company *vide* its letter dated March 23, 2018 ("**Reply**") with its reference to DNBS (H) CMS/1297/00.00.056/2016-17 dated March 16, 2018, responded to the SCN and submitted that our Company has applied for reporting entity registration with FIU-IND on February 26, 2018 and received the FIUREID on March 22, 2018. Further, our Company has received a certificate for registration for FIU-IND. There is no further communication in this regard.

2. ***Our Company, our Promoter and Directors and other companies have been subject to search and seizure operations conducted by the Indian income tax authorities.***

Search and seizure proceedings were initiated by the Income Tax Department under Section 132 of the Income-Tax Act, 1961 (the "**IT Search and Seizure Proceedings**") on October 5, 2015, in the business premises of our Company and the other companies KMLM Chits India Limited and KLM Fincorp Limited at Kothamangalam, Thirupunithura, Piravom and Kaloor. Simultaneously, search was also conducted in the residential premises of Shibu Theckumpurath Varghese Director of the Company and Josekutty Xavier, erstwhile Director of the Company. Further, a survey under section 133A of the I.T. Act was conducted in the business premises of our Company at Kolenchery, Aluva, Thodupuzha, Pala, Athani, Thirussur, Muvattupuzha, Perumbavoor and Pallithazham. During the search, certain documents and items were seized by the department and sworn statements were recorded from Shibu Theckumpurath Varghese Director of the Company and Josekutty Xavier, erstwhile Director of the Company, and other employees of our Company, KMLM Chits India Limited and KLM Fincorp Limited. It was alleged that our Company has generated undisclosed income and utilized the same over the period. Pursuant to the IT Search and Seizure Proceedings, our Company received notices on November 30, 2017, under section 148 of the IT Act issued by the Deputy Commissioner of Income Tax, Centre Circle, Kochi, stating that income tax returns should be filed in 30 days for assessment of income. In response to these notices received above, our Company, KMLM Chits India Limited and KLM Fincorp Limited and Shibu Theckumpurath Varghese Director of the Company and Josekutty Xavier, erstwhile Director of the Company (collectively referred as "**Applicants**") have filed income tax returns and subsequently approached Income tax Settlement Commission, Chennai Bench. The Settlement Commission through its order dated December 28, 2017, allowed the settlement applications of Applicants to be proceeded with further and KLM Fincorp Limited and KMLM Chits India Limited have outstanding tax liabilities of ₹ 238.65 lakhs and ₹ 239.86 lakhs, respectively. KLM Fincorp Limited and KMLM Chits India Limited have also made payments of their respective tax liabilities. For details of this matter, please see section entitled "*Outstanding Litigation*" on page 302.

3. Our financial performance is particularly vulnerable to interest rate volatility. If we are unable to manage interest rate risk in the future it could have an adverse effect on our net interest margin, thereby adversely affecting business and financial condition of our company.

Our results of operations are substantially dependent upon the level of our Net Interest Margins. Interest income from our financing activities is the largest component of our total income, and constituted 99.24%, 96.52%, 97.83% and 97.38%, of our total income for the quarter ended as on June 30, 2022, Fiscal 2022, Fiscal 2021 and Fiscal 2020, respectively. As of June 30, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, our loan books were ₹ 1,28,631.42 lakhs, ₹ 1,07,296.71 lakhs ₹ 74,730.11 lakhs and ₹ 51,354.53 lakhs, respectively. We borrow and lend funds on both fixed and floating rates. Volatility in interest rates can materially and adversely affect our financial performance. In a rising interest rate environment, if the yield on our interest-earning assets does not increase simultaneously with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely impacted.

Accordingly, our operations are susceptible to fluctuations in interest rates. Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions, inflation and other factors. Rise in inflation, and consequent changes in bank rates, repo rates and reverse repo rates by the RBI have led to an increase in interest rates on loans provided by banks and financial institutions, and market interest rates in India have been volatile in recent periods. Moreover, in view of the lockdown and continuing disruption on account of COVID-19 pandemic, our Company has provided an option to its customers of availing a moratorium on payment of instalments on the loans advanced by the Company. The moratorium on payment of instalments in respect of loans is for a period of six months i.e. from March 1, 2020 till August 31, 2020. This facility is extended by our Company in accordance with the provisions of RBI circulars dated March 27, 2020, and May 23, 2020.

We do not hedge our exposure to interest rate changes. We cannot assure you that we can adequately manage our interest rate risk in the future. Further, changes in interest rates could affect the interest rates charged on interest earning assets and the interest rates paid on interest bearing liabilities in different ways. Thus, our results of operations could be affected by changes in interest rates and the timing of any re-pricing of our liabilities compared with the re-pricing of our assets.

4. Our business requires substantial capital, and any disruption in funding sources would have a material adverse effect on our liquidity and financial condition.

As an NBFC, our liquidity and on-going profitability are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from issuance of redeemable non-convertible debentures, the issue of subordinated debts, perpetual debt instruments and equity shares. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition. While our borrowing costs have been competitive in the past, if we are unable to access funds at an effective cost that is comparable to or lower than our competitors, we may not be able to offer competitive interest rates for our loans. This may adversely impact our business, prospects, cash flow, results of operations and financial condition.

Restrictive or penal order may be passed against us by the RBI in future proceedings that could hamper our operations or services, or a part thereof, or levy penalties in connection therewith, which may in turn adversely affect our operations and profitability. Changes in economic and financial conditions or continuing lack of liquidity in the market could make it difficult for us to access funds at competitive rates. Such conditions may lead to a disruption in our primary funding sources at competitive costs and would have a material adverse effect on our liquidity and financial condition.

5. ***High levels of customer defaults or delays in repayment of loans could adversely affect our business, financial condition and results of operations.***

Our business involves lending money and accordingly we are subject to customer default risks including default or delay in repayment of principal and/or interest on our loans. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted.

In addition, our customer portfolio consists of individuals, small and medium enterprises and other group of the under banked community, who do not typically have easy access to financing from commercial banks or other organized lenders and often have limited credit history. Such borrowers generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation on the part of our customers. Furthermore, unlike several developed economies, a nationwide credit bureau has only recently become operational in India, so there is less financial information available about the creditworthiness of our customers. It is therefore difficult to carry out precise credit risk analyses on our clients.

Our Company has in the past faced various instances of customers having defaulted and/or failed to repay dues in connection with loans and/or finance provided by our Company and has also initiated various legal proceedings in connection therewith. Further our Company also in certain cases restructured the terms and conditions of loans and/or finance provided by us, subject to applicable statutory and/or regulatory requirements. Further, another source of funding is repayment of loans by our customers. Any delays in repayment of loans by our customers in a timely manner or at all, could impact our funding plans.

Customer defaults could also adversely affect our levels of NPAs and provisioning of the same, which could in turn adversely affect our operations, cash flows and profitability. Our Gross NPAs have decreased from ₹ 4,512.05 lakhs as at March 31, 2020 to ₹ 4,292.53 lakhs as at March 31, 2022 representing 4% of the total loans and advances and our Net NPAs have decreased from ₹ 3,065.73 lakhs as at March 31, 2020 to ₹ 2,898.48 lakhs as at March 31, 2022 representing 2.70% of the total loans and advances. Our Gross NPAs was ₹ 3,499.81 lakhs as at June 30, 2022 representing 2.72% of the total loans and advances and our Net NPAs was ₹ 2,044.35 lakhs as at June 30, 2022 representing 1.59% of the total loans and advances. Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan contracts, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

6. ***If we are unable to manage the level of NPAs in our Loan Assets, our financial position and results of operations may suffer.***

Our Gross NPAs have decreased from ₹ 4,512.05 lakhs as at March 31, 2020 to ₹ 4,292.53 lakhs as at March 31, 2022 and our Net NPAs have decreased from ₹ 3,065.73 lakhs to as at March 31, 2020 to ₹ 2,898.48 lakhs as at March 31, 2022. As on June 30, 2022, our Gross NPAs and Net NPAs were ₹ 3,499.81 lakhs and ₹ 2,044.35 lakhs, respectively. Our Gross NPAs as a percentage of total Loan Assets were 2.72%, 4%, 6.56% and 8.79% as of June 30, 2022, March 31, 2022, March 31, 2021, and March 31, 2020, respectively, while our Net NPAs as a percentage of Net Loan Assets were 1.59%, 2.70%, 4.68% and 5.97% as of June 30, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, respectively. We cannot ensure that we will be able to improve our collections and recoveries in relation to our NPAs or otherwise adequately control our level of NPAs in future. Moreover, as our loan portfolio matures, we may experience greater defaults in principal and/or interest repayments. Thus, if we are not able to control or reduce our level of NPAs, the overall quality of our loan portfolio may deteriorate and our results of operations may be adversely affected. Furthermore, our current provisions may not be adequate when compared to the loan portfolios of other financial institutions, currently as at June 30, 2022 our total provisioning for NPAs is ₹ 1,455.46 lakhs. Moreover, there also can be no assurance that there will be no further deterioration in our provisioning coverage as a percentage of Gross NPAs or otherwise, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. In the event of any further deterioration in our NPA portfolio, there could be an even greater, adverse impact on our results of operations.

7. ***Our indebtedness and the conditions and restrictions imposed by our financing agreements could restrict our ability to conduct our business and operations in the manner we desire.***

As of June 30, 2022, we had an outstanding debt (including interest on bank borrowings and on debentures) of ₹ 1,30,444.93 lakhs. We may incur additional indebtedness in the future. Many of our financing agreements include various restrictive conditions and covenants restricting certain corporate actions, and our Company is required to take the prior approval of the lender before carrying out such activities. For instance, our Company, *inter alia,* is required to obtain the prior written consent in the following instances:

- to declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations;
- should not be dissolved/reconstituted without obtaining bank's prior approval
- to formulate any scheme of amalgamation or reconstruction;
- to implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except such schemes which have already been approved by the Bank;
- to any change in capital structure;
- to enter into borrowing arrangements either secured or unsecured with any other bank, Financial Institution, company or person;
- to effect any drastic change in their management setup;
- to enter into long term contractual obligations directly affecting the financial position of our Company;
- to borrow or obtain credit facilities from any bank or financial institution;
- to undertake any guarantee obligations on behalf of any other company;
- to invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary/ group concerns. However, normal trade credit or security deposits in the normal course of business or advances to employees can be excluded;
- to create any further charge, lien or encumbrance over the assets and properties of the Unit / Guarantors to be charged / charged to the Bank in favour of any other bank, Financial Institution, firm or person;
- to sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank.
- to repay dues of promoter/group companies;
- to sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the banks; and
- to effect any change in the remuneration payable to the Directors / Partners, etc. either in the form of sitting fees or otherwise

Our indebtedness could have several important consequences, including our cash flows being used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund our working capital, capital expenditures and other general corporate requirements. Moreover, our ability to obtain additional financing or renewal of existing facilities, in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates. There could be a material adverse effect on our business, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements and we may be more vulnerable to economic downturns, which may limit our ability to withstand competitive pressures and may reduce our flexibility in responding to changing business, regulatory and economic conditions.

8. We have limited operating history and evolving business make it difficult to evaluate our business and future operating results on the basis of our past performance, and our future results may not meet or exceed our past performance.

The present management has acquired our Company in the Fiscal 2014 from the erstwhile management to start financial services. Subsequently, we started offering various products such as gold loan, personal loan and MSME loan. As per the strategy of the Company, we have recently forayed into microfinance lending. As a result of our limited operating history under the new management, there is limited historical operating information available to help prospective investors to evaluate our past performance as an entity. Given we have limited operating history in the loan finance business, we may face significant challenges in developing and institutionalizing our procedures and policies for that business. The loan finance business would require extensive monitoring, strict compliance with KYC requirements and prudent risk management. Our growth plans will place significant demands on our operational, credit, financial and other internal risk controls, making our management of asset quality increasingly important.

Our business in each sector and overall is growing and the results and amounts set forth in our financial statements may not provide a reliable indication of our future performance. Accordingly, you should evaluate our business and prospects in light of the risks, uncertainties and difficulties frequently encountered by both high growth companies and financial institutions that are in the early stages of development. Our failure to mitigate these risks and uncertainties successfully could materially adversely affect our business and operating results.

9. We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans.

Out of our Company's total gross loan portfolio of ₹ 1,28,631.42 lakhs as at June 30, 2022, 88.71% of the aggregate gross value of our loan book i.e. ₹ 1,14,113.39 lakhs is secured by collaterals and ₹ 14,518.02 lakhs representing 11.29% of the aggregate gross value of our loan book is unsecured loans. The value of collaterals is dependent on various factors *inter-alia* including (i) prevailing market conditions, (ii) the general economic and political conditions in India, (iii) the real estate markets in the areas in which we operate, and (iv) in context to Gold loan business, the value of Gold, being the security, is dependent on the International Gold prices.

The value of the security provided to us, may be subject to reduction in value on account of other extraneous reasons. Consequently, the realizable value of the security for the loans provided by us, when liquidated, may be lower than principal amount outstanding along with interest and other costs recoverable from such customers.

Although we believe that we generally maintain a sufficient margin in the collateral value, if we have to enforce such pledges and if at the time of such enforcement, due to adverse market conditions, the market value of the pledged securities have fallen to a level where we are unable to recover the monies lent by us, along with interest accrued thereon and associated costs, the results of our operations would be adversely affected. In case of any shortfall in margins in connection with the securities pledged as collaterals, we typically call upon the relevant customer to provide further collateral to make up for the deficit in such margins. Furthermore, enforcing our legal rights by litigating against defaulting customers is generally a slow and potentially expensive process in India. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all.

10. Our Company, Directors and Promoter are subject to certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on our business, financial condition and results of operations.

We, our Directors and Promoter are subject to certain legal proceedings including civil suits, consumer litigations, tax litigations etc. We incur substantial cost in defending these proceedings before a court of law. Moreover, we are unable to assure you that we or our Promoter and Directors shall be successful in any or all of these actions. In the event, we or our Promoter and Directors suffer any adverse order, our reputation may suffer and may have an adverse impact on our business and results of operations. We cannot assure that an adverse order by any statutory or governmental authority would not have a negative impact on our profit and financial condition. For further details of the legal proceedings that we are subject to, please refer to the chapter titled "*Outstanding Litigation*" on page 302.

11. We are subjected to supervision and regulation by the RBI as a systemically important non – deposit accepting NBFC, and changes in RBI's regulations governing us could adversely affect our business.

Pursuant to the resolution approved by the Board of Directors of the Company on March 9, 2020, we are, from the fourth quarter of Fiscal 2020, classified as a systemically important non – deposit accepting NBFC with asset size of more than ₹50,000.00 lakhs and therefore we are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure and other prudential norms. The RBI also regulates the credit flow by banks to NBFC-ND-SIs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to the NBFC-ND-SIs. The RBI's regulation of NBFC-ND-SIs may change or become more rigorous in the future which may require our Company to restructure its activities, incur additional costs or could otherwise adversely affect its business, financial performance and cash flows. In order to provide enhanced control, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented. There can be no assurance that the RBI and/or the Government will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFC-ND-SIs.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

12. We are subject to regulations in respect of provisioning for non-performing assets. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, this could have an adverse effect on our financial condition, liquidity and results of operations.

RBI guidelines for NBFCs prescribe the provisioning required in respect of our outstanding loan portfolio. These provisioning requirements may require us to reserve lower amounts than the provisioning requirements applicable to financial institutions and banks in other countries. The provisioning requirements may also require the exercise of subjective judgments of management. The RBI SI Master Directions provides the regulatory framework for systematically important NBFCs in relation to provisioning for their standard assets. The requirement to maintain a provision for standard assets is 0.40% by the end of March 31, 2021. For details on asset classification please refer to the chapter titled "*Key Regulations and Policies – Regulatory Requirements of an NBFC under the RBI Act – Asset Classification*" on page 328.

There are multiple factors that affect the level of NPAs in our Company. Prominent among them are fall in value of gold, increase in the LTV ratio for gold loan etc. Various factors that are beyond our control, such as macro-economic factors (including a rise in unemployment, a sharp and sustained rise in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates), regulatory hurdles and global competition as well as customer specific factors such as wilful default and mismanagement of a customer's operations, may result in increasing NPA levels and may have an adverse impact on the quality of our loan portfolio. If we are unable to effectively control our NPA levels in the future, we will be required to increase our provisions, which may adversely affect our profitability and financial condition. The RBI regulates certain aspects of the recovery of non-performing loans, such as the use of recovery agents. Any limitation on our ability to recover, control and reduce non-performing loans under the applicable regulatory regime or otherwise could affect our collections and ability to foreclose on existing NPAs.

The level of our provisions may not be adequate to cover further increases in the amount of our non-performing assets or a decrease in the value of the underlying gold collateral. If such provisions are not sufficient to provide adequate cover for loan losses that may occur, or if we are required to increase our provisions, this could have an adverse effect on our financial condition, liquidity and results of operations and may require us to raise additional capital.

13. We are subject to supervision by regulatory authorities and non-compliance with observations made by regulatory authorities during their periodic inspections could expose us to penalties and restrictions.

As a NBFC-ND-SI, we are now subject to periodic inspection by the RBI under Section 45N of the Reserve Bank of India Act, 1934 (the "**RBI Act**"), pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. Any irregularities found during such investigations by such regulatory authorities could, similarly expose us to warnings, penalties and restrictions.

During the course of finalization of inspection, regulatory authorities may share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities may also seek certain clarifications and share their findings in the ordinary course of business. We cannot assure you that these authorities will not find any deficiencies in future inspections or otherwise / the authorities will not make similar or other observations in the future.

In the event we are unable to resolve such deficiencies to the satisfaction of the relevant authority, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the regulatory authorities, we could be subject to penalties and restrictions which may have an adverse effect on our business, results of operations, financial condition and reputation.

14. ***Our Company's inability to obtain, renew or maintain the statutory and regulatory permits and approvals which are required to operate its existing or future businesses may have a material adverse effect on its business, financial condition, cash flows and results of operations.***

NBFCs in India are subject to regulations and supervision by the RBI. In addition to the numerous conditions required for the registration as an NBFC with the RBI, we are also required to comply with certain other regulatory requirements for its business imposed by the RBI. In the future, there could be circumstances where our Company may be required to renew applicable permits and approvals, including its registration as a systematically important non-deposit taking NBFC and obtain new permits and approvals for its current and any proposed operations or in the event of a change in applicable law and regulations. There can be no assurance that RBI or other relevant authorities will issue any such permits or approvals in the time-frame anticipated by our Company, or at all. In addition, we require several registrations to operate our branches in the ordinary course of business. These registrations include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labour-related registrations, GST registrations and trade licenses of the particular state in which we operate. Some of these approvals may have expired in the ordinary course, and our Company has either applied, or is in the process of applying for renewals of them. Failure by our Company to renew, maintain or obtain the required permits or approvals may result in an interruption of its operations and may have a material adverse effect on its business, financial condition, cash flows and results of operation.

In addition, if we establish additional branches, such branches would have to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities.

15. ***Our loan book comprises of unsecured loans forming a part of our Microfinance loan. Our inability to recover the amounts due from customers in connection with such loans in a timely manner or at all and/or to comply with applicable statutory/regulatory requirements in connection with such loans could adversely affect our operations and profitability.***

Our loan book comprises of unsecured loans forming a part of our Microfinance loans. Since such loans are unsecured, in case of customer defaults in connection with such loans, our ability to realise the amounts due to us for such loans would be restricted to initiating legal proceedings for recovery, as we will not have the benefit of enforcing any security interest related to such loans. There can be no guarantee as to the time that would be taken for the final disposal of such legal proceedings and/or our ability to obtain favourable decisions in connection therewith.

Because of the unsecured nature of our Microfinance loans, it is essential that our products are appropriately priced, taking into account a possible high rate of interest and all other relevant factors. In making a decision whether to extend credit to prospective customers, and the terms on which we are willing to provide credit, including the price, we rely heavily on our credit scoring models, and our credit experience gained through monitoring the performance of customers over time. Our credit scoring models are based on previous historical experience. If our credit scoring models are not redeveloped as required or if they do not perform up to target standards we may experience increasing defaults or higher customer acquisition costs.

As of June 30, 2022 and March 31, 2022, our unsecured lending book was ₹ 14,518.02 lakhs and ₹ 8,850.80 lakhs constituting 11.29% and 8.25% of our total loan book, respectively. Further, our corporate lending products generally do not have any definite end-use restrictions and our customer may utilise such loans for various purposes, which are often incapable of being monitored on a regular basis or at all.

Our inability to recover the amounts due from customers in connection with such loans in a timely manner or at all and/or to comply with applicable statutory/regulatory requirements in connection with such loans could adversely affect our operations and profitability.

16. ***Our business operations involve transactions with relatively high risk borrowers. Any default from our customers could adversely affect our business, results of operations and financial condition.***

We offer a wide range of financial products and services that address the specific financing requirements of low and middle income individuals as well as micro, small, and medium enterprises. Similarly, our loans are principally focused on first time users with limited access to capital through formal banking channels. A significant portion of our customer base is typically less economically stable than large corporates, and as a result, is usually adversely affected by declining economic conditions. Earning capacity of customers in these segments depends on various macro and micro economic factors that affect them from time to time. We have a greater risk of loan defaults and losses in the event there are adverse economic conditions which may have a negative effect on the ability of our borrowers to make timely payments of their loans.

A significant portion of our target customers typically have limited access to credit with limited to no prior credit history. As a result, we are more vulnerable to customer default risks including delay in repayment of principal or interest on our loans. Although we have our own customised due diligence and credit analysis procedures, there can be no assurance that we will be able to ensure a lower delinquency rate. Our profitability depends on our ability to evaluate the right income levels of our customers, assess the credit risks and to price our loans accordingly. Our customers may default on their obligations as a result of various factors including bankruptcy, insolvency, lack of liquidity and/or failure of the business or commercial venture in relation to which such borrowings were sanctioned. Certain product segments and micro-enterprise loans in particular, are mostly unsecured and are susceptible to higher levels of credit risks. Failure to maintain sufficient credit assessment policies, particularly for small and medium enterprise borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

17. ***Volatility in the market price of gold may adversely affect our financial condition, cash flows and results of operations.***

We extend loans secured mostly by gold jewellery. A sustained decrease in the market price of gold could cause a corresponding decrease in new Gold Loans in our loan portfolio and, as a result, our interest income. In addition, customers may not repay their loans and the gold jewellery securing the loans may have decreased significantly in value, resulting in losses which we may not be able to support. The impact on our financial position and results of operations of a hypothetical decrease in gold values cannot be reasonably estimated because the market and competitive response to changes in gold values is not pre-determinable.

18. ***We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.***

We face competition in all our lines of business. Our primary competitors are other NBFCs, public sector banks, private sector banks, co-operative banks and foreign banks and the unorganized financiers who principally operate in the markets where we operate. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low cost deposits, a factor which can render them less competitive. In addition, interest rate deregulation and other liberalization measures affecting the retail and small and medium enterprises finance sector, together with increased demand for capital by individuals as well as small and medium enterprises, have resulted in an increase in competition.

In our microfinance business, we face competition from other NBFCs, microfinance companies as well as both commercial and small finance banks. In addition, the RBI has set out guidelines applicable to microfinance institutions which restrict the number of microfinance institutions that can extend loans to the same borrower and also limit the maximum amount of loan that can be extended. The presence of microfinance institutions in India is not uniform and certain regions have a concentration of a large number of microfinance institutions while there are regions which have very few and even no microfinance institution presence. In any particular region, the level of competition depends on the number of microfinance institutions that operate in such area. In addition, our target customers also borrow from money lenders and non-institutional lenders which may lend at higher rates of interest.

All of these factors have resulted in us facing increased competition from other lenders in each of our lines of businesses, including commercial banks and other NBFCs. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. Furthermore, as a result of increased competition in the finance sector, finance products are becoming increasingly standardized and variable interest rate and payment terms and lower processing fees are becoming increasingly common in the finance sector in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive finance industry. Increasing competition may have an adverse effect on our net interest margin, and, if we are unable to compete successfully, our market share may decline. If we are unable to compete effectively with other participants in the finance sector, our business, future financial performance and the trading price of the NCDs may be adversely affected.

19. We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, customers or third parties, which could harm our results of operations and financial position.

We also do cash collections to recover our dues. Such cash transactions expose us to the risk of theft, burglary and misappropriation or unauthorized transactions by our employees and fraud by employees, customers or third parties. Our insurance policies, security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill.

20. Certain emphasis of matters and other observations have been included in the secretarial audit report of our Company for the financial year ended March 31, 2022.

Our secretarial audit has been conducted by M/s. Nekkanti S.R.V.V.S. Narayana & Co., Company Secretaries, who have included certain emphasis of matters and other observations in their secretarial audit report of our Company. The following observations have been made:

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 – Systematically 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.

There can be no assurance that further emphasis of matters or other similar remarks will not be included in the secretarial audit reports of our Company in the future, or that such remarks or matters of emphasis will not affect our financial results in future fiscal periods. Investors should consider the emphasis of matters and other observation in evaluating our financial condition, results of operations and cash flows. Any such matter of emphasis of matters or any other observations in the secretarial audit reports of our Company in the future may also adversely affect the trading price of the NCDs

21. If we are unable to manage our growth effectively, our business and reputation could be adversely affected.

Pursuant to our growth strategies we have recently forayed into lending businesses. Our loan book has grown by a compounded annual growth rate, or CAGR, of 44.55% from ₹ 51,354.53 lakhs as of March 31, 2020 to ₹ 1,07,296.71 lakhs as of March 31, 2022. Our total income increased from ₹ 10,224.99 lakhs for Fiscal 2020 to ₹ 18,591.26 lakhs for Fiscal 2022 at a CAGR of 34.84%. Our net profit after tax increased from ₹ 50.68 lakhs for Fiscal 2020 to ₹ 1,138.34 lakhs for Fiscal 2022, at a CAGR of 373.95%. Our loan book, total income and profit after tax for the quarter ended June 30, 2022 stood at ₹ 1,28,631.42 lakhs, ₹ 6,677.02 lakhs and ₹ 351.29 lakhs respectively. There can be no assurance that we will be able to sustain our growth strategy successfully or that we will be able to expand further or diversify our product portfolio. If we grow our loan book too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have a negative impact on the quality of our assets and our financial condition.

Expanding our products or entering into new jurisdictions with new or existing products can be costly and require significant management time and attention. Additionally, as our operations grow in size, scope and complexity and our product offerings increase, we will need to enhance and upgrade our systems and infrastructure to offer an increasing number of enhanced solutions, features and functionality. The expansion of our systems and infrastructure will require us to commit substantial financial, operational and technical resources in advance of an increase in the volume of business, with no assurance that the volume of business will increase. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

22. We may experience difficulties in expanding our business into new regions and markets in India and introducing our complete range of products in each of our branches.

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. Factors such as competition, culture, regulatory regimes, business practices & customs and customer requirements in these new markets may differ from those in our current markets and our experience in our current markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with other banks and financial institutions that already have a presence in those geographies and markets and are therefore more familiar with local regulations, business practices and customs and have stronger relationships with customers. Our business may be exposed to various additional challenges including obtaining necessary governmental approvals, identifying and collaborating with local business and partners with whom we may have no previous working relationship; successfully gauging market conditions in local markets with which we have no previous familiarity; attracting potential customers in a market in which we do not have significant experience or visibility; being susceptible to local taxation in additional geographical areas of India and adapting our marketing strategy and operations to different regions of India in which different languages are spoken. Our inability to expand our current operations may adversely affect our business prospects, financial conditions and results of operations.

23. Our statutory auditors and previous statutory auditor have included certain emphasis of matters and other observations in their audit reports relating to the Audited Financial Statements of our Company.

Our statutory auditors and previous statutory auditors have included certain emphasis of matters and other observations in their audit report in relation to the Audited Financial Statements. For further details, in relation to the emphasis of matters and other observations, etc. see "*Financial Statements*" and "*Outstanding Litigation*" on page 148 and 302, respectively.

There can be no assurance that our statutory auditors will not include further emphasis of matters or other similar remarks in the audit reports to our Audited Financial Statements in the future, or that such remarks or matters of emphasis will not affect our financial results in future fiscal periods. Investors should consider the emphasis of matters and other observation in evaluating our financial condition, results of operations and cash flows. Any such matter of emphasis of matters or any other observations in the auditors' report on our Audited Financial Statements in the future may also adversely affect the trading price of the NCDs

24. Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance and results of operations.

We are dedicated to earning and maintaining the trust and confidence of our customers and we believe that the good reputation created thereby and inherent in the "KLM" brand name is essential to our business. The reputation of our Company and/or the "KLM" brand could be adversely affected by any threatened and/or legal proceedings and/or any negative publicity or news articles in connection with our Company or the "KLM" brand. As such, any damage to our reputation, or that of the "KLM" brand name, could substantially impair our ability to maintain or grow our business. If we fail to maintain brand recognition with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business or to the brands under which our services are provided declines, market perception and customer acceptance of our brands may also decline. Any negative news affecting us might also affect our reputation and brand value.

25. System failures or inadequacy and security breaches in computer systems may adversely affect our business.

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing MIS systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

26. We have expanded into new lines of business and if we are unable to successfully run the new businesses profitably, our results of operations and financial condition may be affected.

As part of our growth strategy, we have also added additional products to our portfolio such as micro finance. We have limited experience in some of the recently launched products and business verticals which are partly targeted at a slightly different borrower segment. Our current strategy is to gain market share in strategically-selected target businesses, customer segments and geographies, however, there can be no assurance that we will be able to continue to successfully implement our strategy. If we grow our total credit exposure too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have an adverse effect on the quality of our assets and our financial condition.

Factors such as competition, customer requirements, regulatory regimes, business practices and customs in these new markets may differ from those in our existing markets, and our experience in our existing markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with not only other banks and financial institutions but also the local unorganized or semi-organized private financiers, who are more familiar with local regulations, business practices and customs, and may have stronger relationships with target customers. Our inability to expand our current operations may adversely affect our business, financial condition and results of operations.

27. Fluctuation in the interest rate may adversely affect our financial condition, cash flows and results of operations.

Our results of operations depend to a large extent on the level of our net interest income as our primary revenue source is interest income. Net interest income is the difference between our interest income and our finance costs. The differential between the interest rates that we charge on interest- earning assets (i.e. our portfolio loans) and the interest rates that we pay on interest-bearing liabilities, and the volume of such assets and liabilities, tend to have a significant impact on our results of operations. During the year ended March 31, 2022 and quarter ended June 30, 2022, interest on portfolio loans (including income on securitisation (re-recognised on balance sheet)) represented 96.50% and 99.24% of our total revenues, respectively.

Changes in market interest rates affect the interest rates we charge on our interest-earning assets differently from the interest rates we pay on our interest-bearing liabilities. An increase in interest rates could result in an increase in interest expense in a higher proportion compared to interest income if we are not able to increase the rates charged on our portfolio loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets. Further, such increase in interest rates could impact our ability to raise low cost funds as compared to some of our competitors which may have access to lower cost deposits. The differences between repricing maturities of rate sensitive liabilities and rate sensitive assets, called repricing gaps, exposes our business to interest rate risk. As per RBI regulations, the interest rates charged by us on our microfinance loans is required to be the lower of (i) 10% margin above our previous quarter's cost of funds or (ii) 2.75 times the average base rate of the five largest commercial banks by assets in the immediately preceding quarter (as notified on the last working day of every quarter by the RBI). Our business is also exposed to interest rate risk in the form of non uniform movement in different interest rate benchmarks that are used for pricing of our assets and liabilities.

A sustained decline in the RBI benchmark may adversely impact our ability to charge interest on our microfinance loans at our desired rates, which may adversely affect our interest income from portfolio loans.

As the repricing maturities of our liabilities and assets are spread over different periods, we are exposed to interest rate risk in the form of non-parallel movement in yield curves. Further, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could lead to a reduction in our net interest income (representing our revenue from operations as reduced by our finance costs) and net interest margin. The quantum of the changes in interest rates for our assets and liabilities may also be different, leading to a decrease in the interest margin.

Moreover, changes in interest rates could affect our fixed income portfolio and treasury income. Interest rates are highly sensitive, and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors. Interest rates in India have been volatile in the past. There can be no assurance that we would be able to adequately manage our interest rate risks. If we are unable to effectively manage our interest rate risks, it could have an adverse effect on our net interest income, net interest margin, thereby impacting our business prospects, financial condition and results of operations.

28. Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and lending markets and could also affect our interest margins, business, results of operations and financial condition.

The cost and availability of debt capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may be outside of our control. Our long-term debt is presently rated "IND BBB-/Stable", by India Ratings & Research Private Limited, which reflects the credit worthiness of our Company and also increases the confidence of the lender.

Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business and results of operations and cash flows. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our future borrowings.

29. Our measures to prevent money laundering may not be completely effective and we may be subject to scrutiny and penalties by the RBI for failure to implement effective measures. Moreover, various state government laws regulating money lending transactions could adversely affect our business, prospects, results of operations and financial condition.

Our Company is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Our measures to prevent money laundering as required by the RBI and other KYC compliance applicable in India, including the Reserve Bank of India (Know Your Customer) Master Directions, 2016 dated February 25, 2016, as amended ("**KYC Directions**") and the adoption of anti-money laundering policies and compliance procedures in all our branches may not be completely effective. As our Company has been classified as the NBFC-ND-SIs from the fourth quarter of Fiscal 2020, we are subject to the RBI's guidelines on financial regulation of NBFCs, including, KYC procedure and policies, all our branches may not be completely effective with adequate internal policies, processes and controls in place with the KYC Directions and other prescribed KYC procedures. There can be no assurance that attempts to launder money using us as a vehicle will not be made. Additionally, certain states in India have enacted laws to regulate money lending transactions, which may for instance establish a maximum rate of interest that can be charged. In the event, we are required to comply with the provisions of these state money lending laws and KYC Compliances, there may be severe civil and criminal penalties for non-compliance with the relevant money lending statutes. In the event that the government of any state in India requires us to comply with the provisions of their respective state money lending laws, KYC Compliances, or imposes any penalty against us for prior non-compliance, our business and results of operations could be adversely affected.

30. Spread of COVID-19 pandemic and the consequent nationwide lockdown to impact our operations and financial condition.

The rapid outbreak of the COVID-19 Pandemic, has severely impacted the physical and financial health of the people across the globe and our business could be materially and adversely affected by the outbreak of the present public health epidemics. To prevent the contagion in the country, 4 phases of nationwide lockdown was announced by the Government of India. As a result, the demand of our Company's products and services has seen a drastic slowdown.

The spread of COVID-19 Pandemic may impact our Company's operations. A slowdown in global economic growth or in economic growth in India (including as a result of the COVID-19 pandemic) could exert downward pressure on the demand for our product and services, which could have an adverse effect on our business, cash flows, financial condition and results of operations. It is anticipated that these impacts will continue for some time. Amongst various measures announced to mitigate the economic impact from the COVID -19 Pandemic, the Reserve Bank of India issued circulars dated March 27, 2020, April 17, 2020 and May 23, 2020 (the "**RBI circulars**") allowing lending institutions to offer a moratorium to customers on payment of instalments falling due between March 1, 2020 and August 31, 2020. Our Company has reviewed these RBI Circulars and implemented certain policies and procedures in order to implement these measures to its customers.

Further, the emergence of second wave of COVID-19 Pandemic has created concern all over the country and has resulted in fresh restrictions in across the country, including free movement of people, closure of offices and banking channels or working on the limited capacities, thereby hampering businesses and day to day functioning of companies. To combat this COVID 19 Pandemic, presently, various state governments of India, after assessing the situation of COVID-19 Pandemic in India, has recently again imposed partial lockdown or full lockdown and have taken several initiatives so far for social distancing in various parts of the states of the country, barring certain essential services.

Given that the COVID -19 Pandemic and its impact remain a rapidly dynamic situation, the actual impact on our Company's loans and advances will depend on future developments, including, among other things, any new information concerning the severity of the COVID -19 Pandemic and any action to contain its spread or mitigate its impact. While, our Company continue to monitor the developments of the COVID-19 Pandemic situation closely, assess and respond proactively to minimize any adverse impacts on the financial position, cash flows and operating results of our Company, it is possible that the Company's business, financial condition and results of operations could be adversely affected due to the COVID-19 Pandemic. If the COVID-19 Pandemic situation persists or worsens, it may adversely impact our Company's business and the financial condition.

As these are unforeseen circumstances, it may give rise to risks that we may not have anticipated. If the outbreak of any of these pandemic or other severe pandemic, continues for an extended period, occur again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including India, and could materially and adversely affect our business, cash flows, financial condition and results of operations.

31. We depend on the accuracy and completeness of information about customers and counterparties for certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.

In deciding whether to extend credit or enter into other transactions with customers, for certain key elements of the credit assessment process, we rely on information furnished to us by or on behalf of customers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on collateral we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given, may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition and results of operations.

32. ***Our ability to assess, monitor and manage risks inherent in our business differs from the standards of some of our counterparts in India and in some developed countries.***

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our strategies and risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events. Although we have established these policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving the NBFC standards and retail finance sector standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

33. ***Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.***

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key operations personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees, especially branch managers and product executives. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure. Hiring and retaining qualified and skilled managers are critical to our future, as our business model depends on our credit-appraisal and asset valuation mechanism, which are personnel-driven operations. Moreover, competition for experienced employees in the finance sector can be intense. Our inability to attract and retain talented professionals, or the resignation or loss of key operations personnel, may have an adverse impact on our business and future financial performance.

34. ***We have had negative net cash flows from our operating, investing and financing activities in the recent fiscal years. Any negative cash flows in the future may adversely affect our results of operations and financial condition.***

We have had negative net cash flows from our operating, investing and financing activities during our last three fiscal years, the details of which are summarised below:

(in ₹ lakhs)

Particulars	**June 30, 2022**	**Fiscal 2022**	**Fiscal 2021**	**Fiscal 2020**
Net cash generated from/ (used in) operating activities	(15,656.52)	(19,812.94)	(13,866.02)	(7,780.89)
Net cash generated from/ (used in) investing activities	(3,749.91)	(3,706.22)	(632.52)	(930.89)
Net cash generated from/ (used in) financing activities	66.43	52,127.46	14,275.23	10,368.89

Any negative cash flows in the future may adversely affect our results of operations and financial condition. For further details, please see the sections titled "*Financial Statements*" on page 148.

35. Our insurance coverage may not be sufficient or may not adequately protect us against any or all hazards, which may adversely affect our business, results of operations, financial condition and cash flows.

We maintain insurance coverage for our operations in normal course. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

We cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. For further details on our insurance arrangements, see "*Our Business – Insurance*" on page 112.

36. All of our offices and branches are located in leased premises and non-renewal of lease agreements or their renewal on terms unfavourable to us could adversely affect our operations.

As of June 30, 2022, except our branch located in Kothamangalam, Kerela, all of our offices including our Registered Office, Corporate Office and branches are located in leased premises. Further, as we expand our branch network in line with our growth strategy, we expect the number of leased branches to increase significantly as all of our new branches are expected to open on leased premises. Lease agreements for some of our offices have already expired and have not been renewed due to operational issues. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavorable to us, or if they terminate the agreement we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

All or any of the leases may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. This may adversely impact our business and financial condition.

37. A decline in our capital adequacy ratio could restrict our future business.

All non-deposit taking NBFCs are required to maintain a minimum capital adequacy ratio, consisting of Tier I capital of their aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items. Further, RBI has introduced minimum Tier I Capital requirement of 12% to be effective from April 1, 2014 for NBFCs primarily for whom loans against gold jewellery comprise more than 50% of their financial assets, including us. Our capital adequacy ratio as compared to the RBI stipulated minimum requirement of 12% is, 19.44%, 20.95%, 16.07% and 17.02% for the quarter ended June 30, 2022 and financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, respectively. If we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I Capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favourable to us or at all and this may adversely affect the growth of our business. Failure to maintain adequate capital adequacy ratio or Tier I Capital may adversely affect the growth of our business. Further, any regulatory change in capital adequacy requirements imposed by the RBI may have an adverse effect on our results of operation.

38. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have entered into various transactions with related parties, including for payment of salaries of key managerial personnel, interest paid and investment in equity shares. While we believe that all such transactions have been conducted on an arm‘s length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although all related party transactions that we may enter into post-listing, will be subject to board or shareholder approval, as necessary under the Companies

Act, 2013, as amended and the SEBI Listing Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. For details, see "*Related Party Transactions*" in the chapter titled "*Financial Statements*" on page 148.

39. The new bankruptcy code in India may affect our rights to recover loans from borrowers.

The Insolvency and Bankruptcy Code, 2016 ("**Bankruptcy Code**") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Bankruptcy Code provides a 180-day timeline which may be extended by 90 days when dealing with insolvency resolution applications. Subsequently, the insolvency resolution plan prepared by the insolvency professionals has to be approved by 66% of voting share of financial creditors, which requires sanction by the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it. In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution and liquidation processes, debts owed to workmen and other employees, and debts owed to unsecured credits. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

Further, the GoI *vide* notification dated March 24, 2020 ("**Notification**") has amended section 4 of the Bankruptcy Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, GoI has increased the minimum amount of default under the insolvency matters from ₹1,00,000 to ₹1,00,00,000. Therefore the ability of our Company to initiate insolvency proceedings against the defaulters where the amount of default in an insolvency matter is less the ₹1,00,00,000 may impact the recovery of outstanding loans and profitability of our Company.

40. The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.

We intend to use the net proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, repayment of interest and principal of existing borrowings and for general corporate purposes. For further details, see "*Objects of the Issue*" at page 73. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI NCS Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

41. Our results of operations could be adversely affected as a result of any disputes with our employees.

Our operations are personnel-driven, and we place a lot of emphasis on the effective training of our personnel in communication and service orientation skills. However, a failure to train and motivate our employees may lead to an increase in our employee attrition rates, erode the quality of customer service, divert management resources and impose significant costs on us which may have an adverse impact on our business and future financial performance.

We employ 1,781 full-time employees as of June 30, 2022 and lay significant emphasis on our employees' overall welfare. However, there can be no assurance that there will not be any future disruptions in our operations due to any disputes with our employees, or that such disputes will not adversely affect our business and results of operations. We depend on our branch-level employees for sourcing, disbursements and collections and customer liaison, and significant attrition at any of our branches could adversely impact our operations. Further, in the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could materially and adversely affect our business, future financial performance and results of operations.

42. We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and the NBFC and Loan industries contained in this Prospectus.

While facts and other statistics in this Prospectus relating to India, the Indian economy as well as the Loan industry have been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials, particularly since there is limited publicly available information specific to the Loan industry. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics, the same have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled "*Industry Overview*" beginning on page 76. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

43. The use of "KLM AXIVA" or similar trade names by third parties may result in loss of our business to such third parties and any potential negative publicity relating to such third parties may adversely affect our reputation, the goodwill of our brand and business prospects.

We believe that our trademarks and other proprietary rights have significant value and are important to identifying and differentiating our services from those of our competitors and creating and sustaining demand for our services. We have registered our trademark, "KLM AXIVA" and the logo "KLM AXIVA FINVEST" KLM AXIVA FINVEST with the Registrar of Trademarks under class 36. We believe that our trademarks have significant brand recognition, therefore, our trademarks are significant to our business and operations.

We cannot assure you that the steps taken by us to protect our intellectual property rights will be adequate to prevent infringement of such rights by others, including imitation and misappropriation of our brand. Additionally, we cannot assure you that obstacles will not arise as we expand our business and the geographic scope of our promotional and marketing activities. Third parties may assert intellectual property claims against us, particularly as we expand our business and enter newer industries. Our defense of any claim, regardless of its merit, could be expensive and time consuming and could divert management resources. Successful infringement claims against us could result in significant monetary liability or prevent us from selling some of our products. Any of these events could harm our business and cause our results of operations, liquidity and financial condition to suffer.

44. As the NCDs of our Company are listed on BSE, our Company is subject to certain obligations and reporting requirements under SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us/our promoter liable to prosecution and/or penalties.

Our Company is subject to the obligations and reporting requirements under SEBI Listing Regulations. In the past, our Company had not complied with certain provisions of the SEBI Listing Regulations including provisions relating to submission of documents and intimations, in respect of the previous public issues, with the debenture trustee. Our Company has received an email dated August 28, 2019, from SEBI stating that the Company was in non-compliance of regulations 56 and 57 of SEBI Listing Regulations in relation to providing required information to Debenture Trustees. Subsequently, our Company has submitted required documents and intimations with BSE and the Debenture Trustee and had replied to SEBI on September 17, 2019. Our Company has not filed its unaudited financial results for the half year ended September 30, 2020, and for audited financial statement for the period March 31, 2020, within the period as mentioned under regulation 52 of SEBI Listing Regulation. Further, BSE *vide* their email dated August 20, 2021, has levied a fine of ₹ 55,460 and an additional fine *vide* their email dated September 08, 2022 of ₹ 63,720 under 54(2) of SEBI (LODR) Regulations, 2015 on the Company for non-disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements. Our Company has paid the said fine amount. Additionally, there are certain delayed compliances with in submission of intimation and outcome of the Board meeting and filing of investor complaints for the quarter ended June 2020. Though our Company endeavours to comply with all such obligations/reporting requirements, there have been certain instances of non-compliance and delays in complying with such obligations/reporting requirements. Any such delays or non-compliance would render our Company to prosecution and/or penalties. Although our Company have not received any further communication from the Stock Exchange or any authority in this regard, there could be a possibility that penalties may be levied against our Company for certain instances of non-compliance and delays in complying with such obligations/reporting requirements.

45. Third party statistical and financial data in this Prospectus may be incomplete and unreliable.

This Prospectus includes information that is derived from reports published by CRISIL Limited. For details, please see "*Industry Overview*" on page 76. No person connected with this Issue has independently verified the CRISIL Reports. Generally, industry reports and data disclaim the accuracy, adequacy or completeness of information provided in such reports, and further disclaims any responsibility for any errors or omissions in the information provided, or for the results obtained from the use of such industry information. Further, the CRISIL Reports are subject to many assumptions. We cannot assure you that the assumptions considered in the CRISIL Reports are correct or will not change and accordingly our position in the market may differ from that presented in this Prospectus. Further, the CRISIL Reports are not a recommendation to invest / disinvest in the Issue.

46. There is no assurance that the NCDs issued pursuant to this Issue will be listed on BSE Limited in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the NCD issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issue of NCDs to be submitted. There could be a failure or delay in listing the NCDs in BSE.

47. Our Company may raise further borrowings and charge its assets after receipt of necessary consents from its existing lenders. In such a scenario, the Debenture Holders holding NCDs will rank pari passu with other secured creditors and to that extent, may reduce the amounts recoverable by the Debenture Holders upon our Company's bankruptcy, winding up or liquidation

Our Company may, subject to receipt of all necessary consents from its existing lenders and the Debenture Trustee to the Issue, raise further borrowings and charge its assets. Our Company is free to decide the nature of security that may be provided for future borrowings. In such a scenario, the Debenture Holders holding NCDs will rank *pari passu* with other creditors and to that extent, may reduce the amounts recoverable by the Debenture Holders upon our Company's bankruptcy, winding up or liquidation.

48. Payments to be made on the NCDs are subordinated to certain taxes and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets of our Company remaining, to pay amounts due on the NCDs.

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to the NCDs have been paid as per Section 327 of the Companies Act, 2013 or Section 53 of the Insolvency and Bankruptcy Code, 2016, as the case maybe. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts, due on the NCDs.

49. Our Company has provided an unsecured loan to KLM Fincorp Limited and is susceptible to certain operational and credit risks which may adversely affect our business, prospects, results of operations and financial condition.

Our Company has provided an unsecured loan of ₹ 700 lakhs to KLM Fincorp Limited and we may not be able to recover the same within the time. Unsecured loans present a higher risk of loss in case of a credit default as compared to loans to customers in other asset-backed financing products. If there is a default by KLM Fincorp Limited on repayment of such unsecured loan or if we are unable to recover our principal and interest through such legal proceedings, we may be required to make related provisions and write-offs that may have an adverse effect on our business prospects, financial condition and results of operations.

50. There may be no active market for the NCDs on the retail debt market/capital market segment of the BSE. As a result, the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected.

There can be no assurance that an active market for the NCDs will develop. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors inter alia including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country, (ii) the market price of our Equity Shares, (iii) the market for listed debt securities, (iv) general economic conditions, and (v) our financial performance, growth prospects and results of operations. The aforementioned factors may adversely affect the liquidity and market priceof the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

External Risk Factors

51. Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently serve.

Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India‘s principal stock exchanges;
- changes in India‘s tax, trade, fiscal or monetary policies, like application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India‘s various neighbouring countries;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India‘s principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance.

52. Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our results of operations.

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks, NBFCs and HFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

53. Natural disasters and other disruptions could adversely affect the economy and could adversely affect our business, results of operations and financial condition.

Our operations, including our branch network, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our branch network. Any of the above factors may adversely affect our business, results of operation and financial condition. For instances, the state of Kerala had experienced torrential flooding which has resulted in extensive damage to the existing infrastructure in the state, including damage to the airports, roads, bridges, and housing. Since our Company has a strong retail franchise, particularly in Kerala including a large part of our business and branches, the flood in the state had affected the credit cost and business growth during that period.

54. We face risks related to public health epidemics in India and abroad.

Our business could be materially and adversely affected by the outbreak of public health epidemics, or the fear of such an outbreak, in India or elsewhere. In January 2020, an outbreak of a strain of coronavirus, COVID-19, which has spread globally, with cases recorded in China, Australia, Italy, Iran, Japan, South Korea, UAE, Thailand, the United States and India, among other countries. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a health emergency of international concern. Governments around the world have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, quarantines and cancellations of gatherings and events. This in turn has impacted the operation of businesses, reduced regional travels and trade and lowered industrial production and consumption demand.

The COVID-19 outbreak is ongoing and the actual extent of the outbreak and its impact on the economy globally in general and in India, in particular remains uncertain and may turn severe. If the outbreak of any of these epidemics or other severe epidemics, continues for an extended period, occurs again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including India, and could materially and adversely affect our business, financial condition and results of operations. Similarly, any other future public health epidemics in India could materially and adversely affect our business, financial condition, results of operations and prospects.

55. The NCD Holders may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs. Failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose the holders to a potential loss.

Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100.00% asset cover for the NCDs, which shall be free from any encumbrance, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

56. Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.

There is no assurance that the liberalisation policies of the government will continue in the future. Protests against privatisation could slow down the pace of liberalisation and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalisation could change and specific laws and policies affecting the industry and other policies affecting investments in our Company's business could change as well. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company's business.

Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalisation policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support continued economic liberalisation. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

57. Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.

The Indian stock exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

58. Changes in interest rate may affect the price of our NCD. Any increase in rate of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated on April 28, 1997, as '*Needs Finvest Limited*', a public limited company under the Companies Act, 1956 with a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company also obtained the certificate of commencement of business dated May 6, 1997 from the Registrar of Companies, Andhra Pradesh at Hyderabad. The name of our Company was changed to '*KLM Axiva Finvest Limited*' pursuant to a resolution passed by the shareholders of our Company at the EGM held on January 25, 2016 and a fresh certificate of incorporation dated February 29, 2016 was issued by the RoC. For details of changes in our name and registered office, see "*History and Certain Other Corporate Matters*" on page 132.

NBFC Registration

Our Company had originally obtained a Certificate of Registration in the name of Needs Finvest Limited dated December 30, 1997 bearing registration no. 09.00006 issued by the RBI to commence the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration under Section 45 IA of the RBI Act. Subsequently, the name of our Company was changed to KLM Axiva Finvest Limited and we had obtained fresh Certificate of Registration dated March 15, 2016 bearing registration no. 09.00006 from RBI.

Registration

The registration number, corporate identity number and Legal Entity Identifier Number of our Company are as follows:

i. Company Registration Number with RoC: 026983

ii. Corporate Identity Number issued by RoC: U65910TG1997PLC026983.

iii. Legal Entity identifier Number: 335800M5T4J5QSSDUK09

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 – 500 079
Email: cs@klmaxiva.com
Telephone: +91 40 3516 2071
Website: www.klmaxiva.com

Corporate Office
4th Floor, Door No. 1871A24,
VM Plaza, Palarivattom,
Ernakulam – 682 025,
Kerala, India
Email: cs@klmaxiva.com
Telephone: +91 484 4281 111

Change in Registered Office of our Company

The registered office of our Company was changed from from Door No. 3-3-408/1, First Floor, RTC Colony Opposite SBI Bank LB Nagar, Mansoorabad, Hyderabad, Rangareddi, Telangana-500074 to 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 with effect from August 13, 2022.

Board of Directors

The following table sets out the details regarding the Board of Directors as on date:

Name, Designation and DIN	Age (in years)	Address
Shibu Theckumpurath Varghese **Designation:** Whole Time Director **DIN:** 02079917	57	Theckempuram, Padammali Road Chelad, Pindimana, Chelad Junction, Ernakulam, Kerala – 686 681, India.
Biji Shibu **Designation:** Non- Executive Director (Non-Independent) **DIN:** 06484566	52	Theckempuram, Padammali Road Chelad, Pindimana, Chelad Junction, Ernakulam, Kerala – 686 681, India.
Issac Jacob **Designation:** Independent Director **DIN:** 02078308	37	7/1, Kuttichirakudiyil, Kothamangalam, Ernakulam, Kerala – 686691, India
Sivadas Chettoor **Designation:** Independent Director **DIN:** 01773249	64	18/381/3, Chettoor House, Salamath Nagar, Fort South Road, Near Civil Station, Palakkad - 678001, Kerala, India
Ambramoli Purushothaman **Designation:** Independent Director **DIN:** 07706484	65	Vrindavan, Muthambi Road, Quilandy, Kozhikode – 673 305, Kerala, India

For further details of Directors of our Company, see *"Our Management"* on page 135.

Chief Financial Officer

Thanish Dalee
KLM Axiva Finvest Limited
4th Floor, Door No. 1871A24, VM Plaza,
Palarivattom, Ernakulam – 682 025
Kerala, India
Telephone: +91 484 4281 125
E-mail: cfo@klmaxiva.com

Company Secretary and Compliance Officer:

Srikanth G. Menon
KLM Axiva Finvest Limited
4th Floor, Door No. 1871A24, VM Plaza,
Palarivattom, Ernakulam – 682 025
Kerala, India
Telephone: +91 484 4281 118
E-mail: cs@klmaxiva.com

Chief Executive Officer

Manoj Raveendran Nair
KLM Axiva Finvest Limited
4th Floor, Door No. 1871A24, VM Plaza,
Palarivattom, Ernakulam – 682 025
Kerala, India
Telephone: +91 484 4281 131
E-mail: manoj.ravi@klmaxiva.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs or refund orders. All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name of the Applicant, Application Form Number, Applicant's DP ID, Client ID, PAN, address of the Applicant, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of Application Form and the name and address of the relevant Designated Intermediary where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of Applicant, Application Form number, number of NCDs applied for, amount blocked on Application and the Designated Branch or the collection centres of the SCSB where the Application Form was submitted by the ASBA Applicant.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism or through Trading Members may be addressed directly to the Stock Exchange, with a copy to the Registrar to the Issue.

Registrar of Companies, Telangana at Hyderabad

2nd Floor, Corporate Bhawan,
Bandlaguda, Tatti Annaram Village,
Hyatnagar Mandal,
Hyderabad- 500 068,
Telangana, India

Lead Manager to the Issue

VIVRO

Vivro Financial Services Private Limited
607/608 Marathon Icon,
Opp. Peninsula Corporate Park,
Off. Ganpatrao Kadam Marg,
Veer Santaji Lane, Lower Parel,
Mumbai - 400013, Maharashtra, India
Telephone: +91 22 6666 8040/41/42
Email: investors@vivro.net
Investor Grievance Id: investors@vivro.net
Website: www.vivro.net
Contact Person: Jay Shah/ Viral Shah
SEBI Registration No.: INM000010122

Legal Counsel to the Issue

M/s. Crawford Bayley & Co.
4th Floor, State Bank Buildings
N.G.N. Vaidya Marg, Fort
Mumbai 400 023,
Maharashtra, India
Telephone: +91 22 2266 3353
Email: sanjay.asher@crawfordbayley.com
Contact Person: Sanjay Asher

Debenture Trustee

Vistra ITCL (India) Limited
The IL&FS Financial Centre, Plot No. C – 22, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai.
Telephone: +91 22 2659 3333
Email: itclcomplianceofficer@vistra.com
Investor Grievance Email: itclcomplianceofficer@vistra.com
Website: www.vistraitcl.com
Compliance Officer/ Contact Person: Jatin Chonani
SEBI Registration No.: IND000000578

Vistra ITCL (India) Limited has by its letter dated July 29, 2022 given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications to be sent to the holders of the NCDs issued pursuant to this Issue.

All the rights and remedies of the NCD Holders under this Issue shall vest in and shall be exercised by the appointed Debenture Trustee for this Issue without having it referred to the NCD Holders. All investors under this Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for this Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity. Any payment by our Company to the NCD Holders/Debenture Trustee, as the case may be, shall, from the time of making such payment, completely and irrevocably discharge our Company *pro tanto* from any liability to the NCD Holders. For details on the terms of the Debenture Trust Deeds see, "*Issue Related Information*" on page 252.

Registrar to the Issue

KFin Technologies Limited
Selenium Tower-B,
Plot 31&32, Gachibowli, Financial District,
Nanakramguda, Serilingampally
Hyderabad –500 032, Telangana, India
Telephone: +91 40 6716 2222
Facsimile: +91 40 2343 1551
Toll free number: 18003094001
Email: klmaxiva.ncdipo@kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

Credit Rating Agency

India Ratings & Research Private Limited
Wockhardt Towers, 4th floor, West Wing,
Bandra Kurla Complex,
Bandra East, Mumbai 400 051,
Maharashtra, India
Telephone: 022-40001700
E-mail: infogrp@indiaratings.co.in
Website: www.indiaratings.co.in
Contact Person: Asutosh Patro
SEBI Registration No: IN/CRA/002/1999

Statutory Auditors of our Company

RB Jain and Associates, Chartered Accountants
Kosseril House, Civil Lane Road,
Palarivattom, Kochi – 682 025
Telephone: +91 9349254789
Email: kjtassociates@gmail.com
Website: www.rbjain.com
Contact Person: K. J. Thomas, B Sc, FCA
Membership No: 019454
Firm Registration Number: 103951W

Public Issue Account Bank, Refund Bank and Sponsor Bank

HDFC Bank Limited
Lodha, I Think Techno Campus O-3 Level,
Next to Kanjurmarg, Railway Station,
Kanjuarmarg (East), Mumbai – 400 042
Telephone: 022 30752929/ 2928/ 2914
Facsimile: 022 25799801
Email: siddharth.jadhav@hdfcbank.com, sachin.gawade@hdfcbank.com, neerav.desai@hdfcbank.com, eric.bacha@hdfcbank.com, tushar.gavankar@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Neerav Desai, Eric Bacha, Siddharth Jadhav, Sachin Gawade, Tushar Gavankar
SEBI Registration Number: INBI00000063

Syndicate Member

VIVRO
Vivro Financial Services Private Limited
607/608 Marathon Icon,
Opp. Peninsula Corporate Park,
Off. Ganpatrao Kadam Marg,
Veer Santaji Lane, Lower Parel,
Mumbai - 400013, Maharashtra, India
Telephone: +91 22 6666 8040/41/42
Email: investors@vivro.net
Website: www.vivro.net
Contact Person: Tushar Ashar
SEBI Registration No.: INM000010122

Bankers to our Company

The South Indian Bank Limited
XXXV/980, Janatha Junction,
Palarivattom Cochin,
Ernakulam - 682 025
Telephone: +91 484 2344 940
E-mail: br0228@sib.co.in
Website: www.southindianbank.com
Contact person: Prashanth M A

State Bank of India
SME Branch, State Bank Bhavan,
Kovilakathumpadam, Thiruvambady PO,
Thissur – 680 022
Telephone: +91 487 2221005
Email: sbi.07479@sbi.co.in
Website: sbi.co.in
Contact Person: Siji S.

ICICI Bank Limited
3rd Floor, Emgee squire,
Padma Junction, MG Road,
Kochi – 682 035
Telephone: 08138947927
Email: girish.k@icicibank.com
Website: www.icicibank.com
Contact Person: Girish K.

HDFC Bank Limited
Irumpan Shopping Complex,
Police station road, Chalakudy,
Chalakudy
Telephone: 0480 2707755
Email: anto.thomas@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Anto Thomas V

Dhanlaxmi Bank Limited
Shanmugham Road Branch, Ground Floor,
Dhanlaxmi Buildings, Near A R Camp, Marine Drive,
Shanmugham Road S O,
Ernakulam – 682 031,
Kerala, India
Telephone: +91 484 2375259
Email: dlb.shanmugamroadernakulam@dhanbank.co.in
Website: www.dhanbank.com
Contact Person: Binoy VG, Branch Head

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications. Section 38(1) of the Companies Act, 2013 provides that:

"Any person who:

a. *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
b. *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
c. *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447"

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue. If our Company does not receive the minimum subscription of 75% of Base Issue i.e. ₹7,500 lakhs, within the prescribed timelines under the Companies Act and any rules thereto, the entire Application Amount blocked shall be unblocked in the relevant ASBA Account(s) of the Applicants within six working days from the Issue Closing Date, provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within six working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Arrangers to the Issue

There are no arrangers to the Issue.

Credit Rating

The NCDs proposed to be issued under this Issue have been rated "IND BBB-/Stable", by India Ratings for an amount up to ₹ 20,000 lakhs *vide* its letter dated August 23, 2022. The rating of NCDs by India Ratings indicates that instruments with this rating are considered to have moderate degree of default regarding timely servicing of financial obligations. The rating provided by India Ratings may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold securities. For the rationale for the ratings, see Annexure II to this Prospectus.

Consents

The written consents of Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, Chief Executive Officer, our Statutory Auditor, the Legal Counsel to the Issue, the Lead Manager, the Registrar to the Issue, Public Issue Account Bank, Sponsor Bank, Refund Bank, Credit Rating Agency, CRISIL Limited, the Banker to our Company, the Debenture Trustee, and the Syndicate Member to act in their respective capacities, will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this Prospectus with RoC.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds please refer to the chapter titled "*Objects of the Issue*" on page 73.

Underwriting

This Issue is not underwritten.

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA and UPI Mechanism process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 respectively as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms and UPI Mechanism through app/web interface from the Designated Intermediaries, refer to the above-mentioned link.

In relation to Bids submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms from the members of the Syndicate is available on the website of SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

Syndicate SCSB Branches

In relation to Applications submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of ASBA Forms and Application Forms where investors have opted for payment via the UPI Mechanism, from the members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

SCSBs eligible as issuer banks for UPI Mechanism and eligible mobile applications

The list of SCSBs through which Bids can be submitted by RIIs using the UPI Mechanism, including details such as the eligible Mobile Apps and UPI handle which can be used for such Bids, is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40, which may be updated from time to time or at such other website as may be prescribed by SEBI from time to time.

RTAs / CDPs

The list of the RTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the websites of the BSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 for RTAs and CDPs, as updated from time to time.

Broker Centers/Designated CDP Locations/Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centers, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centers, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Issue Programme:

ISSUE OPENS ON	**THURSDAY, SEPTEMBER 15, 2022**
ISSUE CLOSES ON	**WEDNESDAY, OCTOBER 12, 2022***

** The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of this Prospectus) as may be decided by the Board or Debenture Committee of the Board. In the event of such early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through advertisement in an English daily newspaper and a regional daily newspaper in Telangana where the registered office is located, with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

Further please note that Application (including Application under the UPI Mechanism) shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "IST") during the Issue Period as mentioned above (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by Stock Exchange(s). It is clarified that the Applications not uploaded in the Stock Exchange(s) Platform will be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days. Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

CAPITAL STRUCTURE

1. Details of share capital

The share capital of our Company as at date of this Prospectus is set forth below:

Particulars	Amount in ₹
Authorised Share Capital	
17,50,00,000 Equity Shares of ₹10 each	1,75,00,00,000
Total Authorised Share Capital	**1,75,00,00,000**
Issued, subscribed and paid up share capital	
12,06,18,878 Equity Shares of ₹10 each	1,20,61,88,780
Total Issued, subscribed and paid up share capital	**1,20,61,88,780**

2. Details of change in authorised share capital of our company, as on June 30, 2022, for the last three years preceding the date of this Prospectus is set forth below:

Date of approval	Authorised Share Capital (in ₹)	Particulars
February 23, 2019 (EGM)	60,00,00,000	Authorised Share Capital was increased from ₹ 45,00,00,000 divided into 4,50,00,000 Equity Shares of ₹ 10 each to ₹ 60,00,00,000 divided into 6,00,00,000 Equity Shares of ₹10 each.
November 26, 2020 (AGM)	75,00,00,000	Authorised Share Capital was increased from ₹ 60,00,00,000 divided into 6,00,00,000 Equity Shares of ₹ 10 each to ₹ 75,00,00,000 divided into 7,50,00,000 Equity Shares of ₹10 each.
August 31, 2021 (AGM)	1,15,00,00,000	Authorised Share Capital was increase from ₹ 75,00,00,000 divided into 7,50,00,000 Equity Shares of ₹ 10 each to ₹ 1,15,00,00,000 divided into 11,50,00,000 Equity Shares of ₹ 10 each.
June 23, 2022 (EGM)	1,75,00,00,000	Authorized Share Capital was increased from ₹ 1,15,00,00,000 divided into 11,50,00,000 Equity Shares of ₹ 10 each to ₹ 1,75,00,00,000 divided into 17,50,00,000 Equity Shares of ₹ 10 each.

3. Details of Equity Share capital history of our Company in the last three years preceding the date of this Prospectus is set forth below:

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (in ₹)	Cumulative Equity Share Premium (in ₹)
March 27, 2019	1,15,04,441	10	12.00	Cash	Preferential Allotment[1]	5,14,93,228	51,49,32,280	7,57,47,561.25
January 23, 2020	16,35,000	10	12.00	Cash	Preferential Allotment[2]	5,31,28,228	53,12,82,280	7,90,17,561.25
December 26, 2020	1,48,00,000	10	12.50	Cash	Preferential Allotment[3]	6,79,28,228	67,92,82,280	11,60,17,561.25
September 13, 2021	4,04,46,900	10	12.50	Cash	Preferential Allotment[4]	10,83,75,128	1,08,37,51,280	21,71,34,811.25
March 31, 2022	65,00,000	10	13.50	Cash	Private Placement[5]	11,48,75,128	1,14,87,51,280	23,98,84,811.25
July 13, 2022	57,43,750	10	-	Other than Cash	Bonus Issue[6]	12,06,18,878	1,20,61,88,780	23,98,84,811.25
	Total					**12,06,18,878**	**1,20,61,88,780**	**23,98,84,811.25**

1. *Preferential Allotment of 1,15,04,441 Equity Shares made to the following 80 allottees, as enlisted in the return of allotment filed:*

Sr. No.	Name of allottee	No. of equity shares allotted
1.	Alexander P.R	50,000
2.	Anju Sajeev	1,00,000
3.	Annie Jacob	50,000
4.	Anoop C Xavier	1,00,000
5.	Baby KI	1,00,000
6.	Basil Lalu	20,000
7.	Behanan T M	1,00,000
8.	Biji Shibu	25,00,000
9.	Biju Skariya	75,000
10.	Bipin George	50,000
11.	Celine M D	50,000
12.	Davis K A	50,000
13.	Davis P A	50,000
14.	Deenamma P P	50,000
15.	Dinu Paul	1,00,000
16.	Eldhose Varghese	50,000
17.	Geetha Paul K	2,00,000
18.	George Joseph	50,000
19.	George Kuriape	5,500
20.	George Mathew P	49,997
21.	George Thomas	50,000
22.	Gopalakrishnan T E	50,000
23.	Jacob P I	50,000
24.	Jacob T Abraham	50,000
25.	Jaimol K Mani	50,000
26.	Jayan K George	50,000
27.	Joemon Jose	50,000
28.	Johnson Jose	50,000
29.	Johny K J	2,00,000
30.	Jose MO	50,000
31.	Joseph Antony V	52,000
32.	Joy Chittethuparayil	50,000
33.	K Abdul Rahiman	50,000
34.	K J Jose	2,00,000
35.	Kathott Madhavan Bhaskaran	1,00,000
36.	Kolencheril Avara Jose	2,00,000
37.	Leelamma Mani	1,00,000
38.	Lilly Jose	50,000
39.	Mahendran C P	1,00,000
40.	Mallika Ravindran	25,000
41.	Mampilly John Baby	2,00,000
42.	Manu Saju	1,00,000
43.	Mathew Joseph	50,000
44.	Mathews K V	50,000
45.	Mini Roy	50,000
46.	P P Biju	50,000
47.	P O Avirachan	50,000
48.	Paul Abraham	50,000
49.	Peeyus A Kottam	85,350
50.	Poulose P P	50,000
51.	Rani George	50,000
52.	Ratheesh V Narayanan	50,000
53.	Ravindran P K	75,000
54.	Ravjeev Sankar Narayanan	50,000
55.	Reena Lynus	50,000
56.	Reena Sunny	1,50,000

Sr. No.	Name of allottee	No. of equity shares allotted
57.	Reji Kuriakose	5,10,500
58.	Sabu C T	3,00,000
59.	Sabu Paul	2,97,095
60.	Saiby Jacob	54,000
61.	Sajeev Joseph	1,25,000
62.	Saji George	1,00,000
63.	Saju Antony K	50,000
64.	Saju M Karuthedam	50,000
65.	Saritha Sunil	16,666
66.	Seldha Biju	30,000
67.	Shaju George	1,00,000
68.	Sheela Nithianandan	50,000
69.	Shibu Theckumpurath Varghese	25,00,000
70.	Simi Dharman	50,000
71.	Skaria K P	50,000
72.	Sridhanya	50,000
73.	Steffy Rose M S	50,000
74.	Sunil Varkey	83,333
75.	Sunny Joseph	1,00,000
76.	Suresh K V	1,00,000
77.	Thomas A J	1,00,000
78.	Titus Rajan	1,00,000
79.	Vijayan K S	50,000
80.	Vijayarajan KK	50,000
	Total	**1,15,04,441**

2. *Preferential Allotment of 16,35,000 Equity Shares made to the following 15 allottees, as enlisted in the return of allotment filed:*

Sr. No.	Name of allottee	No. of equity shares allotted
1.	Eldo N I	50,000
2.	Jacob Abraham	20,000
3.	George Kuriape	90,000
4.	Jose N E	50,000
5.	Aleyamma Varghese	1,00,000
6.	Bindu Sabu	50,000
7.	Biji Shibu	2,50,000
8.	Elen Elu Shibu	2,50,000
9.	Shibu Theckumpurath Varghese	2,50,000
10.	Sunny Joseph	50,000
11.	Jayan K George	50,000
12.	Reena Sunny	1,00,000
13.	Paul Varghese	50,000
14.	Sabu Paul	2,50,000
15.	Peeyus Antony	25,000
	Total	**16,35,000**

3. *Preferential Allotment of 1,48,00,000 Equity Shares made to the following 97 allottees, as enlisted in the return of allotment filed:*

Sr. No.	Name of allottees	No. of equity shares allotted
1.	Joy Thottathil	52,000
2.	Chandra Baba M. S.	52,000
3.	Abi Antony	70,000

Sr. No.	Name of allottees	No. of equity shares allotted
4.	K T Vargese	52,000
5.	Sivarama Krishnan K P	50,000
6.	Mallika J	50,000
7.	Smitha Jose Akkara	50,000
8.	Thomas Isaac	25,000
9.	K. Abdulrahiman	50,000
10.	Kolencherial Avara Jose	1,00,000
11.	Paul Abraham	60,000
12.	Remadevi P K	50,000
13.	K D Ashok	50,000
14.	Thelakkat Nandakumar	50,000
15.	Steffy Rose M S	50,000
16.	Soman V H	50,000
17.	Jobin Tom	40,000
18.	Leelamony George	56,000
19.	John Philipose	50,000
20.	Thomas Cherian	50,000
21.	Francis George	50,000
22.	Lukose B	50,000
23.	Annamma Thomas	40,000
24.	Chandran K P	50,000
25.	Glory Thomas	1,00,000
26.	Kudiyattil Joseph George	20,000
27.	Muraleedhara N K V	50,000
28.	George Joseph	2,00,000
29.	Saleena Mathew	25,000
30.	Chinnamma Varkey	20,000
31.	Joseph Varkey	1,10,000
32.	Sivadas K R	50,000
33.	Nomy Elsa Philip	52,000
34.	Kuriachen K Kuruvilla	50,000
35.	Shaju George	50,000
36.	Ruby Shaju George	50,000
37.	Joseph M	1,00,000
38.	Vijayarajan K K	50,000
39.	Prathapachan Dran Nair	50,000
40.	Joseph Mathew	20,000
41.	Tessy Joseph	20,000
42.	Ammini Aleyas	50,000
43.	Chiramel Thomas Sabu	80,000
44.	Geetha Paul K	80,000
45.	Rani Cherian	1,20,000
46.	Remya Ratheesh	20,000
47.	Jose M O	50,000
48.	Geetha Paul K	50,000
49.	Chiramel Thomas Sabu	50,000
50.	Gitanjaly Sabu	50,000
51.	George Joseph	30,000
52.	Siby Varghese	30,000
53.	Siji Paul	50,000
54.	Joy Chittethupar Ayil George	25,000
55.	Jijimon Joseph	2,00,000
56.	Balasubramanian A K	50,000
57.	Somanathan Nair T P	50,000
58.	Vadassery Kalister Lynus	4,00,000
59.	Reena Lynus	4,00,000

Sr. No.	Name of allottees	No. of equity shares allotted
60.	Mathai Augusty	11,50,000
61.	Rita James/ James John	20,000
62.	Pulinattu Boany Paul	30,000
63.	Oonnunny Abraham	40,000
64.	A R Ravi Vijay	50,000
65.	Saju T Nair	50,000
66.	Alexander K M	30,000
67.	Sajeev Joseph	1,00,000
68.	Jenny Rose Jacob	1,00,000
69.	Maggy	1,00,000
70.	Alexander P R	50,000
71.	Anitha Gopi	30,000
72.	Jiby Yohannan	20,000
73.	Sophiamma Varghese	50,000
74.	K Josekutty	50,000
75.	Aleyas Varghese	50,000
76.	Joy P Jacob	50,000
77.	K P Pathrose	20,000
78.	Rajendran P P	50,000
79.	Prakash Chcko	50,000
80.	Lovely Prakash	46,000
81.	Reena George	50,000
82.	Geo Joseph	50,000
83.	Milna Sibi	50,000
84.	K Noorjehan	40,000
85.	Sheeba Thomas	1,00,000
86.	Gopalakrishnan	20,000
87.	Karthikeyan N	20,000
88.	Remya Raj	20,000
89.	Reji Mathew	1,00,000
90.	Melfy Philip	40,000
91.	Mathew K C	50,000
92.	Biji Shibu	20,00,000
93.	Shibu T Varghese	20,00,000
94.	Elen Elu Shibu	20,00,000
95.	Aleyamma Varghese	20,00,000
96.	Babu M N	25,000
97.	Chirayil Varkey Itty Kunjumom	50,000
	Total	**1,48,00,000**

4. *Preferential Allotment of 4,04,46,900 Equity Shares make to the following 186 allottees, as enlisted in the return of allotment filed:*

Sr. No.	Name of Allottees	No. of equity shares allotted
1.	Panampuzha Ouseph Avirachan	50,000
2.	Jayan Kidangayathu Puthukayil George	50,000
3.	Kadiyappilla Abdulrahiman	80,000
4.	V P Unnikrishnan	50,000
5.	Karayil Dharmapalan Ashok	3,50,000
6.	Keerthi Ashok	1,00,000
7.	Elizabeth Mooney	50,000
8.	Shinny Mathew	1,20,000
9.	Nikhil John	1,00,000
10.	Sosamma	2,00,000
11.	Joseph A A	50,000

Sr. No.	Name of Allottees	No. of equity shares allotted
12.	Neelan Madhavan	50,000
13.	Prathapachandran Nair	1,00,000
14.	Vithya Pallikudiyil	3,75,000
15.	Smitha Jose Akkara	1,00,000
16.	Josan PD	50,000
17.	Martin P. Joseph	2,00,000
18.	Johny K J	3,50,000
19.	Sivadas K R	50,000
20.	Salim A A	1,00,000
21.	Joseph Gerald	50,000
22.	Linett David V	50,000
23.	Thomas Cherian	1,00,000
24.	Aji Paul	50,000
25.	Abraham A V	50,000
26.	Jiby George	50,000
27.	Edward George	50,000
28.	George Antony	1,00,000
29.	Anoop Chittilappily Xavier	3,00,000
30.	Steffy Rose M S	50,000
31.	Amala Davis	50,000
32.	George Joseph	1,00,000
33.	George N A and Lilly George	50,000
34.	Suja Tomy	50,000
35.	Lal P P	80,000
36.	Deepthy	50,000
37.	Baburajan A V	1,00,000
38.	Priya Shaji	50,000
39.	P C Anto	50,000
40.	Benny Chakko	50,000
41.	Francis P C	50,000
42.	K R Poulose	50,000
43.	Mathew N T	50,000
44.	Jose C D	50,000
45.	Priya Sebastian	80,000
46.	Suresh K V	50,000
47.	K Josekutty	50,000
48.	Chandran K P	50,000
49.	A K Sujatha	50,000
50.	Tomy Joseph	50,000
51.	Calvin Jose Chakramakkil	50,000
52.	T R Thilakan	50,000
53.	Deepa Kenvin	50,000
54.	Muraleedharan K V	50,000
55.	A A Thempi	50,000
56.	K T Varghese	52,000
57.	Tony Kannath Jose	50,000
58.	Jestin Jose	50,000
59.	Eldho Roy	1,00,000
60.	Cyriac Joseph	50,000
61.	Anu Jimmy	1,00,000
62.	E J Xavier and Annamma Xavier	60,000
63.	Annamma Abraham	50,000
64.	Jose K A	60,000
65.	Purushothaman Nair	50,000
66.	Skaria KP	50,000
67.	Abraham Vaidyan	50,000

Sr. No.	Name of Allottees	No. of equity shares allotted
68.	Josephe Devassy	56,000
69.	Kallumkai Pappan George	1,00,000
70.	Arun MP	50,000
71.	Saji Varkey	50,000
72.	Bindu Suresh Kumar	50,000
73.	Teena Jossy	50,000
74.	Shyam Bhaskaran	80,000
75.	Kuriachen K Kuruvilla	50,000
76.	Sebastian Chowattukunnel	56,000
77.	Varghese John Koomullil	50,000
78.	Geetha Mohan	50,000
79.	Sajeev Joseph	1,00,000
80.	Anil K George	1,50,000
81.	K Vasudevan	40,000
82.	P O Antony	50,000
83.	Raju K K	50,000
84.	Ashik Jose	50,000
85.	Titto Francis	50,000
86.	Tharakanmeloot Varghese Jobi	1,00,000
87.	Santha Kumari	50,000
88.	Joseph M P	50,000
89.	Korah Poulose P	60,000
90.	Vatsa Korah Poulose	60,000
91.	Gopalakrishnan T E	50,000
92.	Babu M P and Fancy Babu	50,000
93.	Fancy Babu and Babu M P	50,000
94.	Rani Cherian	80,000
95.	Biju Varghese	1,22,500
96.	K K Anil Kumar	50,000
97.	Nimmy Sandeep	50,000
98.	Lily Paul	50,000
99.	Nandakumar K	50,000
100.	Winston Paul	50,000
101.	M P Avarachan	40,000
102.	Manu Saju	1,50,000
103.	Paul M S	50,000
104.	Lakshmi Raveesh	50,000
105.	Sindhu	70,000
106.	Serah Mathew Vinod Panicker	50,000
107.	Anitha Hariharan	50,000
108.	Shiju C K	50,000
109.	Thankachan M	50,000
110.	Princy Jojo	50,000
111.	Dileep Thomas	50,000
112.	Madhu P	50,000
113.	Ittoop K O	5,00,000
114.	Midhun Ittoop	5,00,000
115.	Sonu Saju	50,000
116.	Jayashree	1,00,000
117.	Suma Rajagopal	50,000
118.	Jahan Salim	50,000
119.	Radhakrishnan PP	50,000
120.	Reena Lynus	8,00,000
121.	Vadassery Kalister Lynus	8,00,000
122.	N Sharma	50,000
123.	Deepa P G	50,000

Sr. No.	Name of Allottees	No. of equity shares allotted
124.	Suresh Kapparath	50,000
125.	Babu Kollara	50,000
126.	Jerin Jose	50,000
127.	Bose Paul	50,000
128.	Chalackal Madhavan Baiju	50,000
129.	Shine Theressa Shibu	50,000
130.	Davis P A	50,000
131.	Anithamol Rajan	50,000
132.	Susy John	50,000
133.	Anu Mohan	50,000
134.	Mathai K G	50,000
135.	Lisma Louvi	50,000
136.	K M Korah	50,000
137.	P N Narayanan Nambisan	50,000
138.	P T Gowri	50,000
139.	Vivek Lohikshan	50,000
140.	Anjali Alex Aerathu	50,000
141.	Nalpat Sebastian Jose	10,00,000
142.	Stephen N M	50,000
143.	Paul V George	1,00,000
144.	Manoj P Joseph	1,60,000
145.	Simon Mathew	50,000
146.	Chirayath Antony Francis	50,000
147.	Sandeep C C	50,000
148.	Vincent Padamadan	50,000
149.	Gitanjaly Sabu	1,00,000
150.	Anoopa	1,00,000
151.	Holy Roy	50,000
152.	Martin P Antony	92,400
153.	Baiju P P	50,000
154.	Roy Skariah	60,000
155.	Aswathy Merin	50,000
156.	Mini Roy	50,000
157.	Josen Mathew	1,05,000
158.	Joseph T T	52,500
159.	Simi Gijo	4,13,750
160.	George Kuriape	3,38,750
161.	Kavitha Johnson	52,500
162.	Alphonsa Jose	52,500
163.	Jacob Abraham	32,500
164.	Eldhouse Kuriakose	52,500
165.	Sreedevi Lohidakshan	52,500
166.	Sabu Paul	12,52,900
167.	Elizabeth George	2,80,000
168.	Fance Joseph	52,500
169.	Thomas E P	52,500
170.	Peeyus Antony	1,00,000
171.	Bindu Peeyus	12,27,500
172.	Mariya Peeyus Kottam	5,00,000
173.	Johny P A	55,000
174.	Nidhin Aleyas	52,500
175.	P J George	4,45,150
176.	Reji Kuriakose	9,82,500
177.	Shibu Theckumpurath Varghese	51,00,520
178.	Biji Shibu	40,35,000
179.	Elen Elu Shibu	34,05,000

Sr. No.	Name of Allottees	No. of equity shares allotted
180.	Erin Lizbeth Shibu	33,22,500
181.	Aleyamma Varghese	41,56,930
182.	Jiny Devassy	40,000
183.	Amrutha Paulson	1,00,000
184.	Niranjana Sabu	1,00,000
185.	Annie Poulose	50,000
186.	Suresh K V	50,000
	Total	**4,04,46,900**

5. *Private Placement of 65,00,000 Equity Shares make to the following 2 allottees, as enlisted in the return of allotment filed:*

Sr. No.	Name of allottee	No. of equity shares allotted
1.	Southern Associates	50,00,000
2.	KLM Assets Fin	15,00,000
	Total	**65,00,000**

6. *Bonus issue of 57,43,750 Equity Shares made to the following 657 allottees, as enlisted in the return of allotment filed:*

Sr. No.	Name of allottee	No. of equity shares allotted
1.	John J Pullan	2,400
2.	Chinnamma Kuriakose	2,850
3.	Bindu Peeyus	28,600
4.	Simi Jijo	2,950
5.	Ann Jose	5,000
6.	Jijo M Varghese	3,500
7.	Aleyamma Varghese	1,82,822
8.	Jose Sebastian Nalpat	75,000
9.	Kuriakose K P	5,000
10.	Eldhose T K	1,500
11.	Siji T K	1,000
12.	Joby George	50,000
13.	Thomas Joseph/ Achamma Joseph	5,000
14.	Ganesan A V	2,500
15.	Joseph C George	7,650
16.	Reshmi Joseph	4,350
17.	Johny P A	2,500
18.	Gayathri Sankar	2,500
19.	Jayan Paul	5,000
20.	Tinu Kuriachan	2,500
21.	Emily Kuriachan	10,000
22.	Cilmi Eldho	2,500
23.	Kuriakose E K	2,500
24.	Mini Roy	5,000
25.	Eldho Roy	7,500
26.	Anju Sajeev	5,000
27.	Paulose K A/ Kumari Paulose	5,000
28.	Aleyas K C	2,500
29.	Aswathy Roy	2,500
30.	Roy Scaria	2,500
31.	Simi Shine	5,000
32.	Antony A O	5,000
33.	Sajimon George	2,500

Sr. No.	Name of allottee	No. of equity shares allotted
34.	Siby Skaria	5,000
35.	Jai M Paul	2,500
36.	C V Jacob	5,000
37.	Mini Baby	2,500
38.	Biju Varghese	5,000
39.	Mathai C V	2,500
40.	Paulson Joseph	5,000
41.	K P Joy	5,000
42.	P J George	20,000
43.	Sybi Varghese	10,000
44.	Baby Mathew	75,000
45.	Jacob George	1,750
46.	Varghese George	1,750
47.	Shiby T S	5,000
48.	Bino Kurian	2,500
49.	George Jacob A K	45,000
50.	Shinto Thomas	10,000
51.	Ittoop K O	34,000
52.	Lissy Ittoopp	36,000
53.	Grace Siby Joseph	5,000
54.	Elizabeth George	6,000
55.	Shiny Manoj Arakkal	2,500
56.	Thresiamma Joy	2,500
57.	Reena Varghese	2,500
58.	P O Avirachan	6,500
59.	Issac Meleth John	5,000
60.	Kuriachan M K	10,000
61.	Biju John	1,250
62.	Reena Sony	2,500
63.	Tessy Abro	2,500
64.	Suchitra P/ Dr. Bhaskaran Nair	4,000
65.	Sebastian P J	5,000
66.	Ekanadhan P K	2,500
67.	Abraham A M	5,000
68.	Julie Josen	2,500
69.	Amal Dev Tony	2,500
70.	Civy V Pulathayu	5,000
71.	Gracy K V	2,500
72.	Vijayamohanan M K	5,000
73.	Anil K George	2,500
74.	Gopinathan K	2,500
75.	Thommachan V U	5,000
76.	Nicey George	5,000
77.	Cherian K P	2,500
78.	Paulose K K	2,500
79.	Balu Raj Tony	5,000
80.	Joseph M C	5,000
81.	Joseph Thomas	1,000
82.	Cijo Joseph	2,500
83.	Purushothaman M K	1,000
84.	Bindhu Baiju	2,500
85.	Marykutty Uthuppan	2,500
86.	Dolly George	2,500
87.	Santhamma Padmanabhan	2,500
88.	Sabu Paul	22,500
89.	Antony P V	5,000

Sr. No.	Name of allottee	No. of equity shares allotted
90.	Elizabeth Mathew	1,000
91.	Soy V U	5,000
92.	Shalini Nair	2,375
93.	E M Bijukumar	5,000
94.	P V Xavier	2,500
95.	Chitra Visweswaran	2,500
96.	Kurian Joseph	2,500
97.	Varkey P V	2,500
98.	Vimal Kumar	2,500
99.	Shine Paul	5,000
100	Peter K A	2,500
101	Tomy C A	2,500
102	Kuriakose Mathew	2,500
103	Jaimon Joseph	2,500
104	Boby Paul	2,500
105	Elen Elu Shibu	9,777
106	Anitha Mol	2,500
107	George Jacob A K	20,000
108	Reji Kuriakose	17,500
109	P J George/ Sherly George	5,000
110	Reshmi Joseph/ Joseph C George	5,000
111	Girija V/ Subramanian N	2,500
112	Subramanian N/ V Girija	2,500
113	Alexander P R	5,000
114	Lilly George	2,500
115	Thomas John Palekudy	2,500
116	Jose M O	5,000
117	Sasidharan K/ Ralceme S	2,500
118	Sasidharan K/ Kelshibe N S	5,000
119	Varghese Jose	3,500
120	James P J/ Josephin	2,500
121	Jessly George P	2,500
122	Shibu Issac	5,000
123	Princy Julian	7,500
124	N A Vidyadharan/ T.V Pramaeela	2,500
125	Elsie K P	7,500
126	George K/ Kurian George	2,500
127	P.R. Nithianandan	2,500
128	Joy Paul	2,500
129	Mathew P A	3,000
130	Anietha Subramanian	5,000
131	Paul Punnoose/ V P Punnoose/ Sheeba Punnoose	5,000
132	Deepa Mary Paul	2,500
133	Sherly Mathew	1,500
134	P P Gopinatha Sarma/ Chandrakala G Sarma/ Vinitha A Mallan	3,500
135	Sen P Mammen	5,000
136	Sudarshan M R	2,500
137	Davis P K/ George Davis/ Nichol Davis	1,500
138	Geetha Sabu	5,000
139	C T Roy	5,000
140	Bency Jose Mundadan	5,000
141	N O George/ A B Alphonsa	1,500
142	Sam K S	1,500
143	Roy Skariah/ Mini Roy	5,000
144	M M John/ Sosamma John	2,500
145	Dr. Prasad Punnoose	1,500

Sr. No.	Name of allottee	No. of equity shares allotted
146	Sajeev Jacob/ Siji Rajeev	2,500
147	Aleena Joseph	5,000
148	Siji Rajeev/ Sajeev Jacob	2,500
149	Nisha Shibu	5,000
150	C K Sadananda Kurup	1,500
151	G P Pillai	1,500
152	Anoopa Joseph Thomas	5,000
153	Suraj Prakash M J	2,500
154	Benot Paulose/ V.T. Paulose/ Seema Vargheese M	2,500
155	Anilkumar P.P	2,500
156	Gitanjaly Sabu	5,000
157	Muraleedharan K.	2,500
158	Vinay Kumar T	5,000
159	Davis K.A.	2,500
160	Shibu C.T.	5,000
161	Selimol Michael	5,000
162	C.T. Sabu	5,000
163	Mariamma Cherian	5,000
164	Dr. Saleena Mathew	2,500
165	John Joseph/ Vinu George	1,500
166	Lukose B	1,500
167	Dipu Issac	5,000
168	M.A. Zachariah	2,000
169	Sonia Bhaskar	1,500
170	Sajeev Joseph	15,000
171	Beena Haridas	2,500
172	Lijinu Abraham	2,500
173	Thomas Abraham Mannil	2,500
174	Balasubramanian K.S.	2,000
175	Baby N.K./ Rani Baby	1,500
176	Mercy Paulose	1,250
177	John K. Mathew	1,500
178	T.P. Kunjalachi Amma	2,500
179	Bindu Susy George	1,500
180	Sheeba Joseph	2,500
181	Joseph Varkey	2,500
182	Niecy Manjuran	2,500
183	K.P. Cherian	2,500
184	Biju Joseph	4,000
185	Fr. Dr. Thomas Chakiriyil/ Sunu Thomas	2,500
186	Suseela A.M/ Merlyn Rajan/ Jeslin Mathews Rajan	2,500
187	Alias A.E/Basil Alias	1,500
188	V. Venugopal/ Sini	2,200
189	Johny Mathew/ Rosily John	5,000
190	Soosy George	1,500
191	Vinod Tharian Philip/ Pratibha G Nair	1,500
192	Jolly S.N.	1,500
193	Xavier P.J/ Annie Xavier	2,500
194	Shaju Mathai	5,000
195	Samanyu Mahendran	2,500
196	Aswini S.K. Warrier	1,500
197	Varkey M. Cherian	1,500
198	Josmol	1,000
199	Sobha Sreeraman	1,500
200	Philomina E.X	1,500
201	Joseph T. Kussakuzhiyil/ Celin E. Joseph	5,000

Sr. No.	Name of allottee	No. of equity shares allotted
202	P P Gopinatha Sarma/ Vinitha A Mallan/ Chandrakala G Sarma	1,000
203	Annie Jacob/ Jacob Thomas	5,000
204	Rajeena Sajee Vinod	1,750
205	Eldhose T.K/ Siji P.K	1,000
206	Alias P.V.	1,525
207	Vijayan P.K	1,500
208	Sajith John P	1,500
209	Sunil John/ Bose Paul/ Paulose K.A.	2,500
210	Sunil John/ Jancy Paul/ Paulose K.A.	2,500
211	Aisoly Jacob	2,500
212	Sreekumar Gopinathan Nair	5,000
213	M P Kuriakose/ Mary Kuriakose	4,000
214	Reji Varghese/ Varghese K V	1,500
215	P M Jose	1,500
216	Rajeena Sajee Vinod	1,000
217	Subramanian N	500
218	Vijayakumar A C/ Padmini Vijayakumar	1,739
219	Thomas E I	2,500
220	Sreejaya Madavan Pilla	5,000
221	Joseph P P	2,500
222	Radhamony Amma	1,500
223	Nisha M. M.	1,500
224	Bindu Benny	2,500
225	Mithun Davis	5,000
226	Mithun Davis	5,000
227	Jose K J	2,500
228	Willy Antony Mookkan	1,500
229	Priya George	2,500
230	Mallika J	6,150
231	Devasskutty A J	1,500
232	Saramma Isaac	1,500
233	Saju M Karuthedam	2,500
234	John Varghese	5,000
235	Joseph John	1,500
236	Simon Mathew	2,500
237	Thomas A J	2,500
238	Raju K G	2,500
239	George P V	2,500
240	Jose Thomas	2,500
241	Mary Oommen	5,000
242	Chacko C.V.	5,000
243	George K.P.	5,000
244	Devassy Varuthunni	20,000
245	Eldos Mathew	2,500
246	Mathai K I	2,500
247	Soman V.H.	5,000
248	V.T. Joy	2,500
249	George Mathew P	5,000
250	K P Skaria	5,000
251	Smitha Jayaraman	2,500
252	Kuttappan K V	2,500
253	Alvin Thomas John	2,500
254	Peter Jacob	3,000
255	Chinnamma Varkey	1,500
256	Mary Kuriakose	4,000
257	Sajeev Joseph	16,250

Sr. No.	Name of allottee	No. of equity shares allotted
258	Kuriakose P P	1,500
259	Dinu Joy	25
260	Jeena George	5,000
261	Ammini Aleyas	2,500
262	Joy T J	2,600
263	Chandran K.P.	5,000
264	Karthikeyan N	1,000
265	Sajith John P	500
266	Mathew N T	2,500
267	George Mather P/ Soji George	2,499
268	Jose N E	2,500
269	Manoj P Joseph	8,000
270	Bipin George	2,500
271	Chandra Babu M S	2,600
272	Behanan T M/ Alice Behanan	10,000
273	Shibu T Varghese	6,57,061
274	Alexander K M	1,500
275	Mahendran Channanaveetil Puthenpurayil	5,000
276	Joy P Jacob	2,500
277	Purushothaman Pillai G	1,500
278	P K Sugathan	4,750
279	Shaju George	11,500
280	Jacob T Abraham	2,500
281	Anoop C Xavier	25,000
282	Mathew P Skariah	1,500
283	Sivarama Krishnan K P	10,000
284	Paul Varghese	2,500
285	Jaimol K Mani	2,500
286	Abraham A V	2,500
287	Rojo Joseph	2,500
288	Nandakumar K	2,500
289	George Joseph	17,500
290	Stephen N M	2,500
291	Tona Jacob	5,125
292	Joseph A A	2,500
293	Mercy Sebastian	16,250
294	Leelamma Mani	5,000
295	Glaimy Alex	10,000
296	Rajendran P P	2,500
297	Sunny Joseph	12,500
298	Reena Sunny	15,000
299	Pathrose K P	1,000
300	Joseph Gerald	2,500
301	Sebastian C Kappen	18,750
302	Muraleedharan K V	5,000
303	Siji Paul	2,500
304	Maggy	5,000
305	Eldho Roy	5,000
306	Saji George	5,000
307	Sadanandan P R	1,500
308	Unni S Kappen	21,000
309	Simi Dharman	2,500
310	Jayan K George	7,500
311	Saiby Jacob	2,700
312	Saju M Karuthedam	2,500
313	Mini Roy	5,000

Sr. No.	Name of allottee	No. of equity shares allotted
314	George Kuriape	23,962
315	Sabu Paul	12,500
316	Elen Elu Shibu	2,93,750
317	Biji Shibu	4,37,940
318	Saritha Sunil	833
319	Aleyamma Varghese	3,17,096
320	Bindu Sabu	2,500
321	Roy Skariah	5,500
322	Seena Justine	2,500
323	Midhun Ittoop	25,000
324	Kripa Sunny	12,500
325	Eldo N I	2,500
326	Thomas Cherian	7,500
327	Ruby Shaju George	2,500
328	Zeenath Sugathan	1,250
329	Mallika J	2,500
330	Jayendran Nair A N	750
331	Francis T K	1,500
332	Jijo T K	3,375
333	Sujatha A K	2,500
334	T T Joseph	2,625
335	Kunnel Mathai Korah	2,500
336	P O Antony	2,500
337	Joseph Mathew	1,000
338	Linett David V	2,500
339	Geetha Mohan	2,500
340	Martin P Joseph	10,000
341	Seldha Biju	4,000
342	Basil Lalu	1,000
343	Simon Mathew	2,500
344	Samson Chacko	2,500
345	Dinu Paul	5,000
346	Thelakkat Nandakumar	2,500
347	Chiramel Thomas Sabu	21,500
348	Suma Rajagopal	2,500
349	Niranjana Sabu	5,000
350	Narendran K/ Sreedevi T N	500
351	K Noorjehan	2,000
352	Vithya Pallikudiyil	1,500
353	Abraham Vaidyan	2,500
354	Aswathy Merin Roy	2,500
355	Sreedharan Nair K	6,500
356	Rajeev Sankar Narayan	2,500
357	Jose C D	2,500
358	Ittoop K O	25,000
359	Remadevi P K	2,500
360	Davis K.A.	2,500
361	Balasubramanian A K	2,500
362	M P Avarachan	2,000
363	K Prathapachandran Nair	7,500
364	Nanoo Sharma	2,500
365	Babu Kollara Dharman	2,500
366	Paul V George	5,000
367	K Abdulrahiman	9,000
368	Steffy Rose M S	7,500
369	John Philipose	2,500

Sr. No.	Name of allottee	No. of equity shares allotted
370	Thomas A J	9,000
371	Jose M K	1,500
372	Saju Antony Kalaparamath Pathadan	2,500
373	P P Biju	2,500
374	Johnson Jose	2,500
375	Joemon Jose	2,500
376	Vijayaranjan K K	5,000
377	Tomy Joseph	2,500
378	Anithamol Rajan	2,500
379	Akhil Thomas	2,500
380	Koshy M K	2,500
381	Glory Thomas	5,000
382	T.I. Jose Thachil	2,500
383	Siby Varghese	1,500
384	Geetha Paul K	16,500
385	Anoopa	5,000
386	Shine Theressa Shibu	2,500
387	Thayyil Venugopal Sabu	2,500
388	Mathai Augusty	60,000
389	Sebastian Chowattukunnel	2,800
390	Mathew K C/ Sosamma C V	2,500
391	Rita James/ James John	3,500
392	T R Thilakan	2,500
393	K T Varghese	5,200
394	T V Abraham	2,500
395	Joseph Antony V	2,600
396	Jacob P I	6,500
397	Gopalakrishnan M R	1,000
398	Jobin Tom	2,000
399	Francis George	2,500
400	Anju Sajeev	5,000
401	Shyam Bhaskaran	7,000
402	Josan Padayatty Devassykutty	2,500
403	Lissy Yeldose	3,750
404	Elizabeth Mooney	7,500
405	Anu Elizabeth	1,500
406	Liza Thomas	500
407	M N Babu	1,250
408	Cyriac Joseph Pattara	2,500
409	Serah Mathew Vinod Panicker	2,500
410	Kuriakose Eldhose	2,625
411	Subi Shaju Arangath	2,000
412	Vasudevan K	3,000
413	K K Anil Kumar	2,500
414	Kuriachan K Kuruvila	5,000
415	Joseph M P	2,500
416	M P George	1,500
417	P P Deenamma	5,000
418	Annie Poulose	2,500
419	Amrutha Paulson	5,000
420	Anitha Hariharan	2,500
421	Gitanjaly Sabu	7,500
422	Chalackal Madhavan Baiju	2,500
423	Sreedevi Lohidaksham	2,625
424	Vatsa Korah Poulose	6,000
425	P O Avirachan	5,000

Sr. No.	Name of allottee	No. of equity shares allotted
426	Suja Tomy	3,000
427	P N Narayanan Nambissan/ Gowri P T	2,500
428	Fancy Babu	2,500
429	Tessy Joseph	1,000
430	Babu M P/ Fancy Babu	2,500
431	Byju Kuriakose	1,000
432	Ancy K Kuriakose	2,500
433	Fance Joseph	5,125
434	Vivek Lohidakshan	2,500
435	P T Gowri	2,500
436	George Thanangadan	2,500
437	Lizzy Jimmy	2,500
438	E. M. Jimmy	2,500
439	Shiju C.K.	2,500
440	Sridhanya	2,500
441	Anil K George	7,500
442	Jahan	2,500
443	Kunhappan A.	2,500
444	Mary K A	1,250
445	Biju N S	5,000
446	Mathai K G	2,500
447	Kuriakose O P	2,500
448	Benny C Pozheliparambil	2,500
449	Saju T Nair	2,500
450	Victory Jozy	1,500
451	Anitha Gopi	1,500
452	Nalpat Sebastian Jose	50,000
453	Sheeba Thomas	5,000
454	Eldose Varghese	2,500
455	Baby K I.	5,000
456	Smitha Jose Akkara	20,000
457	Annie Jacob	2,500
458	Reji Kuriakose	74,650
459	Paul Abraham	5,500
460	Sabu Paul	77,499
461	Sheela Nithyanandan	2,500
462	Lilly Jose	2,500
463	Oonnunny Abraham	2,000
464	Kodath Pappu Madhavan	2,500
465	Peeyus Antony	10,517
466	Aleyas Varghese	2,500
467	Kunjappan C B.	1,000
468	Jenny Rose Jacob	5,000
469	V P Unnikrishnan	3,000
470	Johny	2,750
471	Thomas Isaac	3,750
472	Sivadas K R	5,000
473	George Antony	5,000
474	Anu Mohanan	3,500
475	Riya Titus	5,000
476	Ratheesh V Narayanan	2,500
477	George Thomas	2,500
478	Rani George	2,500
479	Reena Lynus	62,500
480	Suresh Karuthara Velu	7,500
481	Gopalakrishnan T E	6,250

Sr. No.	Name of allottee	No. of equity shares allotted
482	Priya Sebastian	4,500
483	Sebastian M V	5,000
484	Jomon Joy	250
485	Jiby Yohannan	1,000
486	Princy Jojo	2,500
487	Lilly Paul	2,500
488	Joseph M	5,000
489	Elizabeth George	17,500
490	Mathew K Kuriakose	2,000
491	Winston Paul	2,500
492	Nikhil John	6,000
493	Radhakrishnan P P	2,500
494	Sosamma	10,000
495	Sandeep C C	2,500
496	Baby Abraham	500
497	Jiny Devassy	2,000
498	Mary Baby	5,000
499	Paul Abraham/ Annie P Oommen	2,500
500	Vadassery Kalister Lynus	60,000
501	Milna Sibi	2,500
502	Holy Roy	2,500
503	A R Ravivijay	2,500
504	Raseena Kochumon/ Kochumon Kottai	2,500
505	Xavier Joseph Edattu/ Annamma Xavier	3,000
506	Priya Shaji	2,500
507	Elen Elu Shibu	75,000
508	Pynadadhu Jacob George	22,257
509	Salim A A	5,000
510	Dheepa Kenvin	2,500
511	Esabella Johnson	6,500
512	Neelan Madhavab	2,500
513	Lal P P	4,000
514	Vincent Padamadan	2,500
515	Baiju P P	2,500
516	Anjali Alex Aerathu	2,500
517	Mariya P Kottam	25,000
518	Shaiby Kuruvilla	500
519	M K Krishnakumar	500
520	Francis P C	2,500
521	Ajin Kuriakose	2,500
522	Sanju Baby/ Baby KI	5,000
523	Eldose Varghese/ Shobha K Poulose	2,500
524	Jacob Thomas Pathumpadam	5,000
525	Saneesh K S	2,50,000
526	Verghese Kuruvilla	2,500
527	Elizabeth Joju/ Joju Philip	2,500
528	Biju Varghese	6,125
529	Annamma Thomas	3,500
530	Nomy Else Philip	2,600
531	Dileep Thomas	2,500
532	Joseph Devassy	2,800
533	Jerin Jose	2,500
534	Mechery Sebastian Paul	2,500
535	Karimpanackal Velayudhan Suresh	2,500
536	Varghese Edacheril Mathai	1,500
537	Menacherry Joseph Varkey	1,500

Sr. No.	Name of allottee	No. of equity shares allotted
538	John Philipose	1,500
539	Saleena Mathew	1,250
540	Vijayan K S	2,500
541	K P Skaria	5,000
542	Madhu P	2,500
543	Lisma Louvi	2,500
544	Lukose B	2,500
545	Geo Joesph	2,500
546	Reena George	2,500
547	Sindhu	3,500
548	Kolencheril Avara Jose	28,500
549	Abi Antony	4,000
550	Mampilly John Baby	24,000
551	Tony Jose	5,000
552	Anu Denny	10,000
553	Simi Gijo	20,687
554	Sudhakaran T K	500
555	Shyam Bhaskaran	5,000
556	Thomas M C	1,000
557	Martin P Antony	3,090
558	Sonia Bhaskar	500
559	Manu Saju	15,000
560	Chinnamma Varkey	1,000
561	Kuriyedath Joseph Johny	20,000
562	Aji Paul	2,500
563	Deepa P G	2,500
564	Jitha Chummar	1,500
565	Phiji Jose	1,250
566	Mathews K V	2,500
567	Soman V H	2,500
568	Ria Chummar	1,500
569	Beena George	1,500
570	Jose M O	5,000
571	Reji Pradeep	2,500
572	Edward George	2,500
573	Ashik Jose Pozhaliparambil	2,500
574	Poulose K R	2,500
575	Raju K K	2,500
576	Jijimon Joseph	10,000
577	Poulose P P	2,500
578	Alexander P R	5,000
579	Jayasree J	2,500
580	Tony Kannath Jose	2,500
581	Boany Paul P	1,500
582	Sucy John	2,500
583	Reji Mathew	5,000
584	Abraham Raju	1,000
585	P M Mooney	5,000
586	Mathew Joseph	2,500
587	Joy Chittethuparayil George	3,750
588	Sunil Varkey	4,166
589	Kudiyattil Joseph George	1,000
590	Biji George	2,500
591	Prakash Chacko	2,500
592	Lovely Prakash	2,500
593	N A George/ Lilly George	3,750

Sr. No.	Name of allottee	No. of equity shares allotted
594	Leelamony George	2,800
595	Kavitha Johnson	2,625
596	Alphonsa Jose	2,625
597	Tharakanmeloot Varghese Jobi	2,500
598	Leena Jobi	5,000
599	Mulakath Kuriakose Paulose	1,000
600	Therat Achuthan Purushothamannair	2,500
601	Jose K J	10,000
602	Koottungal Chacko Mathai	1,500
603	Bose Paul	2,500
604	Keerthi Karayil Ashok	5,000
605	Josen Mathew	5,250
606	Joseph Varkey	5,500
607	Celine M D	2,500
608	Rani Cherian	6,000
609	Melfy Philip	2,000
610	Remya Raj	1,000
611	Varghese John Koomullil	2,500
612	Moncy Varughese	2,500
613	Kallumkal Pappan George	5,000
614	Sonu Saju	2,500
615	Bindu Peeyus	61,375
616	Erin Lizbeth Shibu	1,66,125
617	Jacob Kaiparampil Joseph	2,500
618	Davis P A	5,000
619	Jestin Jose	5,000
620	Vijayakumar Pottayil	2,500
621	Kesavan Prasannadevi	750
622	Remya Ratheesh	2,750
623	Kumar Suresh Bindu	2,500
624	Jiby George	2,500
625	Nidhin Aleyas	2,625
626	Mullangath Prathapan Arun	2,500
627	Babu Kurian	5,000
628	Chirayil Itty Kunjumon	2,500
629	Pozhaliparambil Chakkoru Anto	2,500
630	Sanitha Shaji	755
631	Calvin Joe Chakramakkil	2,500
632	Chirayath Antony Francis	2,500
633	Lakshmy Raveesh	2,500
634	Josekutty Kollentekizhakkethil	5,000
635	Suresh Kapparath	2,500
636	Titto Francis	2,500
637	Deepthy	2,500
638	3A Capital Services Limited	250
639	Rani Cherian	4,000
640	Sophiamma Varghese	2,500
641	Somanathan Nair T P	2,500
642	Varughese Baby	1,250
643	Annamma George	1,500
644	Thankachan M	2,500
645	Geetha R Nair	2,500
646	Santha Kumari	2,500
647	Annamma Abraham	2,500
648	K D Ashok	30,000
649	A A Thampi	2,500

Sr. No.	Name of allottee	No. of equity shares allotted
650	George Joseph	1,500
651	Nimmy Sandeep	2,500
652	Baburajan A V	5,000
653	Teena Jossy	2,500
654	Saji Varkey	2,500
655	Shiny Mathew	6,000
656	Amala Pallippat Davis	2,500
657	Thomas E P	2,625
	Total	**57,43,750**

7. **The following table sets forth the shareholding pattern of our Company as on June 30, 2022:**

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of voting rights held in each class of securities (IX) – No of voting rights – Class - Equity	Number of voting rights held in each class of securities (IX) – No of voting rights – Total	Number of voting rights held in each class of securities (IX) – Total as a % of (A+B+C)	No. of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII) – No. (a)	Number of locked in shares (XII) – As a % of total shares held (b)	Number of shares pledged or otherwise encumbered (XIII) – No. (a)	Number of shares pledged or otherwise encumbered (XIII) – As a % of total shares held (b)	Number of Equity Shares held in dematerialised form (XIV)
(A)	**Promoter and Promoter Group**	10	4,04,66,205	0	0	4,04,66,205	35.23	4,04,66,205	4,04,66,205	35.23	0	0	0	0	0	0	3,57,58,200
(B)	**Public**	648	7,44,08,923	0	0	7,44,08,923	64.77	7,44,08,923	7,44,08,923	64.77	0	0	0	0	0	0	5,13,47,141
(C)	**Non-Promoter Non-Public**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C) (1)	**Shares underlying DRs**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C) (2)	**Shares held by Employee Trusts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	658	11,48,75,128	0	0	11,48,75,128	100	11,48,75,128	11,48,75,128	100	0	0	0	0	0	0	8,71,05,341

8. **Details of the aggregate number of securities of the Issuer purchased or sold by the promoter group and by the Directors of the Issuer and their relatives within six-months immediately preceding the date of filing this Prospectus with RoC are as follows**:

S. No.	Name of the Allottee	Date of purchase/ sale	Category of the Allottee (Promoter Director, Promoter Group, Director)	Mode of acquisition of securities	Issue Price (In ₹)	Type of security	Total number of securities purchased/ sold
1.	Shibu T Varghese	July 13, 2022	Director	Bonus Issue	-	Equity Shares	6,57,061
2.	Aleyamma Varghese	July 13, 2022	Promoter group	Bonus Issue	-	Equity Shares	4,99,918
3.	Biji Shibu	July 13, 2022	Promoter group	Bonus Issue	-	Equity Shares	4,37,940
4.	Elen Elu Shibu	July 13, 2022	Promoter group	Bonus Issue	-	Equity Shares	3,03,527
5.	Bindu Peeyus	July 13, 2022	Promoter group	Bonus Issue	-	Equity Shares	89,975
6.	Simi Gijo	July 13, 2022	Promoter group	Bonus Issue	-	Equity Shares	23,637
7.	Jijo M Varghese	July 13, 2022	Promoter group	Bonus Issue	-	Equity Shares	3,500
8.	Chinnamma Kuriakose	July 13, 2022	Promoter group	Bonus Issue	-	Equity Shares	2,850
9.	Mathai C V	July 13, 2022	Promoter group	Bonus Issue	-	Equity Shares	2,500
10.	John J Pullan	July 13, 2022	Promoter group	Bonus Issue	-	Equity Shares	2,400
11.	Erin Lizbeth Shibu	July 13, 2022	Director Relative	Bonus Issue	-	Equity Shares	1,66,125

9. **List of top ten holders of Equity Shares of our Company as on June 30, 2022 are as follows:**

S. No.	Name of shareholder	Number of Equity Shares held	Number of Equity Shares in demat form	Total shareholding as % of total no of Equity Shares
1.	Shibu T Varghese	1,31,41,220	1,31,41,220	11.44
2.	Aleyamma Varghese	99,98,380	63,41,930	8.70
3.	Biji Shibu	87,58,800	87,58,800	7.62
4.	Elen Elu Shibu	60,70,555	58,75,000	5.28
5.	Southern Associates	50,00,000	50,00,000	4.35
6.	Erin Lizbeth Shibu	33,22,500	33,22,500	2.89
7.	Bindu Peeyus	17,99,500	12,27,500	1.57
8.	Sabu Paul	15,49,995	15,49,995	1.35
9.	Baby Mathew	15,00,000	0	1.31
10.	Jose Sebastian Nalpat	15,00,000	0	1.31

10. **List of top ten debenture holders of our Company as on June 30, 2022**

    a. **Unlisted privately placed secured redeemable non-convertible debentures as on June 30, 2022 are as follows:**

S. No.	Name of holders	Number of NCDs held	Face Value per NCDs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
1.	Merciamma Augusty	870	10,000	87,00,000	13.15
2.	KLM Global Solutions LLP	300	10,000	30,00,000	4.53
3.	Harikumar P.R. / Rajalekshmi. K.	250	10,000	25,00,000	3.78
4.	Sojan Joseph	170	10,000	17,00,000	2.57
5.	Chinnamma Roy/Roy Attipatty	170	10,000	17,00,000	2.57
6.	Anitha/Ramesh Narayanan	160	10,000	16,00,000	2.42
7.	Sinimol Sebastian	141	10,000	14,10,000	2.13
8.	Philomina E X	120	10,000	12,00,000	1.81
9.	Usha Raveendran	100	10,000	10,00,000	1.51
10.	Pradeep V R	100	10,000	10,00,000	1.51

b. Listed secured redeemable non-convertible debentures as on June 30, 2022 are as follows:

S. No.	Name of holders	Number of NCDs held	Face Value per NCDs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
1.	Joseph Augusty	24,000	1,000	2,40,00,000	0.36
2.	Elen Elu Shibu	19,179	1,000	1,91,79,000	0.29
3.	Prathapa Chandran Nair	18,750	1,000	1,87,50,000	0.28
4.	Lilly Andrews	15,750	1,000	1,57,50,000	0.24
5.	Aleyamma Jacob	13,999	1,000	1,39,99,000	0.21
6.	Chandy Paul V.	13,899	1,000	1,38,99,000	0.21
7.	James NJ	13,320	1,000	1,33,20,000	0.20
8.	Eldo P Aleyas	12,500	1,000	1,25,00,000	0.19
9.	Payas Philip Kottaram	12,000	1,000	1,20,00,000	0.18
10.	Vijayan Bhaskaran	11,400	1,000	1,14,00,000	0.17

c. List of top ten Subordinated Debt Instrument ("SDI") holders of our Company as on June 30, 2022 are as follows:

S. No.	Name of holders	Number of SDIs held	Face Value per SDIs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
1.	Mathai Augusty	40,000	1,000	4,00,00,000	0.71
2.	Gopi C V	23,000	1,000	2,30,00,000	0.41
3.	Aleyamma Jacob	20,000	1,000	2,00,00,000	0.35
4.	K R Santhosh	13,000	1,000	1,30,00,000	0.23
5.	Philip George	10,000	1,000	1,00,00,000	0.18
6.	Merry Abraham Tharakan	8,500	1,000	85,00,000	0.15
7.	Katharin I	8,214	1,000	82,14,000	0.15
8.	Rajan Chellappan	8,196	1,000	81,96,000	0.15
9.	Ebbey Abraham Thrakan	7,550	1,000	75,50,000	0.13
10.	Manoj Kumar Pamballath	7,500	1,000	75,00,000	0.13

d. List of top ten Perpetual Debt Instrument ("PDI") holders of our Company as on June 30, 2022 are as follows:

S. No.	Name of holders	Number of PDIs held	Face Value per PDIs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
1.	Yacov Iype Koshy	9,000	1,000	90,00,000	3.68

S. No.	Name of holders	Number of PDIs held	Face Value per PDIs (In ₹)	Amount (In ₹)	% of total non-convertible securities outstanding
2.	Ashokan K.	8,500	1,000	85,00,000	3.48
3.	Paul Abraham	6,160	1,000	61,60,000	2.52
4.	Maggy	3,500	1,000	35,00,000	1.43
5.	Nita Gregory	3,000	1,000	30,00,000	1.23
6.	Deepti Rachel George	3,000	1,000	30,00,000	1.23
7.	Bobby Abraham Tharakan	2,500	1,000	25,00,000	1.02
8.	Hima Jose	2,500	1,000	25,00,000	1.02
9.	Sreekantan Nair	2,200	1,000	22,00,000	0.90
10.	Mahesh Somasekharan	2,100	1,000	21,00,000	0.86

11. Details of holding of Equity Shares by our Promoter as on the date of this Prospectus is set out below are as follows:

S. No.	Name of the Promoter	Number of Equity Shares held	Total shareholding as a percent of total number of Equity Shares (in %)	No. of Equity Shares pledged	Total percentage of Equity Shares pledged with respect to total number of Equity Shares held (in %)
1.	Biji Shibu	91,96,740	7.62%	NIL	NIL
Total		91,96,740	7.62%	**NIL**	**NIL**

12. Details of holding of Equity Shares by our Directors as on the date of this Prospectus

For details of shareholding of our Directors in the Company, please refer to "*Our Management- Shareholding of our Directors*" on page 135

13. Debt - equity ratio:

The debt equity ratio of our Company on standalone basis, prior and post to this Issue as on June 30, 2022 is as follows:

(₹ in lakhs)

Particulars	Standalone	
	Pre- Issue	Post- Issue#
Debt		
Debt Securities	64,824.40	84,824.40
Borrowings (other than Debt Securities)	6,180.38	6,180.38
Subordinated Liabilities	58,791.51	58,791.51
Total Debts	**1,29,796.29**	**1,49,796.29**
Equity		
Equity Share Capital	11,487.51	11,487.51
Other Equity		
Revaluation Reserve	621.78	621.78
Statutory Reserve	781.77	781.77
General Reserve	4.08	4.08
Securities Premium	2,398.85	2,398.85
Retained Earnings	657.21	657.21
Specific Reserve	81.33	81.33
Less: Unamortized expenses of Public Issues	-	-
Total Equity	**16,032.53**	**16,032.53**
Debt/Equity	**8.10**	**9.34**

#The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹ 20,000 Lakhs from the Issue

and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment

Notes:
1. *Debt Securities excludes interest accrued and unamortized expense of public issues.*
2. *Borrowings includes interest accrued but not due thereon*
3. *The figures disclosed above are based on the Interim Unaudited Ind AS Financial Statements of the Company for the three-month period ended June 30, 2022.*
4. *Debt / Equity = Total Debt / Equity.*
5. *The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹ 20,000 Lakhs from the proposed public issue and does not include contingent and off-balance sheet liabilities. The actual debt-equity ratio post the Issue would depend upon the actual position of debt and equity on the date of allotment.*
6. *The Company has redeemed secured non – convertible debentures amounting to ₹ 2,734.90 Lakhs, during July 1, 2022 to August 15, 2022, impact of which is not provided in the above table.*
7. *The Company has redeemed subordinated debts amounting to ₹ 1,121.43 Lakhs, during July 1, 2022 to August 15, 2022, impact of which is not provided in the above table.*

14. For details on the total outstanding debt of our Company, see "*Financial Indebtedness*" beginning on page 239.

15. Details of any acquisition or amalgamation in the last one year

Our Company has not made any acquisition or amalgamation in the last one year prior to the date of this Prospectus.

16. Details of any reorganisation or reconstruction in the last one year

Our Company has not made any reorganisation or reconstruction in the last one year prior to the date of this Prospectus.

17. Our Company does not have any outstanding borrowings taken/debt securities issued where taken/issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount or (iii) in pursuance of an option.

18. None of the Equity Shares held by the Promoter are pledged or encumbered otherwise.

19. As on June 30, 2022, 8,71,05,341 Equity Shares of our Company are in dematerialised form.

20. Our Company does not have any employee stock option scheme

OBJECTS OF THE ISSUE

Our Company is in the business of gold loan, MSME loan and other loan financing, and as part of our business operations, we raise/avail funds for onward lending, financing and for repayment of interest and principal of existing borrowings.

Our Company proposes to utilise the funds which are being raised through the Issue, after deducting the Issue related expenses to the extent payable by our Company ("**Net Proceeds**"), estimated to be approximately ₹ 19,846.75 lakhs, towards funding the following objects (collectively, referred to herein as the "**Objects**"):

1. For the purpose of onward lending, financing and repayment/prepayment of principal and interest on existing borrowings; and
2. General Corporate Purposes.

The Main Objects clause of the Memorandum of Association of our Company permits our Company to undertake the activities for which the funds are being raised through the present Issue and also the activities which our Company has been carrying on till date.

The details of the proceeds of the Issue are set forth in the following table:

(₹ in lakh)

S. No.	Description	Amount
1.	Gross proceeds of the Issue	Up to 20,000.00
2.	(less) Issue related expenses*	153.25
3.	Net Proceeds*	19,846.75

**Assuming the Issue is fully subscribed, and our Company retains oversubscription.*

Requirement of funds and Utilisation of Net Proceeds

The following table details the objects of the Issue and the amount proposed to be financed from the Net Proceeds:

S. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
1.	Onward lending, financing and repayment/prepayment of principal and interest on existing borrowings	At least 80%
2.	General Corporate Purposes*	Maximum of up to 20%
	Total	100%

**The Net Proceeds will be first utilised towards the Objects mentioned above. The balance is proposed to be utilised for general corporate purposes, subject to such utilisation not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI NCS Regulations.*

For further details of our Company's outstanding indebtedness, see "*Financial Indebtedness*" on page 239.

Funding plan

Not Applicable

Summary of the project appraisal report

Not Applicable

Schedule of implementation of the project

Not Applicable

Interim Use of Proceeds

Our Management, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the proceeds received from the Issue. Pending utilisation of the proceeds out of the Issue for the purposes described above, our Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board or any committee thereof from time to time. Also, such investments shall be in line with the guidelines and regulations prescribed by RBI.

Monitoring of Utilisation of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Board shall monitor the utilisation of the proceeds of the Issue. For the relevant Financial Years commencing from Fiscal 2022-23, our Company will disclose in our financial statements, the utilisation of the Net Proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from BSE.

Variation in terms of contract or objects

The Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Prospectus is issued, except as may be prescribed under the applicable laws and under Section 27 of the Companies Act, 2013.

Issue related expenses

The expenses for this Issue include, *inter alia*, Lead Manager's fees and selling commission to the Lead Manager, brokers' fees payable to Debenture Trustee, the Registrar to the Issue, Sponsor Bank, SCSBs' commission/fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for the Issue is as follows:

(in ₹ lakhs)

Activity	**Amount**	**Percentage of overall Issue Size***
Fees to intermediaries (Lead Manager's fees, brokerage, rating agency, Registrar to the Issue, Sponsor Bank, legal counsel, Debenture Trustee, etc.)	76.00	0.38
Advertising and Marketing Expenses	60.00	0.30
Printing, Stationery and Distribution	5.00	0.03
Other Miscellaneous Expenses	12.25	0.06
Total	**153.25**	**0.77**

**Assuming the Issue is fully subscribed, and our Company retains oversubscription*.

The above expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.

Our Company shall pay processing fees to the SCSBs for Application forms procured by the Designated Intermediaries and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹ 10 per Application Form procured (plus other applicable taxes). However, it is clarified that in case of Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA Processing Fee

Our Company shall pay to the Sponsor Bank ₹ 10 per valid block of application amount (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws.

Other Confirmation

In accordance with the SEBI NCS Regulations, our Company will not utilise the proceeds of the Issue for providing loans to or for acquisitions of shares of any entity who is a part of the promoter group and group companies.

No part of the Issue Proceeds will be paid by our Company to our Promoter, our Directors, Key Managerial Personnel or companies promoted by our Promoter.

The Issue Proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia by way of a lease, of any property. The Issue Proceeds shall not be used for buying, trading or otherwise dealing in equity shares of any other listed company.

The Issue Proceeds from NCDs allotted to Banks will not be utilised for any purpose which may be in contravention of the RBI guidelines on bank financing to NBFCs including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI regulations.

Further our Company undertakes that the Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines on bank financing to NBFCs.

Our Company confirms that it will not use the proceeds of the Issue for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to the capital or profit or losses or both in such business exceeding 50% thereof, directly or indirectly in the acquisition of any immovable property or acquisition of securities of any other body corporate.

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, cash flows, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

Utilisation of Issue Proceeds

(a) All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in Section 40 (3) of the Companies Act, 2013;

(b) Details of all monies utilised out of the Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Company's balance sheet indicating the purpose for which such monies had been utilised;

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

(d) The Issue Proceeds shall not be utilised towards full or part consideration for the purchase or any other acquisition, inter alia, by way of a lease, of any immovable property; and

(e) Details of all utilised and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilised indicating the purpose for which such monies have been utilised and the securities or other forms of financial assets in which such unutilised monies have been invested.

SECTION IV – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless otherwise indicated, all of the information and statics disclosed in this section are extracted from an industry report titled "Industry report on gold loans, personal loans, MSME loans, and microfinance loans - July 2022", prepared and issued by CRISIL Limited. For details of risks in relation to CRISIL Report and other publications, see "Risk Factors-"Third party statistical and financial data in this Prospectus may be incomplete and unreliable" contained in this Prospectus" on page 17. Unless otherwise indicated, all industry and other related information derived from CRISIL Report. The information presented in this section, including forecasts and projections, have not been prepared or independently verified by us, our Directors, our Promoters, the Lead Manager or any of our or their respective advisors.

The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in the CRISIL Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

An overview of the Indian economy

Review and Growth outlook for fiscal 2023

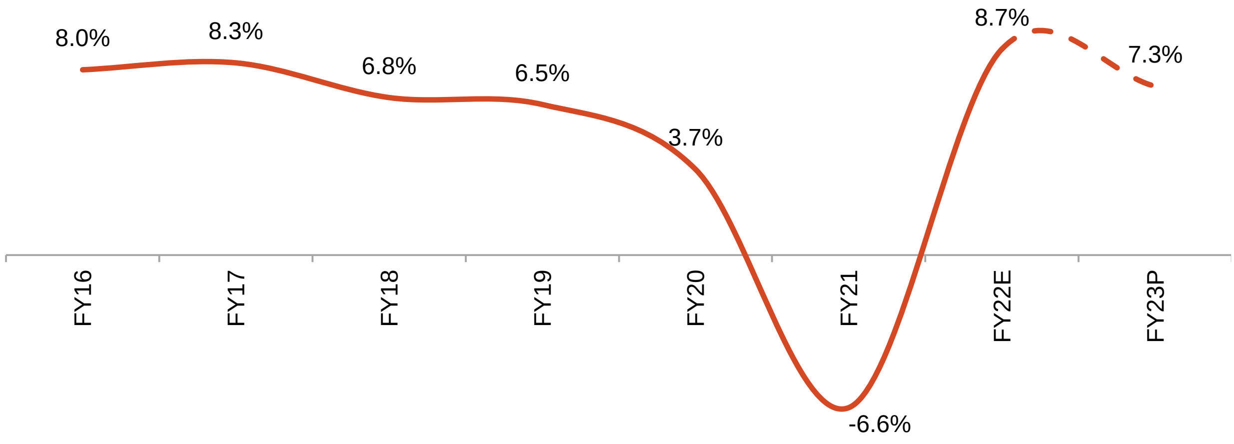
India's real GDP is estimated to have grown at 8.7% in fiscal 2022. This is largely a reflection of a lower base (as the economy had shrunk 6.6% in fiscal 2021). The estimate for real GDP growth in absolute terms is at Rs 147.7 lakh crore, marginally higher than Rs 147.5 lakh crore estimated earlier, suggesting that the downside from the omicron variant of Covid-19 has proven to be mild. It is also noteworthy that given the large output loss last fiscal, GDP is still only 1.8% above the pre-pandemic (fiscal 2020) level.

Private final consumption expenditure (PFCE) – the largest demand-side driver – which was hitherto estimated to be lagging the pre-pandemic level, is now estimated to have recovered some of the lost ground. At Rs 83.6 lakh crore in fiscal 2022, PFCE is 1.2% above the fiscal 2020 level of Rs 82.6 lakh crore. But given that PFCE growth still trails overall GDP growth, its share in GDP was lower than in fiscal 2020, suggesting that consumption recovery is expected to be gradual because of headwinds such as high inflation and limited direct support from the government.

On the supply side, performance of the manufacturing sector stands out. At 9.8%, manufacturing GDP has grown the most compared with other supply-side components — to above the pre-pandemic level. To some extent, this is a reflection of sharper focus on goods, and away from services, due to the pandemic. The latter, especially the contact-intensive ones, are still reeling under the impact of the pandemic, trailing 10.9% below the fiscal 2020 levels. On the other hand, agriculture is expected to maintain a healthy growth momentum – growing 3.3% in fiscal 2022, same as in fiscal 2021.

Further, on account of the slowing global growth, persistently high crude prices and rising domestic interest rates, CRISIL Research expects India's real GDP growth for fiscal 2023 at 7.3%.

Real GDP % y-o-y change



*Note: E - Provisional estimates, P – Projected, *NSO estimate*
Source: National Statistical Office (NSO), CRISIL Research

Macroeconomic outlook

Macro variable	FY21	FY22E	FY23P	Rationale for outlook
Real GDP (%, y-o-y)	-6.6	8.7	7.3	Downside risks to GDP growth have risen on account of surging commodity prices and global supply disruptions. That said, growth will receive support from improving growth in contact-based services and pickup in investments
Consumer Price Index (CPI)-linked inflation (%, y-o-y)	6.2	5.5	6.8	CPI inflation is expected to rise to 6.8%, on average, this fiscal compared with 5.5% in the previous year. Inflationary pressures are rising and becoming broad-based, driven by elevated commodity prices and persistent supply shocks A wide-ranging surge in prices of food, energy and industrial commodities has raised cost pressures for Indian producers further, marking the second year of elevated input costs. Producers will try to pass on these cost pressures to consumers, which will raise core inflation
Current account balance/ GDP (%)	0.9	-1.6	-3.0	India's trade and current account deficits are expected to widen in fiscal 2023 as imports of crude and commodities remain sticky, exports slow in response to slowing global growth, and import prices rise faster than export prices Surging international commodity prices, in particular crude oil, will push up import vis-à-vis export growth on account of the impact on global growth
Rs/$	72.8	76.2	78.0	The rupee is likely to depreciate further due to higher energy prices, widening current account deficit, and rate hikes by the United States Fed resulting in capital outflow. However, with the Reserve Bank of India's intervention in the forex markets assisting in managing volatility, a sharp depreciation in the rupee may be avoided though it could face volatility in the near term so long as geopolitical tensions persist

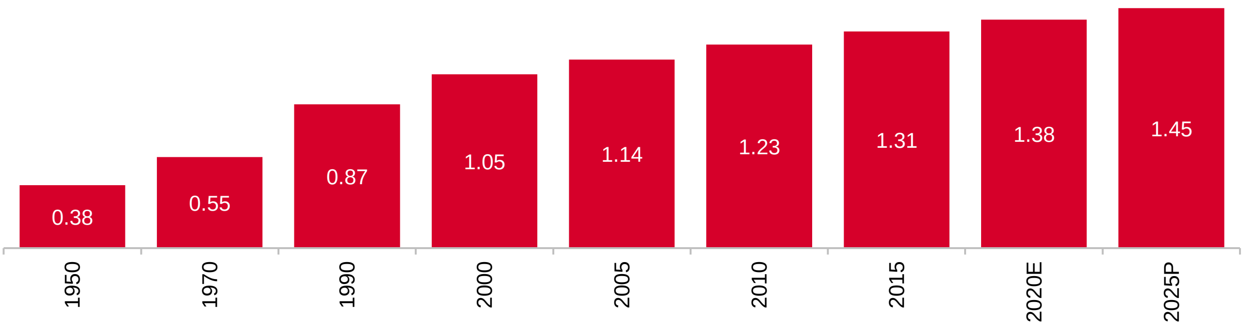
Note: P – Projected, E – Estimates
Source: Reserve Bank of India, NSO, CRISIL Research

Indigenous advantages to result in stronger economic growth rate in the longer term

India has the second-largest population in the world

As per Census 2011, India's population was 1.23 billion, comprising nearly 246 million households. The population increased by more than 181 million during 2001-2011 and is expected to increase to 1.45 billion by 2025. India is expected to surpass China by 2023 to rank one in the world's population with more than 1.4 billion in fiscal 2022. India is expected to reach 1.7 billion by 2050 as against China at 1.3 billion in the same period.

India's population growth trajectory (billion)

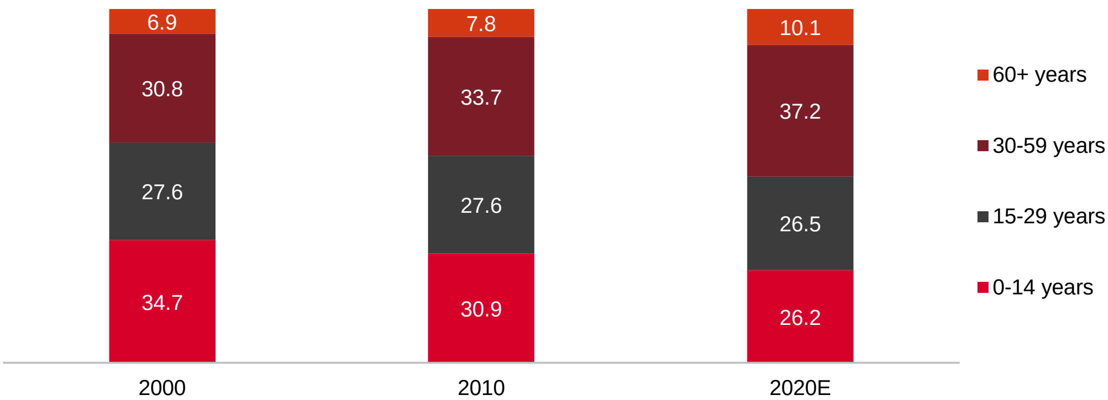


Source: United Nations Department of Economic and Social affairs, CRISIL Research

Favourable demographics

India is also one of the nations with the highest young population, with a median age of 28 years. About 90% of Indians are aged below 60 years. CRISIL Research estimates that 63% of this population is aged between 15 and 59 years. CRISIL Research expects that the existence of a large share of working population, coupled with rapid urbanisation and rising affluence, will propel growth of the Indian financial services sector.

India's demographic division (share of different age groups in India's population)



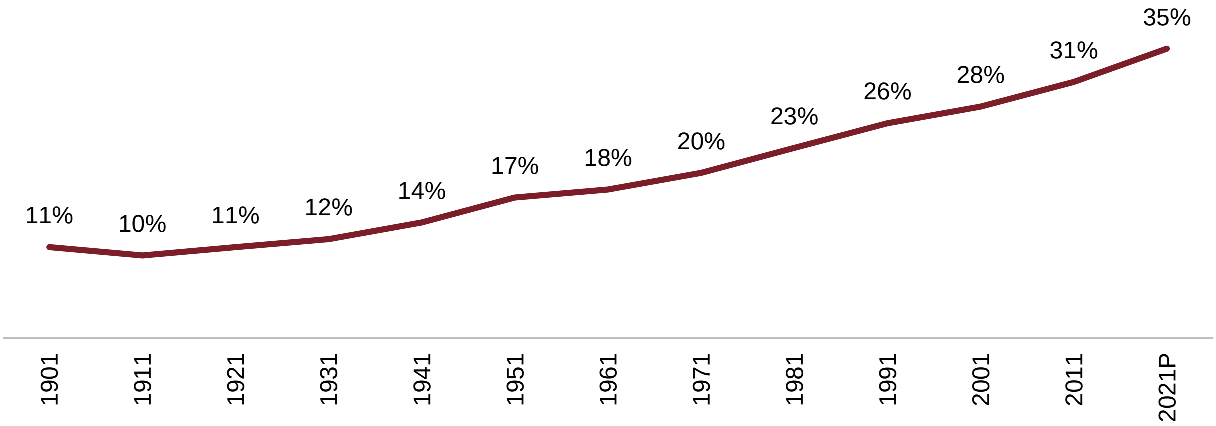
Source: United Nations Department of Economic and Social affairs, CRISIL Research

Rise in urbanisation

Urbanisation is a key growth driver for India, as it leads to faster infrastructure development, job creation, development of modern consumer services and the city's ability to mobilise savings. The share of urban population in total population has been consistently rising over years and is expected to reach 35% by 2021 from 31% in 2011, spurring more demand.

Urban consumption in India has shown signs of improvement and given India's favourable demographics coupled with rising disposable incomes, the trend is likely to continue and drive economic growth for the country.

Urbanisation in India

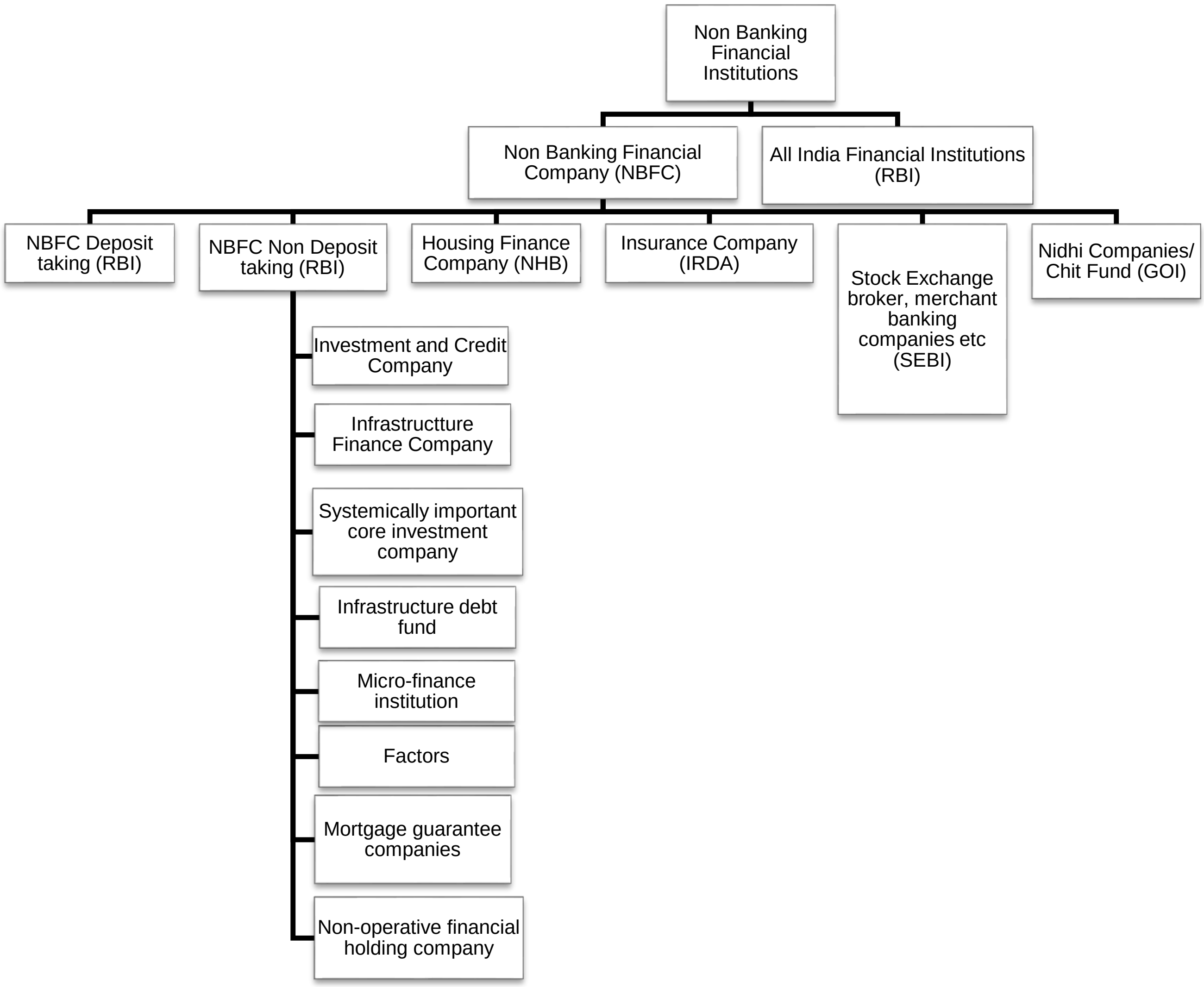


Source: United Nations Department of Economic and Social affairs, IMF

Overview of the NBFC sector

Structure of non-banking financial institutions in India

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



Note: The regulatory authority for the respective institution is indicated within the brackets; All-India Financial Institutions include NABARD, SIDBI, EXIM Bank

Source: RBI, CRISIL Research

NBFCs are an important part of the credit system

Financing needs in India have risen in sync with the notable economic growth over the past decade. 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. As of March 2022, they are estimated to account for ~21% of the overall systemic credit.

Classification of NBFCs

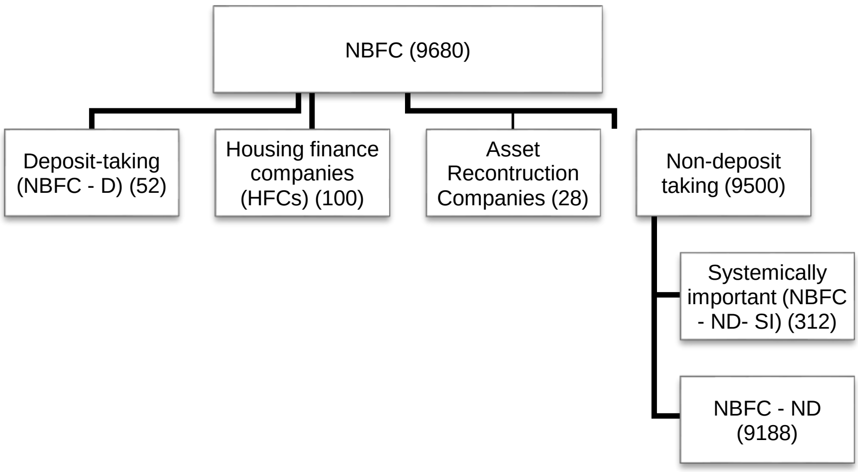
NBFCs have been classified on the basis of the kind of liabilities they access, types of activities they pursue and their perceived systemic importance.

Liabilities-based classification

NBFCs are classified on the basis of liabilities into two broad categories: (a) deposit-taking; and (b) non-deposit taking. Deposit-taking NBFCs (NBFC – D) are subject to the requirements of stricter capital adequacy, liquid-assets maintenance and exposure norms.

Further, in 2015, non-deposit taking NBFCs with an asset size of Rs 5 billion and above were labelled as 'systemically important non-deposit taking NBFCs' (NBFC – ND – SI), and separate prudential regulations were made applicable to them.

Classification on the basis of liabilities



Source: RBI, CRISIL Research
Note: Figures in brackets represent number of entities registered with RBI as of December 2021.

Activity-based classification

As per the RBI circular dated February 22, 2019, the central bank merged three categories of NBFCs, i.e., asset finance companies (AFC), loan companies (LCs) and investment companies (ICs), into a new category called NBFC - Investment and Credit Company (NBFC-ICC):

1. Investment and credit company – (NBFC-ICC): An NBFC-ICC means any company that is a financial institution carrying on as its principal business of providing finance by making loans or advances or otherwise for any activity other than its own and acquisition of securities; and is not any other category of NBFC.

2. Infrastructure finance company (IFC): An IFC is an NBFC that deploys at least 75% of its total assets in infrastructure loans and has a minimum net-owned funds of Rs 300 crore, with a minimum credit rating of 'A' or equivalent and a 15% CRAR (Capital to risk-weighted adequacy ratio).

3. Systemically important core investment company (CIC-ND-SI): A CIC-ND-SI is an NBFC in the business of acquisition of shares and securities and satisfying the following conditions:

   a) Holds not less than 90% of its total assets in the form of investments in equity shares, preference shares, debt or loans in group companies.

   b) Investments in equity shares (including instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue) in group companies that constitute not less than 60% of its total assets.

   c) Does not trade in its investments in shares, debt or loans in group companies except through block sales for dilution or disinvestment

   d) Does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of the RBI Act, 1934, except investments in bank deposits, money-market instruments, G-secs, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.

e) Asset size is Rs 500 crore or above.

f) Accepts public funds.

4. Infrastructure debt fund (IDF-NBFC): An IDF-NBFC is a company registered as an NBFC to facilitate the flow of long-term debt into infrastructure projects. It raises resources through the issue of rupee or dollar-denominated bonds with a minimum five-year maturity. Only IFCs can sponsor IDF-NBFCs

5. Micro-finance institution (NBFC-MFI): An NBFC-MFI is a non-deposit-taking NBFC with not less than 85% of its assets in the nature of qualifying assets, which satisfy the following criteria:

a) The NBFC-MFI can disburse loans to borrowers with a rural household annual income not exceeding Rs 100,000 or with urban and semi-urban household income not exceeding Rs 160,000.

b) Loan amount does not exceed Rs 50,000 in the first cycle and Rs 100,000 in subsequent cycles.

c) Total indebtedness of the borrower does not exceed Rs 100,000.

d) Loan tenure to not be less than 24 months for a loan amount in excess of Rs 15,000 with prepayment without penalty.

e) Loan to be extended without collateral.

f) Aggregate amount of loans, given for income generation, is not less than 50% of total loans given by MFIs.

g) Loan is repayable on weekly, fortnightly, or monthly instalments as per the borrower’s choice.

6. Factors (NBFC-Factors): An NBFC-Factor is a non-deposit-taking NBFC engaged in the principal business of factoring. Financial assets in the factoring business should constitute at least 50% of its total assets and income derived from the factoring business should not be less than 50% of its gross income.

7. Mortgage guarantee companies (MGC): An MGC is a financial institution for which at least 90% of the business turnover is mortgage guarantees or at least 90% of the gross income is from the mortgage-guarantee business and whose net-owned funds is atleast Rs 100 crore.

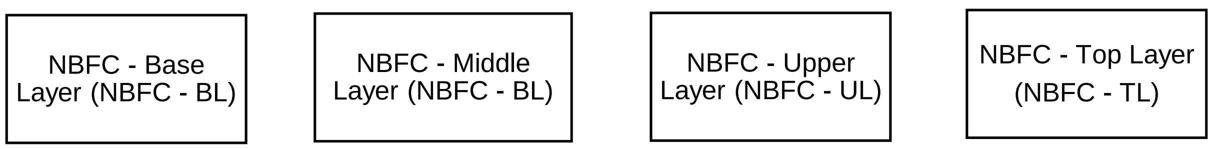
8. Non-operative financial holding company (NOFHC): An NOFHC is a financial institution through which promoter / promoter groups will be permitted to set up a new bank. A wholly owned NOFHC will hold the bank as well as all other financial services companies regulated by the RBI or other financial sector regulators to the extent permissible under the applicable regulatory prescriptions.

Scale based classification

As per RBI circular dated October 22, 2021, the central bank introduced Scale Based Regulation (SBR) framework for classification of NBFCs along with the activity-based classification of NBFCs as per earlier regulations. The revised SBR framework shall be effective from October 01, 2022

As per the revised framework NBFCs will be classified into four layers based on their size, activity, and perceived riskiness. NBFCs in the lowest layer will be known as NBFC – Base Layer (NBFC BL), NBFCs in middle layer and upper layer shall be known as NBFC - Middle Layer (NBFC-ML) and NBFC - Upper Layer (NBFC-UL) respectively. The Top Layer is expected to be empty and will be known as NBFC - Top Layer (NBFC - TL).

Classification on the basis of scale-based regulation



Source: RBI, CRISIL Research

Base Layer – NBFC – BL shall comprise of (a). Non deposit taking NBFCs below asset size of Rs 1000 crore and (b). Following NBFCs – (i) NBFC P2P, (ii) NBFC – AA, (iii) NOHFC, and (iv) NBFCs not availing public funds and not having any customer interface

Middle Layer – NBFC – ML shall comprise of (a). All deposit taking NBFCs irrespective of asset size, (b). Non-deposit taking with asset size of Rs 1000 crore and above and (c). Following NBFCs – (i) Standalone primary dealer (SPD), (ii) Infrastructure debt fund (IDF), (iii) Core investment companies (CIC), (iv) Housing finance companies (HFCs) and (v) Infrastructure finance companies (IFCs)

Government owned NBFCs shall be placed in the Base Layer or Middle Layer, as the case may be. They will not be placed in the Upper Layer till further notice by RBI.

Upper Layer – NBFC – UL shall comprise of NBFCs which are specifically identified by the Reserve Bank as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

Top Layer – NBFC – TL shall be populated only if in opinion of RBI there is a substantial increase in the potential systemic risk from specific NBFCs in the Upper Layer. Such NBFCs shall be moved to Top layer from the Upper layer

Other regulatory changes under Scale Based Regulations

1. **Net owned funds (NOF)**- Regulatory minimum Net Owned Fund (NOF) for NBFC-ICC, NBFC-MFI and NBFC-Factors shall be increased to Rs 10 cr, timelines for change in NOF for above mentioned NBFCs is as follows.

NBFCs	Current NOF	By March 31, 2025	By March 31, 2027
NBFC – ICC	Rs 2 crore	Rs 5 crore	Rs 10 crore
NBFC – MFI	Rs 5 crore (Rs 2 crore in NE region)	Rs 7 crore (Rs 5 crore in NE region)	Rs 10 crore
NBFC – Factors	Rs 5 crore	Rs 7 crore	Rs 10 crore

Note: There is no change in requirement of remaining NBFCs

2. **NPA classification** – NPA classification norms stands changed to the overdue period of more than 90 days for all categories of NBFCs, timelines to adhere change for NBFC – BL to 90 days NPA norm is as follows.

NPA norms	Timeline
>150 days overdue	By March 31, 2024
>120 days overdue	By March 31, 2025
>90 days overdue	By March 31, 2026

Note: The above timelines will not be applicable for NBFCs which are already required to follow the 90-day NPA norm

3. **Experience of the board** - Considering the need for professional experience in managing the affairs of NBFCs, at least one of the directors shall have relevant experience of having worked in a bank/ NBFC. This regulation shall be applicable for all class of NBFCs

4. **Ceiling on IPO Funding –** RBI prescribed ceiling of Rs 1 crore per borrower for financing subscriptions to IPO. NBFCs can fix more conservative limits. This regulation shall come into effect from April 01, 2022

Gold Loans

Gold loans continue healthy performance, amid competition from banks

Outstanding book	Share (FY22E)	Book (FY22, Rs billion)	CAGR (FY18-FY21)	Growth outlook for FY22E	Growth outlook for FY23P

NBFCs	23%	1,184	20%	8-10%	11-13%
Banks	77%	3,967	22%	17-19%	12-14%
Overall	100%	5,151	21%	15-17%	12-14%

Note: E: Estimated, P: Projected
Source: Company reports, CRISIL Research

With normalcy restored in the economy, lenders are now more comfortable lending to customers, and both banks and non-banking financial companies (NBFCs) are aggressively pitching gold loan products to have good assets on the book. While the economic situation has improved significantly, gold prices are also expected to increase marginally in fiscal 2023. With demand reviving, players are expected to restore loan-to-value (LTV) to pre-pandemic levels. CRISIL Research expects overall assets under management (AUM) to grow 12-14% in fiscal 2023, following 15-17% growth in fiscal 2022.Overall gold loan AUM is estimated to have stood at Rs 5.1 trillion in fiscal 2022 and is expected to reach Rs 5.8 trillion in fiscal 2023. The on-year growth for fiscal 2021 was around ~45%, of which banks grew at ~52% and NBFCs grew at ~27%.

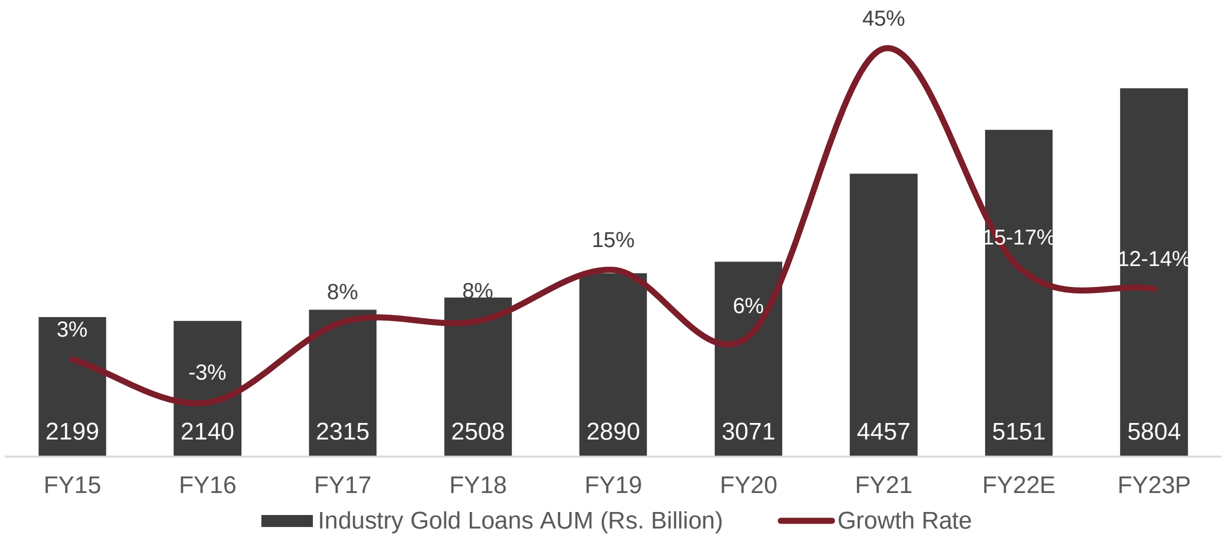
AUM of gold loan NBFCs, which grew at a compound annual rate (CAGR) of 11% between fiscals 2015 and 2020, registered an exceptional growth of 27% on-year in fiscal 2021. Demand for gold loans was also driven by a sharp increase in prices. Gold prices rallied 30% on-year in fiscal 2021. Borrowers benefitted from the higher loan value from the same collateral, while lenders profited from the lower LTV ratio on their existing loans and higher demand. Both NBFCs and banks saw a jump in demand. Unlike previous years, banks aggressively promoted and launched gold loan schemes in fiscal 2022, leading to higher growth.

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

Source: CRISIL Research

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

Industry gold loan AUM to continue growing at 12-14% in fiscal 2023

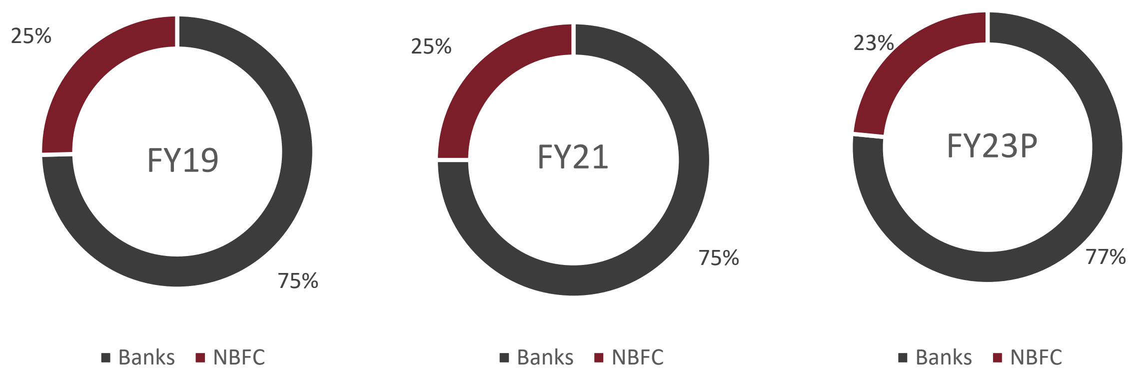


Note: E: Estimated, P: Projected
Includes agriculture lending by banks with gold as collateral
Source: Company reports, CRISIL Research

NBFCs to lose market to banks in fiscal 2023

Banks always held the major share in the overall gold loan portfolio, but NBFCs had been gaining traction in recent years. In fiscal 2021, banks increased their share further as they turned cautious towards lending to other products due to the risk of default and preferred gold loans that are completely secured and carry a minimum rate of default across key NBFC verticals. This led to a reduction in the share of NBFCs. Going forward, banks are expected to continue to gain share as they push their gold loan offerings and offer an advantage of lower interest rates.

Share of banks and NBFCs in gold loans



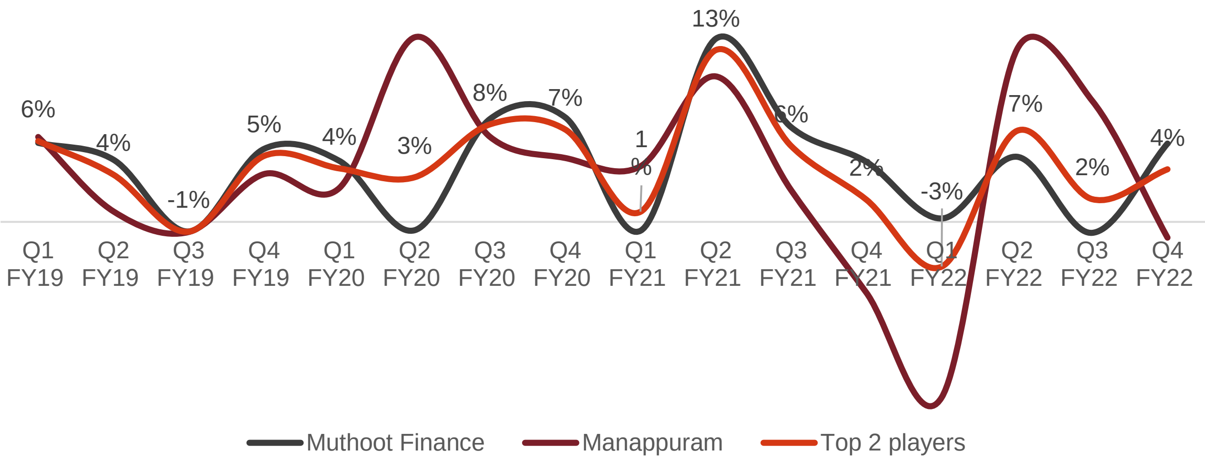
Note: P: Projected
Source: CRISIL Research

Focus on expanding coverage and digitisation helps NBFCs sustain growth momentum

Gold loan financiers are expanding fast to meet the expected demand in the year ahead, as businesses open up and the economy returns to normalcy. This is also supported by micro, small and medium enterprises (MSMEs) constituting majority share of customers for top NBFCs. Growth is expected to pick up in fiscal 2023 after slower-than-expected fiscal 2022 due to the second and third waves of the pandemic. NBFCs are expanding their reach and customer base to regain their share in the market lead by fierce completion by banks and new aged fintechs.

They are achieving this by focused market strategies, with increased advertising and employee benefits. NBFCs are working towards protecting their high-value customer base (loans > Rs 2 lakh in value), which are targeted by banks, and expanding to cater to rural low-income group customers.

Top two gold financing NBFC's registered a growth of 9% in fiscal 2022

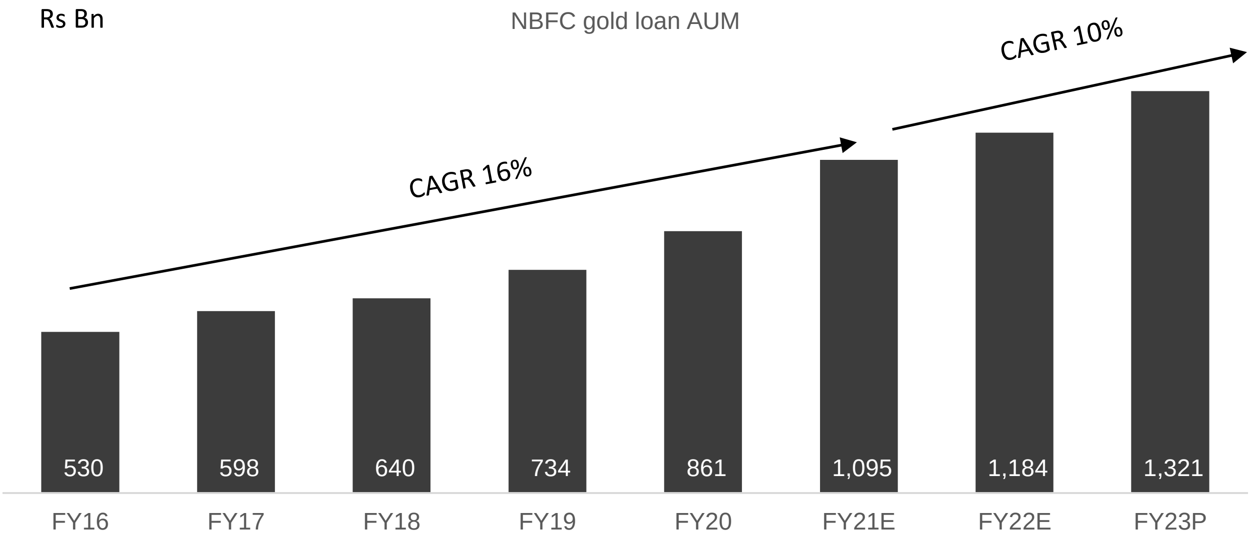


Source: Company report, CRISIL Research

Muthoot Finance Ltd. and Manappuram Finance Ltd. are the largest players and constitute majority of the NBFC market share, ~64% as of fiscal 2022. They both have strong regional presence, and good network of branches and reach. Due to economic instability, they have witnessed intense competition, and to overcome this and maintain their market share, they are aggressively spending on marketing and employee benefit costs.

Growth momentum is expected to continue over the next couple of years due to the post-pandemic boom with businesses restarting. This means there will be a higher requirement of credit, and higher technology adoption and digitisation in the industry, along with the advent of innovative models.

NBFCs to grow slower as against banks due to rising competition



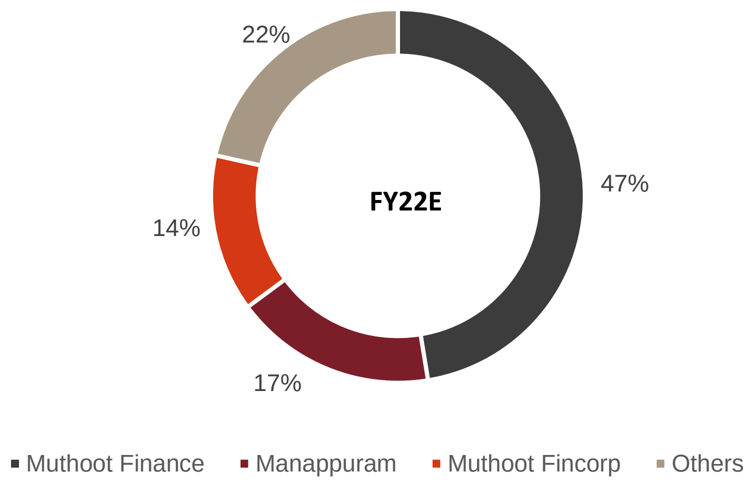
E: Estimated, P: Projected
Source: CRISIL Research, company reports

With demand restoring, fiscal 2022 is estimated to have grown 8-10%. In fiscal 2023, AUM is projected to grow at 12-14% on-year owing to better economic stability, expanding gold loan market, and better reach by various initiatives taken by NBFCs.

Major players in the industry include Muthoot Finance, Manappuram Finance, Muthoot Fincorp, Shriram City Union Finance, IIFL, Muthoottu Mini Financiers and Kosamattam Finance.

Top three players in the NBFC space account for ~77% of the overall market pie and specialised gold-loan NBFCs have been able to drive AUM growth based on their focused approach along with the new technological initiatives that allow customers to transact online with ease

Market share among gold financing NBFCs in fiscal 2022



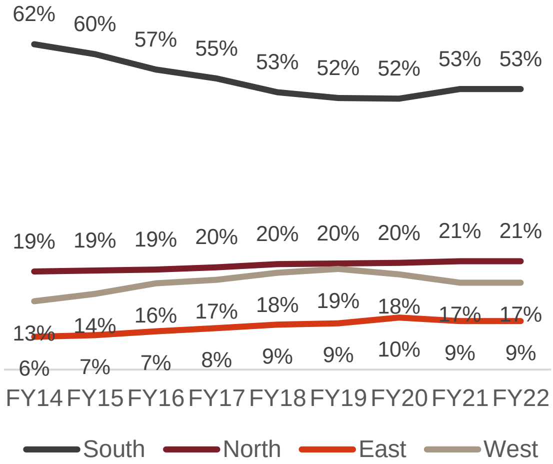
Source: Company reports, CRISIL Research
E: Estimated

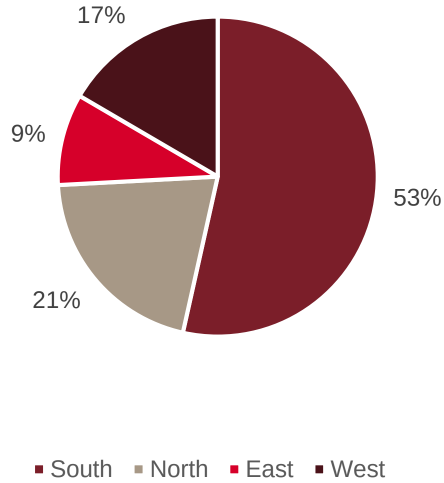
Widening branch network

South India will continue to dominate NBFC AUM share, but other regions are growing faster. Southern region will continue to account for majority of loan demand for specialised gold loan NBFCs; other regions are also likely to emerge as growth centres over time. Changing consumer perception of gold loans, driven by increasing awareness and rising funding requirements, will give an impetus to the sector in these regions.

Region-wise share of branches by top 2 players

Regional contribution of branches remained constant in fiscal 2022





Note: Aggregate includes Muthoot Finance and Manappuram Finance
Source: Company reports, CRISIL Research

Demand for gold loans skewed towards southern states

Southern states have a dominant share in the total AUM. It is observed that 50-55% of the total AUM is contributed by the southern region in the top two NBFCs.

- Southern region accounts for a huge share of the gold jewellery market, and gold owners in the south are more open to pledging gold to raise funds than in other Indian regions
- Having originated in the south, these players are able to gain the trust and confidence of customers in the region through simple and uncomplicated procedures that ensure quick loan disbursement
- Though the south continues to dominate, players' focus has been moving towards the eastern and western regions, where branches are currently fewer and the market is untapped and has seen a gradual increase in the share

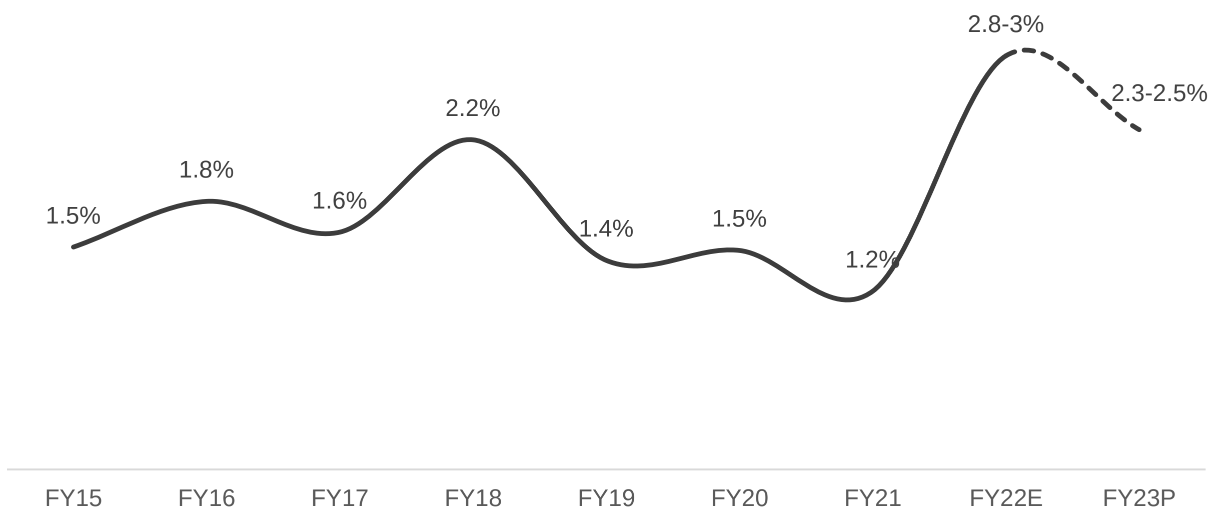
Gold loan NPAs to stabilise by fiscal 2023

Gross non-performing assets (GNPAs) witnessed a decline in fiscal 2021 to 1-1.3%, led by improved collections. But higher disbursements seen in the second half of the fiscal, followed by second and third waves, led to increased GNPAs in fiscal 2022, estimated at 2.8-3%. This impact on GNPAs is expected to gradually decline in fiscal 2023, to 2.3-2.5%. Improvement is expected on account of overall recovery in the economy and improved collection efficiency along with the cautious lending approach. Higher auctions are always an option for gold loan lenders with the collateral being highly liquid. GNPA for Muthoot Finance rose to 2.99% in fiscal 2022 vs 0.9% in fiscal 2021. GNPA of Manappuram Finance also increased to 3% from 1.9%, due pandemic-led stress in fiscal 2002. Going forward, better collection efficiency along with economic recovery will lead to gradual recovery in GNPA numbers.

Gold loan NBFCs have LTV ratios in the range of 60-70%, safeguarding them from any price fluctuations. Moreover, their portfolio does not carry moratorium risk, and the auctioning process has resumed at pre-pandemic levels.

Considering these factors, GNPAs are expected to stabilise by end-fiscal 2023. Lenders have also made adequate provisioning for any pandemic led NPA surge. All in all, CRISIL Research expects GNPAs of gold loan NBFCs to have been a tad higher at 2.3-2.5% in fiscal 2022 with auctions helping players to restrict GNPAs at lower levels.

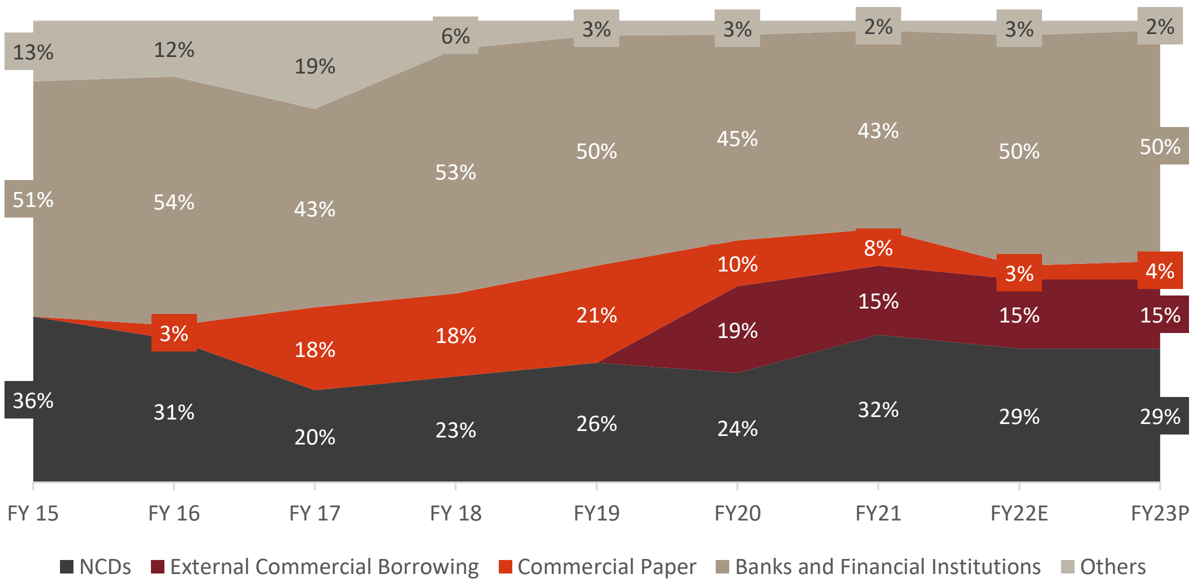
GNPAs to return to pre-pandemic levels



Source: Company reports, CRISIL Research

Borrowing mix – Bank financing to be major source of funding, followed by NCDs

Well-diversified borrowing mix of gold loan NBFCs



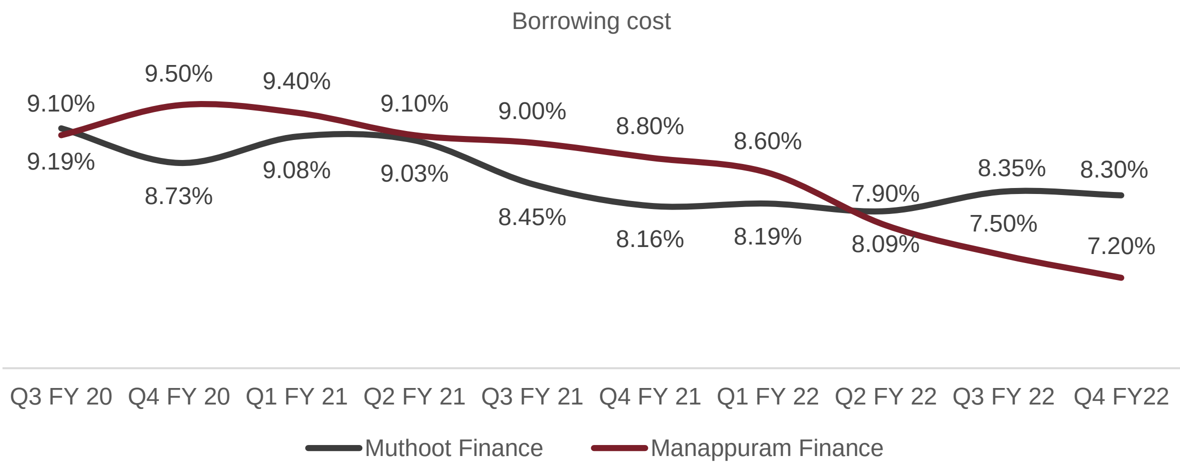
Source: Company reports, CRISIL Research

NBFCs raise higher portion of bank borrowing to reduce borrowing cost

Gold loan NBFCs have maintained higher liquidity during the pandemic times. They also have managed their cost of funds better by reshuffling their borrowing mix in order to reduce the borrowing cost and support the lower yields due to competition. Gold loan NBFCs raised funds under the targeted long-term repo operations (TLTRO) scheme announced by the Reserve Bank of India (RBI) in fiscal 2021. These funds were raised at a lower cost, reducing the overall funding cost for these NBFCs. Additionally, funding through the bank and financial institution route led to a reduction in the share of other borrowings. Commercial paper has seen the highest reduction in the past few years and is projected to be lower in fiscal 2023 as well. These NBFCs have also raised additional funds through overseas borrowing, non-convertible debentures (NCDs) and other sources. Since NBFCs have sufficient liquidity, they have not availed a moratorium from lenders.

Additional NCDs raised during fiscal 2021, especially under the TLTRO scheme, have led to a reduction in the overall cost of borrowing. However, CRISIL Research expects the RBI to increase the repo rate by ~75 basis points (bps) in fiscal 2023 in addition to the 90 bps hike made in May 2022 and June 2022. At an overall level, expected borrowing cost for fiscal is projected increase by 85-95 bps in fiscal 2023 based on its borrowing mix.

Cost of borrowing to increase 85-95 bps in fiscal 2023 on account of RBI's tighten policy stance

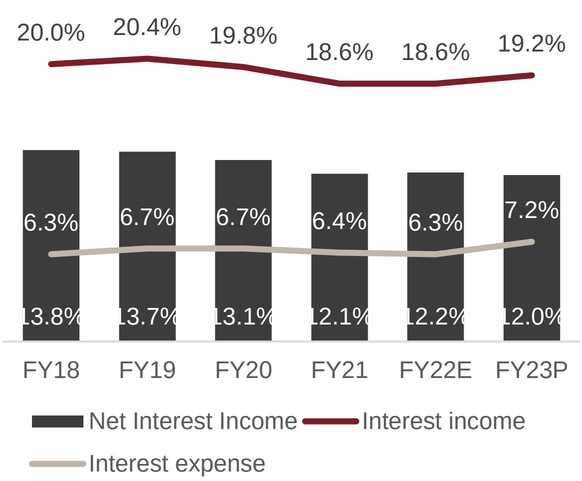


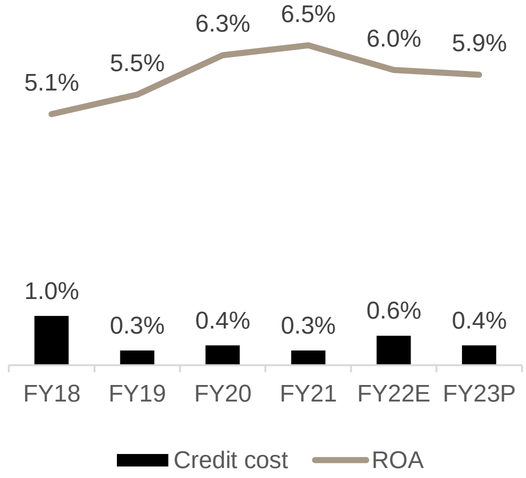
Source: CRISIL Research

NIMs to remain under pressure as competition keeps yield range bound with operating expenses inching up

Banks offer gold loans at a yield of 7-15%, while NBFCs charge 18-24%. NBFC yields remained range bound in fiscal 2021 and followed suit in fiscal 2022 due to intense rivalry from banks and fintechs. With reduction in the repo rate due to the pandemic, borrowing cost has improved marginally, leading to a slight improvement in the profitability of fiscal 2021. Borrowing cost remained low even during fiscal 2022 as repo remained unchanged and lenders managed their cost of borrowing better, also contributing to excess liquidity and lower gearing ratio. Though with an expected increase in interest rate by 165 bps in fiscal 2023, borrowing cost is expected to see an increase of 85-95 bps, with 60-70 bps transmission to customers with increased interest income. This is estimated to keep net interest margins (NIMs) slightly low in fiscal 2023; the fierce competition leading to higher advertisement and employee benefit cost has also kept operating costs marginally higher. Credit cost is expected to go down due increased collection efficiency, leading to a stable or slightly lower return on assets (ROA).

ROAs to dip marginally in fiscal 2023 due to NIM being under pressure





Note: Aggregate includes Muthoot Finance and Manappuram Finance
Source: Company reports, CRISIL Research

Factors supporting growth of gold loan AUM

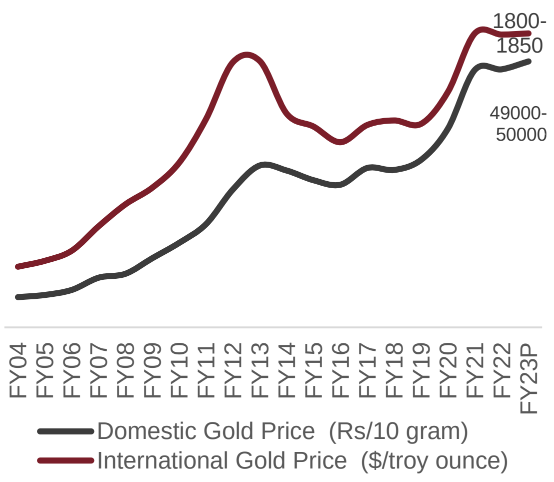
a) Rising gold prices

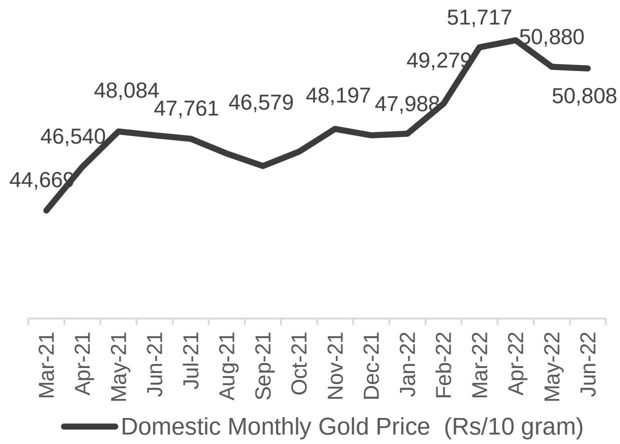
The gold finance market is very sensitive to movement in gold prices. Average international gold prices increased ~25% on-year in fiscal 2021 to historical highs, followed by a muted fiscal 2022. Domestic gold prices too saw a similar trend with 30% increase in fiscal 2021, followed by a muted fiscal 2022. The United States Fed rate cut and pandemic-induced recessionary fears led to the rise.

Prices are expected to stabilise in fiscal 2023 with the situation around the pandemic easing, but remain monitorable on account of the Ukraine-Russia conflict. Abnormally high gold prices pushed more companies to increase their capacity, in turn leading to more sustainable price levels. However, owing to the Russia-Ukraine, geopolitical tensions increased during the last quarter leading to higher gold prices during the quarter. Overall, international prices are estimated to remain flat on-year in fiscal 2023. The Union Budget 2021-22 reduced import duty on gold from 12.5% earlier to 7.5%. However, it levied an additional agriculture infrastructure and development cess of 2.5%. Overall, this is estimated to have led to a ~2% decline in domestic price of gold. Recently to curb import of gold, customs duty has been increased from present 10.75% to 15%. The total effective import tax on the precious metal will surge to 15.75% in the current fiscal which includes 12.50% import duty, 2.5% agri cess and 0.75% social welfare surcharge. Gold also attracts an additional 3% GST. However, rupee depreciation and higher prices in the last quarter negated price decline. Overall, domestic gold prices are expected to remain flat in fiscal 2023 and attain Rs 49,000- 50,000/ 10gm levels.

International gold prices remained muted in fiscal 2022, on account of improvement in global gross domestic product (GDP), dollar strengthening and reduced geopolitical tensions. Waning effects of the pandemic and global rollout of vaccination mitigated geopolitical risks. Decrease in global risks reduced investor appetite for gold, thereby leading to price declines. However, prices are estimated to have risen by ~4% in the last quarter on account of the Russia-Ukraine conflict. People sought safe haven in gold during times of increased geopolitical tension. Average gold prices remained flat in fiscal 2022 however increase in gold prices was witnessed in the last quarter due to volatility in macro environment. But gold prices are expected to rise by 2-3% and reach $1,800-1,850/oz in fiscal 2023 supported by geopolitical tensions and the inflationary environment.

International and domestic gold prices to rise ~2% in fiscal 2023





Note: P: Projected
Source: Company reports, CRISIL Research, World Gold Council, World Bank

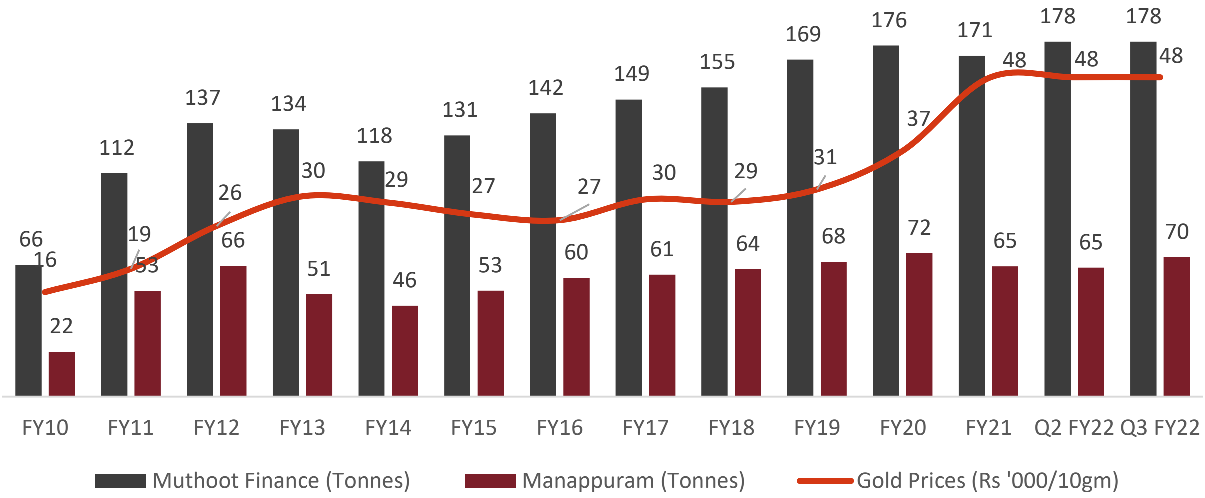
With increased prices and higher auctions, gold stocks have declined

Most of the demand this fiscal and in the previous has been from existing customers who have re-pledged their existing stock to avail of additional funding. This is seen from the stagnant or lower available stock compared with fiscal 2020.

Muthoot Finance had to auction stock worth Rs 2,800 crore in the third quarter of fiscal 2022 compared with Muthoot auctioning Rs 300-450 crore against an annual average of Rs 1,500 crore during fiscals 2017-2019.

This fiscal, CRISIL Research expects gold stock to increase with rise in AUM, as gold prices have stabilised. Also, LTVs are expected to inch up due to stable prices.

Stable prices led to stable stocks in fiscal 2022



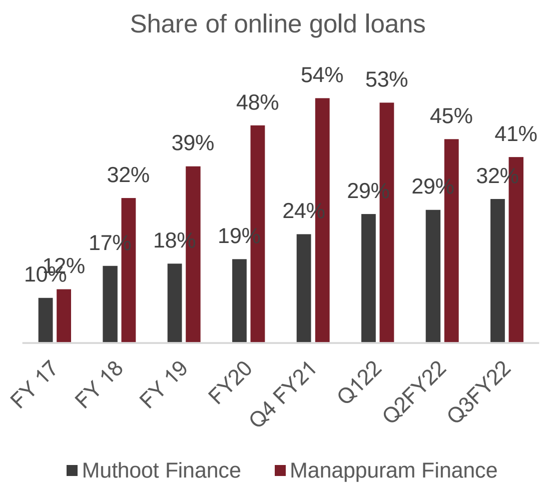
Source: Company reports, CRISIL Research

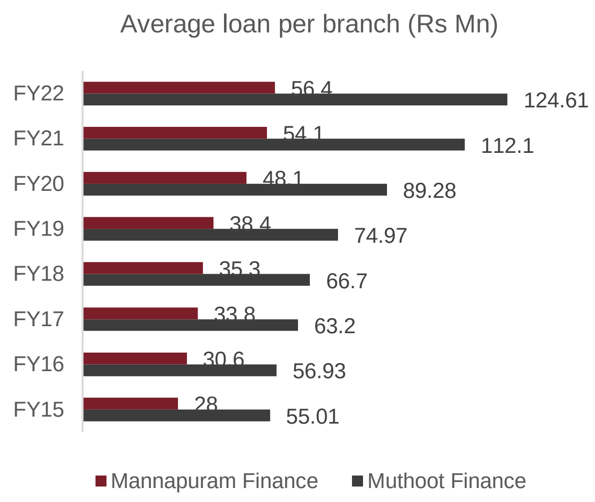
b) Online gold loan schemes

Online gold loan schemes enable consumers to get gold loans against jewellery either stored at the vault of the gold loan NBFC or their homes. Online gold loan providers have tied up with banks and payment gateway service providers to facilitate this service. These digital gold loan products are sanctioned within a few hours through the online process and can be accessed through mobile applications, online platforms, prepaid cards, etc. Know your customer (KYC) checks, registration and disbursements are all possible online. Though these loans require borrowers to personally deliver gold collateral at the nearest branch, some NBFC lenders have started providing doorstep delivery, wherein verification of gold ornaments as well as gold collection is done at the customer's residence. These are managed through a central application that is simultaneously accessed by all branches for each transaction.

Manappuram Finance was the first company to launch online gold loans in September 2015. Muthoot launched its online gold loan scheme through its website and iMuthoot App in September 2016. In addition to traditional players, there are fintech companies like Rupeek offering completely digital loans since 2015. Online gold loans have seen traction since their launch.

Rising online loans to limit branch expansion and hence increase average gold loan per branch



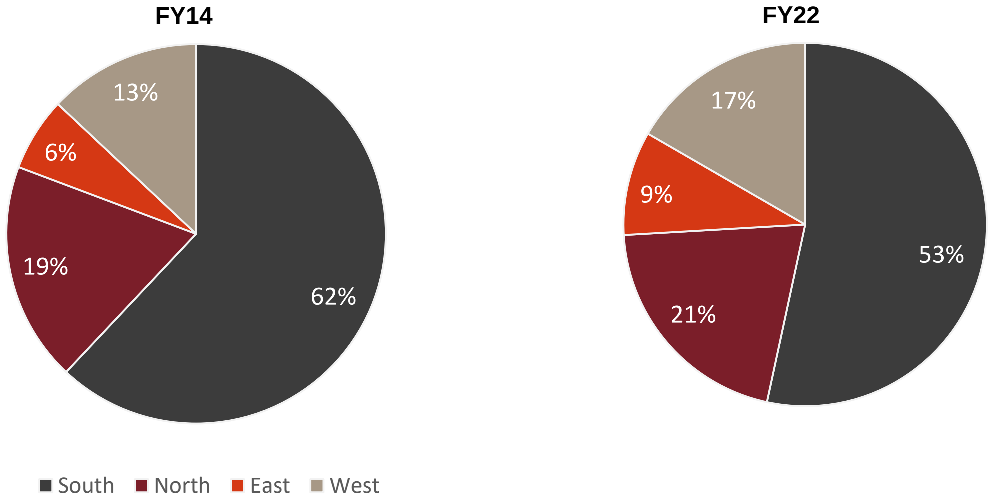


Source: Company reports, CRISIL Research

c) Diversification of branches in non-south regions

Currently**,** south India continues to dominate overall loan demand **a**mong specialised gold loan NBFCs, while non-south regions are likely to emerge as growth centres. Changing consumer perceptions about gold loans, driven by increasing awareness, as well as rising funding requirements will drive faster growth in non-south regions. Branch additions are seen mainly in the northern and eastern regions, where the existing number of branches is low, indicating expansion potential in these regions.

Current distribution of branches



Note: Aggregate includes Muthoot Finance and Manappuram Finance
Source: Company reports, CRISIL Research

Personal Loan

The growth trajectory of personal loans to continue in fiscal 2023

Outstanding book (Rs billion)	Share (FY22E)	CAGR (FY16- FY21)	FY21	FY22E	FY23P
Overall	100%	31%	16%	20-25%	35-40%
NBFC	19%	32%	3%	45-50%	35-40%
Banks	81%	30%	19%	15-20%	32-38%

E: Estimated, P: Projected
Source: CRISIL Research, Credit Bureau

Key points:

- Small ticket loans below Rs 0.1 million accounted for 85-90% of the loans disbursed and their rising share (a 10-15% share in terms of value) is driven by borrowers in the lower age bracket
- Personal loan disbursements saw a recovery past pre-pandemic levels in fiscal 2022
- Individuals with income less than Rs 0.3 million form a majority of borrowers in the personal loan market
- Rising digital penetration, driven by financial technology companies (fintechs), to result in a considerable rise in low ticket size loans
- The share of towns/cities Tier II and below in overall disbursement rising continuously; a sharper focus of

non-banking financial corporations (NBFCs) on these regions to support the growth trajectory with a fall in the contribution from top 5 metro cities

Market at a glance

Personal loan o/s : FY 22 ~ Rs. 8.1 Trillion Banks-81% NBFCs -19%

	CAGR (FY18–21)	FY 21	FY 22E	FY 23P
Disbursement growth	19%	- 11%	60-65%	40-45%
Outstanding growth	31%	16%	20-25%	35-40%

E: Estimated, P: Projected
Source: CRISIL Research, Credit Bureau

The personal loan book is projected to grow to ~Rs 11 trillion by fiscal 2023 from an estimated ~Rs 8.1 trillion in fiscal 2022. The personal loan market saw an uptick in fiscal 2022 with the economy normalising and the overall market sentiment being positive. Post slower growth in fiscal 2021 at 16%, personal loans are estimated to have grown 20-25% in fiscal 2022 and expected to grow 35-40% in fiscal 2023 driven by the economic recovery and lenders' willingness to disburse more. Gross non-performing asset (GNPA) levels are expected to normalise in fiscal 2023 to pre-pandemic levels led by a continued recovery collection efficiency. All these factors are expected to spur lenders to boost disbursements as the job market improves and income-related risks subside.

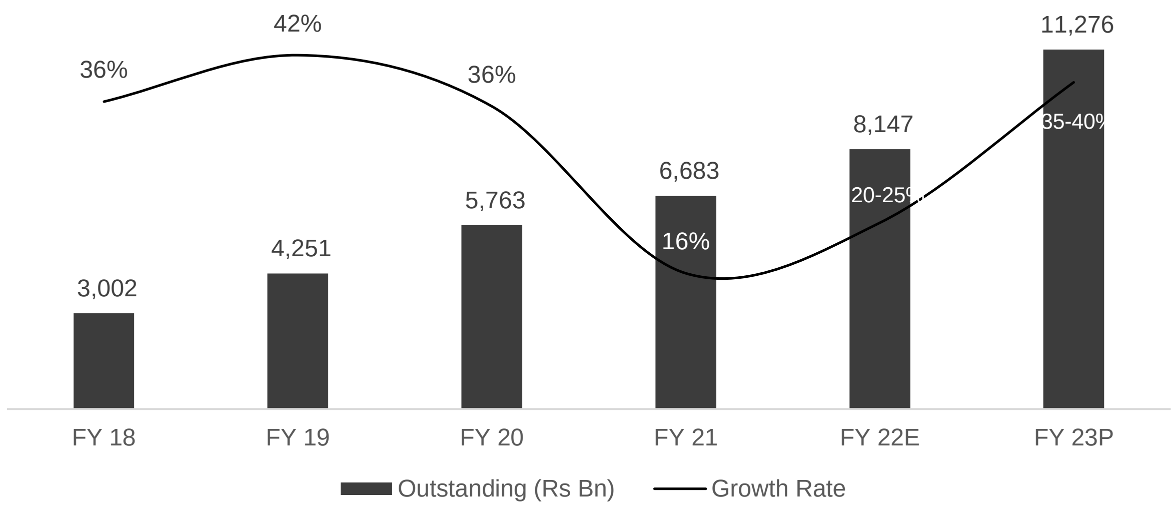
The disbursement growth momentum is projected to continue in fiscal 2023 at 45-50%, following a 60-65% on-year rise in fiscal 2022. Disbursements by NBFCs are estimated to have grown 110-115% on-year in fiscal 2022 on a lower base last year, following a subpar performance in fiscal 2021 due to pandemic-related stress. Banks have grown at a lower pace than NBFCs and their disbursements are projected to increase 40-45% in fiscal 2023, following estimated disbursement growth of 50-55% in fiscal 2022.

Prior to fiscal 2021, disbursement growth was strong for both the categories. Between fiscals 2018 and 2020, banks logged a compound annual growth rate (CAGR) of 33% as they aggressively grew their retail portfolio by focusing on salaried customers opting for an unsecured loan portfolio. Growth in NBFC disbursements in the same period was much higher at a 55-60% CAGR as these players expanded their footprint into towns/cities Tier II and below, and fintechs targeted new customers with a low ticket size requirement.

Strong disbursements and improving collections to support personal loan book growth in fiscal 2023

Personal loan outstanding is estimated at Rs 8.1 trillion in fiscal 2022 and expected to witness persistent growth in fiscal 2023. The personal loan segment is expected to grow to ~Rs 11.4 trillion in fiscal 2023, with NBFCs aggressively building their retail book through personal loans and banks focusing on the salaried middle age group borrowers to improve their GNPA. The overall personal loan book, which increased at a 39% CAGR between fiscals 2018 and 2020, moderated to 16% on-year in fiscal 2021 and is expected to grow at a 28-32% CAGR between fiscals 2021 and 2023.

Outstanding book for personal loans



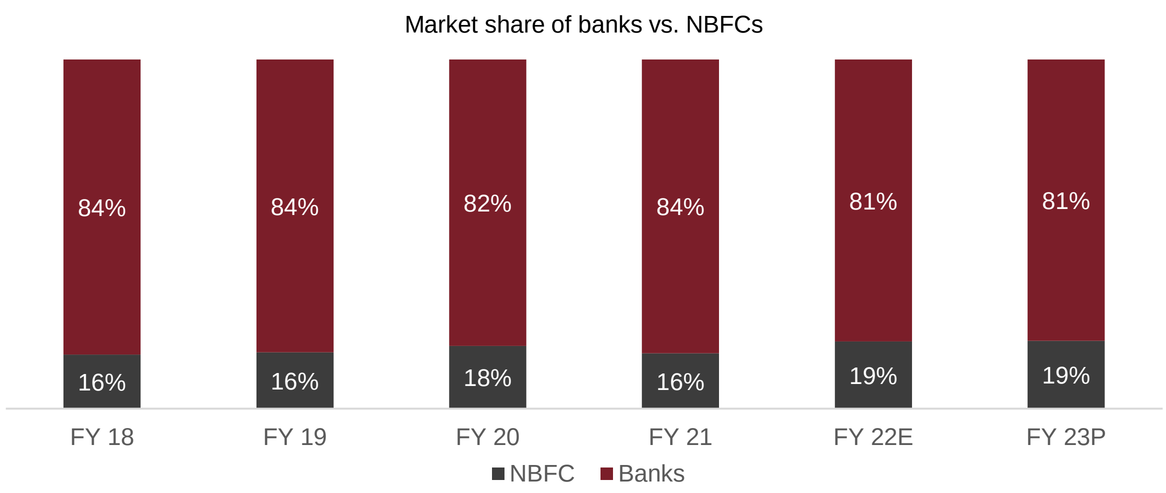
E: Estimated, P: Projected
Source: CRISIL Research, Credit Bureau

NBFCs have outpaced banks in terms of outstanding growth as their aggressive push for smaller ticket size loans among the younger age group led to 45-50% growth. Although credit growth of banks was lower at 15-20%, expected delinquencies are also lower due to the improved credit profile of the players. Salaried customers working with top-rated corporates did not see much impact on incomes, and thereby banks realised prompt payments and the share of defaulting customers was lower. In the case of NBFCs, borrowers are primarily self-employed and salaried customers working at lower-rated corporates. Given the impact on their income was significant, the proportion of customer defaults were higher for NBFCs.

The trend in fiscal 2023 is projected to be similar with overall personal loan book growing at 35-40% and NBFCs leading the show with growth expectations of 35-40% due to better market reach and their focus on catering to smaller ticket size borrowers.

Typically, repayment rates are 25-30% for the personal loan book as loans are up to three years. There was a drop in fiscal 2021 but the repayments have now stabilised at historical levels. Better collection efficiency and an increase in disbursements are the major reasons for the pickup in loan book.

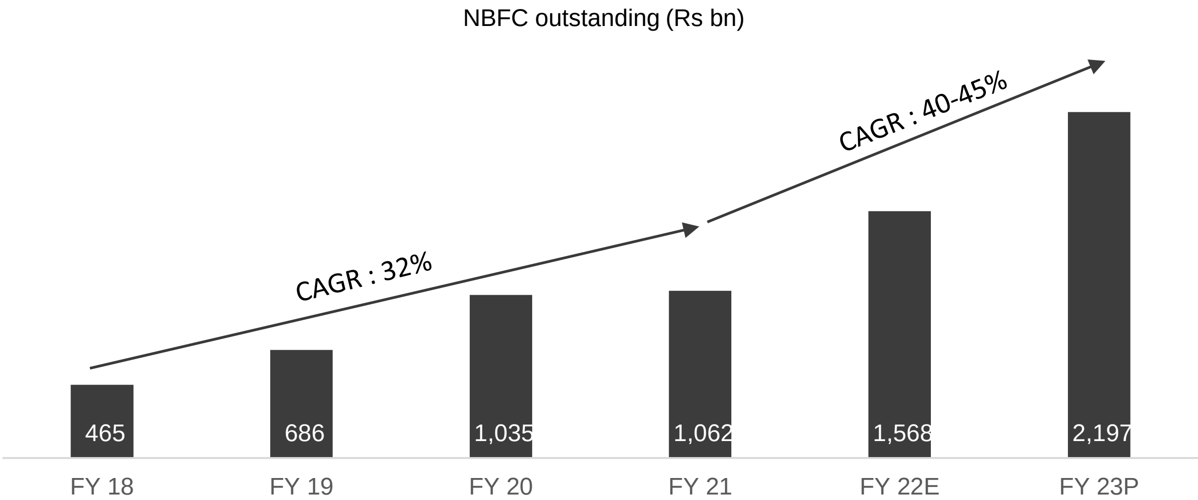
With recovery in personal loans, NBFCs' market share increased by 250-300 bps in fiscal 2022



E: Estimated, P: Projected
Source: CRISIL Research, Credit Bureau

With NBFCs growing faster than banks, market share of NBFC's increased by 250-300 bps in fiscal 2022 as compared to fiscal 2021. CRISIL Research expects that NBFCs continue to hold their market share in fiscal 2023 with similar growth witnessed by both Banks and NBFCs. NBFCs have seen a sharp rise on account of an aggressive strategy and a low base of fiscal 2021 and are expected to sustain the pace of growth and capture share from banks. Fintechs and NBFCs pose a fierce competition to banks even though they cater to different consumer segments. Banks mostly focus on salaried, higher ticket size borrowers, while NBFCs and fintechs focus on bridging the financing gap for self-employed, low income, younger generation and smaller ticket size borrowers. In fact, NBFCs' share has gradually increased since fiscal 2018, gaining 200 bps over banks, before shrinking in fiscal 2021 due to the Covid-19 pandemic. CRISIL Research expects NBFCs to continue to grow their market share in the long run.

NBFC book to see a persistent growth in fiscal 2023 with an improving economy



E: Estimated, P: Projected
Source: CRISIL Research, Credit Bureau

NBFCs are projected to grow their loan outstanding book at 35-40% to ~Rs 2.1 trillion in fiscal 2023. Their performance was consistent in fiscal 2022 with a pickup in growth from the second quarter onwards and clocking 13-16% growth each quarter. NBFCs are estimated to have grown 45-50% in fiscal 2022 with loan outstanding at ~Rs 1.6 trillion. NBFCs have grown at a CAGR of 32% between fiscals 2018 and 2021 and are projected to grow at a CAGR of 45-50% between fiscals 2021 and 2023. They have exhibited an aggressive strategy to capture the market and are taking more risks than banks by reaching out to a risker segment of borrowers and recently building on outstanding credit with a major share of smaller ticket size loans.

NBFCs and fintechs driving the ticket size lower

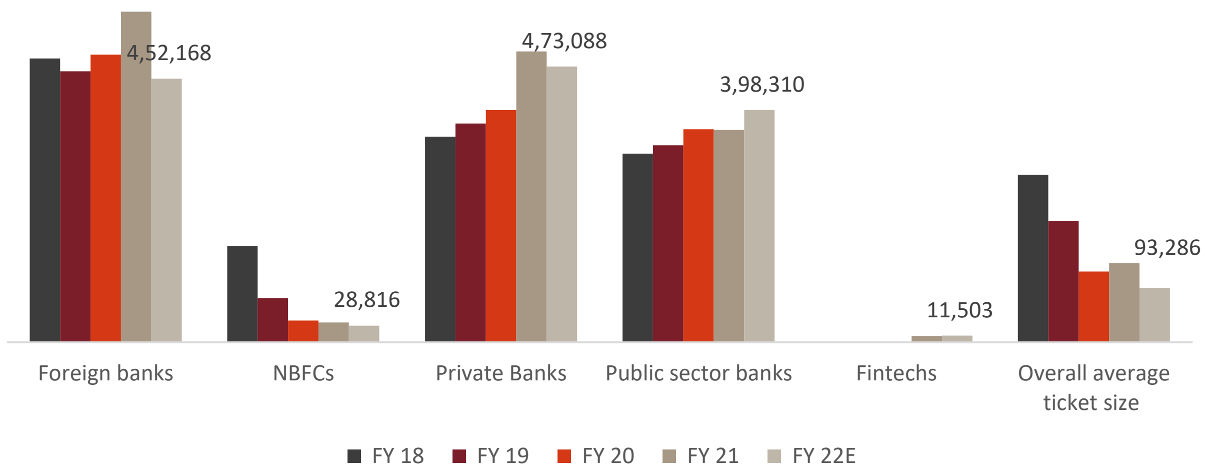
With fintechs and NBFCs deepening their market penetration, the share of small ticket personal loans (STPLs) is gradually increasing. STPLs, which are loans below Rs 0.1 million, have seen a gradual rise in their share rise over the last few years. The volume of these transactions grew to 85-90% in fiscal 2022 from 75-80% in fiscal 2021. But in terms of value, these loans grew to 13-15% of total disbursements in fiscal 2022 from 10-12% in fiscal 2021. NBFCs and fintechs focus more on this bucket of personal loans and thus drag the average ticket size lower.

NBFCs account for ~20% of the market share in terms of value but have a 60-65% share in terms of the volume of transactions, primarily leading to a declining ticket size trend in the last few years.

The average ticket size is ~Rs 30,000 for NBFCs and ~Rs 4,00,000 for banks vis-à-vis an overall average of ~Rs 95,000. Consequently, NBFCs are leading the average ticket size lower with their strong reach and network in the market.

Average ticket-size by lender type

Declining average ticket size led by increased demand for smaller ticket size personal loans



E: Estimated
Source: CRISIL Research, Credit Bureau

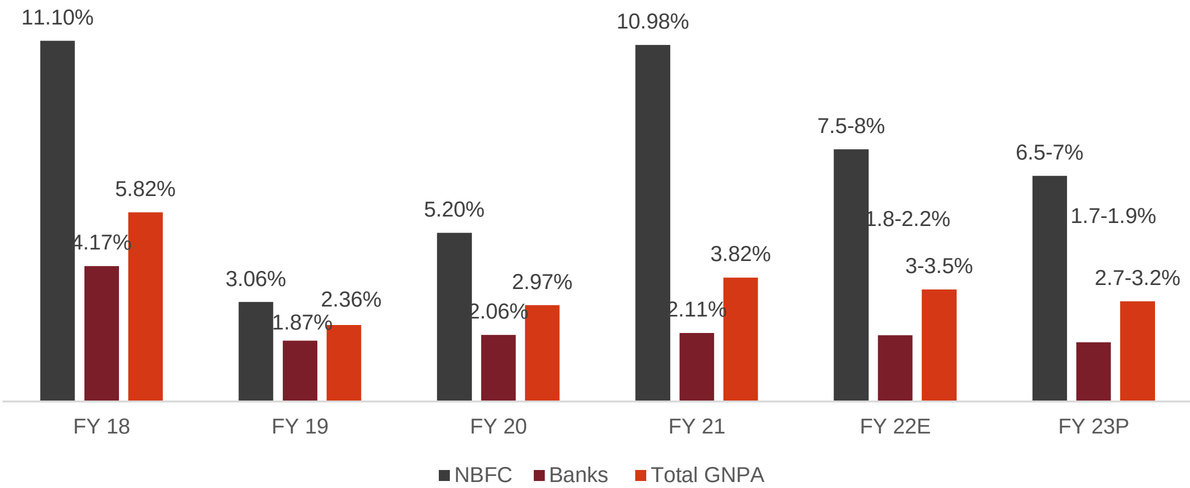
Fintechs have been rapidly expanding their base in the personal loan segment by offering loans to younger, low-income and digital-savvy customers with insufficient credit history, but with a credit requirement for small ticket size and low duration loans. The loans disbursed are as low as Rs 5,000-20,000 for aspirational customers to purchase the latest gadgets or meet their immediate cash needs. Fintechs primarily rely on the customer's mobile phone data to assess the repayment ability; they are building advanced algorithms that analyse mobile phone data for specific insights on a customer's liquid cash flow as well as repayment history, along with spending habits.

In fact, NBFCs and fintechs have strengthened their risk management processes and data analytics capabilities over the years. Stringent underwriting norms and monitoring mechanisms have also been reinforced. Most players have been investing in risk analytics and technology to further de-risk their exposure.

Asset quality expected to reach pre-pandemic levels in fiscal 2023

Personal loans are one of the most affected in a crisis as they are unsecured with no need to examine end use. GNPAs deteriorated in fiscal 2021 as the pandemic and subsequent nationwide lockdowns impacted repayments and collections. While GNPAs of major players increased in fiscal 2022 on account of the second pandemic wave, but they were less severe compared with the first wave. The collection efficiency improved in fiscal 2022 and is projected to stabilise in fiscal 2023. Collections have improved since the second quarter of fiscal 2022, and GNPAs are estimated at 3-3.5% in fiscal 2022 and 2.7-3.2% in fiscal 2023. GNPAs are estimated to fall from 7.5-8.0% in fiscal 2022 to 6.5-7% in fiscal 2023 for NBFCs and from 1.8-2.2% in fiscal 2022 to 1.7-1.9% in fiscal 2023 for banks as lenders focus on collections and adopt a cautious approach towards disbursements. Also, lenders resorted to write-off bad loans when the probability of default was higher, leading to an optical improvement in GNPAs.

GNPAs expected to improve significantly in fiscal 2023



E: Estimated, P: Projected
Source: CRISIL Research, Company reports, Credit Bureau

Nevertheless, GNPAs are expected to moderate with improving collections. Also, with the overall economy improving and income levels of customers stabilising, further deterioration in asset quality is expected to be limited.

In fact, we have seen an increase in standard accounts indicating that collection efficiency is improving. CRISIL Research expects GNPAs to continue to recover slowly, translating into a steady improvement in the accounts falling in the default category.

MSME Loans

Credit to the micro, small and medium enterprise (MSME) segment is estimated at Rs 20,275 billion for fiscal 2022, with banks dominating the market share at 80%. Post the liquidity crisis, the share of non-banks reduced to an estimated ~20% in fiscal 2022 from ~22% in fiscal 2019.

Banks dominate the credit share in MSMEs at 80% as of fiscal 2022

Type	Share in book FY22E	Outstanding Book (Rs billion) FY22E	CAGR (FY17-21)	FY22E	Growth outlook for FY23
NBFCs	20%	4,100	11%	6%	7-9%
Banks	80%	16,174	6%	14.8%	11-13%
Overall	100%	20,275	7%	13%	10-12%

Note:
1. E: Estimated; P: Projected

2. Credit deployment data published by the RBI has undergone revision with effect from January 2021. Hence, comparable numbers for the previous fiscal are revised accordingly.

3. Companies with turnover <Rs 5 crore and investment <Rs 1 crore are classified as micro; companies with turnover between Rs 5 crore and Rs 25 crore and investment between Rs 1 crore and Rs 10 crore are classified as small; and companies with turnover between Rs 25 crore and Rs 250 crore and investment between Rs 10 crore and Rs 50 crore are classified as medium
Source: CRISIL Research

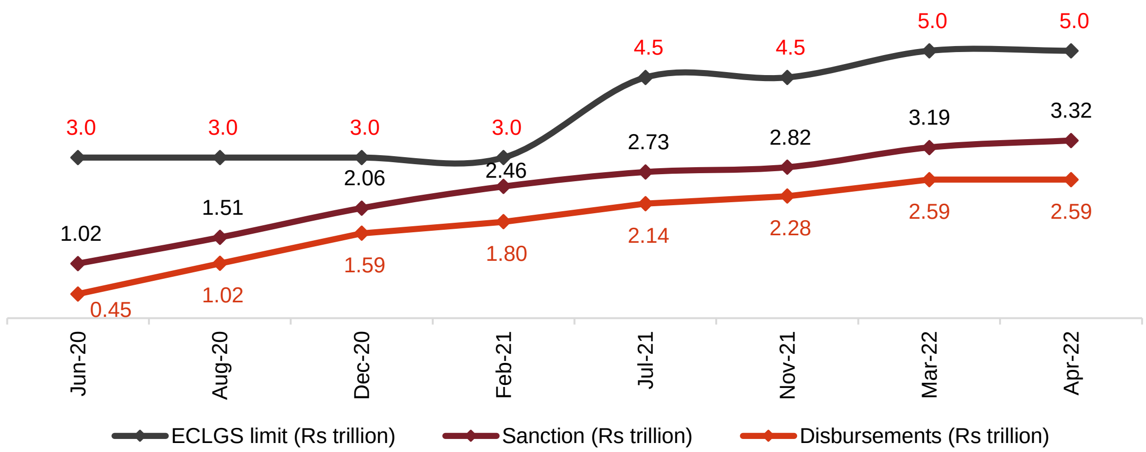
The MSME sector faced a high impact of the first and second pandemic waves in fiscal 2021 and the first quarter of fiscal 2022, respectively. With the sector's close linkage to economic activities, the magnitude of the impact was significant due to frequent lockdowns and restrictions, which impacted demand, supply, and hence profitability across most sectors. This necessitated relief measures, which were promptly announced by the government in the form of the Emergency Credit Line Guarantee Scheme (ECLGS) last year, which was reviewed on a timely basis to reduce impact on the sector. However, most of the disbursements under the scheme were by banks (among which private-sector banks showed greater proclivity than public-sector banks for utilising ECLGS); hence, they saw book growth of 8%, while growth for non-banking finance companies (NBFCs) was lower at 3% in fiscal 2021. Decline in the book value was also restricted by moratoriums and asset classification standstill for MSMEs until March 2021.

In the first quarter of fiscal 2022, the second pandemic wave impacted the MSME segment again, leading to muted growth in the first half of fiscal 2022 on account of disruption in business activity due to localised lockdowns by various state governments. With the hit to the economy in the first quarter, the government extended the ECLGS then ending in June 2021 to September 2021 (currently extended till March 31, 2023), which supported the sector to revive from degrowth in the first quarter of fiscal 2022, with banks posting a sequential growth in MSME book at the end of the second quarter. Revival of economic activity, strong export and domestic support, coupled with a mild third wave, helped the segment grow an estimated 13% in fiscal 2022. Banking MSME saw higher growth than NBFCs (14.8% and 6%, respectively), owing to stress in the first half of fiscal 2022. CRISIL Research expects the banks to continue growing faster at 11-13% and NBFCs at 7-9% in fiscal 2023.

ECLGS benefitted ~11 million micro and small enterprises during fiscals 2021 and 2022

ECLGS was announced as part of the Atmanirbhar Bharat Package in 2020, with the objective of helping businesses including MSMEs meet their operational liabilities and resume businesses. As of April 2022, loans sanctioned under the scheme crossed Rs 3.32 trillion (of Rs 5 trillion), with about 66% of the guarantees issued for loans sanctioned to MSMEs, and the disbursement aggregated Rs 2.59 trillion. In Union budget 2022-23, the allocation under ECLGS was increased from Rs 4.5 trillion to Rs 5.0 trillion, and the timeline for sanctions has been extended till March 2023. The enhancement of Rs 50,000 crore is earmarked exclusively for hospitality and related enterprises.

ECLGS progress so far…



Source: CRISIL Research

While a majority of the disbursements under ECLGS are contributed by public and private-sector banks, non-banks are going slow given the existing asset quality concerns. Further, among banks, private-sector banks show greater proclivity than public-sector banks for utilising ECLGS. Non-banks are also expected to conserve liquidity in such challenging times and are likely to witness lower disbursal in the scheme given the capping of interest rates on such additional lending, leading to very thin margins. The interest rate under the scheme was capped at 9.25% for banks and financial institutions, and 14% for non-banking financial institutions.

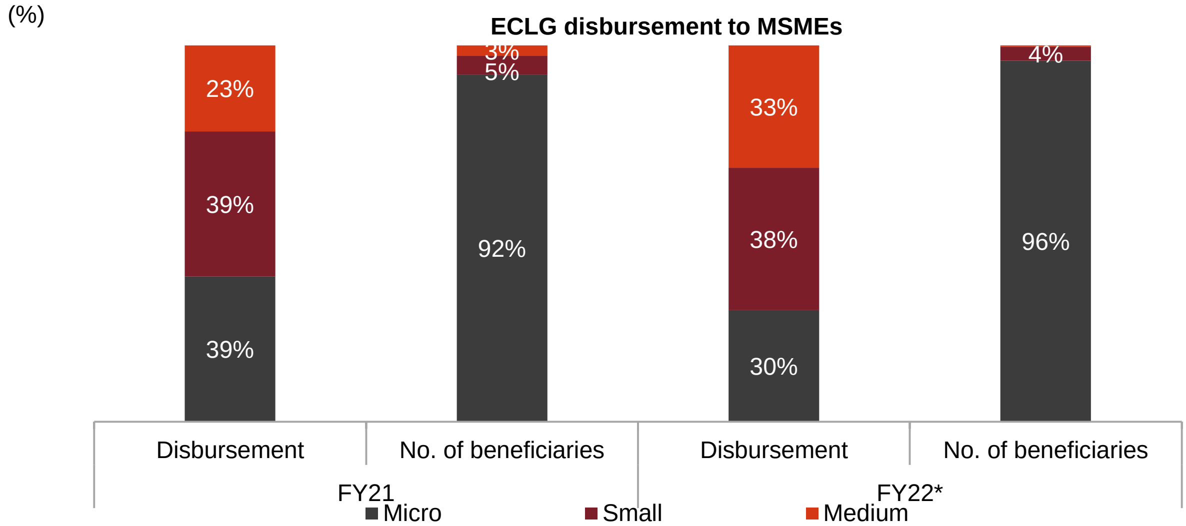
According to the RBI's financial stability report, MSMEs have been the primary beneficiaries of this scheme, with guarantees of ~Rs 1.74 trillion extended to ~11 million borrowers as on November 12, 2021.

~90% of micro and small enterprises cover 50% of guarantees issued

Rs. billion	# of Beneficiaries	Guarantee amount	% Share
Micro	10,296,333	658	25%
Small	498,509	663	25%
Medium	260,757	420	16%
Other business enterprises	537,069	888	34%
Total	**11,592,668**	**2,630**	**100%**

Note: Data reported as on November 12, 2021
Source: RBI, CRISIL Research

ECLGS primarily benefitted micro and small businesses during fiscals 2021 and 2022



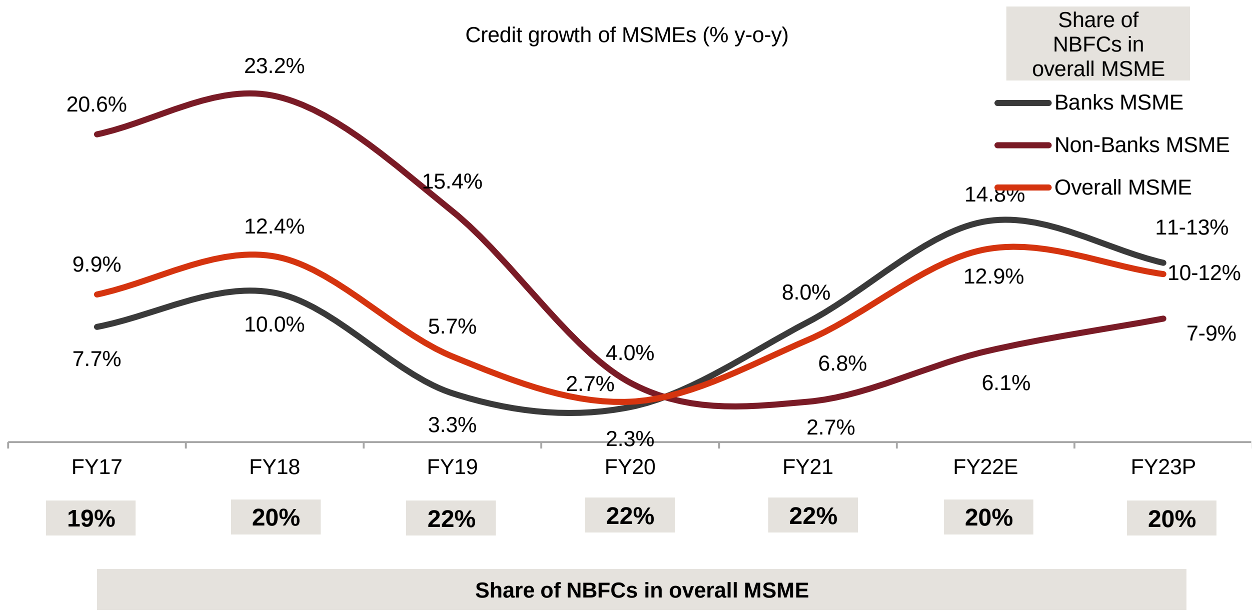
Note:
*1. *Disbursement for fiscal 2022 is aggregated till February 28, 2022.*

2. The above graph provides details of ECLGS disbursement to MSMEs only and excludes disbursement to large enterprises.

Source: CRISIL Research, National Credit Guarantee Trustee Company Ltd

Demand improvement to drive MSME credit growth this fiscal

Banks to continue growth momentum



Note:
1. E: Estimated; P: Projected
2. Credit deployment data published by the RBI has undergone revision with effect from January 2021. Hence, comparable numbers for the previous fiscal are revised accordingly.

Source: Company reports, CRISIL Research

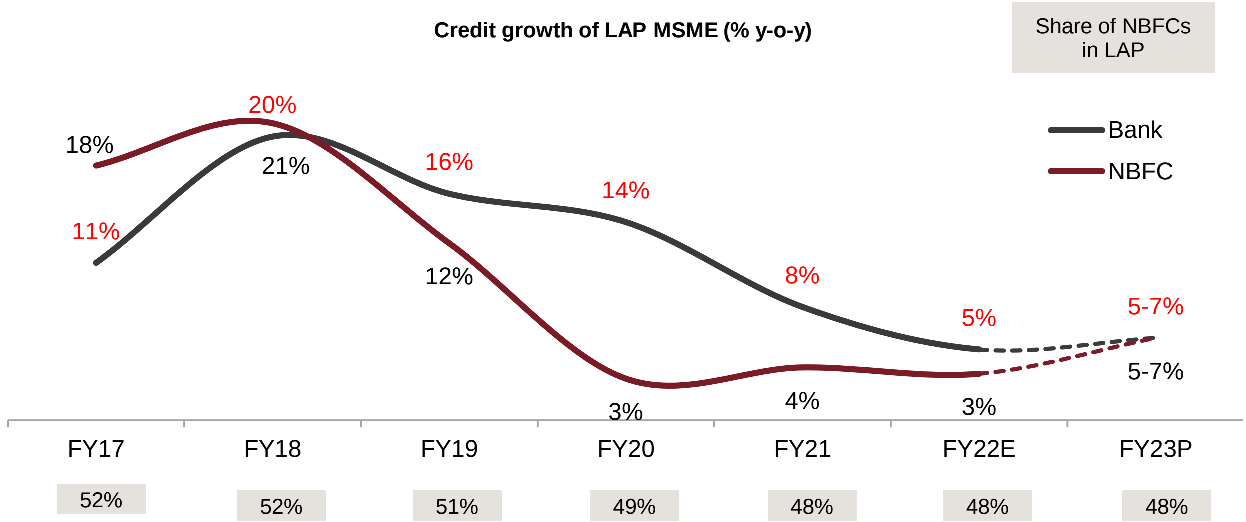
A faster-than-expected revival in economic activity and pent-up demand instilled a positive economic performance in the fourth quarter of fiscal 2021. Outstanding MSME book of non-bank companies grew 3% on-year in fiscal 2021, given the increased demand for loan against property (LAP). Further, during the first quarter of fiscal 2022, MSME book witnessed degrowth in both banks and non-banks due to the impact of the second pandemic wave. The segment started to recover from the second quarter with improvement in demand by MSMEs supported by the central government's decision to extend ECLGS till March 31, 2022 (further extended till March 31, 2023 in Union Budget 2022-23) and increase the guarantee amount from Rs 3 trillion to Rs 4.5 trillion (further increased to Rs 5 trillion).

The outstanding book of NBFCs in the MSME segment is estimated to have grown 6.1% in fiscal 2022, supported by growth in the LAP and non-LAP (unsecured and secured non-LAP) segments of lending. With the revival of economic activity and improving cash flows, NBFCs will increase their funding in the unsecured segment and restrict their lending in the LAP segment due to the asset quality stress of past years. With improved underwriting practices, lending in unsecured portfolio is expected to improve, while secured non-LAP will face competition from banks. However, smaller non-banks will be wary of funding given the existing stress, and thus will witness moderate growth. Additionally, further Covid-19 waves and regulatory changes could pose downside risks this fiscal.

LAP: Growth in LAP to stabilise this fiscal

LAP portfolio at NBFCs is estimated at Rs 2,500 billion for fiscal 2021. During the year, LAP witnessed higher growth than non-LAP (secured non-LAP and unsecured) as non-banks preferred mortgage-based lending over cash-flow-based lending in the short run given the potential risks in other segments. LAP portfolio at NBFCs is estimated to have grown 3% in fiscal 2022 with players shifting their focus to non-LAP portfolio.

LAP portfolio to grow 5-7% this fiscal



Note:
1. E: Estimated; P: Projected
2. Credit deployment data published by the RBI has undergone revision with effect from January 2021. Hence, comparable numbers for the previous fiscal are revised accordingly.
Source: Company reports, CRISIL Research

LAPs are availed by mortgaging properties (residential or commercial) with the lender. The end-use of the loan is not closely monitored. It could be used for either business or personal purposes. It can be availed by both salaried and self-employed individuals. LAP is a secured loan, as it provides collateral to the financier in the form of property. It has a lower interest rate than personal or business loans.

With improvement in the economy and lenders being positive towards mortgage-based lending, the LAP segment is expected to perform better this fiscal than in the last one. However, lenders (non-banks) are unlikely to be as aggressive as they were in the past, when the segment logged a double-digit CAGR of 12% between fiscals 2017 and 2020. Higher growth in the past was due to lower interest rates and increased penetration. However, after fiscal 2019, non-banks lost their share in the LAP market as they were focusing on containing asset quality deterioration. Banks registered strong growth in the segment due to their aggressive strategies, higher market penetration, lower cost of funds and adequate liquidity support. CRISIL Research expects the MSME LAP segment to grow 5-7% in fiscal 2023, driven by improving economic conditions and the mild impact of the third pandemic wave, assisting in normalisation of business activities.

MSME: Non-LAP loans

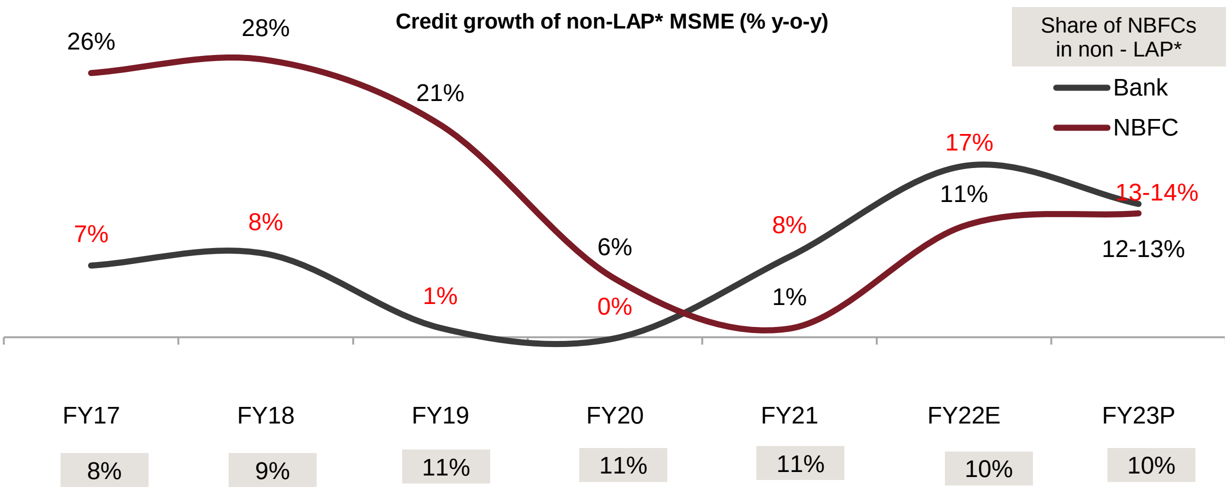
Non-LAP includes secured and unsecured non-LAP loans. Non-LAP secured MSME loans include working capital products (such as cash credit, overdraft facility and bill discounting) and other term loan products, such as asset-backed or hypothecated loans. Hypothecated loans are term loans where the collateral offered is a combination of property, inventory, etc.

Unsecured MSME loans are given to self-employed borrowers without collateral. It is cash-flow-based lending rather than collateral-based. Unsecured loans are underwritten based on financial statements, bank statements, GST returns, number of loans taken in the past, bureau checks, scorecards, etc. An unsecured small business loan is usually taken to tide over a liquidity crunch, take advantage of short-term opportunities, or to expand a small business, mostly when cash credit limit of the bank is exhausted. Many lenders give these loans on top of existing secured loans with them.

Due to non-availability of collateral, underwriting plays a key role in maintaining asset quality of unsecured business loans. Underwriting these loans requires a different expertise and is powered by new financial technology and increasing availability of data on credit history of customers. Competition in the secured loans market (especially retail loans) has compelled NBFCs and a few private banks to gain expertise in niche lending and build robust digital platforms to cash in on fresh opportunities in the unsecured business loans space, with an eye on maximising profitability.

Banks dominate this segment with a 90% share, aggregating to ~Rs 13 trillion as of fiscal 2022. NBFCs are estimated to have a non-LAP book of ~Rs 1.5 trillion in fiscal 2022.

NBFCs' non-LAP credit growth to stabilise this fiscal



Note:
1. E: Estimated; P: Projected
2. Credit deployment data published by the RBI has undergone revision with effect from January 2021. Hence, comparable numbers for the previous fiscal are revised accordingly.
*3. *Non-LAP includes unsecured and secured non-LAP loans*
Source: Company reports, CRISIL Research

NBFCs were growing in double digits prior to fiscal 2019; the growth slowed after the liquidity crisis. In fiscal 2021, the growth was marginal due to lower disbursements, which have halved due to Covid-19. Meanwhile, banks grew 8% due to the support from ECLGS. Due to the pandemic, non-bank lenders had turned more cautious over unsecured MSME lending, and preferred mortgage-based lending (LAP and non-LAP secured) over cash-flow-based (unsecured) lending.

Business activity started normalising from the second half of fiscal 2022. This, supported by a mild third wave, led to improvement in economic conditions and, in turn, a pickup in demand for credit. Banks and NBFCs shifted their focus towards non-LAP lending owing to higher returns on this portfolio, leading to non-banks growing at an estimate 11% in fiscal 2022. CRISIL Research expects the growth momentum to continue, with NBFCs' non-LAP segment growing 12-13% this fiscal. However, new Covid-19 waves and regulatory changes could pose downside risks.

Asset quality

Despite improvement in the second half of fiscal 2022, overall stress in restructured portfolio remains monitorable

Non-banks' MSME collection efficiency, which was 60-70% in August 2020, increased to 85-95% in March 2021. However, due to the onset of second pandemic wave in the first quarter of fiscal 2021, collection efficiency is expected to have declined to 75-80% in May 2021. After the second wave, as economic activities gathered steam and business cash flows improved, borrowers started paying their loan instalments, and collection efficiency rebounded to 85-90% in September 2021. Further in second half of fiscal 2022, collection efficiencies were more than 90% on account of continued improvement in business activities and mild impact of third wave in fourth quarter of fiscal 2022.

Gross non-performing asset (GNPA) ratio of the overall NBFC MSME book stood at 4.5% for fiscal 2020. In fiscal 2021, total stressed assets (including GNPA and restructuring) have reached 7-8% due to increased stress among NBFCs' MSME borrowers, who were hit the hardest due to Covid-19. Asset quality concerns continued in the first quarter of fiscal 2022 as the second wave impacted the MSME segment and collections. April and May saw a sharp dip in collections, resulting in higher delinquencies. Players such as Bajaj Finance, Shriram City Union Finance and IIFL reported a 20-50 bps increase in GNPAs. Worsening of GNPAs was restricted on account of restructuring, which is estimated to be in the range of 3-5% for fiscal 2022. However, on a sequential basis, after the second wave, players started seeing improvement in collection efficiency from July, on the back of a swift economic recovery. With improving collections, the asset quality of these players improved marginally in the second quarter of fiscal 2022. However, the impact of the first quarter of fiscal 2022 is expected to weigh on the overall asset quality. At an aggregate level (GNPA and restructuring), CRISIL Research expects stressed assets in the NBFC's MSME segment to be in range of 8-10% in fiscals 2022 and 2023.

Microfinance

Collection efficiency, disbursements touch pre-pandemic levels

Collection efficiency, disbursements surpass pre-pandemic levels and book to grow at 15-20% in fiscal 2023

Non-banking financial company-microfinance institutions (NBFC-MFIs) saw their disbursements surpass the disbursements seen in H2 of FY19 and FY20, where the disbursements were at its peak before the pandemic. With decline in cases, collections improved, and players saw significant uptick in collection efficiency on sequential basis. Indeed, collection efficiency of most players reached 98-99% in the fourth quarter of the fiscal, and have reached the levels seen before the pandemic

Disbursements in the sector have also seen a similar trend. Collection efficiency, which fell from ~85% in April to 75% in May-June of fiscal 2022, rebounded to normal levels of 98-99% for most of the players in the industry by Q3FY22. Improvement in collection efficiency was led by players such as Satin Creditcare and Creditaccess Gramen. Disbursements and repayments also grew at a faster rate than previously expected, indicating quick recovery in the industry, with repayment rates growing on a sequential basis in third the quarter of the fiscal.

Asset quality, however, remains a key monitorable due to portfolio restructuring by players. With the industry's gross non-performing assets (GNPAs) rising from 5.4% in fiscal 2021 to 6.4% in the third quarter of fiscal 2022, players' books remained under stress. That said, key players in the industry saw their GNPAs fall both on a sequential and an on-year basis as of the fourth quarter of the fiscal.

Though the third wave of the pandemic is expected to have had a slight impact on repayments and disbursements, the industry is estimated to have grown at 18-20% in fiscal 2022, and is expected to log a growth of 15-20% in fiscal 2023.

Share of NBFC-MFIs grew from 31% in FY21 to 35% in FY22

Type	Share (FY22E)	Outstanding Book (Rs Billion, FY22E)	CAGR (FY17-21)	FY22E	Growth Outlook (FY23P)
NBFC- MFI	35%	966.10	15%	19%	15-20%

Source: CRISIL Research, Microfinance Institutions Network (MFIN)

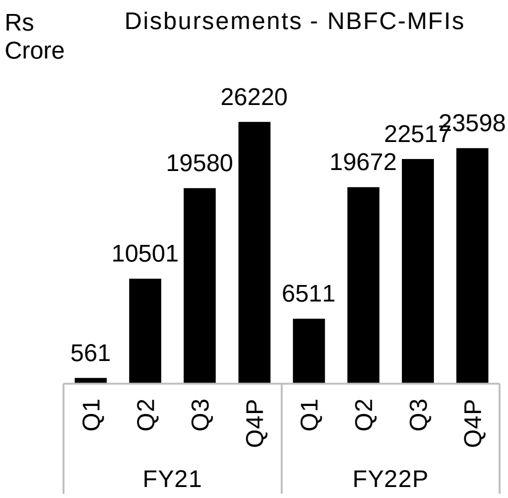
Disbursements to pick up, growth to exceed pre-pandemic levels this fiscal

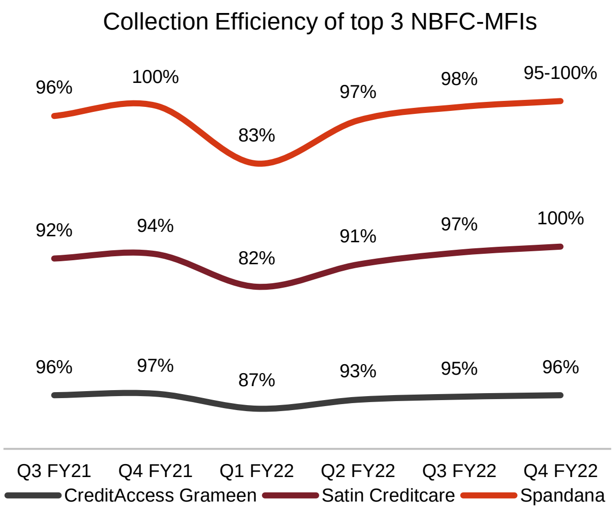
While disbursements had surpassed pre-Covid levels in the fourth quarter of fiscal 2021 itself, the second wave proved to be a dampener. However, as per player commentaries, fresh disbursements are healthy and repayment rates have also returned to pre-Covid levels. Given that the omicron wave had a negligible impact in the overall economic activity, disbursements are estimated to have remained healthy in the fourth quarter of fiscal 2022 as well.

Disbursements are expected to increase 40-45% on-year this fiscal, over a growth of ~35% seen in fiscal 2022.

MFI customers require funds to meet their day-to-day expenses and release of additional funds depends on prompt repayments. With improvement in cash flows as business activities attain normalcy, disbursements should increase going forward.

Disbursements surpassed pre-Covid levels in Q3FY22; Quarterly collection efficiency trend of top three players shows recovery





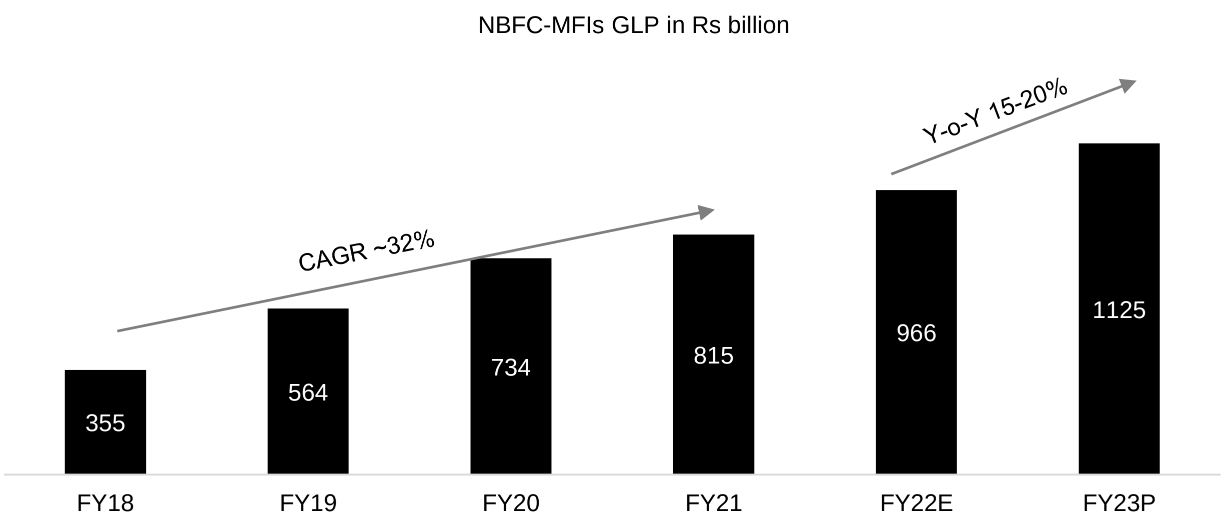
Source: CRISIL Research, MFIN

Collection efficiency has also fully recovered to pre-pandemic levels. However, the restructured book remains a monitorable. Improvement in business activities following easing of restrictions restored collections to almost pre-pandemic levels at 95-100% in the fourth quarter, leading to healthy pick-up in disbursements. Of the total disbursements in fiscal 2022, ~70% was in the second half. Traditionally, too, disbursements have been higher in the second half of the fiscal.

Even though repayments were affected in fiscal 2021 and early fiscal 2022, they started to improve from the third quarter and are expected to revert to normal levels in fiscal 2023.

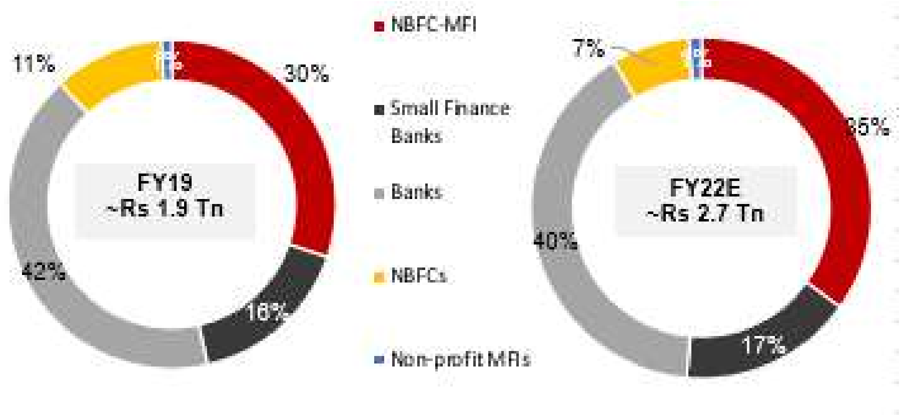
Outstanding book will continue to grow at 15-20% in fiscal 2023, supported by continued momentum in disbursements and repayment rate recovering to normalcy.

NBFC-MFIs to grow 15-20% on-year in fiscal 2023



Source: CRISIL Research, MFIN, company reports

NBFC-MFIs witnessed robust growth in the past 2-3 years, gaining market share

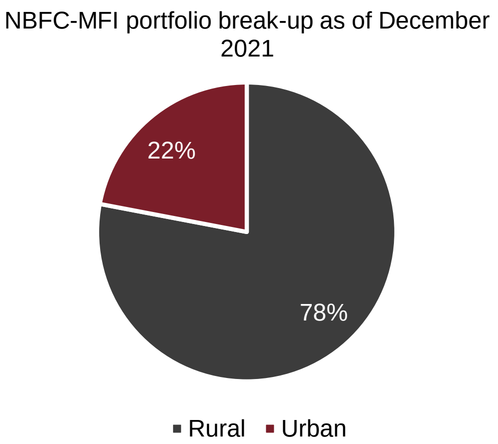


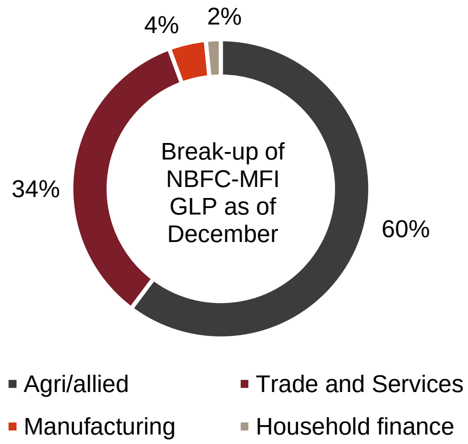
Source: CRISIL Research, MFIN

Banks have the highest share in the MFI industry as they lend under priority sector lending (PSL) norms. However, NBFC-MFIs have been aggressive over the past 2-3 years, with their book growing at a CAGR of 37% between 2017 and 2021, compared with ~29% growth in the books of banks over the same period. In India, microfinance plays an important role in delivering credit to people at the bottom of the economic pyramid. Owing to its grassroots level connect, microfinance is able to support income-generating activities and livelihoods in both rural and urban geographies. Furthermore, microfinance acts as a potent tool for empowering women who constitute the largest part of its borrower base. The essential features of microfinance loans are that they are of small amount, short tenures, extended without collateral and the frequency of loan repayments is greater than that for traditional commercial loans. These loans are generally taken for income-generating activities, but are also provided for consumption, housing and other purposes. Thus, MFI operations have traditionally been cash-intensive and have become very aggressive in the rural areas especially after demonetisation. Consequently, the share of NBFC-MFIs in the overall MFI book increased from 21% in fiscal 2017 to 35% in fiscal 2022.

Rural segment to dominate NBFC-MFI book

NBFC-MFI portfolio break-up as of December 2021 [Gross loan portfolio (GLP): Rs 874.44 billion]





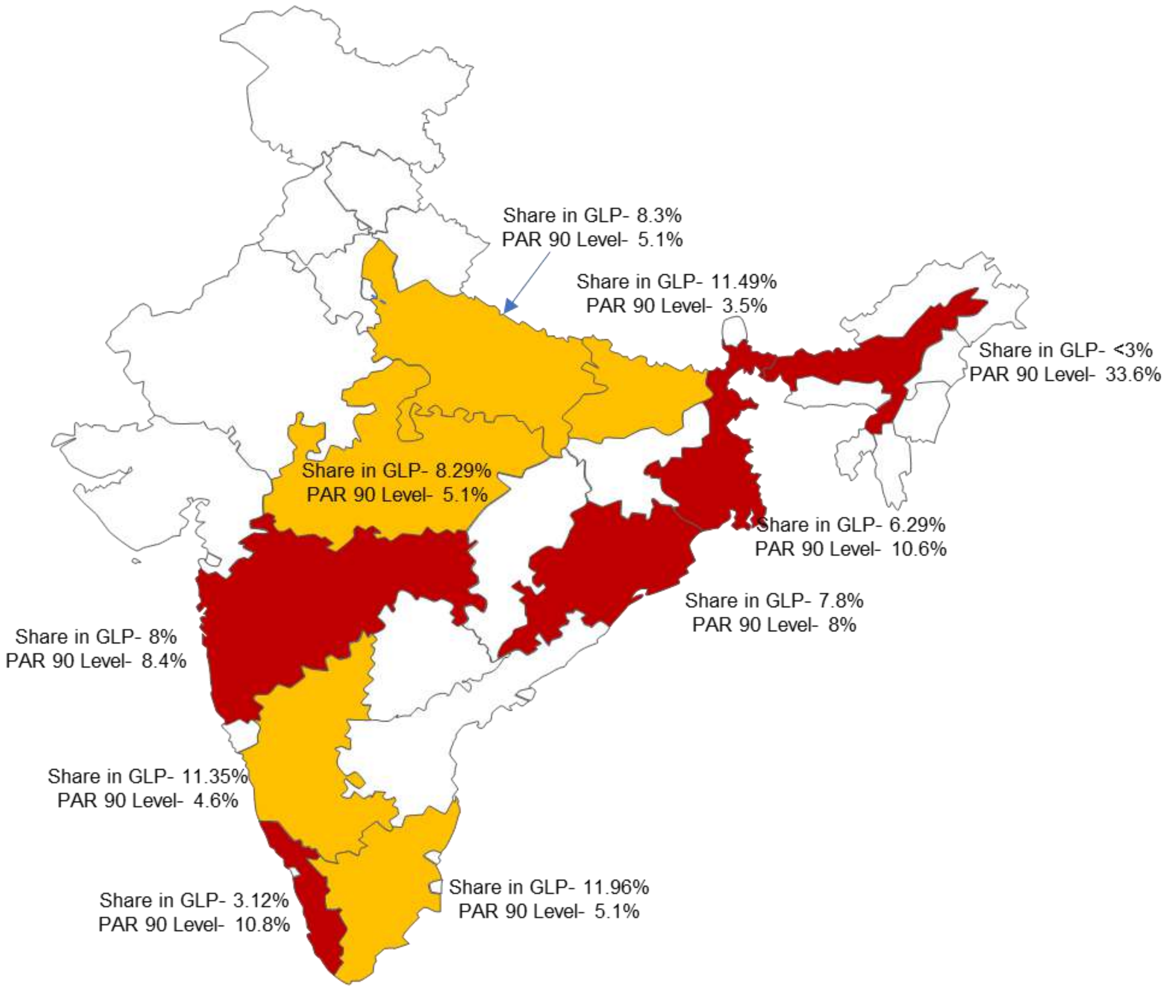
Source: CRISIL Research, MFIN, company reports

Rural areas account for more than three-fourths of the total NBFC-MFI book. MFIs largely serve in rural and semi-urban areas. The penetration of digital infrastructure in such areas is low and internet connectivity is poor. Lack of access is accentuated by low literacy among microfinance borrowers, who are generally daily wage earners and tend to transact in cash.

The main objective of microfinance lending is to support capital formation in agriculture and allied sectors. With disbursements being more focused in the rural parts of the country, NBFC-MFIs promote alternate employment opportunities by supporting farm and manufacturing sectors.

If we look at the state-wise split, as of the first half of fiscal 2022, the top 10 states accounted for ~80% of the NBFC-MFI book and the top five states accounted for 50%. The top five states have a higher proportion of rural population, thuscontributing to the higher share of rural segment. Karnataka accounts for 38% of CreditAccess Grameen's GLP and 12% of Spandana's. Uttar Pradesh accounts for 21% of Satin Credit Care's GLP. Though Madhya Pradesh accounts for just 8% of the GLP, it is covered by major players such as CreditAccess Grameen, Satin and Spandana.

State-wise share in GLP and share in PAR 90 as of December 2021

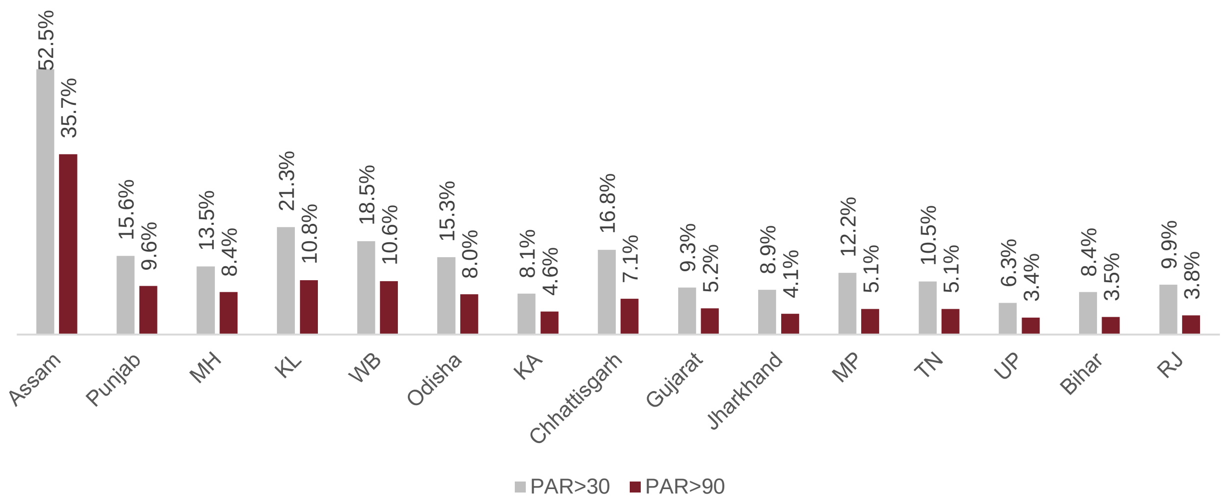


Note: PAR 90: Loan portfolio at risk with 90 days overdue or more
Source: CRISIL Research, MFIN

Tamil Nadu, Karnataka, Bihar, Maharashtra and Uttar Pradesh were the worst affected by the second wave of the pandemic, which weakened collections and disbursements in the first half of fiscal 2022. Overall delinquencies of these state, which were high in 2021 itself due to the first wave, was again impacted in 2022 as well. The situation has not improved so far. Delinquencies of Tamil Nadu, Karnataka, Odisha and Maharashtra (~40% of the overall GLP) have increased because of the repayment stress caused the pandemic's waves. If collection efficiency reported by players having exposure in these states is any indication, the situation is expected to improve.

GNPAs to moderate this fiscal; slippages from restructured portfolio to remain monitorable

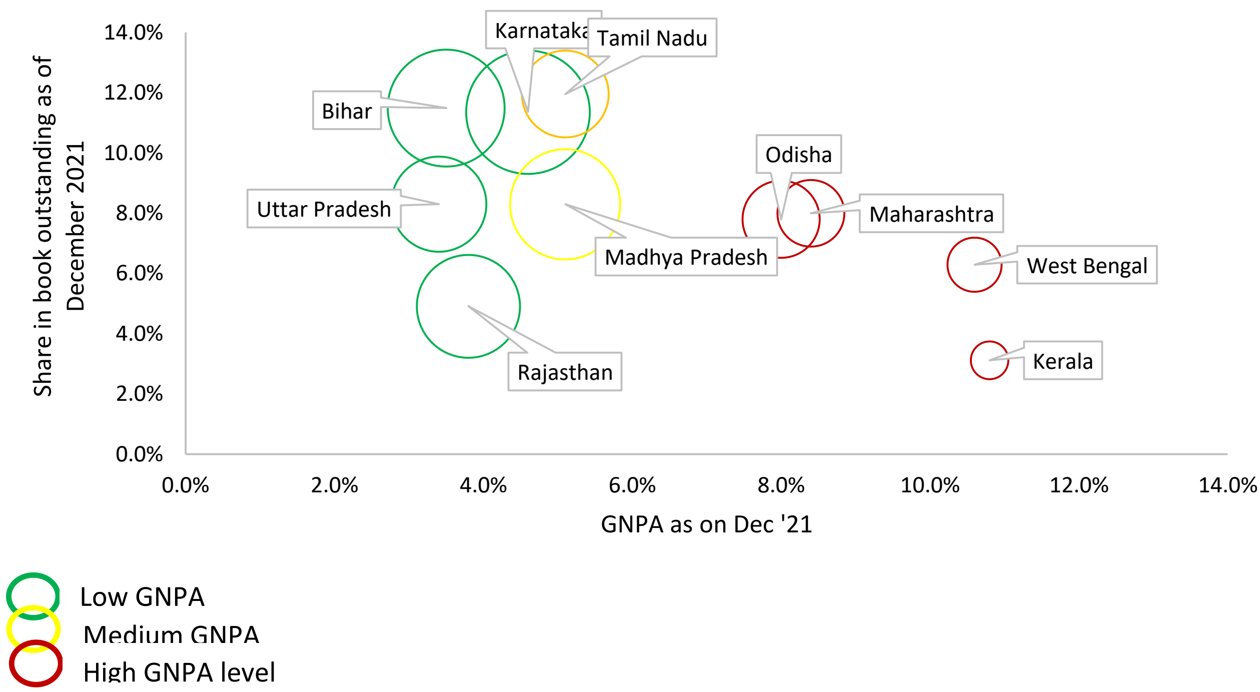
Par 30 and Par 90 levels of top 15 states accounting for ~80% of GLP as of December 2021



Source: CRISIL Research, MFIN

With the situation starting to improve, we are seeing reversals in PAR 90 levels. Punjab, Maharashtra and West Bengal have seen their PAR 90 levels drop by ~50 bps on-quarter as of December 2021. However, PAR 90 levels of Kerala, Assam, and Chhattisgarh have increased by 20-40 bps on-quarter, indicating repayment difficulties in certain rural pockets.

Individual states' share in outstanding book and GNPAs



Note: The size of the bubble indicates the share of the state in total NBFC-MFI gross loan portfolio.
Source: CRISIL Research, MFIN

Though the collection efficiency of newer loans disbursed has bounced back to above 95% levels for most players, the collection efficiency of the older loans still remains monitorable. The slippages from the restructured portfolio, which as of December 2021, stands at ~8% of overall NBFC-MFIs, is one of the reasons for the elevated levels of GNPAs.

MFIs have restructured their book to factor in borrowers who were unable to pay because of the lockdowns or who could not make payments at the branch. As of December 2021, ~8% of NBFC-MFIs' GLP were restructured.

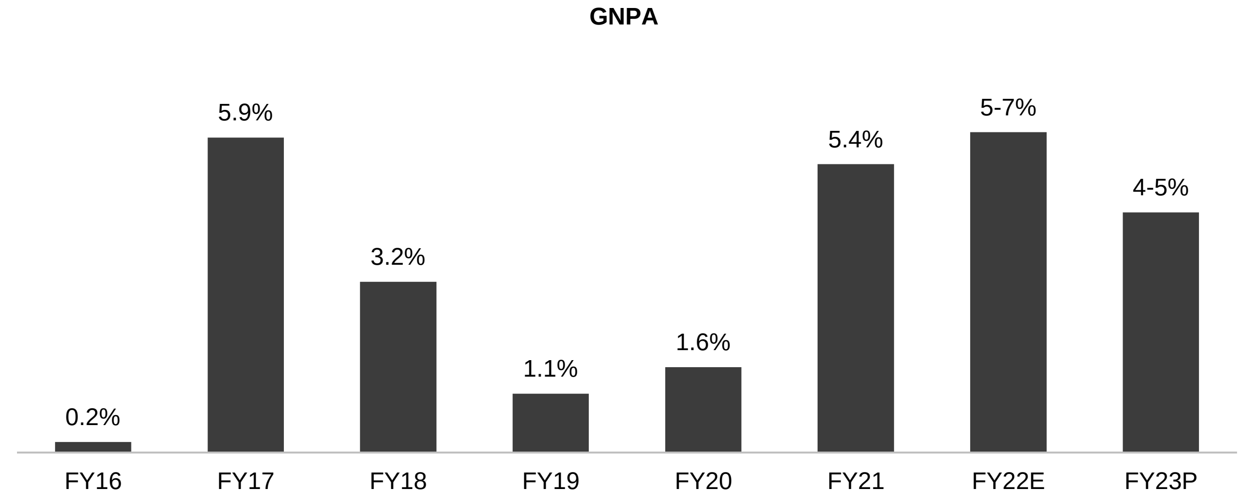
Slippage of restructured portfolio into NPA is a monitorable

NBFC- MFI	Restructured amount (Rs billion) as of Q4FY22	GLP (Rs billion) as of Q4FY22	Share in GLP
CreditAccess Grameen	2.2	165.99	1.3%
Satin Creditcare	9.2	64.09	20.88%
Ashirvad Microfinance (as of Q3FY22)	11.56	70.90	16%
Muthoot Microfin (as of Q3FY22)	6.5	47.86	14%
Annapurna (as of Q1FY22)	3.08	51.29	6%

Source: CRISIL Research, company reports

Typically, in times of stress, GNPAs tend to remain high for a couple of years, where players try to spread the credit cost over two years. Though the asset quality is expected to moderate going forward, slippage from the restructured portfolio remains a monitorable. We believe GNPAs of the NBFC-MFI book would have stood at 5-7% in fiscal 2022, with additional ~8% of restructuring-related stress. GNPAs are expected to moderate in fiscal 2023 and drop to 4-5%, as the industry bounces back to normal collections and disbursements.

GNPAs to moderate in FY23; performance of restructured pool remains monitorable



Source: CRISIL Research

Banks continue to be an integral source of funds for NBFC-MFIs

Traditionally, banks used to be the key lenders to NBFC-MFIs. The smaller players had to resort to portfolio sell-outs to channel growth.

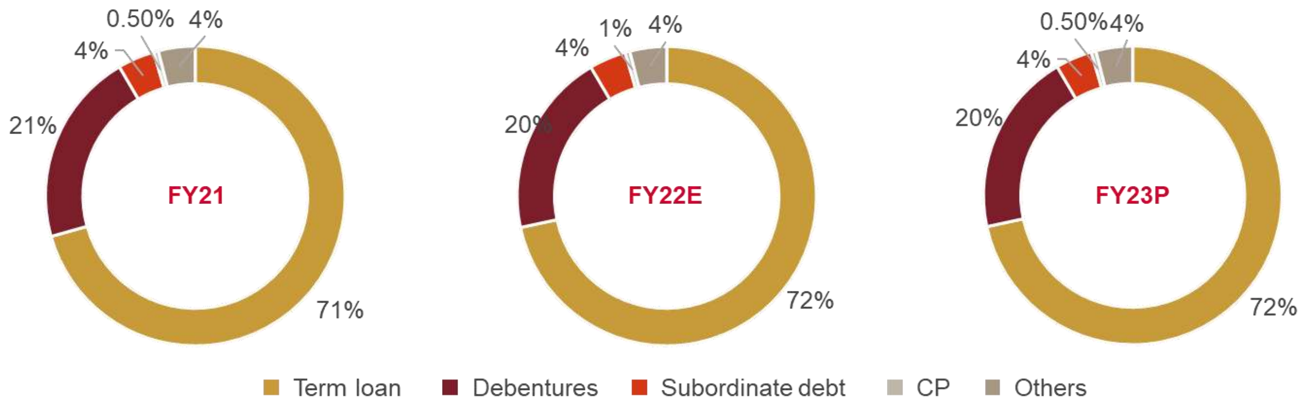
However, in fiscal 2021, funds raised through non-convertible debenture (NCD) issuances by NBFC-MFIs increased substantially, mainly due to the targeted long-term repo operations (TLTRO) announced by the Reserve Bank of India (RBI) where lower rated entities could issue bonds at a lower interest rate. It also allowed banks to invest in specific sectors through debt instruments to push credit flow in the economy. The scheme was aimed at providing adequate system-level liquidity as well as targeted liquidity provision to sectors and entities experiencing liquidity constraints and difficulties in raising funds from the markets. Under the RBI's on-tap TLTRO scheme, liquidity availed by banks had to be deployed in corporate bonds, commercial papers and NCDs issued by entities into sectors such as MFI and construction.

Even though the risk associated in the sector was high, banks continued to lend to the sector due to the partial guarantee of up to 20% of first loss to state-owned banks announced by the government for purchase of bonds or commercial papers of NBFCs, MFIs and housing finance companies having a credit rating of AA or below, including unrated paper with original maturity of up to one year.

NBFC-MFIs also raised funds through the Partial Credit Guarantee Scheme, in which the RBI had extended a special liquidity facility to NABARD, SIDBI and NHB to the tune of Rs 25,000 crore, Rs 15,000 crore and Rs 10,000 crore, respectively, to be further lent to sectors such as construction and small and medium NBFC-MFIs.

In fiscal 2021, the top five NBFC-MFIs, whose books account for 50-55% of the entire GLP, raised funds through NCDs.

Dependency on bank Borrowing will continue to remain high in fiscal 2023 as well



Source: CRISIL Research, MFIN

However, from the second quarter onwards, funds raised through NCDs fell in contrast to the rise in the first quarter of fiscal 2022. The share of bank funding increased sequentially and we expect it to have continued in fiscal 2022 as well, where the share of bank funding is expected to increase 100 bps and funds raised through debentures to drop 10 bps, with the end of the TLTRO scheme-related benefits.

Borrowing cost to increase in fiscal 2023

From fiscal 2021 to fiscal 2022, cost of borrowing for major NBFC MFI segment had decreased by ~50 bps due to the Credit Guarantee Scheme introduced in July 2021, the purpose of which was to provide funding to the NBFC-MFIs/MFIs at competitive rates.

A major proportion of borrowings for NBFC-MFIs happens at floating interest rates. CRISIL Research expects an additional hike in repo rate by 75 bps in fiscal 2023 over a 90-bps increase announced by RBI in May 2022 & June 2022 together**.** With this borrowing costs for NBFC-MFIs is likely to increase significantly over fiscal 2022. On an aggregate basis, we expect the cost of borrowings to increase by 100-110 bps this fiscal.

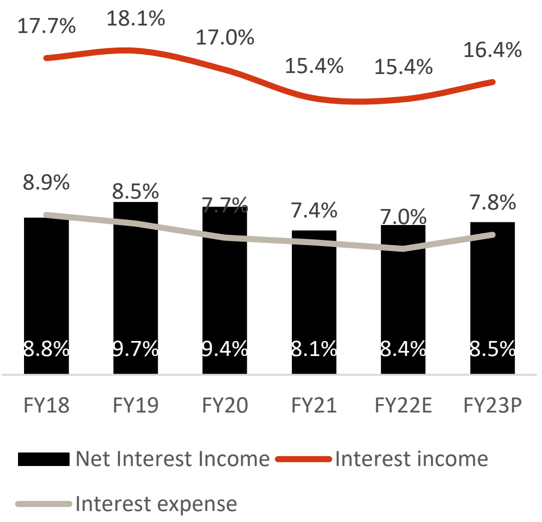
Improvement in credit cost to boost profitability

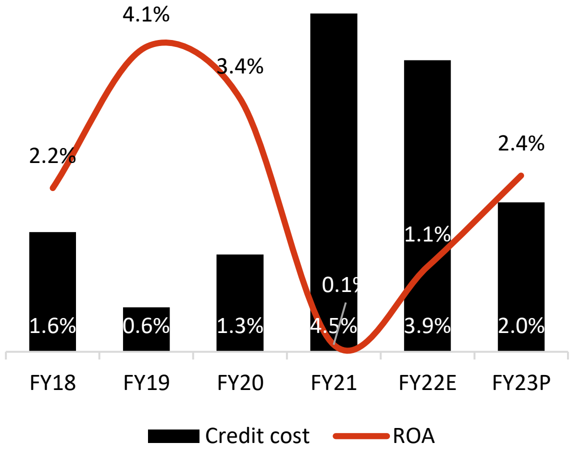
Yields in the segment have historically been high due to the high cost of borrowing and riskier borrower profile. The borrowers are small businesses and household manufacturing entities with weak payment profiles. Any disruption in normal business environment impacts their cash flows, weakening their repayment ability. As a result, players factor in this risk in terms of higher yields. Yields typically range from 18% to 23% for large players in this segment.

Since almost 100% of the borrowers are charged fixed rate of interest, due to the shorter span of the loan, any change in repo rate will be immediately passed on to the borrowers. With an additional hike in repo rate by 75-100 bps in this fiscal, yields are also expected to increase by the same levels. However, the revised yields will be applicable only to new borrowers, as older borrowers will still be under the older rate structure. Thus, on an aggregate basis, we expect the yields to increase by 120-130 bps in fiscal 2023.

Credit costs for the industry had fallen by almost 200 bps in fiscal 2022 over fiscal 2021, primarily due to improvement in repayment levels of borrowers. We expect credit costs to decrease further by 150-200 bps in fiscal 2023, and come closer to the pre-pandemic level. Accordingly, overall player RoA will see an improvement of 100-130 bps this fiscal.

Increase in yields and reduction in credit cost to improve profitability





Source: Company reports, CRISIL Research

OUR BUSINESS

In this section, any reference to "we", "us" or "our" refers to KLM Axiva Finvest Limited. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Reformatted Standalone Ind AS Financial Statements for the Fiscal 2022, 2021 and 2020 and Reformatted Consolidated Ind AS Financial Statements for the Fiscal 2021 and 2020, included in this Prospectus on page 148. We have included various operational and financial performance indicators in this section, some of which may not have been derived from our Reformatted Standalone Ind AS Financial Statements and Reformatted Consolidated Ind AS Financial Statements and which may not have been subject to an audit or review of the Statutory Auditor. The manner in which such operational and financial indicators are calculated and presented, and the assumptions and estimates used in the calculation, may vary from that used by other entities in the business similar to ours. You should consult your own advisors and evaluate such information in the context of the Reformatted Standalone Ind AS Financial Statements and Reformatted Consolidated Ind AS Financial Statements and other information relating to our business and operations included in this Prospectus.

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward Looking Statements" on page 15 for a discussion of the risks and uncertainties related to such statements and also "Risk Factors" on page 17 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Overview

We are a non-deposit taking systemically important non-banking finance company ("**NBFC**") primarily serving low and middle income individuals and businesses that have limited or no access to formal banking and finance channels. We had originally obtained a Certificate of Registration in the name of Needs Finvest Limited dated December 13, 1997 bearing registration no. 09.00006 issued by the RBI to commence the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration under Section 45 IA of the RBI Act. Subsequently, the name of our Company was changed to KLM Axiva Finvest Limited and we have obtained fresh Certificate of Registration dated March 15, 2016 bearing registration no. 09.00006 from RBI. We operate primarily in four business verticals: (i) gold loan business, lending money against the pledge of household jewellery, (ii) micro, small and medium enterprises loan, (iii) personal loan and (iv) microfinance loan to women customers. As on June 30, 2022, we operate through 502 branches across five states namely Kerala, Karnataka, Tamil Nadu, Telangana and Andhra Pradesh managed through our corporate office located at Kochi.

As of June 30, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, our AUM was ₹ 1,28,631.42 lakhs, ₹ 1,07,296.71 lakhs, ₹ 74,730.11 lakhs and ₹ 51,354.53 lakhs, respectively. Our AUM increased at a CAGR of 44.54% from ₹ 51,354.53 lakhs as of March 31, 2020 to ₹ 1,07,296.71 lakhs as of March 31, 2022.

Our product portfolio:

Our loan customers are typically businessmen, vendors, traders, farmers, salaried individuals and families, who for reasons of convenience, accessibility or necessity, avail of our credit facilities.

Gold Loans:

Our gold loan business is typically loans against pledge of household gold jewellery by individuals. We provide loans against gold jewellery with a tenure ranging up to 12 months. We offer variety of gold loan schemes to our customers to suit their individual needs. The schemes differ in relation to the amount advanced per gram of gold, tenure, interest rate chargeable and amount of loan. As of June 30, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, we had an aggregate principal balance of ₹ 71,135.57 lakhs, ₹ 62,546.94 lakhs, ₹ 37,871.22 lakhs and ₹ 22,540.40 lakhs of outstanding gold loans. For the quarter ended June 30, 2022 and financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, our gold loan portfolio yield representing interest income on gold loans as a percentage of average outstanding gold loans, for the same period were 6.14%, 23.32%, 24.40% and 22.65%, respectively. For the quarter ended June 30, 2022 and financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, income from interest earned on our gold loans constituted 61.51%, 62.99%, 61.14% and 44.79%, of our total income, respectively.

Micro, small and medium enterprises loans:

We provide loans up to ₹ 1,000 Lakhs to micro, small and medium enterprises ("**MSME**") customers, a category which primarily includes small and medium size enterprises, including businessmen, traders, manufacturers and self-employed professionals. The MSME loan segment includes working capital loans against residential and commercial property with a tenure ranging up to 40 months. As of June 30, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, we had an aggregate principal balance of ₹ 41,863.86 lakhs, ₹ 34,700.24 lakhs, ₹ 28,833.44 lakhs and ₹ 18,974.68 lakhs of outstanding MSME loan respectively. For the quarter ended June 30, 2022 and financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, our MSME loan portfolio yield representing interest income on MSME loans as a percentage of average outstanding of MSME loans, for the same period were 4.24%, 13.29%, 14.11% and 23.76%, respectively. For the quarter ended June 30, 2022 and financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, income from interest earned on our MSME loans constituted 24.33%, 22.71%, 26.65% and 37.84%, of our total income, respectively.

Personal loans:

We provide personal loans up to ₹ 20 lakhs to our individual customers for their personal needs against tangible collateral as well as security in other forms with a tenure ranging up to 40 months. As of June 30, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, we had an aggregate principal balance of ₹1,112.43 lakhs, ₹ 1,197.27 lakhs, ₹ 1,193.66 lakhs and ₹ 2,437.25 lakhs of outstanding personal loan. For the quarter ended June 30, 2022 and financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, our personal loan portfolio yield representing interest income on personal loans as a percentage of average outstanding of personal loans, for the same period were 0.00%, 0.11%, 6.21% and 12.02%, respectively. For the quarter ended June 30, 2022 and financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, income from interest earned on our personal loans constituted 0.00%, 0.01%, 0.89% and 5.12%, of our total income, respectively.

Microfinance loans:

We also provide micro finance loans to women customers. We provide microfinance loans up to ₹ 0.50 lakhs each to a group of 10 – 15 women customers for their business and personal needs. These loans are provided essentially for use in their small businesses or other income generating activities. As of June 30, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, we had an aggregate principal in our microfinance loan segment of ₹14,518.02 lakhs, ₹ 8,850.80 lakhs, ₹ 6,830.12 lakhs and ₹ 4,394.90 lakhs of outstanding Microfinance loan. For the quarter ended June 30, 2022 and financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, our microfinance loan portfolio yield representing interest income on microfinance loans as a percentage of average outstanding of microfinance loans, for the same period were 6.46%, 24.18%, 18.62% and 26.34%, respectively. For the quarter ended June 30, 2022 and financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, income from interest earned on our microfinance loans constituted 11.30%, 10.20%, 8.26% and 8.90%, of our total income, respectively.

Vehicle loans:

We also provide two-wheeler loans to women customers. As of June 30, 2022, we had an aggregate principal in our vehicle loan segment of ₹ 1.54 lakhs respectively.

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

(₹ in Lakhs)

Particulars	**Quarter ended**	**Financial Years ended**		
	June 30, 2022	**March 31, 2022**	**March 31, 2021**	**March 31, 2020**
Gold Loan	71,135.57	62,546.94	37,871.22	25,540.41
MSME Loan	41,863.86	34,700.24	28,833.44	18,974.68
Personal Loan	1,112.43	1,197.27	1,193.66	2,437.25
Microfinance Loan	14,518.02	8,850.80	6,830.12	4,394.90
Vehicle Loan	1.54	1.46	1.65	7.29
Total AUM	**1,28,631.42**	**1,07,296.71**	**74,730.11**	**51,354.53**
Gross NPA	3,499.81	4,292.53	4,904.84	4,512.05
Gross NPA/AUM%	2.72%	4.00%	6.56%	8.79%

Particulars	Quarter ended	Financial Years ended		
	June 30, 2022	March 31, 2022	March 31, 2021	March 31, 2020
Net NPA	2,044.35	2,898.48	3,495.84	3,065.73
Net NPA/AUM%	1.59%	2.70%	4.68%	5.97%
Equity/ Net worth	15,410.75	15,059.46	8,392.66	6,406.52
Return on net worth %	9.12%	7.56%	8.51%	0.83%
Revenue from Operations	6,626.34	17,943.43	12.377.31	9,956.59
Profit after Tax (before OCI)	351.29	1,138.34	714.11	53.12

As of June 30, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, our total outstanding debt including interest (excluding unamortised expenses of public issue) was ₹ 1,36,263.91 lakhs, ₹ 1,30,748.79 lakhs, ₹ 72,154.33 lakhs and ₹ 50,677.56 lakhs, respectively, and our finance cost was ₹ 3,617.25 lakhs, ₹ 10,450.40 lakhs, ₹ 7,287.23 lakhs and ₹ 5,119.85 lakhs, respectively.

Our AUM in Gold loan, MSME loan, and Micro Finance loan has increased at a CAGR of 22.45%, 35.24%, and 41.11% from March 31, 2020 to March 31, 2022, respectively.

Key Operational and Financial indicators of our Company

A summary of our key operational and financial parameters for the last three completed financial years are as given below:

A. Based on the Interim Unaudited Ind AS Financial Statements of the Company for the three month period ended June 30, 2022

(₹ in lakhs)

Parameters	As on June 30, 2022
Balance Sheet	
Net Fixed assets	7,472.20
Current assets	1,00,945.47
Non-current assets	43,525.14
Total assets	1,51,942.81
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings)	
Financial (borrowings, trade payables, and other financial liabilities)	1,29,796.29
Provisions	-
Deferred tax liabilities (net)	-
Other non-current liabilities	5,521.55
Current Liabilities	
Financial (borrowings, trade payables, and other financial liabilities)	149.47
Provisions	-
Current tax liabilities (net)	145.54
Other current liabilities	297.42
Equity (equity and other equity)	16,032.54
Total equity and liabilities	1,51,942.81
Profit and Loss	
Total revenue	6,677.02
Revenue from operations	6,626.34
Other income	50.68
Total Expenses	6,178.65
Total comprehensive income	351.29
Profit / loss	351.29
Other comprehensive income	-
Profit / loss after tax	351.29
Earnings per equity share: Basic;(Continuing operations)	0.31
Earnings per equity share: Diluted (Continuing operations)	0.31

Parameters	As on June 30, 2022
Earnings per equity share: Basic;(Discontinued operations)	-
Earnings per equity share: Diluted (Discontinued operations)	-
Earnings per equity share: Basic;(Continuing and discontinued operations)	0.31
Earnings per equity share: Diluted (Continuing and discontinued operations)	0.31
Cash Flow	
Net cash generated from operating activities	(15,656.52)
Net cash used in / generated from investing activities	(3,749.91)
Net cash used in financing activities	66.43
Cash and cash equivalents	31,739.44
Balance as per statement of cash flows	12,399.44
Additional information	
Net worth	15,410.75
Cash and Cash Equivalents	12,399.44
Current Investments	-
Assets Under Management	1,28,631.42
Off Balance Sheet Assets	-
Total Debts to Total assets (times)	0.85
Debt Service Coverage Ratios(times)	0.03
Interest Income	6,626.34
Interest Expense	3,617.25
Interest service coverage ratio(times)	1.19
Provisioning & Write-offs	(40.95)
Bad debts to Account receivable ratio (times)	Negligible
Gross NPA (%)	2.72
Net NPA (%)	1.59
Tier I Capital Adequacy Ratio (%)	12.76
Tier II Capital Adequacy Ratio (%)	6.68

B. Based on the Reformatted Consolidated Ind AS Financial Statements

(₹ in lakhs)

Parameters	Fiscal 2021	Fiscal 2020
Balance Sheet		
Net Fixed assets	3,341.40	1,905.50
Current assets	48,680.26	32,196.04
Non-current assets	30,396.32	23,075.12
Total assets	82,417.98	57,176.64
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings)		
Financial (borrowings, trade payables, and other financial liabilities)	68,924.68	48,680.92
Provisions	-	-
Deferred tax liabilities (net)	-	-
Other non-current liabilities	3,061.06	1,612.40
Current Liabilities		
Financial (borrowings, trade payables, and other financial liabilities)	336.68	256.85
Provisions	-	-
Current tax liabilities (net)	321.90	69.55
Other current liabilities	113.85	28.50
Equity (equity and other equity)	9,659.81	6,528.42
Total equity and liabilities	82,417.98	57,176.64
Profit and Loss		
Total revenue	12,652.36	10,225.38
Revenue from operations	12,377.31	9,956.97
Other income	275.05	268.40

Parameters	Fiscal 2021	Fiscal 2020
Total Expenses	11,538.07	9,469.15
Total comprehensive income	714.11	53.12
Profit / loss	714.11	53.12
Other comprehensive income	0	0
Profit / loss after tax	714.11	53.12
Earnings per equity share: Basic;(Continuing operations)	1.25	0.10
Earnings per equity share: Diluted (Continuing operations)	1.25	0.10
Earnings per equity share: Basic;(Discontinued operations)	-	-
Earnings per equity share: Diluted (Discontinued operations)	-	-
Earnings per equity share: Basic;(Continuing and discontinued operations)	1.25	0.10
Earnings per equity share: Diluted (Continuing and discontinued operations)	1.25	0.10
Cash Flow		
Net cash generated from operating activities	(13,866.02)	(7,780.89)
Net cash used in / generated from investing activities	(632.52)	(930.89)
Net cash used in financing activities	14,275.33	10,368.89
Cash and cash equivalents	3,412.63	3,635.93
Balance as per statement of cash flows	3,412.63	3,635.93
Additional information		
Net worth	8,392.66	6,406.52
Cash and Cash Equivalents	3,412.63	3,635.93
Current Investments	-	-
Assets Under Management	74,730.11	51,354.53
Off Balance Sheet Assets	-	-
Total Debts to Total assets (times)	0.84	0.85
Debt Service Coverage Ratios(times)	0.12	0.12
Interest Income	12,377.31	9,956.97
Interest Expense	7,287.23	5,119.85
Interest service coverage ratio(times)	1.15	1.15
Provisioning & Write-offs	(138.50)	120.54
Bad debts to Account receivable ratio (times)	Negligible	Negligible
Gross NPA (%)	6.56%	8.79%
Net NPA (%)	4.68%	5.97%
Tier I Capital Adequacy Ratio (%)	10.18%	11.28%
Tier II Capital Adequacy Ratio (%)	5.89%	5.74%

C. Based on the Reformatted Standalone Ind AS Financial Statements

(₹ in lakhs)

Parameters	Fiscal 2022	Fiscal 2021	Fiscal 2020
Balance Sheet			
Net Fixed assets	5,619.42	3,341.40	1,905.50
Current assets	1,04,753.86	48,398.77	33,749.80
Non-current assets	36,845.11	30,644.02	21,751.27
Total assets	1,47,218.38	82,384.19	57,406.57
Non-Current Liabilities (including maturities of long-term borrowings and short-term borrowings)			
Financial (borrowings, trade payables, and other financial liabilities)	1,26,112.61	68,924.69	48,930.94
Provisions	-	-	-
Deferred tax liabilities (net)	-	-	-
Other non-current liabilities	4,636.19	3,061.06	1,624.73

Parameters	Fiscal 2022	Fiscal 2021	Fiscal 2020
Current Liabilities			
Financial (borrowings, trade payables, and other financial liabilities)	72.03	113.85	28.50
Provisions	-	-	-
Current tax liabilities (net)	488.84	318.49	64.79
Other current liabilities	227.46	336.36	250.99
Equity (equity and other equity)	15,681.25	9,629.74	6,506.62
Total equity and liabilities	1,47,218.38	82,384.19	57,406.57
Profit and Loss			
Total revenue	18,591.26	12,651.20	10,224.99
Revenue from operations	17,943.43	12,376.16	9,956.59
Other income	647.83	275.05	268.40
Total Expenses	16,852.88	11,548.60	9,475.96
Total comprehensive income	1,138.34	705.84	50.68
Profit / loss	1,138.34	705.84	50.68
Other comprehensive income	-	-	-
Profit / loss after tax	1,138.34	705.84	50.68
Earnings per equity share: Basic;(Continuing operations)	2.16	1.24	0.10
Earnings per equity share: Diluted (Continuing operations)	2.16	1.24	0.10
Earnings per equity share: Basic;(Discontinued operations)	-	-	-
Earnings per equity share: Diluted (Discontinued operations)	-	-	-
Earnings per equity share: Basic;(Continuing and discontinued operations)	2.16	1.24	0.10
Earnings per equity share: Diluted (Continuing and discontinued operations)	2.16	1.24	0.10
Cash Flow			
Net cash generated from operating activities	(19,812.94)	(13,862.92)	(7,766.54)
Net cash used in / generated from investing activities	(3,706.22)	(632.52)	(1,190.26)
Net cash used in financing activities	52,127.46	14,008.41	10,596.14
Cash and cash equivalents	31,739.44	3,131.14	3,618.16
Balance as per statement of cash flows	31,739.44	3,131.14	3,618.16
Additional information			
Net worth	15,059.46	8,362.59	6,506.62
Cash and Cash Equivalents	31,739.44	3,131.14	3,618.16
Current Investments	-	247.70	247.70
Assets Under Management	1,07,296.71	74,730.11	51,354.53
Off Balance Sheet Assets	-	-	-
Total Debts to Total assets (times)	0.86	0.84	0.85
Debt Service Coverage Ratios(times)	0.09	0.12	0.12
Interest Income	17,943.43	12,376.16	9,956.59
Interest Expense	10,450.40	7,304.05	5,131.80
Interest service coverage ratio(times)	1.22	1.15	1.15
Provisioning & Write-offs	63.37	(138.50)	120.54
Bad debts to Account receivable ratio (times)	Negligible	Negligible	Negligible
Gross NPA (%)	4.00%	6.56%	8.79%
Net NPA (%)	2.70%	4.68%	5.97%
Tier I Capital Adequacy Ratio (%)	13.71%	10.18%	11.28%
Tier II Capital Adequacy Ratio (%)	7.24%	5.89%	5.74%

Debt Equity Ratio of the Company (as on June 30, 2022)

Parameters	Standalone basis
Debt Equity Ratio before Issue of the Debt Securities	8.10
Debt after Issue of the Debt Securities	9.34

Note 1*: The debt equity ratio post issue is indicative and is on account of inflow of ₹ 20,000 lakhs from the proposed public issue.*

Note 2*: The debt equity ratio pre-issue is calculated based on the Interim Unaudited Ind AS Financial Statements for the three-month period ended June 30, 2022.*

Note 3*: The following events occurred between 01/07/2022 to 15/08/2022 may have an impact on the above calculation:*

1. The Company has redeemed secured non – convertible debentures amounting to ₹ 2,734.90 Lakhs, during July 1, 2022 to August 15, 2022, impact of which is not provided in the above table.

2. The Company has redeemed subordinated debts amounting to ₹ 1,121.43 Lakhs, during July 1, 2022 to August 15, 2022, impact of which is not provided in the above table

Note 4.

1. *Short term borrowings represent borrowings which are due within twelve months.*
2. *Long term borrowings represent debts other than short term borrowings, as defined above, including current maturities of long-term borrowings.*
3. *The figures disclosed above are based on Interim Unaudited Ind AS Financial Statements for the three months period ended June 30, 2022, Reformatted Standalone Ind AS Financial Statements of the Company for Fiscals 2022, 2021 and 2020, Reformatted Consolidated Ind AS Financial Statements of the Company for Fiscals 2021 and 2020.*
4. *Total Debts to Total assets= Short term borrowings + Long term borrowings including current maturity of long-term borrowings / Total Assets.*
5. *Debt Service Coverage Ratios = Earnings before Interest, and Taxes and Depreciation/ Total Debt including Outstanding interest (Borrowings)*
6. *Interest service coverage ratio = Earnings before Interest, and Taxes and Depreciation / Finance Cost (Excluding amortisation of prepaid expense in relation to debentures and borrowings.)*
7. *Bad debts to Account receivable ratio = Bad Debts written off / Trade Receivables*
8. *Debt / Equity Ratio= Total Debt outstanding / Net worth*

Our Strengths

Diversified product offerings presenting significant growth opportunities

We offer a diverse range of financial products and services targeted at the low and middle income customer segments. Our gold loan / personal loan segment extends loan to individuals for their personal needs. Our MSME loan segments extend loans to dealers, retailers and related service providers in various industries. Our vehicle loans are two wheeler loans targeted towards women customers. Our microfinance loans are targeted for income generation for women entrepreneurs. We cover a diversified customer demographic through our various financing products. As of June 30, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, gold loan segment represented 55.30%, 58.29%, 50.68% and 49.73%, MSME loan segment represented 32.55%, 32.34%, 38.58% and 36.95%, Microfinance loan segment represented 11.29%, 8.25%, 9.14% and 8.56% and personal loans represented 0.86%, 1.12%, 1.60% and 4.75%, respectively of the total AUM of the Company. We believe that our diversified product portfolio and customer base aligned with increasing market demand is a key component of our growth and success. Our diverse revenue stream reduces our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business, and geography or customer segment.

Growing distribution network

As on June 30, 2022, we have had a distribution network of 502 branches spread across Kerala, Karnataka Tamil Nadu, Telangana and Andhra Pradesh. We believe that our presence allows us to continue to capitalise on opportunities to grow our loan portfolio and our in house ability to appraise credit quality is a key to our efficient credit decisions. With our growing network and dedicated distribution and operations teams, we seek to ensure that our credit assessment processes are robust and we provide financial facilities to creditworthy customers. Below data shows our growth in distribution network. The branch details of our company as on June 30, 2022, March 31, 2022, March 31, 2021 and March 31, 2020, is as given below:

States	As at June 30, 2022	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Kerala	311	306	182	120
Karnataka	78	63	39	35
Tamil Nadu	78	41	27	17
Telangana	27	16	2	2
Andhra Pradesh	8	0	0	0
Total	**502**	**426**	**250**	**174**

Satisfactory customer service

We have established an effective process for origination, monitoring and collecting receivables which enable us to generate stable growth with control over the asset quality. We adhere to a strict set of market survey and location guidelines while selecting branch sites to ensure that our branches are set up close to our customers. We believe that our customers appreciate this convenience, as well as extended operating hours that we typically offer, which are often more compatible with our customers' work schedules.

Our target customers mainly hail from rural/semi-urban area. Under such customer segment, the knowledge of local culture and long relationship with the customers play a key role for growth in our operation. We have adopted distinguished and cost effective business origination policy, where we originate the business through our branch networks in association with marketing officers termed as customer service points. These customer service points are local residents of the area and have the domain knowledge of that area. They identify potential customers in defined area and maintain long term relationship with the existing customers. Each of our branches is staffed with persons who possess local knowledge and understanding of customers' needs and who are trained to appraise collateral and disburse loans within a short span of time. Although disbursement time may vary depending on the loan ticket size and the security pledged. We believe our customer service and response time are our key competitive strengths that differentiate our services and products from those provided by commercial banks.

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.

Experienced management team and skilled personnel

We believe that the expertise and industry knowledge of our senior management team has enabled us to accelerate the growth in our business. Although we have a relatively brief operating history, our senior management team has experience in gold loan, micro finance and consumer finance businesses with a track record of successfully growing businesses. Our board of directors has experience across a broad range of disciplines. Our Whole time Director Shibu Theckumpurath Varghese has over two decades of experience in the financing business and have developed a good understanding of the local area dynamics. This has enabled our Company to grow our loans portfolios. We have an experienced management team, which is supported by a capable and motivated pool of employees. Our senior managers have diverse experience in various functions, related to our business. Our senior managers have an in-depth understanding of the specific industry, products and geographic regions they cover, which enables them to appropriately support and provide guidance to our employees. For further details, refer to "*Our Management*" on page 135.

Our Strategies

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

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, Tamil Nadu, Telangana and Andhra Pradesh. 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. We also seek to expand our business through branch expansion in non-southern 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.

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. As per CRISIL report dated July 2022, on the "Industry report on gold loans, personal loans, MSME loans, and microfinance loans - July 2022", assets under management (AUM) are expected to grow 12-14% in Fiscal 2023, following 15-17% growth in Fiscal 2022. Overall gold loan AUM is estimated to have stood at ₹5.1 trillion in Fiscal 2022 and is expected to reach ₹5.8 trillion in fiscal 2023. The on-year growth for Fiscal 2021 was around ~45%, of which banks grew at ~52% and NBFCs grew at ~27%. AUM of gold loan NBFCs, which grew at a compound annual rate (CAGR) of 11% between Fiscals 2015 and 2020, registered an exceptional growth of 27% on-year in fiscal 2021. Collection efficiency, disbursements are expected to grow at 15-20% in Fiscal 2023.

We intend to focus on the industry opportunity and leverage our established presence to further grow our gold loan and microfinance business,

To implement advanced processes and systems

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

Description of our business line

We primarily operate four principal lines of business, namely gold loan business, micro, small and medium enterprises loan, personal loan and microfinance. The table below sets forth details in relation to our total credit exposure as of the dates indicated:

(₹ *In lakhs)*

Particulars	June 30, 2022	March 31, 2022	March 31, 2021	March 31, 2020
Gold loan	71,135.57	62,546.94	37,871.22	25,540.41
MSME loan	41,863.86	34,700.25	28,833.44	18,974.68
Personal loan	1,112.43	1,197.27	1,193.66	2,437.25
Microfinance loan	14,518.02	8,850.80	6,830.12	4,394.90
Vehicle loan	1.54	1.46	1.65	7.29

Our Business Operations

Gold Loan

One of our primary business is disbursement of gold loans, which are typically small ticket loans collateralized by gold jewellery. As on June 30, 2022, the assets under management for gold loan was ₹ 71,135.57 lakhs, which represented 55.30%, of our total assets under management respectively. For the quarter ended June 30, 2022 and financial years ended March 31, 2022, 2021 and 2020, income from interest earned on our gold Loans constituted 61.51%, 62.99%, 61.14% and 44.79%, respectively, of our total income.

Loan disbursement process

The principal form of collateral accepted by us is gold jewellery. The amount that we finance against the security of gold jewellery is typically based on the value of the jewellery. We value the gold jewellery brought by our Gold Loan customers based on our centralized policies and guidelines, including policy on interest rate fixation. We currently lend up to 75% of the value of the jewellery. We appraise the jewellery collateral solely based on the weight of its gold content, excluding weight and value of the stone studded in the jewellery. Our gold loans are therefore well collateralized because the actual value of the collateral in all cases are generally higher than our appraised value.

The amount we lend against an item and the total value of the collaterals we hold fluctuates according to the gold prices but not exceeding the LTV ratio as prescribed by RBI from time to time. However, an increase in gold price will not result automatically in an increase in our gold loan portfolio unless the per gram rate are revised by our corporate office. Similarly, since adequate margins are kept at the time of disbursement of loan, a decrease in the price of gold has little impact on our interest income. However, a sustained decrease in the market price of gold may decrease in the size of our subsequent loan portfolio and our interest income.

We rely on the disposition of collateral to recover the principal amount of an overdue gold loan and the interest due thereon. We also have recourse against the customer for the loan. Since the disbursement of loans is primarily based on the value of collateral, the customer's creditworthiness is not a factor in the loan decision. However, we comply with 'know your customer' norms adopted by the Board and require proof of identification and address proof. We also photograph customers with web-cameras installed in our branches.

All our gold loans have terms of up to 12 months. However, our customers have the option to redeem the loan at any time during the period of loan tenure. In the event that a loan is not repaid on time and after providing due notice to the customer, the unredeemed collateral is disposed of on behalf of the customer in satisfaction of the principal and all interest charges. In general, collateral is disposed of only when the recoverable amount is equal to or more than the realizable value of the collateral.

Loan appraisal process

Our gold loan approval process is generally linked with the appraisal of gold jewellery that serves as collateral, which takes only a few minutes. Each of our branches is staffed with persons who have been trained and have experience in appraising the gold content of jewellery. The appraisal process begins with weighing the jewellery using calibrated weighing machines. Jewellery is then subject to prescribed primary tests for the quality of gold, including stone tests and acid tests, followed by additional tests, if required, such as salt tests, sound tests, weight tests, pointed scratching tests, flexibility tests, color tests, smell tests, usability tests, magnifying glass tests and finishing tests. Once the jewellery passes these tests, loans are disbursed based on the rates per gram of gold approved by the corporate office.

Our customers are provided the option to accept loan disbursements in cash or by cheque, as permissible under RBI guidelines. At the time of disbursement, an undertaking is signed by the customer. It states the name and address of our Company's relevant branch office and the customer, a detailed description of the gold jewellery provided as collateral, the amount of the loan, the interest rate, the date of the loan, and other terms and conditions.

The pledged gold jewellery are separately packed by staff of the branch, and then placed in a polythene pouch with the relevant documents on the loan and the customer and stored in the safe or strong room of the branch. The safes and strong rooms in which the gold jewellery is kept are built as per industry standards and practices. The strong rooms are vaults with reinforced concrete cement structures. Currently, almost all of our branches are using strong rooms or safe vaults.

We monitor our loan accounts and recovery of dues on an ongoing basis. Once a loan is fully repaid, the pledged gold jewellery is returned to the customer. When a customer does not repay a loan on or before its maturity, we initiate the recovery process and dispose of the collateral to satisfy the amount owed to us, including both the principal and the accrued interests. Before starting the recovery process, we inform the customer through registered letters or legal notices.

When a loan is repaid, we give the customer an option to pledge the security again and obtain another loan. The procedure of re-pledging entails the same procedure as that of a pledge and is accompanied by the same mode of documentation that a pledge entails. If the loan is not repaid when the loan falls due, we are able to sell the gold collateral in satisfaction of the amount due to us. We also reserve the right to sell the collateral even before a loan becomes past due in the event the market value of the underlying collateral is less than amounts outstanding on the loan, after serving notice to the customer.

Micro, small and medium enterprises loan ("MSME Loan"):

Currently, we offer business loans to the micro, small and medium enterprises segment for a tenor of up to 40 months. Our target customers in the micro, small and medium enterprises segment typically comprises self-employed professionals, wholesale and retail dealers, merchants, small and medium scale manufacturing concerns etc. Our MSME Loan segment is typically customized to suit the requirements of our customers after having assessed and understood their business model. As of June 30, 2022 the assets under management for MSME loans was ₹ 41,863.86 lakhs which represented 32.55% of our total assets under management respectively.

We believe that the MSME Loan segment is still under banked to a large extent and barring certain public financial institutions and public sector banks, lending in this sector has traditionally been addressed by the unorganized players in most regions in India. Accordingly, we see a significant opportunity for our Company to expand our customer base in MSME segment.

Personal Loan

We provide personal loan to our existing and new customers. Our officials reach out directly to our personal loan customers and visit them at their doorstep to carry out loan origination and credit evaluation, so as to ensure speedy processing of loans. We target customer segments who do not have easy access to bank or other modes of financing for immediate short or medium term funding requirements, within reasonable time or at all. The average tenor for such loans is typically up to 20 months. As on June 30, 2022, the assets under management for personal loans was ₹ 1,112.43 lakhs, which represented 0.86% of our total assets under management.

Microfinance

In the Fiscal 2017, we have introduced microfinance operations entail providing micro credit lending to our women customers who are predominantly located in rural and semi-urban areas and the purpose of loans sanctioned to them is mainly for utilisation in small businesses or for other income generating activities but not for personal consumption. Primarily, we utilise a clustered group lending model to provide unsecured loans to our customers. This model relies on a form of 'social collateral' and ensures credit discipline through peer support within the group. This model presupposes our members being prudent in conducting their financial affairs and prompt in repaying their outstanding borrowings.

We provide microfinance loans up to ₹ 0.50 lakhs each to a group of 10 – 15 women customers for their business needs. A customer is eligible for a subsequent cycle of the loan if their track record of repayment is good and meets certain other requirements relating to their conduct within the group. In addition, we also extend midterm loans to certain eligible microfinance customers, based on their requirements. All our microfinance loans are offered at fixed interest rates, with principal and interest typically payable in weekly instalments. Interest rates for our microfinance product offerings are a function of our operating and funding costs, in particular our personnel and administrative costs, as well as the RBI limits on microfinance loan interest rates. As on June 30, 2022, the assets under management for microfinance loans were ₹ 14,518.02 lakhs, which represented 11.29% of our total assets under management.

Vehicle financing business

We currently provide two wheeler loans to women customers. Our customers typically contribute 10.0% to 30.0% of the purchase price of the asset, with the balance amount financed by us. We secure our loans through the hypothecation of each asset financed. As on June 30, 2022, the assets under management for vehicle loans were ₹ 1.54 lakhs.

Interest Rate Model

All of our loans (a) are offered at fixed or variable interest rates, and (b) have principal and interest payable in weekly, fortnightly or monthly instalments and sometimes the loans are repaid at one go. The interest rates we charge our borrowers are principally based on our operating and funding costs, particularly our personnel and administrative costs, which we believe are significantly higher than those of most commercial banks and traditional non-banking finance companies. We have in the past progressively reduced the interest rates we charge to our borrowers whenever our costs have reduced, either as a result of economies of scale or lowered funding costs. We may continue to reduce our interest rates in the future as we achieve such economies of scale in other markets or further economies of scale in existing regions.

Loan Evaluation, Credit Appraisal and Disbursement

Loan evaluation

Due to our customer profile, in addition to a credit evaluation of the borrower, we rely on guarantor arrangements, the availability of security, referrals from existing relationships and close client relationships in order to manage our asset quality. All customer origination and evaluation, loan disbursement, loan administration and monitoring as well as loan recovery processes are carried out by our executives at each branch, who are responsible for (i) loan origination, (ii) credit evaluation, (iii) pre-lending field investigations and (iv) post lending credit appraisal. The team of officials responsible for origination of a loan is also responsible for the timely servicing of loans, recoveries, and monitoring performance of each loan from origination to closure of the loan. We offer incentivized salary structures to such officials where their incentives are directly linked to recovery of instalments of the principal amount and interest on the loans. We do not utilize or engage direct selling or other marketing and distribution agents or appraisers to carry out these processes. We follow certain procedures for the evaluation of the creditworthiness of potential borrowers. Our credit appraisal process is as follows:

When a customer is identified and the requisite information for a financing proposal is received, a branch manager or our branch executive personally visits such customer at their homes and/or place of business to assess the loan requirements and creditworthiness of such customer. We also require an applicant to provide appropriate references from existing or former customers. The proposal form requires the customer to provide information on the age, address, employment details and annual income of the customer, as well as information on outstanding loans.

Credit Appraisal

We undertake various credit control checks, diligence and field investigations on a prospective customer which inter-alia includes an internal data de-duplication check, CIBIL database check, fraud verification, asset verification and valuation, trade credit reference checks and other legal and technical verification procedures which also includes detailed analysis of financial statements, bank statements and other documents put together constitute the credit file for all customers. From time to time, our management lays down loan approval parameters which are linked to the value of the underlying security and/or collateral. The borrower is charged prepayment charges in the event of termination of the loan by prepayment. Security received from the borrower, including unutilized post-dated cheques, if any, is released on repayment of all dues or on collection of the entire outstanding loan amount, provided no other existing right or lien for any other claim exists against the borrower. After having completed our internal verification procedures all documents submitted by the prospective customer are checked and verified as required and any discrepancies and/or gaps in such documentation are highlighted and sent to the prospective customer for corrections, explanations and resubmissions as required.

The files provided are at length reviewed by the credit managers for evaluation using credit evaluation tool. Based on the document review the credit managers conduct personal discussions with the customers at their workplace. The discussion is intended to gather information about the business model of the customer, his positioning in the value chain, dependence of suppliers and/or customers and to ascertain any business risks like export dependence, raw-material supplies, etc. which might adversely impact the business cash flows and hence diminish repayment capacity. Based on the all the information gathered, and assessment of customer's business risks, debt servicing ability and collateral risks, the credit manager puts the transaction proposal to appropriate approving committee in the hierarchy for decision.

Approval and Disbursement Process

Once the credit history, credentials, information and documents have been submitted by the prospective customer and verified to our satisfaction, the applications are approved at the appropriate credit approval level.

There are four progressive levels of approvals which a proposal can be put to which are based on loan product, loan amount and identified risks. All proposals require minimum of two approvals and up to four approvals for larger ticker size loans. For gold loan, the branch manager is authorized to approve a loan if the proposal meets the criteria established for the approval of a loan. For MSME loan, personal loan and microfinance, our corporate office is authorised to provide final approval in consultation with the branch. The applicant is intimated of the outcome of the approval process, as well as the amount of loan approved, the terms and conditions of such financing, including the rate of interest (annualized) and the application of such interest during the tenure of the loan. With due sanctioning of the loan, we execute agreements in connection with the loan and creation of security in relation thereto, if any, with the customer. Margin money and other charges, if any, are collected prior to loan disbursements. The disbursing officer retains evidence of the applicant's acceptance of the terms and conditions of the loan as part of the loan documentation.

Prior to the loan disbursement, our concerned officer ensures that a Know Your Customer, ("KYC"), checklist is completed by the applicant. The concerned officer verifies such information provided and includes the records in the relevant loan file. The officer is also required to ensure that the contents of the loan documents are explained in detail to the customer either in English or in the local language of the customer. The customer is provided with a copy of the loan documents executed by him. Further although our customers have the option of making payments by cash or cheque, we may require the applicant to submit post-dated cheques covering an initial period prior to any loan disbursement.

Loan administration and monitoring

The customer (and guarantor, if any) execute(s) the security creation documents and the loan agreement setting out the terms of the loan. A loan repayment schedule is attached as a schedule to the loan agreement, which generally sets out periodical repayment terms. Repayments are made in periodical instalments. Loans disbursed are recovered from the customer in accordance with the loan terms and conditions agreed with the customer. We track loan repayment schedules of our customers on a monthly basis, based on the outstanding tenure of the loans, the number of instalments due and defaults committed, if any. This data is analysed based on the loans disbursed and location of the customer. All recovery of amounts due on loans is managed internally by us. We ensure complete focus on all stages of the collections process. We monitor the completeness of documentation, creation of security etc. through regular visits to the business outlets by our regional as well as corporate office executives and internal auditors. All customer accounts are reviewed on a regular basis.

We monitor the completeness of documentation, creation of security etc. through regular visits to our branches by the regional as well as corporate office executives and internal auditors. All borrower accounts are reviewed at least once a year, with a higher frequency of reviews for the larger exposures and delinquent borrowers. The branch managers review collections regularly and personally contact borrowers that have defaulted on their loan payments. Branch managers are assisted by the officers responsible for loan origination, who are also responsible for the collection of instalments from each borrower serviced by them. We believe that close monitoring of debt servicing efficiency enables us to maintain high recovery ratios.

Collection and Recovery

We believe that our loan recovery procedure is particularly well-suited to our target market for each of our products. The entire collection operation is administered in-house through our branch officials and we do not outsource loan recovery and collection operations. In case of default, the reasons for the default are identified by the officer responsible for each loan and appropriate action is initiated, such as requiring partial repayment and/or seeking additional guarantees or collateral.

In the event of a default on three loan instalments, the relevant officer is required to make a personal visit to the borrower to determine the gravity of the loan recovery problem. We may initiate the process for repossession of the underlying asset and/or enforcement of the charge if required. Our officers are trained to repossess assets and/or enforce the security interest and no external agency is involved in such processes. Repossessed assets are held at designated secured facilities for eventual disposal. The notice to the customer specifies the outstanding amount to be paid within a specified period, failing which the asset may be disposed of and/or the charge enforced. In the event there is a short fall in the recovery of the outstanding amount from enforcement of the charge, legal proceedings against the customer may be initiated.

Branch Network

As on June 30, 2022 we had 502 branches in the states of Kerala, Karnataka, Tamil Nadu, Telangana and Andhra Pradesh. We propose to target establishing our operations through new branch network in cities and towns where we historically had relatively limited operations. We typically introduce our products in a particular location only after having evaluated the regional market and the demand for each individual product. Currently, not all of our branch offer our full range of products. As a part of our strategy we target to gradually introduce our entire range of product offerings at each of our existing branch network.

A typical our branch comprises 3 to 6 employees, including the branch manager. The branch details of our company as on for June 30, 2022 and during the financial years ended March 31, 2022, March 31, 2021 and March 31, 2020 is as given below:

States	As at June 30, 2022	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Kerala	311	306	182	120
Karnataka	78	63	39	35
Tamil Nadu	78	41	27	17
Telangana	27	16	2	2
Andhra Pradesh	8	0	0	0
Total	**502**	**426**	**250**	**174**

Marketing, Sales and Customer Care

Our Company undertakes publicity through media, both print and electronic to increase the visibility of our brand. Our media plan ensures the visibility and reach of our KLM brand within the desired budget. These advertisements are carried out across various states wherever our Company has presence. This helps individual branches to target the public and thereby generate business from the locality. For the quarter ended June 30, 2022 and financial years ended March 31, 2022, March 31, 2021 and March 31, 2020, our total advertisement expenditure was ₹ 159.34 lakhs, ₹ 511.81 lakhs, ₹ 312.52 lakhs and ₹ 278.44 lakhs, respectively.

Risk Management

Risk management forms an integral part of our business as we are exposed to various risks relating to the Loan business. The objective of our risk management systems is to review 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 and to provide a framework that enables future activities to take place in a consistent & controlled manner and to improve the decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats. Our Risk Management Committee assists the Board in addressing various risk such as operational risk, credit risk, liquidity risk, interest rate risk compliance risk, strategic risk.

Asset and Liability Management (“ALM”)

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

Credit Risk

Credit risk is the possibility of loss due to the failure of any counterparty abiding by the terms and conditions of any financial contract with us. We aim to reduce the aforesaid credit risk through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy. Our Company has established separate department for customer relation to ensure the quality of customers acquired. Team of Credit Manager, Branch Manager and Customer Relation Executive is responsible for customer acquisition, maintenance, follow up, credit recovery etc. Before each disbursement the aforesaid team carries out proper check on customer's identity through KYC documentation, customer visit, back ground verification etc. The loan application is processed only after the approval of Credit Manager who approves the customer upon physically verifying the customer's address and documents provided.

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 a centralised 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 centralised monitoring systems assist in the management of operational risk.

We regularly conduct internal audit at all the branches of the Company on a concurrent basis by a team of internal auditors. Internal audit team identifies and resolves failure in procedure implementation, identifying manipulations, malpractices, fraud, security issues etc. Internal auditor conducts regular checking ensures that all branch activities are carried out as per norms/procedures as mentioned in the operational policy. All our branches are reviewed monthly and were ranked based on their performance. The scope of these audits is reviewed periodically and modified to keep pace with a dynamic business environment.

Financial Risk

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

Market Risk

Market risk refers to potential losses arising from the movement in market values of interest rates in our business. The objective of market risk management is to avoid excessive exposure of our earnings to loss. The majority of our borrowings, and all the loans we make, are at fixed rates of interest. Thus, presently, our interest rate risk is minimal.

Internal Audit Department

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

ALM Management Policy

The Asset - Liability Committee (ALCO) is responsible for ensuring adherence to the limits set by the Board as well as for deciding the business strategy of our Company (on the assets and liabilities sides) in line with our Company's budget and decided risk management objectives.

The business and risk management strategy of our Company will ensure that our Company operates within the limits/parameters set by the Board. The business issues that an ALCO would consider, inter alia, includes product pricing, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc. In addition to monitoring the risk levels of our Company, the ALCO reviews the results of and progress in implementation of the decisions made in the previous meetings. The ALCO would also articulate the current interest rate view of our Company and base its decisions for future business strategy on this view.

The frequency of holding ALCO meetings is quarterly.

Liquidity Risk Management

Liquidity risk is the non-availability of cash to pay a liability that falls due. A company 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. Our Company has implemented liquidity management policy for reducing the risk relating to liquidity issues.

The major funding source for the Company is by way of equity share, capital, debentures and subordinated debts. Though these are external sources of funds the Company is exposed to following risks:

- Interest Rate risk arises because of increase in cost of funds due to an overall increase in the interest rates economy.
- Asset-Liability Mismatch can lead to severe liquidity shortfall and result in significantly higher costs of funds.
- A high degree of leverage risk can severely impact the liquidity profile of the Company and lead to default in meeting its liabilities.

Company has implemented liquidity management policy for reducing the risk relating to liquidity issues. Currently the policies relating to liquidity are as follows:

- The Company is maintaining high capital adequacy ratio over and above limits prescribed by regulators.
- The Company ensures to keep liquidity to cover unexpected repayment obligation.
- Promoting fund infusion by way of Non-Convertible debentures and subordinated debts so that due date for interest and maturity can be pre known.
- Funding from long terms sources and lending as short term loans.
- Reducing the percentage of unsecured lending so that repayment up to a level is not affected.

Interest Rate Risk (IRR)

Interest rate risk is the risk where changes in the market interest rates might adversely affect an NBFC’s financial condition. The changes in the interest rates affect the NBFCs in a larger way. The immediate impact of changes in the interest rates is on NBFCs earnings by changing its Net Interest Income. The interest rate risks are viewed from earning perspective and economic value perspective, respectively. It is the intention of the RBI to move over to the modern techniques of Interest Rate Risk Measurement like Duration Gap Analysis, Simulation and Value at Risk over time when NBFCs acquire sufficient expertise and sophistication in acquiring and handling MIS.

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.

Our results of operations are substantially dependent upon the level of our net interest margins. Interest rates are sensitive to many factors beyond our 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.

Compliance Risk

We are regulated principally by and have reporting obligations to the RBI. We are also subject to the corporate, taxation and other laws in effect in India. The regulatory and legal framework governing us may continue to change as India's economy and commercial and financial markets evolve. We ensure compliance with regulatory and statutory requirements. We have dedicated departments working together for monitoring, review and compliance of the applicable provisions reporting to Board of Directors.

Asset Classification

Non-performing Assets (NPA)

Based on the RBI SI Master Directions, the norms for asset classification, details of the classification of our gross NPAs for significant classes of our assets for the quarter ended June 30, 2022 and financial years ending on March 31, 2022, March 31, 2021 and March 31, 2020, are as furnished below:

(₹ in lakh)

Asset Type	Quarter ended June 30, 2022#	March 31, 2022^	March 31, 2021^	March 31, 2020^
Standard	1,25,132.00	1,03,004.17	69,825.26	46,842.48
Sub-standard	1,516.33	1,470.50	1,890.76	3,876.51
Doubtful	1,411.86	2,822.03	3,014.09	106.73
Loss	571.62	-	-	528.81
Gross NPA	3,499.81	4,292.53	4,904.84	4,512.05
Total Loans & Advances	1,28,631.00	1,07,296.70	74,730.11	51,354.53
Gross NPA % of Total Loans & Advances	2.72%	4.00%	6.56%	8.79%
Less Provisions	1,455.46	1,394.05	1,409.00	1,446.33
Net NPA	2,044.35	2,898.48	3,495.84	3,065.73
Net NPA % of Total Loans & Advances	1.59%	2.70%	4.68%	5.97%

 # based on Interim Unaudited Ind AS Financial Statement.
^based on audited standalone financial statements.

Secured loans are classified or provided for, as per management estimates, subject to the minimum provision required as per RBI SI Master Directions.

NPA Management Policy

Our Company has put in place NPA Policy. Every NBFC is required to have a policy in accordance with RBI guidelines for managing the Non-performing assets of the Company. The Board of Directors of every NBFC granting loans shall frame a policy for the company and implement the same in term of RBI Circular no. DNBS. 157/CGM(CSM)-2002 dated April 12, 2002.

As per the circular NPA policy of the Company shall, inter alia, stipulate the following:

a. A cut off date within which the repayment of demand or call loan shall be demanded or called up;
b. The sanctioning authority shall, record specific reasons in writing at the time of sanctioning demand or call loan, if the cut off date from demanding or calling up such loan is stipulated beyond a period of one year from the date of sanction;
c. The rate of interest which shall be payable on such loans;
d. Interest on such loans, as stipulated shall be payable either at monthly or quarterly rests;
e. The sanctioning authority shall record specific reasons in writing at the time of sanctioning;
f. A cut off date for review of performance of the loan, not exceeding six months commencing from the date of sanction;
g. Such demand or call loans shall not be renewed unless the periodical review has shown satisfactory compliance with the terms of sanction.

A demand or call loan, which remained overdue for six months from the date of demand or call or on which interest amount remained past due for a period of six months, will be considered as non-performing (NPA) loan and suitable provisions as envisaged by RBI from time to time is provided for by the Company.

Normal tenor of a gold loan can be up to a period of 12 months from the date of advance. Interest is payable at the time of maturity date. To be categorised as NPA, the loan shall have remained overdue (inclusive of unpaid interest), for a period of six months or more or on which interest amount remained overdue for a period of six months or more from the due date. Effectively, a gold loan qualifies to be categorised as NPA from the 19th month, when it remains un paid or interest has not been serviced for 18 months from the date of advance or for 6 months from the due date. In the case of non-repayment, i.e., within a period of nine or 12 months, as applicable, from the date of pledging, the asset will be disposed of by our Company after the expiry of either nine or twelve months and 15 days of grace, by sale through public auction. Our Company may also consider settlement of loan dues by way of concessions in interest as a one –time settlement on a case to case basis only with the approval of corporate office.

The auction procedure shall be transparent. And prior notice will be given to customer by registered post/courier informing about the auction. The auction shall be announced to the public by issuing advertisements in at least two newspapers, two in vernacular language describing the date of auction, venue of auction, and the details of gold etc. Auction will be conducted by an approved auctioneer appointed by our Company. The Company will provide full list of articles to be auctioned, the auction proceeds should be credited to the company's account within a maximum period of 30 days from the date of auctions, the auctioneer and the Company will enter into a written agreement for conducting the auction. The auctioneers tenure will be one year with reappointment every year and the fees payable is pre-fixed subject to a ceiling 5% of the auction proceeds. Our Company or its promoters concerns will not participate in the auction.

Capital Adequacy Ratio

As per the Master Directions, every NBFC-ND-SI including us are subject to capital adequacy requirements. Currently, we are required to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off balance sheet items. Also, the total of Tier II capital, at any point of time, shall not exceed one hundred percent of Tier I capital. Additionally, we are required to transfer upto 20% of our net profit to a reserve fund and make provisions for NPAs. We had a capital adequacy ratio of 19.44%, 20.95%, 16.06% and 17.02% on June 30, 2022, March 31, 2022, March 31, 2021, and March 31, 2020, respectively. We have satisfied the minimum capital adequacy ratios prescribed by the RBI for the quarter ended June 30, 2022 and financial years ended March 31, 2022, March 31, 2021 and March 31, 2020.

Technology

We use information technology as a strategic tool for our business operations to improve our overall productivity and efficiency. We believe that through our information systems which are currently in place, we are able to manage our operations efficiently, market effectively to our target customers, and effectively monitor and control risks. We believe that this system has improved customer service by reducing transaction time and has allowed us to manage loan collection efforts better and to comply with regulatory record-keeping and reporting requirements. All our branches are computerised. A need was felt for a centralised IT platform for our continued aggressive growth along with risk management. Accordingly, we have implemented centralised IT platform and are streamlining the past records to improve the operational efficiency. Further, our Company has implemented the ERP system across all branches from February 29, 2020.

Our Company has also constituted an Information Technology Strategy Committee to direct and manage information security governance for our Company's enterprise. Information Technology Strategy Committee is responsible for policy maintenance activities including reviews and revisions and for monitoring compliance with Information Technology Policy ("**IT Policy**") approved by the Information Technology Strategy Committee and to assist in the enforcement of the IT Policy. The Information Technology Strategy Committee also conducts annual risk assessments in order to determine the level of security risk and the efficacy of security controls within the Company.

Our Borrowings and Credit Ratings

Source of funding

We have expanded our sources of funds in order to reduce our funding costs, protect interest margins and maintain a diverse funding portfolio. This will enable us to achieve funding stability and liquidity. We have depended on issuance of equity shares & secured non-convertible debentures through private placement & public issues and subordinate debt as primary source of funding.

Please refer to sections titled "*Financial Statements*" and "*Financial Indebtedness*" on pages 148 and 239.

Credit Rating:

Credit Rating Agency	Instrument	Date	Ratings	Rated amount in ₹ lakhs
India Ratings & Research Private Limited	Proposed Issue of Non-Convertible Debentures	Rating letter August 23, 2022	IND BBB-; Stable	₹ 20,000 Lakhs

Security threats and measures taken to mitigate them

The principal security risks to our operations are robbery and employee theft or fraud. We have extensive security and surveillance systems to counter external security threats. To mitigate internal threats, we undertake careful pre-employment screening, including obtaining references before appointment. We have also installed surveillance cameras across our branches to protect against robbery, all branch employees work behind wooden, glass and steel counters, and the back office, strong room/safe and computer areas are locked and closed to customers. We also keep the pledged gold in joint custody stored securely in strong rooms. Since we handle high volumes of cash and gold jewellery at our locations, daily monitoring, spot audits and immediate responses to irregularities are critical to our operations. We have an internal auditing program that includes unannounced branch audits and cash counts at randomly selected branches.

Competition

We face competition from banks, NBFCs and other unregulated/unorganised money lenders. Our Board believes that we can achieve economies of scale and increased operating efficiencies by increasing the number of branches under operation and proven operating methods. We believe that the primary elements of competition are the quality of customer service and relationship management, branch location and the ability to lend competitive amounts at competitive rates. In addition, we believe the ability to compete effectively will be based increasingly on strong management, regional market focus, automated management information systems and access to capital.

Insurance

We believe that we maintain all material insurance policies that are customary for companies operating in similar businesses. These include a money insurance policy in respect of cash-in-safe and in-transit. We also maintain insurance coverage against losses occasioned by burglary for the gold and cash-in-safe.

Property

Our registered office is at Door No. 8-13, Plot No. 39, First Floor, Ashoka Complex, Above Indian Bank, Mythripuram Colony, Gayathrinagar X Road, Vaishalinagar P.O., Hyderabad, Telangana - 500 079. Our corporate office is at 4th Floor, Door No.1871A24, VM Plaza, Palarivattom, Ernakulam- 682 025, Kerala, India. As at June 30, 2022, we had 502 branches. We enter into lease and/or leave and license agreements in connection with the premises required for our business outlet. Except our branch located in Kothamangalam, Kerala, all of our branches, registered office and corporate office are located on leased premises.

Intellectual Property

Our corporate logo "KLM AXIVA" and trade name are registered with the Trade Marks Registry under class 36 and received a Certificate of Registration of Trademark bearing number 3270689 dated March 30, 2017. Additionally, we have also registered the logo for 'KLM Axiva Finvest' KLM AXIVA FINVEST with the Trade Marks Registry under class 36 and received Certificate of Registration of Trademark bearing number 3899321 on January 26, 2019.

Human Resource

As of June 30, 2022, we had 1,781 full-time employees. In addition, we have temporary sales, marketing and recovery personnel who work on a commission basis. We adhere to a policy of nurturing dedicated talent by conducting regular training programmes. We provide training to our employees both as a commitment to their career development and also to ensure quality service to our customers. These trainings are conducted on joining as part of employee initiation and include additional on-the-job trainings.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Our Company was incorporated on April 28, 1997, as 'Needs Finvest Limited', a public limited company under the Companies Act, 1956 with a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh at Hyderabad. Our Company also obtained the certificate of commencement of business dated May 6, 1997 from the Registrar of Companies, Andhra Pradesh at Hyderabad. The name of our Company was changed to 'KLM Axiva Finvest Limited' pursuant to a resolution passed by the shareholders of our Company at the EGM held on January 25, 2016 and a fresh certificate of incorporation dated February 29, 2016 issued by the RoC. The Corporate Identity Number of our Company is U65910TG1997PLC026983.

Our Company had originally obtained a Certificate of Registration in the name of Needs Finvest Limited dated December 30, 1997 bearing registration no. 09.00006 issued by the RBI to commence the business of non-banking financial institution without accepting public deposits subject to the conditions mentioned in the Certificate of Registration under Section 45 IA of the RBI Act. Subsequently, the name of our Company was changed to KLM Axiva Finvest Limited and we had obtained fresh Certificate of Registration dated March 15, 2016 bearing registration no. 09.00006 from RBI.

Our erstwhile Promoter Princy Josekutty has disassociated herself from the Company with effect from June 18, 2021 and had transferred 47,000 Equity Shares to Shibu Theckumpurath Varghese.

As on date of this Prospectus, list of our Group Companies are as follows:

1. KLM Tiana Gold & Diamonds Private Limited;
2. Payyoli Granites Private Limited; and
3. Ente Naadu Nidhi Limited.

Registered office of our Company

The registered office of our Company is located at Door No. 8-13, Plot No. 39, First Floor, Ashoka Complex, Above Indian Bank, Mythripuram Colony, Gayathrinagar X Road, Vaishalinagar P.O., Hyderabad, Telangana – 500 079.

Change in Registered Office of our Company

Date	Details of registered office	Reason for Change
At Incorporation	Flat No.12, 3rd Floor, Krishna Complex, D. No. 4-1-938, Tilak Road, Abids, Hyderabad – 500001	-
April 8, 2009	D.No.3-4-186, Tobacco Bazar, Lane Behind Mahankali Temple, Secunderabad, Telangana – 500003	For effective and efficient business
January 22, 2017	Subodh Business Centre, 408, Malik Chambers, Hyderguda, Hyderabad, Telengana – 500029	For effective and efficient business
August 31, 2020	Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank, LB Nagar, Mansoorabad, Rangareddi, Hyderabad – 500 074, Telangana, India	For administrative and operational convenience
August 13, 2022	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	For administrative and operational convenience

Main objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

1. *To carry on and undertake the business of finance, whether by making loans or advances or otherwise, gold loan, hire purchase, leasing and to finance lease operations of all kinds, purchasing, selling, hiring or letting on hire all kinds of Plant and Machinery and equipment that the Company may think fit to any Company, body corporate, firm, society, trust, association or individual and to assist in financing of all and every kind and description of hire purchase or deferred payment or similar transactions and to subsidise, finance or*

assist in subsidising or financing the sale and maintenance of any goods, articles or commodities of all and every kind and description upon any terms whatsoever and for the purpose to purchase or otherwise deal in all forms of immovable and movable property including lands and buildings, plant and machinery, equipment, ships, aircrafts, automobiles, such as motor vehicles, motor cars, two wheelers, computers, and all consumer, commercial and industrial items and to lease or otherwise deal with them in any manner whatsoever including resale thereof, regardless of whether the property purchased and leased be new and/ or used to carry on finance against shares, securities and any other valuable articles.

2. *To invest, lend, advance, deposit or deal with the money belonging to, entrusted to or at the disposal or Company, or to give credit to any Company, Companies, Firms or persons, and in particular to the customers of the Company, with or without security and on such terms as may seem expedient and to give guarantees or securities for any such persons, firms, or Companies.*

3. *To subscribe, purchase, acquire, hold, sell, invest, dispose off or otherwise deal, for self and on behalf of others in shares, stocks, debentures, bonds, units, mortgages, obligations and securities issued to or guaranteed by Company or Mutual Fund and Government, Trust, Municipal. Local or other authority, and to invest by original subscription, syndicate participation, tender, purchase or otherwise out of the funds of the Company obtained either by subscription of capital, borrowings or by receipt of income from any trust which may be discretionary or otherwise or by gift of money received by the company from any person and also to invest in Badia finance and fiancé against shares and securities.*

4. *To become a corporate member of Stock Exchange, Security Exchange, OTC Exchange, any other recognized stock exchanges with trading privileges and to act as brokers and dealers for shares, securities, stocks, financial instruments, bonds, debentures, foreign exchanges and render consultancy services to their clientele whether in India and in abroad for investment in shares, debentures, bonds and all kinds of securities and to act as underwriters, issue managers, Lead Managers, Co-Managers, Portfolio Managers for all public issues including euro – issues or otherwise.*

Key milestones and major events

Financial year	Particulars
2012-2013	Present management acquired KLM Axiva Finvest Limited formerly known as Needs Finvest Limited and got permission for management change from RBI in 2013
2015-2016	Company extended the area of business to states of Tamil Nadu and Karnataka
2016-2017	Company raised fund through issue of non-convertible debentures through private placements and issue of subordinated debts
2017-2018	Our Company had started a Microfinance division in September 2017.
2019-2020	Our Company, by virtue of our total assets exceeding ₹ 50,000 lakhs, became a systemically important non-deposit taking NBFC with effect from March 9, 2020. Further RBI, on October 16, 2020, intimated our Company that it will fall under the category of Non-Banking Financial Company - Systemically Important Non-Deposit Taking company.

Key Agreements

Share purchase agreement dated March 9, 2013 entered into amongst Varalakshmi Kanapala, Satyanarayana Konapala, Konapala Rajasekhar, Balla Ramalingeswara Rao, Uppu Nagaratnam, K V L Narayana, Vatti Satyavathi, Vatti Arjuna Rao and Sri Lakshmi K (collectively referred as "Sellers"), Biji Shibu, Jijo M Varghese, Simi Gijo, Princy Josekutty, Ann Jose, Bindu Peeyus, Chinnamma Kuriakose, John J Pullan and Aleyamma Varghese (collectively referred as "Purchasers"), and our Company.

Our Company, Sellers and Purchasers entered into a share purchase agreement dated March 9, 2013 ("SPA"), pursuant to which Sellers agreed to sell and Purchasers agreed to purchase, 100% of the issued and paid up equity share capital of the Company. The consideration of ₹ 85,34,588 (Rupees Eighty Five Lakhs Thirty Four Thousands Five Hundred and Eighty Eight only) was discharged by the Purchasers for transfer of 758,300 Equity Shares of our Company at a price of ₹ 11.25 per Equity Shares.

Holding Company

Our Company does not have a holding company.

Subsidiary

As on the date of this Prospectus, our Company does not have a subsidiary.

OUR MANAGEMENT

In compliance with the Companies Act, 2013, our Company requires us to have not less than three Directors and not more than fifteen Directors. As on the date of this Prospectus, we have five Directors on the Board which include one Executive Director and four Non-Executive Directors.

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in the Board of Directors. Currently, we have five Directors on the Board of Directors.

Details relating to Directors

S. No.	Name, designation, DIN, nationality, occupation, date of appointment, term and address	Age (years)	Other Directorships
1.	**Shibu Theckumpurath Varghese** **Designation:** Whole-Time Director **DIN:** 02079917 **Nationality:** Indian **Occupation:** Business **Date of appointment/reappointment:** July 27, 2016 **Term:** Re-appointed for a further period of 5 years with effect from August 30, 2019. **Address:** Theckumpuram, Padamamali Road, Chelad, Pindimana, Chelad Junction, Ernakulam, Kerala – 686 681, India.	57	1. Payyoli Granites Private Limited; and 2. Ente Naadu Nidhi Limited.
2.	**Biji Shibu** **Designation:** Non-Executive Director (Non-Independent) **DIN:** 06484566 **Nationality:** Indian **Occupation:** Business **Date of appointment/reappointment:** March 9, 2013 **Term:** Liable to retire by rotation **Address:** Theckempuram, Padammali Road Chelad, Pindimana, Chelad Junction, Ernakulam, Kerala – 686 681, India.	52	1. Carbomix Polymers (India) Private Limited; 2. KLM Tiana Gold & Diamonds Private Limited; and 3. Ente Naadu Nidhi Limited.
3.	**Issac Jacob** **Designation:** Independent Director	37	1. Payyoli Granites Private Limited; 2. Basil Natural Technically Specified Rubber Private Limited;

S. No.	Name, designation, DIN, nationality, occupation, date of appointment, term and address	Age (years)	Other Directorships
	DIN: 02078308 **Nationality:** Indian **Occupation:** Business **Date of appointment/reappointment:** March 17, 2018 **Term:** 5 years with effect from March 17, 2018 **Address:** 7/1, Kuttichirakudiyil House, Kothamangalam, Ernakulam – 686691, Kerala, India		3. Peringidamala Estates Private Limited; and 4. QB Concretes Private Limited.
4.	**Sivadas Chettoor** **Designation:** Independent Director **DIN:** 01773249 **Nationality:** Indian **Occupation:** Professional **Date of appointment/reappointment:** January 28, 2022 **Term:** To hold office for a term upto 2 consecutive years w.e.f. January 27, 2022 **Address:** 18/381/3, Chettoor House, Salamath Nagar, Fort South Road, Near Civil Station, Palakkad - 678001, Kerala, India	64	1. JMJ Fintech Limited *(formerly known as Meenakshi Enterprises Limited)*
5.	**Ambramoli Purushothaman** **Designation:** Independent Director **DIN:** 07706484 **Nationality:** Indian **Occupation:** Retired **Date of appointment/reappointment:** April 12, 2022 **Term:** 1 year with effect from April 12, 2022 **Address:** Vrindavan, Muthambi Road, Quilandy, Kozhikode – 673 305, Kerala, India	65	1. Agro Indus Credits Limited

Our Company confirms that the, permanent account number of the Directors shall be submitted to the Stock

Exchange at the time of filing of the Draft Prospectus.

Brief Profile of Directors

Shibu Theckumpurath Varghese: aged 57 years is the Whole-Time Director of our Company. He holds a bachelor's degree in arts from Gandhiji University. He is also a director in Payyoli Granites Private Limited and Ente Naadu Nidhi Limited. He has over 25 years of experience in finance business. He has been associated with our Company since July 27, 2016.

Biji Shibu: aged 52 years is the Promoter and Non-Executive Director of our Company. She holds a bachelor's degree in arts from Mahatma Gandhi University. She is serving as a director in Carbomix Polymers (India) Private Limited, KLM Tiana Gold & Diamonds Private Limited and Ente Naadu Nidhi Limited. She has experience in finance business and has been associated with our Company since March 9, 2013.

Issac Jacob: aged 37 years is the Independent Director of our Company. He holds Bachelor's degree in technology under mechanical branch. He has been associated with our Company since March 17, 2018.

Sivadas Chettoor: aged 64 years is the Independent Director of our Company. He holds a bachelor's degree in Commerce from the University of Calicut, bachelor's degree in Law from Bangalore University, master's degree in law from Annamalai University and he is also a certified chartered accountant from the Institute of Chartered Accountants of India. He has been associated with our Company since January 28, 2022.

Ambramoli Purushothaman: aged 65 years is the Independent Director of our Company. He holds a master's degree in financial management from the University of Mumbai and a diploma certificate in treasury investment & risk management from the Indian Institute of Bankers. Prior to joining our Company, he was associated with State Bank of India (Global Markets Dept.) and Kerala State Financial Enterprises Limited. He is also a director in Agro Indus Credits Limited. He has experience in banking industry and has been associated with our Company since April 12, 2022.

Confirmations

None of our Directors have been restrained or prohibited or debarred by SEBI from accessing the securities market or dealing in securities.

None of our directors is a promoter or director of another company which is debarred from accessing the securities market or dealing in securities by the SEBI.

None of our Directors have been identified as a 'wilful defaulter', as defined under SEBI NCS Regulations.

None of the whole time directors of our Company is a promoter or whole time director of another company that is a wilful defaulter.

None of the Directors of our Company interested in the appointment of or acting as lead manager, credit rating agency(ies), underwriter, registrar, debenture trustee, advertising agency, printers, banker to the Issue or any other such intermediary appointed in connection with the Issue.

None of our Directors was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with the SEBI Delisting Regulations, as amended.

Relationship between Directors

Except as stated below, none of our Directors are related to each other.

Name of Director	Designation	Relationship with other Directors
Shibu Theckumpurath Varghese	Whole time Director	Husband of Biji Shibu
Biji Shibu	Non-Executive Director	Wife of Shibu Theckumpurath Varghese

Remuneration and terms of appointment of the Directors

Executive Directors

The present remuneration structure of Executive Directors consists of fixed salary, commission and other perquisites. The following table sets forth all compensation paid to the Executive Directors:

Shibu Theckumpurath Varghese

Shibu Theckumpurath Varghese was appointed for a period of 3 years, with effect from August 30, 2016 as the Whole-Time Director of our Company by a resolution of the Board of Directors dated August 30, 2016 and the approval of the members pursuant to an EGM held on September 26, 2016. Further, Shibu Theckumpurath Varghese was re-appointed for a further period of 5 years with effect from August 30, 2019 by a resolution passed by the Board of Directors dated December 26, 2018 and with the approval of the members pursuant to an EGM held on February 23, 2019.

Pursuant to the board resolution dated May 23, 2022 and special resolution dated June 23, 2022, the remuneration payable to Shibu Theckumpurath Varghese is been increased from ₹ 3,00,000 per month to ₹ 5,00,000 per month subject to any statutory modifications or re-enactment of the Companies Act, 2013 w.e.f. July 1, 2022.

Non-Executive Directors

The Board of Directors of our Company in their meeting held on May 23, 2022 has approved payment of sitting fees of ₹ 40,000 and ₹ 20,000 to Ambramoli Purushottaman and Sivadas Chettoor, the Independent Directors, for attending the meetings of the Board and its audit committee respectively.

Except for Dr. Alexander John Joseph and Biji Shibhu, none of the Non-Executive Directors including the Independent Director of our Company have been paid remuneration for the financial year ended March 31, 2022.

Remuneration paid to our Directors

The following table sets forth the remuneration (which includes sitting fees) paid by our Company to our Directors as on June 30, 2022 and during the last three financial year ended March 31, 2022, March 31, 2021, March 31, 2020:

(₹ in lakhs)

Name of Directors	Designation	From April 1, 2022 to June 30, 2022	As on March 31, 2022	As on March 31, 2021	As on March 31, 2020
Josekutty Xavier[1]	Whole Time Director	Nil	Nil	15,000	7,50,000
Shibu Theckumpurath Varghese	Whole Time Director	9,00,000	35,00,000	30,00,000	36,00,000
Dr Alexander John Joseph[2]	Non-Executive (Independent) Chairman	Nil	4,50,000	4,97,500	Nil
Biji Shibu	Non- Executive Director	Nil	50,000	30,000	Nil
James Joseph Arambankudyil[3]	Non-Executive Director	Nil	Nil	15,000	Nil
Issac Jacob	Independent Director	Nil	Nil	Nil	Nil
Sivadas Chettoor	Independent Director	Nil	Nil	Nil	Nil
Ambramoli Purushothaman	Independent Director	Nil	Nil	Nil	Nil

[1]Resigned with effect from April 12, 2021
[2]Passed away on January 14, 2022
[3]Resigned with effect from March 16, 2021

Borrowing Powers of the Board

Pursuant to the resolution passed by the shareholders of our Company at their EGM held on January 05, 2022 and in accordance with provisions of Section 180(1)(c) of the Companies Act, 2013 and all other applicable provisions of the Companies Act, 2013 and the Articles of Association of our Company, the Board has been authorised to borrow money on and behalf of the Company from time to time as deemed by the Company to be requisite and proper for the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company as per the latest annual audited financial statements (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not exceed an amount of ₹ 2,500 crores.

Interest of the Directors

Sivadas Chettoor and Ambramoli Purushothaman, our Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board and its committees. Our Executive Director may be deemed to be interested to the extent of remuneration payable to them. All of our Directors are interested to the extent of reimbursement of expenses payable to them by our Company.

Further, Shibu Theckumpurath Varghese and Biji Shibu may also be regarded as interested to the extent of any Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. The Directors of our Company, may also be deemed to be interested to the extent of Equity Shares, if any, held by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

None of the Directors have any interest in immovable property acquired or proposed to be acquired by the Company in the preceding two years as of the date of this Prospectus.

As on date of this Prospectus, none of the Directors are interested in any contracts, agreements/ arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations, except as disclosed in the section titled "*Related Party Transactions*" on page 147**.**

For further details regarding the interest of our Directors, refer to "*Related Party Transactions*" on page 147.

Our Directors have not taken any loan from our Company. Further, except as provided in "Debenture holding of Directors", none of our Directors hold any debentures/subordinated debt/perpetual debt instrument in our Company.

Except Biji Shibu, none of the other Directors are interested in the promotion of our Company.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them or to help them qualify as a director or for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

For the details of securities purchased or sold by our Directors or their relatives have not in the six month preceding the date of this Prospectus, refer "*Capital Structure*" on page 47.

None of the directors, have made any contribution as part of this Prospectus or separately.

No regulatory action is pending against any of the Directors of our Company before the SEBI or Reserve Bank of India or any other regulatory or statutory body in India or overseas.

None of the Directors of our Company are interested in the benefits / interests arising out of the objects of the issue.

Appointment of Relatives of Directors to an office of profit

As on date, none of the relatives of Directors are appointed to an office or place of profit.

Debenture holding of Directors

As on date, none of our Directors hold any debentures issued by our Company.

Changes in the Directors of the company during the last three years

The changes in the Board of Directors of our Company in the three years preceding the date of this Prospectus are as follows:

Name, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
James Joseph Arambankudyil **Designation:** Non-Executive Director **DIN:** 06566906	-	-	March 16, 2021	-
Josekutty Xavier **Designation:** Whole Time Director **DIN:** 02073994	-	-	April 12, 2021	-
Alexander John Joseph **Designation**: Non-Executive (Independent) Director **DIN**: 00485766	-	January 14, 2022	-	Due to death
Sivadas Chettoor **Designation:** Independent Director **DIN:** 01773249	January 28, 2022	-	-	-
Ambramoli Purushothaman **Designation:** Independent Director **DIN:** 07706484	April 12, 2022	-	-	-

Note: This does not include changes such as regularisations or change in designations

Shareholding of Directors

Details of the Equity Shares held in our Company by our Directors, as on the date of this Prospectus, is provided in the table given below:

Name of Director	Number of Equity Shares held	Percentage of the total paid-up capital (%)
Shibu Theckumpurath Varghese	1,37,98,281	11.44%
Biji Shibu	91,96,740	7.62%
Total	**2,29,95,021**	**19.06%**

Key Managerial Personnel

Our Company's Key Managerial Personnel are as follows:

1. ***Manoj Raveendran Nair***, aged 46 years, is the Chief Executive Officer of our Company. He holds a degree of master of business administration from Bharathiar University. He was appointed as the Chief Executive Officer of our Company on January 12, 2022.

2. ***Thanish Dalee***, aged 41 years, is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from the Mahatma Gandhi University, Kottayam and he is also a certified chartered accountant from the Institute of Chartered Accountants of India. He was appointed as the Chief Financial Officer of our Company on August 8, 2017.

3. ***Srikanth G. Menon***, aged 32 years, is the Company Secretary of our Company. He is a certified company secretary from the Institute of Company Secretaries of India. He was appointed as the company secretary and the compliance officer of our Company on December 26, 2018. Prior to joining our Company, he was associated with Geo VPL Finance Private Limited.

For details about our Whole Time Director, please refer to "*Our Management – Brief profiles of our Directors*" on page 137.

All our Key Managerial Personnel are permanent employees of our Company.

Details of various Committees of the Board

1. Audit Committee

Audit committee was constituted by the Board of directors through its resolution dated August 14, 2015 and was last reconstituted on April 13, 2022. It currently comprises of the following directors:

a. Sivadas Chettoor (Chairman)
b. Biji Shibu
c. Issac Jacob
d. Ambramoli Purushothaman

The scope and functions of the Audit committee are in accordance with Section 177 of the Companies Act, 2013 and its terms of reference are as follows:

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

2. Nomination and Remuneration Committee

The Nomination Committee was constituted by a board resolution dated August 14, 2015 and reconstituted as on January 28, 2022. It currently comprises the following Directors:

The Committee currently comprises:

a. Sivadas Chettoor (Chairman)
b. Biji Shibu
c. Issac Jacob

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act and its terms of reference are as follows:

1. *To formulate the criteria for determining qualifications, positive attributes and independence of a director*
2. *To recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.*

3. Finance Committee

The Finance Committee was constituted by a Board Resolution dated March 31, 2016 and was last reconstituted on April 09, 2021 and it currently comprises:

a. Shibu Theckumpurath Varghese (Chairman)
b. Biji Shibu

The scope, function of the Finance Committee and its terms of references are altered by the Board of Directors of the Company *vide* board resolution dated May 23, 2022 to as follows:

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

4. Asset Liability Management Committee

The Asset Liability Management Committee was constituted by a Board Resolution dated November 15, 2017 and was last reconstituted on April 09, 2021 and it currently comprises:

a. Shibu Theckumpurath Varghese (Chairman)
b. Biji Shibu

The scope and function of the Asset Liability Committee and its terms of reference are as follows:

1. *To create an institutional mechanism to compute and monitor periodically the maturity pattern of the various liabilities and assets of the company.*
2. *To ensure proper balance of assets and liabilities of the company as per guidelines issued by Reserve Bank of India from time to time.*
3. *The major objectives of the committee are as follows:*
    a. *Liquidity risk management*
    b. *Management of market risks*
    c. *Funding and capital planning*
    d. *Profit planning and growth projection*

5. Risk Management Committee

The Risk Management Committee was constituted by a Board Resolution dated November 15, 2017 and was last reconstituted on February 2, 2022 and it currently comprises:

a. Sivadas Chettoor (Chairman)
b. Biji Shibu
c. Shibu Theckumpurath Varghese

The scope and function of the Risk Management Committee and its terms of reference are as follows:

1. *To review 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. *To identify 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;*
3. *To provide a framework that enables future activities to take place in a consistent & controlled manner*
4. *To improve the decision making, planning and prioritization by comprehensive and structured understanding of business activities, volatility and opportunities/ threats.*
5. *To contribute towards more efficient use/ allocation of the resources within the organization.*
6. *To develop and support people and knowledge base of the organization.*
7. *To optimize operational efficiency in the organization*

6. Stakeholder Relationship Committee

Stakeholders Relationship Committee was constituted in compliance with the provisions of Section 178 of Companies Act, 2013 by a Board Resolution dated April 4, 2017 and was last reconstituted on January 28, 2022 and it currently comprises:

a. Biji Shibu (Chairman)
b. Shibu Theckumpurath Varghese
c. Sivadas Chettoor

The scope and function of the Stakeholder Relationship Committee are in accordance with Section 178 (6) of the Companies Act and its terms of reference are as follows:

1. *To consider and resolve the grievances of security holders of the company.*
2. *To work in coordination with Finance Committee of Board.*
3. *Redressal of shareholders and investor complaints on non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates, etc.;*
4. *To monitor transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by the Company.*
5. *Redresal of complaints on Allotment and listing of shares and debentures;*
6. *To refer to the statutory and regulatory authorities regarding investor grievances and guide the company;*
7. *To ensure proper and timely attendance and redressal of investor queries and grievances;*
8. *To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.*

7. Debenture Committee

The Debenture Committee was re-constituted by the Board of Directors through its resolution dated March 20, 2018 and was last reconstituted on April 09, 2021. The Debenture Committee comprises of the following persons:

a. Shibu Theckumpurath Varghese; (Chairman)
b. Biji Shibu;

The terms of reference of the Debenture Committee includes the following:

To determine and approve, the terms and conditions and number of the debentures to be issued, the timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of oversubscription, if any, etc., to approve and make changes to the Draft prospectus, to approve the Draft prospectus, including any corrigendum, amendments supplements thereto, and the issue *thereof and to issue and allot the debentures and to approve all other matters relating to the issue and do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitation the utilisation of the issue proceeds, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, extension of issue and/or early closure of the issue.*

8. Corporate Social Responsibility (CSR) Committee:

The CSR Committee constituted by the Board of Directors through its resolution dated April 3, 2018 and was last reconstituted on January 28, 2022. The CSR Committee comprises of the following persons:

a. Sivadas Chettoor (Chairman);
b. Shibu Theckumpurath Varghese
c. Biji Shibu;

The terms of reference of the CSR Committee includes the following:

1. *To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;*
2. *To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;*
3. *To monitor the CSR policy of the Company from time to time;*
4. *Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.*

OUR PROMOTER

As on the date of this Prospectus, the Promoter of our Company is Biji Shibu and she holds 91,96,740 Equity Shares aggregating to 7.62% of the share capital of our Company. Further our erstwhile Promoter Princy Josekutty has disassociated herself from the Company with effect from June 18, 2021 and had transferred 47,000 Equity Shares to Shibu Theckumpurath Varghese.

Profile of our Promoter

Biji Shibu

Biji Shibu, aged 52 years, is the Promoter and Non-Executive Director of our Company

Permanent Account Number: AFAPS5916A
Date of Birth: May 21, 1970

She is serving as a director in Carbomix Polymers (India) Private Limited, Ente Naadu Nidhi Limited and KLM Tiana Gold & Diamonds Private Limited. For further details, see "*Our Management*" on page 135.

Our Company confirms that the permanent account number, aadhar number, driving license number, bank account number(s) and the passport number of the Promoter shall be submitted to the Stock Exchange at the time of filing of the Draft Prospectus.

There have been no changes in the Promoter's holding in our Company during last financial year beyond the threshold prescribed by RBI.

Interest of our Promoter in our Company

Except as stated under "*Our Management*" beginning on page 135 and as stated above, to the extent of their shareholding and debenture holding in our Company and to the extent of remuneration received by them in their capacity as Biji Shibu as Director, our Promoter do not have any other interest in our Company's business. Further, our Promoter have no interest in any property acquired by our Company in the last two years from the date of this Prospectus, or proposed to be acquired by our Company, or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Our Promoter does not propose to subscribe to the Issue and none of our Promoter have any interest in the promotion of the Issue.

Our Promoter equity shareholding in our Company, as on the date of this Prospectus, is as set forth below:

S. No.	Name of Promoter	Total number of Equity Shares	Number of shares held in dematerialised Form	Percentage of issued Equity Share capital	Equity Shares pledged or otherwise encumbered	% of Equity Shares pledged
1.	Biji Shibu	91,96,740	91,96,740	7.62%	NIL	NIL

Other Confirmations

Our Promoter has not been identified as Wilful Defaulters by any financial institution or bank or a consortium thereof in accordance with the guidelines on identification of Wilful Defaulters prescribed by the RBI.

Our Promoter, was not a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with the SEBI Delisting Regulations, as amended.

No violations of securities laws have been committed by our Promoter in the past or no proceedings are currently pending against them.

None of the promoter of our Company is promoter of another company that is wilful defaulter.

Our Promoter has not been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchange in India or abroad. Further, our Promoter is a not a promoter of another company which is debarred from accessing the securities market or dealing in securities under any order or directions passed for any reasons by SEBI.

None of the member forming part of our Promoter Group have been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling or dealing in securities under any order or directions passed for any reasons by SEBI or any other authority or refused listing of any of the securities issued by any stock exchange in India or abroad.

RELATED PARTY TRANSACTION

Related party transactions entered during the last three Fiscals i.e. 2020, 2021 and 2022 with regard to loans made or, guarantees given or securities provided:

On Standalone basis:

(₹ in Lakhs)

Name of related parties	Nature of transactions	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
N.A	NIL	NIL	NIL	NIL

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars
1.	Limited Review Report as on quarter ended on June 30, 2022
2.	Statutory Auditor’s examination report on the Reformatted Consolidated Ind AS Financial Statements
3.	Reformatted Consolidated Ind AS Financial Statements
4.	Statutory Auditor’s examination report on the Reformatted Standalone Ind AS Financial Statements
5.	Reformatted Standalone Ind AS Financial Statements

RB JAIN AND ASSOCIATES

CHARTERED ACCOUNTANTS
CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

INDEPENDENT AUDITORS LIMITED REVIEW REPORT ON UNAUDITED QUARTERLY AND YEAR TO DATE FINANCIAL RESULTS OF KLM AXIVA FINVEST LIMITED PURSUANT TO REGULATION 52 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AS AMENDED

To,
The Board of Directors
KLM AXIVA FINVEST LTD

1. We have reviewed the accompanying statement of unaudited financial results of KLM AXIVA FINVEST LIMITED (CIN : U65910TG1997PLC026983) for the period ended June 30, 2022 and year to date results for the period April 2022 to June 2022 ("the statement") attached herewith, being submitted by the company pursuant to the requirements of Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

2. This statement is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34, "Interim Financial Reporting" ("IND AS 34"), prescribed under section 133 of the Companies Act, 2013 as amended, read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on these financial statements based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under section 133 of the Companies Act, 2013 as amended, read with relevant rules issued there under and other recognized accounting principles generally accepted in India, has not disclosed the information required to be disclosed

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

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

in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

For RB JAIN and ASSOCIATES
Chartered Accountants
FRN: 103951W

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

K J Thomas BSc,FCA
Partner
M No.019454
UDIN :22019454AOZGJA3881
Date : 13-08-2022

Statement of standalone financial results for the quarter ended June 30, 2022
(As per regualtion 52 of SEBI (LODR) Regulations)

	Particulars	3 Months Ended 30/06/2022	Preceding 3 months ended 31/03/2022	Year to date figures for current period ended 30/06/2022	Previous Year ended 31/03/2022
		Unaudited	Unaudited	Unaudited	Audited
I	**Revenue From Operations**				
	Interest Income	662,634,041	503,390,397	662,634,041	1,794,343,418
II	**Other Income**	5,068,393	14,833,134	5,068,393	64,782,924
III	**Total income (I+II)**	667,702,434	518,223,531	667,702,434	1,859,126,342
	EXPENSES				
	Finance Costs	361,725,185	307,038,292	361,725,185	1,045,039,707
	Impairment on Financial Instruments	-4,094,727	8,900,177	-4,094,727	6,336,969
	Employee benefits expenses	98,090,870	106,834,371	98,090,870	296,039,394
	Depreciation, amortization and impairment	18,213,359	8,564,880	18,213,359	52,212,486
	Administrative expenses	143,930,298	75,930,531	143,930,298	285,659,385
IV	**Total expenses**	617,864,986	507,268,251	617,864,986	1,685,287,941
V	**Profit/(Loss) before Tax (III-IV)**	49,837,449	10,955,280	49,837,449	173,838,401
VI	**Tax Expense:**				
	1. Current Tax	14,554,731	2,765,622	14,554,731	48,884,435
	2. Deferred Tax	153,670	-15,454,396	153,670	11,119,536
	3. Tax relating to prior years paid on settlement	-	-	-	-
VII	**Profit /(Loss) for the Period (V-VI)**	35,129,048	23,644,054	35,129,048	113,834,431
VIII	**Other Comprehensive Income**	-	-	-	-
IX	**Total Comprehensive Income (VII+VIII)**	35,129,048	23,644,054	35,129,048	113,834,431
X	**Earnings per Equity Share**				
	Basic & Diluted (Rs.)	0.31	0.45	0.31	2.16

See accompanyng notes to the financial results

For KLM Axiva Finvest Limited

Shibu Theckumpurathu Varghese
Wholetime Director
DIN: 02079917

Date: August 13, 2022
Place: Ernakulm

KLM Axiva Finvest Ltd. Ernakulam

Corporate Office : 4th Floor, No: 1871A24 VM Plaza, Palarivattom, Cochin - 682025 | TEL +91 484 4281 111 +91 7025540000 | E-mail : admindvn@klmaxiva.com Website : www.klmaxiva.com | Regd Office : Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank LB Nagar, Mansoorabad, Hyderabad, Ranga Reddy, Telangana-500074

NOTES:

1. The above financial results have been reviewed by the Audit Committee and approved Board of Directors of the Company in their respective meeting held on 13th August, 2022.

2. In compliance with Regulation 52 of the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015, a Limited Review of standalone financial results for the quarter ended 30th June 2022 has been carried out by the Statutory Auditor of the Company.

3. The working results have been arrived at after considering impairment as per Ind As provisions, depreciation on fixed assets and other usual and necessary provisions.

4. Previous year figures have been regrouped/reclassified wherever necessary to confirm to current year presentation.

5. Other equity includes statutory reserve as per Section 45 IC of Reserve Bank of India Act 1934, Securities Premium, Statutory Reserve, Revaluation Reserve, General Reserve, Specific Reserve and Retained Earnings.

6. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating Segments.

7. The figures for the quarter ended March 31, 2022 are balancing figures between audited figures for the year ended March 31, 2022 and unaudited figures for the period ended December 31, 2021 which was subject to "Limited Review".

8. Disclosures required under regulation 52(4), 52(7), 52(7A), 54(2) and 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached herewith as Annexure I.

K L M Axiva Finvest Ltd. * Ernakulam

Date: 13.08.2022

Place: Ernakulam

Annexure I

Disclosure under 52(4) of Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended June 30, 2022

We would like to submit the following details as required under clause 52(4) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), 2015 for the quarter ended June 30, 2022.

Sl. No	Particulars	Disclosures
1	Debt equity ratio	8.10
2	Debt service coverage ratio	Not Applicable
3	Interest service coverage ratio	Not Applicable
4	Outstanding redeemable preference shares (Quantity and Value)	Nil
5	Capital redemption reserve/Debenture redemption reserve	Not Applicable
6	Net worth (Excl. revaluation reserve)	16,032.54 Lakhs
7	Net profit /loss after tax	351.29 Lakhs
8	Earnings per share: Basic Diluted	 0.31 0.31
9	Current Ratio	2.69
10	Long term debt to working capital	0.85
11	Bad debts to account receivable ratio	Not Applicable
12	Current liability ratio	0.29
13	Total debt to total assets	0.85
14	Debtors turnover	Not Applicable
15	Inventory turnover	Not Applicable
16	Operating Margin (%)	7.46%
17	Net profit Margin (%)	5.26%
18	Sector specific equivalent ratios, as applicable a. CRAR b. GNPA c. NNPA	 19.44% 2.72% 1.61%

KLM Axiva Finvest Ltd Ernakulam

Corporate Office : 4th Floor, No: 1871A24 VM Plaza, Palarivattom, Cochin - 682025 | TEL +91 484 4281 111 +91 7025540000 | E-mail : admindvn@klmaxiva.com Website : www.klmaxiva.com | Regd Office : Door No. 3-3-408/1, First Floor, RTC Colony, Opposite SBI Bank LB Nagar, Mansoorabad, Hyderabad, Ranga Reddy, Telangana-500074

Disclosure under 54(2) of Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015

Sl. No	Particulars	Disclosures
1.	Extend of Security	Equal to the value of one time (one hundred percentage) of the NCDs outstanding plus interest accrued thereon.
2.	Nature of Security	Nature of Security for NCD I and III: Secured by way of first ranking pari passu charge with existing secured creditors 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 equal to the value of one time of the secured NCDs outstanding plus interest accrued thereon and first ranking pari passu charge on the immovable property situated at Theni District, Periyakulam Reg. Dt., Thevaram SRO, Uthampalyam Taluk, Kombai Village, Malligai Nagar, Plot No.10 in Survey No. 595/1. Nature of Security for NCD II: Secured by way of first ranking pari passu charge with existing secured creditors 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 equal to the value of one time of the secured NCDs outstanding plus interest accrued thereon and first ranking pari passu charge on the immovable property situated at Plot No. 10 & Plot No. 15. Malligai Nagar, Kombai Village, Uthampalaym Taluk, Theni District, Tamil Nadu. Nature of Security for NCD IV and V: Secured by way of first ranking pari passu charge with existing secured creditors 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 equal to the value of one time of the secured NCDs outstanding plus interest accrued thereon. Nature of Security for NCD VI: secured by way of first ranking pari passu charge with Existing Secured Creditors, on all movable assets, including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.

K L M Axiva Finvest Ltd. Ernakulam

Disclosure under 52(7) and 52(7A) of Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015

Statement of utilization of issue proceeds of non –convertible securities during the quarter ended June 30, 2022.

NCD VI allotted on March 17, 2022

Name of the Issuer	ISIN	Mode of Fund Raising (Public issues/ Private placement)	Type of instrument	Date of raising funds	Amount Raised (Rs. In Lakhs)	Funds utilized (Rs. In Lakhs)	Any deviation (Yes/ No)	If 8 is Yes, then specify the purpose of for which the funds were utilized	Remarks, if any
1	2	3	4	5	6	7	8	9	10
KLM Axiva Finvest Limited	INE01I507505 INE01I507513 INE01I507521 INE01I507539 INE01I507547 INE01I507554 INE01I507562 INE01I507570 INE01I507588 INE01I507596	Public issues	Non-Covertible Debentures	17.03.2022	17,765.22	17761.86	No	NA	NA

There is no material deviation in the use of issue proceeds of non-convertible securities as compared to the objects of the issue.

K L M Axiva Finvest Ltd. * Ernakulam *

RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

CERTIFICATE ON SECURITY COVER

To,

KLM Axiva Finvest Limited,
4th Floor, Door No.1871A24,
VM Plaza, Palarivattom,
Ernakulam – 682025

Dear Sir,

Based on the unaudited financial statements and information and explanation made available by the Company, we certify that the security coverage for the secured debts as on June 30, 2022, would be as follows:

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

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

RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

Column A	Column B	Column C i	Column D ii	Column E iii	Column F iv	Column G v	Column H vi	Column I vii	Column J	Column K	Column L	Column M	Column N	Column O
Particulars		Exclusive Charge	Exclusive Charge	Pari- Passu Charge	Pari- Passu Charge	Pari- Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Related to only those items covered by this certificate				
	Description of asset for which this certificate relate	Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari- Passu charge (excluding items covered in column F)		debt amount considere d more than once (due to exclusive plus pari passu charge)		Market Value for Assets charged on Exclusive basis	Carrying /book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets [viii]	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value(=K+L+M + N)
												Relating to Column F		
		Book Value	Book Value	Yes/ No	Book Value	Book Value								
ASSETS														
Property, Plant and Equipment		-	-	NA	7,418.26	-	-	-	7,418.26	-	-	-	7,418.26	7,418.26
Capital Work-in-Progress		-	-	-	-	-	-	-	-	-	-	-	-	-
Right of Use Assets		-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill		-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets				NA	53.94				53.94		-	-	53.94	53.94

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R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

Intangible Assets under Development		-	-	-	-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-	-	-	-
Loans				NA	1,27,175.96				1,27,175.96		-	-	1,27,175.96	1,27,175.96
Inventories		-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Receivable s		-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents		-	-	NA	12,399.44	-	-	-	12,399.44	-	-	-	12,399.44	12,399.44
Bank Balances other than Cash and Cash Equivalents		-	-	NA	2,393.50	-	-	-	2,393.50	-	-	-	2,393.50	2,393.50
Others		-	-	NA	2,501.70	-	-	-	2,501.70	-	-	-	2,501.70	2,501.70
Total		-	-	NA	1,51,942.80	-	-	-	1,51,942.80	-	-	-	1,51,942.80	1,51,942.80

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

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CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

LIABILITIES														
Debt securities to which this certificate pertains		-	-	YES	64,162.60	-	-	-	64,162.60	-	-	-	-	-
Other debt sharing pari-passu charge with above debt		*not to be filled*	-	-	-	-	-	-	-	-	-	-	-	-
Other Debt			-	NO	-	-	2,443.93	-	2,443.93	-	-	-	-	-
Subordinated debt			-	NO	-	-	56,347.58	-	56,347.58	-	-	-	-	-
Borrowings			-	NO	6,180.38	-	-	-	6,180.38	-	-	-	-	-
Bank			-	-	-	-	-	-	-	-	-	-	-	-
Debt Securities			-	NO	661.80	-	-	-	661.80	-	-	-	-	-
Others			-	-	-	-	-	-	-	-	-	-	-	-
Trade payables			-	-	-	-	-	-	-	-	-	-	-	-
Lease Liabilities			-	-	-	-	-	-	-	-	-	-	-	-
Provisions			-	NO		-	145.55	-	145.55	-	-	-	-	-
Others			-	NO	2,907.73	-	3,060.71	-	5,968.44	-	-	-	-	-
Total			-	NO	73,912.51	-	61,997.77	-	139,510.28	-	-	-	-	-
Cover on Book Value					2.06					-	-	-	-	-
Cover on Market Value[ix]	-	-	-	-	-	-	-	-	-					
	-	**Exclusive Security Cover Ratio**	-	-	**Pari-Passu Security Cover Ratio**	-	-	-	-					

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R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

RB JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

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

K.J Thomas BSc, FCA
Partner **(M. No. 019454)**
UDIN : 22019454AOZFWX8372
Palarivattom
13.08.2022

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RB JAIN AND ASSOCIATES

CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

Auditors' report on the reformatted consolidated statement of assets and liabilities as at March 31, 2021 and March 31, 2020, reformatted consolidated statements of profit and loss, reformatted consolidated cash flows statement and reformatted consolidated statements of changes in equity, for the each of the years ended March 31, 2021 and March 31, 2020 of KLM Axiva Finvest Limited (collectively, the "Reformatted Consolidated Ind AS Financial Statements")

The Board of Directors,
KLM Axiva Finvest Limited,
4th Floor, Door No.1871A24,
VM Plaza, Palarivattom,
Ernakulam – 682025

Dear Sirs / Madams,

1. We have examined the attached Reformatted Consolidated Ind AS Financial Statements of KLM Axiva Finvest Limited (the "**Company**" or the "**Holding Company**"), its subsidiary company (the Company, its subsidiary together referred to as "the Group") as at and for the years ended March 31, 2021 and March 31, 2020 annexed to this report and prepared by the Company for the purpose of inclusion in the offer document in connection with its proposed issue of secured redeemable non-convertible debentures of face value of ₹1,000 each ("**Issue of NCDs**").The Reformatted Consolidated Ind AS Financial Statements, which have been approved by the Debenture Committee of the Board of Directors of the Company at their meeting held on 03.08.2022, have been prepared by the Company in accordance with the requirements of:

    a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "**Act**");

    b) relevant provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the "**SEBI NCS Regulations**") issued by the Securities and Exchange Board of India ("**SEBI**"); and

    c) The Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time (the "**Guidance Note**").

2. The Management of the Company is responsible for the preparation of the Reformatted Consolidated Ind AS Financial Statements for the purpose of inclusion in the Draft Prospectus and Prospectus ("**Offer Documents**") to be filed with SEBI, the BSE Limited and Registrar of Companies, Telangana, Hyderabad in connection with the Issue of NCDs. The Reformatted Consolidated Ind AS Financial Statements has been prepared by the Management of the Company on the basis of preparation stated in Note. 2 to the Reformatted Consolidated Ind AS Financial Statements. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted Consolidated Ind AS Financial Statements. The Management of the Company is also responsible for identifying and ensuring that the Company complies with the Act, the SEBI NCS Regulations and the Guidance Note.

3. We have examined such Reformatted Consolidated Ind AS Financial Statements taking into consideration:

    a) The terms of reference and terms of our engagement agreed upon with you in accordance with our

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R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

engagement letter dated 01.07.2022 requesting us to carry out work on such Reformatted Consolidated Ind AS Financial Statements in connection with the Company's Issue of NCDs;

b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted Consolidated Ind AS Financial Statements; and

d) The requirements of Section 26 of the Act and the SEBI NCS Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI NCS Regulations and the Guidance Note in connection with the Issue of NCDs.

4. These Reformatted Consolidated Ind AS Financial Statements have been compiled by the Management of the Company from the audited consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2021 and March 31, 2020 prepared in accordance with the Indian Accounting Standards (referred to as "**Ind AS**") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on June 09, 2021 and October 05, 2020.

5. For the purpose of our examination, we have relied on the auditor's report issued by us dated June 09, 2021 on the audited consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2021 and on the auditor's report issued by Balan & Co., the previous statutory auditor of the Company (the "**Previous Auditor**") dated October 5, 2020 on the audited consolidated Ind AS financial statement of the Group as at and for the year ended March 31, 2020, as referred in paragraph 4 above.

   a. Our audit report dated June 09, 2021 on the audited consolidated Ind AS financial statement for the year ended March 31, 2021, included the following Other Matters:

   Emphasis Of Matter

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

   Due to the Covid-I9 pandemic, we were not able to visit the branches of the Holding Company and hence could not verify the underlying security in respect of gold loans. We are relying on the internal control system in force and management representation with respect to the same.

   Other matters:

   In our opinion, the 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.

RB JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

Our opinion above on the audited consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters.

b. The audit report dated October 5, 2020 of the Previous Auditor on the audited consolidated Ind AS financial statement for the year ended March 31, 2020, included the following and Other Matters:

Emphasis Of Matter

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

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

Other matters:

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

The opinion above on the audited consolidated Ind AS financial statements for the year ended March 31, 2020, and report by the Previous Auditor on Other Legal and Regulatory Requirements above, is not modified by the Previous Auditor in respect of the above matters.

6. The audit for the financial year ended March 31, 2020 was conducted by the Previous Auditor. We have performed adequate tests and procedures which in our opinion were necessary for the purpose of issuing our examination report on the reformatted consolidated Ind AS financial statements of the Group for the aforesaid period. These procedures, mainly involved comparison of the attached Reformatted Consolidated Ind AS Financial Statements with the Group's audited consolidated Ind AS financial statements for financial year ended March 31, 2020 and regrouping and reclassification as per schedule III of Companies Act 2013 and requirements of SEBI NCS Regulations.

7. Based on our examination and according to the statements and explanations given to us, we report that the Reformatted Consolidated Ind AS Financial Statements are prepared, in all material aspects, on the basis described in Note.2 to the Reformatted Consolidated Ind AS Financial Statements.

8. The Reformatted Consolidated Ind AS Financial Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated Ind AS financial statements mentioned in paragraph 4 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by the Previous Auditor nor should this report be construed as a new opinion on any of the financial statements referred to herein.

RB JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Management of the Company for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited and Registrar of Companies, Telangana, Hyderabad in connection with the Issue of NCDs and is not be used, referred to, or distributed for any other purpose except with our prior consent.

For R.B. Jain and Associates,
Chartered Accountants
Firm Registration Number: 103951W

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

K.J Thomas, Bsc, FCA
Partner.
Membership No: **019454**
UDIN: 22019454-OFCZA4780
Place: **Palarivattom**
Date: 03-08-2022

KLM AXIVA FINVEST LIMITED
Hyderabad

Reformatted Consolidated Ind AS Statement of Assets and Liabilities

(Rs in lakhs)

Sl. No.	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
	ASSETS			
1	**Financial Assets**			
(a)	Cash and Cash Equivalents	8	3,412.63	3,635.93
(b)	Bank Balance Other than (a) above	9	1.50	101.50
(c)	Loans	10	73,297.07	49,782.99
(e)	Other Financial Assets	11	617.88	464.31
2	**Non-Financial Assets**			
(a)	Current Tax Assets (Net)	12	438.83	-
(b)	Deferred Tax Assets (Net)	13	463.84	469.46
(c)	Property, Plant and Equipment	14	3,287.08	1,872.54
(d)	Other Intangible Assets	15	54.32	32.96
(e)	Other Non-Financial Assets	16	844.83	816.93
	TOTAL		**82,417.98**	**57,176.64**
	LIABILITIES AND EQUITY			
1	**Financial Liabilities**			
(a)	Payables		-	-
(b)	Debt Securities	17	25,396.41	17,159.81
(c)	Borrowings (Other than Debt Securities)	18	1,020.39	1,017.77
(d)	Subordinated Liablities	19	42,507.88	30,503.36
(e)	Other Financial liabilities	20	3,397.74	1,869.24
2	**Non-Financial Liabilities**			
(a)	Current Tax Liabilities (Net)	21	321.90	69.55
(b)	Other Non-Financial Liabilities	22	113.85	28.50
3	**EQUITY**			
(a)	Equity Share Capital	23	6,792.82	5,312.82
(b)	Other Equity	24	2,866.98	1,215.59
	TOTAL		**82,417.98**	**57,176.64**

See accompanying notes forming part of the Reformatted Consolidated Ind AS Financial Statements

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

For R.B. Jain & Associates
Chartered Accountants

K.J. Thomas FCA
M. No. 019454

KLM AXIVA FINVEST LIMITED
Hyderabad

(Rs in lakhs)

Reformatted Consolidated Ind AS Statement of Profit and Loss

	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
I	**Revenue From Operations**			
	Interest Income	25	12,377.31	9,956.97
II	**Other Income**	26	275.05	268.40
III	**Total income (I+II)**		12,652.36	10,225.38
	EXPENSES			
	Finance Costs	27	7,287.23	5,119.85
	Impairment on Financial Instruments	28	-138.50	120.54
	Employee benefits expenses	29	1,883.71	1,897.93
	Depreciation, amortization and impairment	30	395.19	337.77
	Other expenses	31	2,110.44	1,993.06
IV	**Total expenses**		11,538.07	9,469.15
V	**Profit/(Loss) before Tax (III-IV)**		**1,114.29**	**756.22**
VI	**Tax Expense:**	32		
	1. Current Tax		321.90	380.07
	2. Deferred Tax		5.63	11.72
	3. Tax relating to prior years paid on settlement		72.65	311.31
VII	**Profit /(Loss) for the Period (V-VI)**		714.11	53.12
VIII	**Other Comprehensive Income**		-	-
IX	**Total Comprehensive Income (VII+VIII)**		714.11	53.12
X	**Profit for the year attributable to**			
	Equity holders of the parent		**714.11**	**53.12**
	Non-controlling interest		-	0.21
	Other comprehensive income attributable to			
	Equity holders of the parent		-	-
	Non-controlling interest		-	-
	Total comprehensive income for the year attributable to			
	Equity holders of the parent		**714.11**	**53.12**
	Non-controlling interest		-	0.21
XI	**Earnings per Equity Share**	33		
	Basic & Diluted (Rs.)		1.25	0.10

See accompanying notes forming part of the Reformatted Consolidated Ind AS Financial Statements

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

For R.B. Jain & Associates
Chartered Accountants

K.J. Thomas FCA
M. No: 019454

KLM AXIVA FINVEST LIMITED
Hyderabad

Reformatted Consolidated Ind AS Statement of changes in Equity

A. Equity Share Capital

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

(Rs in lakhs)

Particulars	Nos.	Amount
As at April 01, 2019	51,493,228	5,149.32
Issued during the year	1,635,000	163.50
As at March 31, 2020	53,128,228	5,312.82
Issued during the year	14,800,000	1,480.00
As at March 31, 2021	67,928,228	6,792.82

B. Other Equity

(Rs in lakhs)

Particulars	Reserves and Surplus						Revaluation Reserve	Other comprehensive Income	Total attributable to equity holders of the parent	Total non controlling interest	Total
	Statutory Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Capital Reserve	Retained Earnings					
As at April 01, 2019	332.53	757.48	530.56	4.08	-	-514.23	-	-	1,110.42	-	1,110.42
Dividends	-	-	-	-	-	-	-	-	-	-	-
Transfer to/from Retained Earnings	10.14	-	-530.56	-	-	520.42	-	-	-	-	-
Other Additions/Deductions during the year											
Securities premium received during the year	-	32.70	-	-	-	-	-	-	32.70	-	32.70
Others	-	-	-	-	8.55	-	-	-	8.55	-	8.55
Profit for the year (net of taxes)	-	-	-	-	-	52.91	-	-	52.91	0.21	53.12
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	123.30	123.30
Net gain / (loss) on transaction with non-controlling interest	-	-	-	-	-	11.02	-	-	11.02	-	11.02
Adjustments to noncontrolling interest	-	-	-	-	-	-	-	-	-	-123.52	-123.52
As at March 31, 2020	342.67	790.18	-	4.08	8.55	70.12	-	-			1,215.59
Dividends	-	-	-	-	-	-531.28	-	-			-531.28
Transfer to/from Retained Earnings	141.17	-	-	-	-	-141.17	-	-			-
Other Additions/Deductions during the year											
Securities premium received during the year	-	370.00	-	-	-	-	-	-			370.00
Net impact of assets revalued during the year	-	-	-	-	-	-	1,098.56	-			1,098.56
Profit for the year (net of taxes)	-	-	-	-	-	714.11	-	-			714.11
As at March 31, 2021	483.84	1,160.18	-	4.08	-	111.78	1,098.56	-			2,866.98

J.B. JAIN AND ASSOCIATES
COCHIN-25
CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED
Hyderabad

Reformatted Consolidated Ind AS Cash Flow Statement (Rs in lakhs)

	PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Net profit Before Taxation	1,114.29	756.22
	Adjustments for:		
	Depreciation and amortisation	395.19	337.77
	Finance costs	7,286.23	5,090.32
	Interest on income tax	1.01	29.54
	Impairment on financial instruments	-138.50	120.54
	Operating Profit before Working Capital Changes	**8,658.21**	**6,334.38**
	(Increase)/Decrease in Loans & Advances -Financial Assets	-23,375.57	-13,203.67
	(Increase)/Decrease in Other financial Assets	-153.57	-181.54
	(Increase)/Decrease in Other non financial Assets	-27.89	-563.98
	Increase/(Decrease) in Other financial liabilities	1,528.50	354.84
	Increase/(Decrease) in Other Non financial liabilities	85.35	-47.11
	Cash from operations	**-13,284.98**	**-7,307.06**
	Net income tax paid	-581.04	-473.83
	Net Cash From Operating Activities	**-13,866.02**	**-7,780.89**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Capital Expenditure	-732.52	-943.83
	Acquisition of Subsidiary	-	11.67
	Bank balances not considered as cash and cash equivalents	100.00	1.26
	Net Cash From Investing Activities	**-632.52**	**-930.89**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from issuance of equity shares	1,480.00	163.50
	Share Premium on issue of equity shares	370.00	32.70
	Proceeds from issue of Debentures	8,236.60	3,122.60
	Proceeds from issue of Subordinate debts	12,004.52	11,593.33
	(Repayment)/ Increase in long-term borrowings	2.62	536.27
	Dividend Paid	-531.28	-
	Changes in ownership interest in a subsidiary	-	10.80
	Finance cost	-7,287.23	-5,090.32
	Net Cash From Financing Activities	**14,275.23**	**10,368.89**
	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**-223.31**	**1,657.10**
	OPENING CASH AND CASH EQUIVALENTS	3,635.93	**1,978.83**
	CLOSING CASH AND CASH EQUIVALENTS	**3,412.63**	**3,635.93**

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

For R.B. Jain & Associates
Chartered Accountants

K.J. Thomas FCA
M. No: 019454

Notes to the Reformatted Consolidated Ind AS Financial Statements

1. CORPORATE INFORMATION

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

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

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

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

2. BASIS OF PREPARATION AND PRESENTATION

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

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

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

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

PRESENTATION OF FINANCIAL STATEMENT

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

STATEMENT OF COMPLIANCE

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

3. IMPACT OF COVID-19

The COVID-19 outbreak is on-going and the actual extent of its impact on the economy globally in general and in India, in particular remains uncertain. The outbreak has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020 and in accordance therewith, the Holding Company has offered an optional moratorium of six months on the payment of all principal instalments and/or interest, as applicable, falling due between March 1, 2020 and

August 31, 2020 to all eligible borrowers classified as standard, even if overdue as on 29 February 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

Further, the Group has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial asset as at March 31, 2021. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate.

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 31, 2021. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group:

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

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

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

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

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

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

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

Consolidation procedure followed is as under:

- Items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries are combined like to like basis. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- The difference between carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary is subject to adjustment of goodwill.
- Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated subject to impact of deferred taxes.

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

5. BUSINESS COMBINATION

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

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

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

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

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

6. SIGNIFICANT ACCOUNTING POLICIES

6.1. Financial Instruments

(I) Financial Assets

a) Initial recognition

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

b) Subsequent measurement

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

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

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

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

c) Other Equity Investments

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

(II) Financial Liabilities

a) Initial recognition

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

b) Subsequent measurement

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

6.2. Derecognition of financial assets and liabilities

(I) Financial Assets

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

(II) Financial Liability

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

6.3. Impairment of financial assets

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

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

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

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

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

Stage 1: 12-months ECL

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

Stage 2: Lifetime ECL – not credit impaired

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

Stage 3: Lifetime ECL – credit impaired

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

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

II. Estimation of Expected Credit Loss

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

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

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

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

6.4. Offsetting of financial instruments

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

6.5. Cash and cash equivalents

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

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

6.6. Property, Plant and Equipment

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

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

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

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

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

6.7. Intangible assets

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

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

6.8. Depreciation and Amortisation

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

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

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

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

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

6.9. Impairment of non-financial assets

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

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

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

6.10. Revenue recognition

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

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(I) Interest Income

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

The EIR in case of a financial asset is computed

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

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

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

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

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

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

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

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

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

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

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

(III) Dividend Income

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

6.11.Finance cost

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

The EIR in case of a financial liability is computed

a) As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
b) By considering all the contractual terms of the financial instrument in estimating the cash flows

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

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

6.12.Employee Benefits

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

Defined Contribution Plan

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

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

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

6.13.Income taxes

Income tax comprises current and deferred income tax.

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

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

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

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

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

6.14.Earnings per share

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

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

6.15.Provisions

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

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

6.16.Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an 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 Group does not recognize a contingent liability but discloses its existence in the financial statements.

6.17.Cash flow statement

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

6.18.Segment Reporting

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

6.19.Leases

With effect from April 1, 2019, the Group has applied Ind AS 116 'Leases' to all lease contracts existing on April 01, 2019 by adopting the modified retrospective approach. Accordingly, the comparative information is not required to be restated.
The Group evaluates each contract or arrangement, whether it qualifies as lease as defined under Ind AS 116. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset.

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

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

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

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

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

7. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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:

7.1. Business Model Assessment

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

7.2. Fair value measurement

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

7.3. Impairment of loans portfolio

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

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

7.4. Effective Interest Rate (EIR) method

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

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

7.5. Other estimates

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

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Notes to Reformatted Consolidated Ind AS Financial Statements

Note 8 - Cash and Cash Equivalents

(Rs in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Cash on hand	484.30	465.08
(b) Balance with banks		
In current accounts	2,305.03	1,920.85
Cheque in Hand	97.30	-
In fixed deposits (with maturity of less than 3 months)	526.00	1,250.00
TOTAL	3,412.63	3,635.93

Note 9 - Bank Balance Other Than Above

(Rs in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Balance deposits with maturity more than 3 months	1.50	101.50
(b) On Escrow Accounts		
Unpaid Dividend account	-	-
TOTAL	1.50	101.50

Note 10 - Loans

(Rs in lakhs)

Particulars	As at March 31, 2021				
	Amortised Cost	At Fair Value			Total
		Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	
Loans					
(A)					
Gold Loan	37,871.22	-	-	-	37,871.22
Business Loan	28,833.44	-	-	-	28,833.44
Personal Loan	1,193.66	-	-	-	1,193.66
Vehicle Loan	1.65	-	-	-	1.65
Microfinance Loan	6,830.12	-	-	-	6,830.12
Total (A) - Gross	74,730.11	-	-	-	74,730.11
Less: Impairment loss allowance	1,433.04	-	-	-	1,433.04
Total (A) - Net	73,297.07	-	-	-	73,297.07
(B)					
(i) Secured by tangible assets	67,899.99	-	-	-	67,899.99
(ii) Covered by Bank/Government guarantees	-	-	-	-	-
(ii) Unsecured	6,830.12	-	-	-	6,830.12
Total (B) - Gross	74,730.11	-	-	-	74,730.11
Less: Impairment loss allowance	1,433.04	-	-	-	1,433.04
Total (B) - Net	73,297.07	-	-	-	73,297.07
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	74,730.11	-	-	-	74,730.11
Total (C) - Gross	74,730.11	-	-	-	74,730.11
Less: Impairment loss allowance	1,433.04	-	-	-	1,433.04
Total (C) - Net	73,297.07	-	-	-	73,297.07

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Notes to Reformatted Consolidated Ind AS Financial Statements

(Rs in lakhs)

(Rs in lakhs)

Particulars	As at March 31, 2020				
	Amortised Cost	At Fair Value			Total
		Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	
Loans					
(A)					
Gold Loan	25,540.40	-	-	-	25,540.40
Business Loan	18,974.68	-	-	-	18,974.68
Personal Loan	2,437.25	-	-	-	2,437.25
Vehicle Loan	7.29	-	-	-	7.29
Microfinance Loan	4,394.90	-	-	-	4,394.90
Total (A) - Gross	**51,354.53**	-	-	-	**51,354.53**
Less: Impairment loss allowance	1,571.54	-	-	-	1,571.54
Total (A) - Net	**49,782.99**	-	-	-	**49,782.99**
(B)					
(i) Secured by tangible assets	46,959.63	-	-	-	46,959.63
(ii) Covered by Bank/Government guarantees	-	-	-	-	-
(ii) Unsecured	4,394.90	-	-	-	4,394.90
Total (B) - Gross	**51,354.53**	-	-	-	**51,354.53**
Less: Impairment loss allowance	1,571.54	-	-	-	1,571.54
Total (B) - Net	**49,782.99**	-	-	-	**49,782.99**
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	51,354.53	-	-	-	51,354.53
Total (C) - Gross	**51,354.53**	-	-	-	**51,354.53**
Less: Impairment loss allowance	1,571.54	-	-	-	1,571.54
Total (C) - Net	**49,782.99**	-	-	-	**49,782.99**

Summary of ECL provisions

(Rs in lakhs)

Particulars	F.Y. 2020-21			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	0.22	1.19	51.72	53.13
Business Loan	16.32	5.61	1,024.80	1,046.72
Personal Loan	-	-	179.05	179.05
Vehicle Loan	-	-	-	-
Microfinance Loan	0.11	0.59	153.44	154.14
Total Closing ECL provision	16.64	7.39	1,409.00	1,433.04

Particulars	F.Y. 2019-20			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	0.45	1.80	95.66	97.91
Business Loan	41.95	57.18	1,177.22	1,276.35
Personal Loan	0.04	12.17	3.48	15.69
Vehicle Loan	-	0.11	-	0.11
Microfinance Loan	10.88	0.64	169.97	181.48
Total Closing ECL provision	53.31	71.90	1,446.33	1,571.54

JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

Notes to Reformatted Consolidated Ind AS Financial Statements

(Rs in lakhs)

Note 11 - Other Financial Assets

(Rs in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Interest accrued on fixed deposits		
(b) Security Deposits	6.67	6.67
(c) Other Receivables	611.22	457.65
	-	-
TOTAL	617.88	464.31

Note 12 - Current Tax Assets (Net)

(Rs in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance tax and tax deducted at source	438.83	-
TOTAL	438.83	-

Note 13 - Deferred Tax

(Rs in lakhs)

Deferred Tax Assets/(Liabilities)	As at March 31, 2021	As at March 31, 2020
Fixed Asset : Timing difference on account of depreciation and amortisation	129.18	88.19
Impairment of financial instruments	360.67	395.53
Amortisation of expenses & income under effective interest rate method	-26.01	-14.26
Total	463.84	469.46
Net deferred tax asset	463.84	469.46

Note 16 - Other Non-Financial Assets

(Rs in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Balance with revenue Authorities		
GST receivable	117.64	80.88
(b) Advances for land	706.42	706.33
(c) Other Advances	18.15	29.61
(d) Stock of Stationary	2.63	0.13
TOTAL	844.83	816.93

Note 17 - Debt Securities

(Rs in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:		
(a) Secured Non-Convertible Debentures - Privately Placed	1,138.80	1,574.30
(b) Secured Non-Convertible Debentures - Public Issue	24,257.61	15,585.51
Total (A)	25,396.41	17,159.81
Borrowings in India	25,396.41	17,159.81
Borrowings outside India	-	-
TOTAL	25,396.41	17,159.81

Nature of Security :

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

Extend of Security :

Equal to the value of one time (one hundred percentage) of the NCDs outstanding plus interest accrued thereon.

R.B. JAIN AND ASSOCIATES * COCHIN 25 * CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED
Hyderabad

Notes to Reformatted Consolidated Ind AS Financial Statements

(Rs in lakhs)

17.1 - Secured Non Convertible Debentures - Private Placement

Series wise classification of secured non convertible debentures

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures 2018 - 19 Series	244.60	276.60
Non Convertible Debentures 2017 - 18 Series	728.10	967.20
Non Convertible Debentures 2016 - 17 Series	163.90	328.30
Non Convertible Debentures 2015 - 16 Series	2.20	2.20
TOTAL	1,138.80	1,574.30

Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures - 12.5%	151.50	290.60
Non Convertible Debentures - 12%	688.80	923.70
Non Convertible Debentures - < 12%	298.50	360.00
TOTAL	1,138.80	1,574.30

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures - 60 months maturity	1,111.50	1,515.50
Non Convertible Debentures - 36 months maturity	27.30	58.80
TOTAL	1,138.80	1,574.30

17.2 - Secured Non Convertible Debentures - Public Issue

Series wise classification of secured non convertible debentures

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures 2020 - 21 Series (Public Issue III)	12,428.93	-
Non Convertible Debentures 2019 - 20 Series (Public Issue II)	6,185.20	9,383.38
Non Convertible Debentures 2018 - 19 Series (Public Issue I)	5,812.07	6,324.02
Sub Total	24,426.20	15,707.40
Less: EIR impact of transaction cost	168.59	121.89
TOTAL	24,257.61	15,585.51

Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures - > 12%	6,305.44	2,024.99
Non Convertible Debentures - 12%	3,347.00	3,006.80
Non Convertible Debentures - > 11.5% to 11.86%	10,108.15	4,020.41
Non Convertible Debentures - >11.25% to 11.5%	2,671.58	2,774.44
Non Convertible Debentures - 11% to 11.25%	1,994.03	3,880.76
Sub Total	24,426.20	15,707.40
Less: EIR impact of transaction cost	168.59	121.89
TOTAL	24,257.61	15,585.51

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures - 75 months maturity	2,168.10	823.70
Non Convertible Debentures - 72 months maturity	1,424.10	1,424.10
Non Convertible Debentures - 60 months maturity	7,766.65	5,010.47
Non Convertible Debentures - 45 months maturity	202.43	202.43
Non Convertible Debentures - 36 months maturity	5,415.11	3,061.05
Non Convertible Debentures - 24 months maturity	2,793.34	1,987.47
Non Convertible Debentures - 18 months maturity	1,286.06	-
Non Convertible Debentures - 13 months maturity	3,370.41	3,198.18
Non Convertible Debentures - 12 months maturity	-	-
Sub Total	24,426.20	15,707.40
Less: EIR impact of transaction cost	168.59	121.89
TOTAL	24,257.61	15,585.51

B. JAIN AND ASSOCIATES COCHIN 25 CHARTERED ACCOUNTANTS

Notes to Reformatted Consolidated Ind AS Financial Statements

(Rs in lakhs)

Note 18 - Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:		
(a) Term Loan		
Indian Rupee Loans from Banks (Secured)	31.22	18.41
(b) Loans repayable on demand		
Cash credit / overdraft facilities from banks (Secured)	989.17	999.35
Total (A)	**1,020.39**	**1,017.77**
Borrowings in India	1,020.39	1,017.77
Borrowings outside India	-	-
TOTAL	**1,020.39**	**1,017.77**

Nature of Security :

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

(b) Loans repayable on demand

Particulars	Primary	Collateral	Guarantors
South Indian Bank (Limit - Rs. 1,000 Lakhs)	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. 1/4A, 1/4B, 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

Note 19 - Subordinated Liabilities

(Rs in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:		
(a) Subordinated Debts	42,507.88	30,503.36
Total (A)	**42,507.88**	**30,503.36**
Subordinated liability in India	42,507.88	30,503.36
Subordinated liability outside India	-	-
TOTAL	**42,507.88**	**30,503.36**

19.1 - Unsecured Subordinated Debt - Private Placement

Series wise classification of unsecured subordinated debt

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Unsecured Subordinated Debt 2020 - 22 Series	*12,004.52*	*-*
Unsecured Subordinated Debt 2019 - 20 Series	*11,593.33*	*11,593.33*
Unsecured Subordinated Debt 2018 - 19 Series	*8,354.22*	*8,354.22*
Unsecured Subordinated Debt 2017 - 18 Series	*9,494.67*	*9,494.67*
Unsecured Subordinated Debt 2016 - 17 Series	*1,061.14*	*1,061.14*
TOTAL	***42,507.88***	***30,503.36***

B. JAIN AND ASSOCIATES COCHIN 25 CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED
Hyderabad

Notes to Reformatted Consolidated Ind AS Financial Statements

(Rs in lakhs)

Interest wise classification of unsecured subordinated debt

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Unsecured Subordinated Debt - >12.5%	1,897.87	1,747.12
Unsecured Subordinated Debt - 12.5%	2,039.77	1,913.02
Unsecured Subordinated Debt - 12.25%	374.13	374.13
Unsecured Subordinated Debt - 12%	8,516.87	7,269.47
Unsecured Subordinated Debt < 12%	29,679.24	19,199.62
TOTAL	42,507.88	30,503.36

Maturity wise classification of unsecured subordinated debt

Particulars	*As at March 31, 2021*	*As at March 31, 2020*
Unsecured Subordinated Debt - 5 to 6 years maturity	3,233.15	2,795.14
Unsecured Subordinated Debt - 5 years maturity	39,274.73	27,708.22
TOTAL	42,507.88	30,503.36

Note 20 - Other Financial Liabilities

(Rs in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Interest payable on debt securities	1,219.80	632.50
(b) Interest payable on subordinated debts	1,841.26	979.90
(c) Others	336.68	256.85
TOTAL	3,397.74	1,869.24

Note 21 - Current Tax Liabilities (Net)

(Rs in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Income tax provision (net of advance tax and tax deducted at source)	321.90	69.55
	321.90	69.55

Note 22 - Other Non-Financial Liabilities

(Rs in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Statutory remittances	113.85	28.40
(b) Advance interest received on loans	-	0.10
TOTAL	113.85	28.50

Note 23 - Equity Share Capital

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

(Rs in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised		
7,50,00,000 (March 31, 2020 6,00,00,000.) equity Shares of `10/- each	7,500.00	6,000.00
	7,500.00	6,000.00
Issued, Subscribed & Fully Paid Up		
6,79,28,228 (March 31, 2020: 5,31,28,228.) equity Shares of `10/- each	6,792.82	5,312.82
TOTAL	6,792.82	5,312.82

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

Particulars	In Numbers	Amount (Rs. in lakhs)
As at April 01, 2019	51,493,228	5,149.32
Shares Issued during the Year	1,635,000	163.50
As at March 31, 2020	53,128,228	5,312.82
Shares Issued during the Year	14,800,000	1,480.00
As at March 31, 2021	67,928,228	6,792.82

JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED
Hyderabad

Notes to Reformatted Consolidated Ind AS Financial Statements

(Rs in lakhs)

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, 2021		As at March 31, 2020	
	No: of shares	% of Holding	No: of shares	% of Holding
Shibu T Varghese	7,840,700	11.54	4,811,200	9.06
Aleyamma Varghese	5,841,450	8.60	3,756,450	7.07
Biji Shibu	4,926,000	7.25	3,190,300	6.00

Note 24 - Other Equity

(Rs in lakhs)

Particulars	Amount
Securities Premium	
As at April 01, 2019	757.48
Add: Additions upon share issue	32.70
As at March 31, 2020	**790.18**
Add: Additions upon share issue	370.00
As at March 31, 2021	**1,160.18**
Statutory Reserve	
As at April 01, 2019	332.54
Add: Additions/(Deductions) during the year	10.13
As at March 31, 2020	**342.67**
Add: Additions/(Deductions) during the year	141.17
As at March 31, 2021	**483.84**
General Reserve	
As at April 01, 2019	4.08
Utilised during the year	-
As at March 31, 2020	4.08
Utilised during the year	-
As at March 31, 2021	**4.08**
Capital Reserve	
As at April 01, 2019	-
Add: Additions/(Deductions) during the year	8.55
As at March 31, 2020	8.55
Add: Additions/(Deductions) during the year	-
As at March 31, 2021	**8.55**
Revaluation reserve	
As at April 01, 2019	-
Add: Additions/(Deductions) during the year	-
As at March 31, 2020	-
Add: Additions/(Deductions) during the year	1,098.56
As at March 31, 2021	**1,098.56**
Retained Earnings	
As at April 01, 2019	-514.23
Add: Profit for the year	52.91
Less: Dividend	-
less: Transfer to statutory reserve	-10.14
Add: Transfer from Debenture Redemption Reserve	530.56
Add: Adjustment because of change in shareholding in subsidiary	11.02
As at March 31, 2020	**70.12**
Add: Profit for the year	714.11
Less: Dividend	-531.28
less: Transfer to statutory reserve	-141.17
As at March 31, 2021	**111.78**
Total Other Equity	
As at March 31, 2020	**1,215.59**
As at March 31, 2021	**2,866.98**

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Notes to Reformatted Consolidated Ind AS Financial Statements

(Rs in lakhs)

Nature and purpose of Reserves

Securities premium

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

Statutory reserve

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

General reserve

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

Capital reserve

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

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 tranferred to revaluation reserve.

Retained earnings

This reserve represents the cumulative profits of the Company.

Note 25 - Interest Income

(Rs in lakhs)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
On financial assets measured at amortised cost:		
(i) Interest on Loans		
Gold Loan	7,735.10	4,580.01
Business Loan	3,372.47	3,868.78
Personal Loan	112.76	524.05
Vehicle Loan	0.25	6.91
Microfinance Loans	1,045.23	909.58
(ii) Interest on deposit with banks	109.42	52.00
(iii) Other interest income	2.09	15.26
On financial assets measured at faur value through OCI:	-	-
(i) Interest income	-	0.38
TOTAL	12,377.31	9,956.97

Note 26 - Other Income

(Rs in lakhs)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Commission Income	265.95	256.36
Notice Charge	0.30	0.36
Miscellaneous Income	8.79	11.68
TOTAL	275.05	268.40

Note 27 - Finance Cost

(Rs in lakhs)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
On financial liabilities measured at amortised cost:		
Interest on Borrowings (other than debt securities)	61.15	51.04
Interest on Subordinate Debt	4,138.73	2,890.83
Interest on Debenture	3,086.35	2,148.45
Others		
Interest on delayed payment of income tax	1.01	29.54
TOTAL	7,287.23	5,119.85

AND ASSOCIATES COCHIN 25 CHARTERED ACCOUNTANTS

Notes to Reformatted Consolidated Ind AS Financial Statements

(Rs in lakhs)

Note 28 - Impairment on Financial Instruments

(Rs in lakhs)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
On financial assets measured at amortised cost:		
Loan Assets	-138.50	120.54
TOTAL	-138.50	120.54

Note 29 - Employee benefits expenses

(Rs in lakhs)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Salaries & Wages	1,740.52	1,785.05
Contributions to provident and other funds	143.19	112.89
TOTAL	1,883.71	1,897.93

Note 30 - Depreciation, amortisation and impairment

(Rs in lakhs)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Depreciation of tangible assets	373.12	324.07
Amortisation of intangible assets	22.07	13.70
TOTAL	395.19	337.77

Note 31 - Other expenses

(Rs in lakhs)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Advertisement	312.52	278.44
Audit Expenses	1.17	1.38
Audit Fee	8.47	7.80
Bank Charges	8.35	14.44
Bad Debts written off	8.18	64.45
Business Promotion	11.10	73.10
Canvasing Expenses	-	20.88
Celebration Expense	7.76	9.16
Collection Expenses	6.25	10.96
Computer & Software Expenses	10.17	11.46
Corporate social responsibility expenditure	7.25	16.74
Crisil rating expenses	-	3.54
Customer Meet expenses	0.19	12.04
Cibil Charges	2.67	-
Debenture Trustee Remuneration	1.10	1.20
Discount Given	37.07	10.02
Donation	-	0.29
Electricity Charges	55.78	47.97
Fuel Expenses	10.01	-
Inaugural Expense	2.45	3.67
Incentive	429.92	311.24
Insurance Charges	81.75	23.44
Internet Charges	23.71	20.42
Legal Expense	37.22	44.83
Loss on Auction Gold	0.04	23.91
Marketing Expenses	2.19	8.50
Meeting Expenses	16.32	25.39
Membership Fee	0.05	1.19
Miscellaneous Expense	0.08	2.43
Newspaper & Periodicals	1.65	0.93
Office Expense	87.53	123.33
Postage	9.80	11.68
Printing & Stationery	37.61	42.37
Professional Fee	26.64	69.96
Public Issue	41.40	31.67

B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

(Rs in lakhs)

Rates & Taxes	7.48	5.38
Rent	563.34	467.05
Repairs and Maintenance	7.65	6.61
Repairs and Maintenance-Building	3.38	4.63
ROC Filing Charge	14.17	0.53
Sitting Fees	1.35	2.30
Staff Training Expense	26.47	1.02
Telephone charges	41.23	35.46
Travelling expenses	85.47	89.28
GST & flood cess Paid	66.27	36.37
Vehicle Maintenance	4.48	13.18
Water Charges	2.77	2.41
TOTAL	2,110.44	1,993.06

Note - 31.1

Payment to the auditors comprises :

(Rs in lakhs)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
As auditors - statutory audit	6.97	6.30
For taxation matters	1.50	1.50
TOTAL	8.47	7.80

Note 32 - Income Tax

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

(Rs in lakhs)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Current tax	321.90	380.07
Tax relating to prior years paid on settlement*	72.65	311.31
Deferred Tax	5.63	11.72
Income tax expense reported in statement of profit and loss	400.18	703.10

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 33 - Earnings per share

(Rs in lakhs)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Net profit for calculation of basic earnings per share	714.11	52.91
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	56,990,865	51,797,831
Basic and diluted earnings per share (Rs.)	1.25	0.10

R.G. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED
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Notes to Reformatted Consolidated Ind AS Financial Statements

(Rs in lakhs)

Note 36 - Related party disclosures

Names of Related Parties

(A) Subsidiaries

1) KMLM Financial Services Limited

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

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

1) KLM Tiana Gold & Diamonds Private Limited
2) Payyoli Granites Private Limited

(D) Relatives of Key Management Personnel

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

Related Party transactions during the year:

(Rs in lakhs)

Particulars	KMP		Relatives of KMP	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Shares subscribed including share premium	250.00	300.00	750.00	72.00
Purchase of listed NCD of the Company	3.00	7.00	4.00	11.00
Purchase of sub-debts of the Company	-	-	-	2.25
Interest paid on listed NCD	0.68	0.38	1.01	0.60
Interest paid on subordinate debts	-	-	0.26	0.10
Remuneration paid	55.93	88.49	-	-
Professional consulting fees	5.50	6.00	-	-
Sitting Fees	0.55	0.80	0.55	0.40

Particulars	Subsidiary Company		Entities in which KMP / Relatives of KMP can exercise significant influence	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Shares subscribed including share premium	-	-	-	-
Investment in equity shares	-	-	-	-
Purchase of listed NCD of the Company	-	-	-	-
Purchase of sub-debts of the Company	-	-	-	-
Interest paid on listed NCD			-	-
Interest paid on subordinate debts	-	-	-	-
Remuneration paid	-	-	-	-
Professional consulting fees	-	-	-	-
Sitting Fees	-	-	-	-

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

Notes to Reformatted Consolidated Ind AS Financial Statements

(Rs in lakhs)

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

Particulars	KMP		Relatives of KMP	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Equity shares subscribed	-784.07	-481.12	-1,343.33	-739.23
NCD - Listed	-2.98	-6.95	-3.97	-10.92
Subordinate debt	-	-	-2.25	-2.25
Interest payable on NCD	-0.03	-0.07	-0.04	-0.15

Particulars	Subsidiary Company		Entities in which KMP / Relatives of KMP can exercise significant influence	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Investment in Subsidiary Company	-	-	-	-
Equity shares subscribed	-	-	-	-
NCD - Listed	-	-	-	-
Subordinate debt	-	-	-	-
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.

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED
Hyderabad

Notes to Reformatted Consolidated Ind AS Financial Statements

Note 14 - Property,Plant and Equipment

(Rs in lakhs)

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 2019	639.66	82.35	79.64	470.08	128.42	37.54	1,437.69
Additions	292.08	109.13	42.09	319.92	165.05	-	928.27
Disposals	-	-	-	-	-	-	-
Accumulated Depreciation:							
As at 1st April 2019	-	29.23	14.91	88.62	32.56	4.03	169.35
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	-	65.93	21.91	140.11	85.66	10.46	324.07
As at 31st March 2020	-	95.17	36.82	228.72	118.22	14.50	493.43
Carrying Amount:							
As at 31st March 2020	931.74	96.32	84.92	561.28	175.25	23.04	1,872.54
Cost:							
Deemed cost as at 1st April 2020	931.74	96.32	84.92	561.28	175.25	23.04	1,872.54
Additions	1,274.75	93.34	25.55	307.04	52.15	34.81	1,787.66
Disposals	-	-	-	-	-	-	-
Accumulated Depreciation:							
As at 1st April 2020	-	95.17	36.82	228.72	118.22	14.50	493.43
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	-	61.75	21.55	240.47	34.36	15.00	373.12
As at 31st March 2021	-	156.92	58.37	469.19	152.58	29.50	866.55
Carrying Amount:							
As at 31st March 2021	**2,206.49**	**127.91**	**88.92**	**627.85**	**193.05**	**42.85**	**3,287.08**

Note 15 - Other Intangible Assets

(Rs in lakhs)

Particulars		Computer Software
Cost:		
Deemed cost as at 1st April 2019		45.49
Additions		15.56
Disposals		-
Accumulated Amortisation:		
As at 1st April 2019		14.38
Disposals		-
Amortisation charge for the year		13.69
As at 31st March 2020		28.08
Carrying Amount:		
As at 31st March 2020		**32.96**
Cost:		
Deemed cost as at 1st April 2020		32.96
Additions		43.43
Disposals		-
Accumulated Amortisation:		
As at 1st April 2020		28.08
Disposals		-
Amortisation charge for the year		22.07
As at 31st March 2021		50.15
Carrying Amount:		
As at 31st March 2021		**54.32**

R B JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

Notes to Reformatted Consolidated Ind AS Financial Statements

Note 34 - Maturity analysis of assets and liabilities

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

(Rs in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and Cash Equivalents	3,412.63	-	3,412.63	3,635.93	-	3,635.93
Bank Balance Other than above	-	1.50	1.50	101.50	-	101.50
Loans	55,668.59	19,061.51	74,730.11	46,453.04	4,901.49	51,354.53
- Adjustment on account of EIR/ECL	-	-1,433.04	-1,433.04	-	-1,571.54	-1,571.54
Other Financial Assets	6.67	611.22	617.88	6.67	457.65	464.31
Non-Financial Assets	-	-	-	-	-	-
Current Tax Assets (Net)	438.83	-	438.83	-	-	-
Deffered Tax Assets (Net)	-	463.84	463.84	469.46	-	469.46
Property, Plant and Equipment	-	3,287.08	3,287.08	-	1,872.54	1,872.54
Other Intangible Assets	-	54.32	54.32	-	32.96	32.96
Other Non-Financial Assets	824.05	20.77	844.83	93.84	723.10	816.93
Total Assets	60,350.78	22,067.20	82,417.98	50,760.44	6,416.20	57,176.64
LIABILITIES						
Financial Liabilities						
Payables	-	-	-	-	-	-
Debt Securities	7,334.51	18,230.49	25,565.00	13,278.27	17,281.70	30,559.97
- Adjustment on account of EIR	-	-168.59	-168.59	-	-121.89	-121.89
Borrowings (Other than Debt Securities)	989.17	31.22	1,020.39	1,010.80	6.96	1,017.77
Subordinated Liabilities	1,061.14	41,446.74	42,507.88	-	30,503.36	30,503.36
Other Financial liabilities	2,138.58	1,259.16	3,397.74	1,208.93	660.31	1,869.24
Non-Financial Liabilities						
Current Tax Liabilities (Net)	321.90	-	321.90	69.55	-	64.79
Other Non-Financial Liabilities	113.85	-	113.85	28.50	-	28.50
Total Liabilities	11,959.15	60,799.03	72,758.17	15,596.05	48,330.45	63,921.74
Net	48,391.63	-38,731.82	9,659.81	35,164.39	-41,914.24	-6,745.10

B.JAIN AND ASSOCIATES
COCHIN-25
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Notes to Reformatted Consolidated Ind AS Financial Statements

Note 35 - Risk Management

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

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

The Risk Management Committee shall be responsible for the following:
1. Reviewing the operations of the organization followed by identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

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

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

I. Credit risk

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

The Company addresses credit risk through following processes:
1. Through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy.
2. Minimise losses due to defaults or untimely payments by borrowers
3. Credit risk on Gold loan is considerably reduced as collateral is in the form of Gold ornaments which can be easily liquidated and adequate margin of 25% or more is retained while disbursing the loan.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:
Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;
Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;
Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

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

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

K.B. JAIN AND ASSOCIATES
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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.

P.B. JAIN AND ASSOCIATES
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KLM AXIVA FINVEST LIMITED
Hyderabad

Notes to Reformatted Consolidated Ind AS Financial Statements

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

(Rs in lakhs)

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	3,412.63	-	-	-	-	-	-	-	-	3,412.63
Bank Balance Other than Cash and Cash Equivalents	-	-	-	-	-	-	-	1.50	-	1.50
Loans	4,139.87	186.96	2,262.36	4,764.93	44,314.48	19,061.51	-	-	-1,433.04	73,297.07
Financial Liabilities										
Debt Securities	-	-	-	3,372.61	3,961.90	9,973.62	6,912.47	1,344.40	-168.59	25,396.41
Borrowings (Other than Debt Securities)	-	-	-	-	989.17	31.22	-	-	-	1,020.39
Subordinated Liabilities	-	-	-	-	1,061.14	17,848.89	19,604.57	3,993.28	-	42,507.88

** represents adjustments on account of EIR/ECL*

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

(Rs in lakhs)

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	3,635.93	-	-	-	-	-	-	-	-	3,635.93
Bank Balance Other than Cash and Cash Equivalents	-	-	-	101.50	-	-	-	-	-	101.50
Loans	3,296.47	2,577.20	2,040.74	11,554.36	26,984.27	4,901.49	-	-	-1,571.54	49,782.99
Financial Liabilities										
Debt Securities	25.30	-	3.00	15.00	3,960.13	5,540.97	6,913.60	823.70	-121.89	17,159.81
Borrowings (Other than Debt Securities)	0.91	0.92	0.93	2.83	1,005.21	6.96	-	-	-	1,017.77
Subordinated Liabilities	-	-	-	-	-	10,555.81	19,604.57	342.98	-	30,503.36

** 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 37 - Disclosure with regard to dues to Micro Enterprises and Small Enterprises

Based on the information available with the Group and has been relied upon by the auditors, none of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2021 together with interest paid /payable are required to be furnished.

Note 38 - Previous year's figures have been regrouped/rearranged, wherever necessary to conform to current year's

B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

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

Auditors' report on the reformatted standalone statement of assets and liabilities as at March 31, 2022, March 31, 2021 and March 31, 2020, reformatted standalone statements of profit and loss, reformatted standalone cash flows statement and reformatted standalone statements of changes in equity, for the each of the years ended March 31, 2022, March 31, 2021 and March 31, 2020 of KLM Axiva Finvest Limited (collectively, the "Reformatted Standalone Ind AS Financial Statements")

The Board of Directors,
KLM Axiva Finvest Limited,
4th Floor, Door No.1871A24,
VM Plaza, Palarivattom,
Ernakulam – 682025

Dear Sirs / Madams,

1. We have examined the attached Reformatted Standalone Ind AS Financial Statements of KLM Axiva Finvest Limited (the "**Company**" or the "**Issuer**") as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 annexed to this report and prepared by the Company for the purpose of inclusion in the offer document in connection with its proposed issue of secured redeemable non-convertible debentures of face value of ₹1,000 each ("**Issue of NCDs**").The Reformatted Standalone Ind AS Financial Statements, which have been approved by the Debenture Committee of the Board of Directors of the Company at their meeting held on 03.08.2022, have been prepared by the Company in accordance with the requirements of:

    a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "**Act**");

    b) relevant provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended (the "**SEBI NCS Regulations**") issued by the Securities and Exchange Board of India ("**SEBI**"); and

    c) The Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time (the "**Guidance Note**")

2. The Management of the Company is responsible for the preparation of the Reformatted Standalone Ind AS Financial Statements for the purpose of inclusion in the Draft Prospectus and Prospectus ("**Offer Documents**") to be filed with SEBI, the BSE Limited and Registrar of Companies, Telangana, Hyderabad in connection with the Issue of NCDs. The Reformatted Standalone Ind AS Financial Statements has been prepared by the Management of the Company on the basis of preparation stated in Note. 2 to the Reformatted Standalone Ind AS Financial Statements. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Reformatted Standalone Ind AS Financial Statements. The Management of the Company is also responsible for identifying and ensuring that the Company complies with the Act, the SEBI NCS Regulations and the Guidance Note.

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

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3. We have examined such Reformatted Standalone Ind AS Financial Statements taking into consideration:

   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 01.07.2022 requesting us to carry out work on such Reformatted Standalone Ind AS Financial Statements in connection with the Company's Issue of NCDs;

   b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Reformatted Standalone Ind AS Financial Statements; and

   d) The requirements of Section 26 of the Act and the SEBI NCS Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI NCS Regulations and the Guidance Note in connection with the Issue of NCDs.

4. These Reformatted Standalone Ind AS Financial Statements have been compiled by the Management of the Company from the audited standalone Ind AS financial statements of the Company as at and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020 prepared in accordance with the Indian Accounting Standards (referred to as "**Ind AS**") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on June 09, 2021 and October 05, 2020.

5. For the purpose of our examination, we have relied on the auditor's report issued by us dated May 23, 2022 and June 09, 2021 on the audited Ind AS financial statements of the Company as at and for the year ended March 31, 2022 and audited standalone Ind AS financial statements of the Company as at and for the year ended March 31, 2021 and on the auditor's report issued by Balan & Co., the previous statutory auditor of the Company (the "**Previous Auditor**") dated October 05, 2020 on the audited standalone Ind AS financial statement of the Company as at and for the year ended March 31, 2020, as referred in paragraph 4 above.

   a. Our audit report dated May 23, 2022 on the audited Ind AS financial statement for the year ended March 31, 2022, included the following Other Matters:

      Emphasis Of Matter

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

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

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

Due to the Covid-l9 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.

Other matters:

In our opinion, the 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).

Our opinion above on the audited standalone Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters.

b. Our audit report dated June 09, 2021 on the audited standalone Ind AS financial statement for the year ended March 31, 2021, included the following Other Matters:

Emphasis Of Matter

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

Due to the Covid-l9 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.

Other matters:

In our opinion, the 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.

Our opinion above on the audited standalone Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters.

c. The audit report dated October 05, 2020 of the Previous Auditor on the audited standalone Ind AS financial statement for the year ended March 31, 2020, included the following Other Matters:

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

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Emphasis Of Matter

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

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

Other matters:

In our opinion, the 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.

The opinion above on the audited standalone Ind AS financial statements for the year ended March 31, 2020, and report by the Previous Auditor on Other Legal and Regulatory Requirements above, is not modified by the Previous Auditor in respect of the above matters.

6. The audit for the financial year ended March 31, 2020 was conducted by the Previous Auditor. We have performed adequate tests and procedures which in our opinion were necessary for the purpose of issuing our examination report on the reformatted standalone Ind AS financial information of the Company for the aforesaid period. These procedures, mainly involved comparison of the attached Reformatted Standalone Ind AS Financial Statements with the Company's audited standalone Ind AS financial statements for financial year ended March 31, 2020 and regrouping and reclassification as per schedule III of Companies Act 2013 and requirements of SEBI NCS Regulations.

7. Based on our examination and according to the statements and explanations given to us, we report that the Reformatted Standalone Ind AS Financial Statements are prepared, in all material aspects, on the basis described in Note. 2 to the Reformatted Standalone Ind AS Financial Statements.

8. The Reformatted Standalone Ind AS Financial Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited standalone Ind AS financial statements mentioned in paragraph 4 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or by the Previous Auditor nor should this report be construed as a new opinion on any of the financial statements referred to herein.

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

RB JAIN AND ASSOCIATES

CHARTERED ACCOUNTANTS

CIVIL LANE ROAD, PALARIVATTOM, COCHIN -25

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Management of the Company for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited and Registrar of Companies, Telangana, Hyderabad in connection with the Issue of NCDs and is not be used, referred to, or distributed for any other purpose except with our prior consent.

For R.B. Jain and Associates,
Chartered Accountants
Firm Registration Number: 103951W

K.J Thomas, Bsc, FCA
Partner.
Membership No: **019454**
UDIN: 22019454OFCVX4369
Place: **Palarivattom**
Date: 03-08-2022

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

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

KLM AXIVA FINVEST LIMITED
Hyderabad

(Rs in lakhs)

Reformatted Standalone Ind AS Statement of Assets and Liabilities

Sl. No.	Particulars	Note No.	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
	ASSETS				
1	**Financial Assets**				
(a)	Cash and Cash Equivalents	6	31,739.44	3,131.14	3,618.16
(b)	Bank Balance Other than (a) above	7	678.50	1.50	101.50
(c)	Loans	8	105,800.30	73,297.07	49,782.99
(d)	Investments	9	-	247.70	247.70
(e)	Other Financial Assets	10	969.81	617.88	464.31
2	**Non-Financial Assets**				
(a)	Current Tax Assets (Net)	11	773.04	438.83	-
(b)	Deferred Tax Assets (Net)	12	352.64	463.84	469.46
(c)	Property, Plant and Equipment	13	5,577.35	3,287.08	1,872.54
(d)	Other Intangible Assets	14	42.07	54.32	32.96
(e)	Other Non-Financial Assets	15	1,285.23	844.83	816.93
	TOTAL		147,218.39	82,384.19	57,406.57
	LIABILITIES AND EQUITY				
1	**Financial Liabilities**				
(a)	Payables		-	-	-
(b)	Debt Securities	16	66,411.39	25,396.41	17,409.81
(c)	Borrowings (Other than Debt Securities)	17	6,369.67	1,020.39	1,017.77
(d)	Subordinated Liablities	18	53,331.54	42,507.88	30,503.36
(e)	Other Financial liabilities	19	4,863.66	3,397.43	1,875.72
2	**Non-Financial Liabilities**				
(a)	Current Tax Liabilities (Net)	20	488.84	318.49	64.79
(b)	Other Non-Financial Liabilities	21	72.03	113.85	28.50
3	**EQUITY**				
(a)	Equity Share Capital	22	11,487.51	6,792.82	5,312.82
(b)	Other Equity	23	4,193.73	2,836.92	1,193.80
	TOTAL		147,218.39	82,384.19	57,406.57

See accompanying notes forming part of the Reformatted Standalone Ind AS Financial Statements

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

For R.B. Jain & Associates
Chartered Accountants

K.J. Thomas FCA
M. No. 019454

KLM AXIVA FINVEST LIMITED
Hyderabad

(Rs in lakhs)

Reformatted Standalone Ind AS Statement of Profit and Loss

	Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
I	**Revenue From Operations**				
	Interest Income	24	17,943.43	12,376.16	9,956.59
II	**Other Income**	25	647.83	275.05	268.40
III	**Total income (I+II)**		**18,591.26**	**12,651.20**	**10,224.99**
	EXPENSES				
	Finance Costs	26	10,450.40	7,304.05	5,131.80
	Impairment on Financial Instruments	27	63.37	-138.50	120.54
	Employee benefits expenses	28	2,960.39	1,878.24	1,894.19
	Depreciation, amortization and impairment	29	522.12	395.19	337.77
	Other expenses	30	2,856.59	2,109.62	1,991.66
IV	**Total expenses**		**16,852.88**	**11,548.60**	**9,475.96**
V	**Profit/(Loss) before Tax (III-IV)**		**1,738.38**	**1,102.61**	**749.03**
VI	**Tax Expense:**	31			
	1. Current Tax		488.84	318.49	375.32
	2. Deferred Tax		111.20	5.63	11.72
	3. Tax relating to prior years paid on settlement		-	72.65	311.31
VII	**Profit /(Loss) for the Period (V-VI)**		**1,138.34**	**705.84**	**50.68**
VIII	**Other Comprehensive Income**			-	-
IX	**Total Comprehensive Income (VII+VIII)**		**1,138.34**	**705.84**	**50.68**
X	**Earnings per Equity Share**	32			
	Basic & Diluted (Rs.)		2.16	1.24	0.10

See accompanying notes forming part of the Reformatted Standalone Ind AS Financial Statements

R.B. JAIN AND ASSOCIATES
COCHIN-25
CHARTERED ACCOUNTANTS

For R.B. Jain & Associates
Chartered Accountants

K.J. Thomas FCA
M. No. 019454

KLM AXIVA FINVEST LIMITED
Hyderabad

Reformatted Standalone Ind AS Statement of changes in Equity

A. Equity Share Capital

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

(Rs in lakhs)

Particulars	Nos.	Amount
As at April 01, 2020	53,128,228	5,312.82
Issued during the year	14,800,000	1,480.00
As at March 31, 2021	67,928,228	6,792.82
Issued during the year	46,946,900	4,694.69
As at March 31, 2022	114,875,128	11,487.51

B. Other Equity

(Rs in lakhs)

Particulars	Reserves and Surplus								
	Statutory Reserve	Securities Premium	Debenture Redemption Reserve	General Reserve	Retained Earnings	Revaluation Reserve	Specific Reserve	Other comprehensive Income	Total
As at April 01, 2020	342.67	790.18	-	4.08	56.88	-	-	-	**1,193.80**
Dividends	-	-	-	-	-531.28	-	-	-	-531.28
Transfer to/from Retained Earnings	141.17	-	-	-	-141.17	-	-	-	-
Other Additions/Deductions during the year									
Securities premium received during the year	-	370.00	-	-	-	-	-	-	370.00
Net impact of assets revalued during the year	-	-	-	-	-	1,098.56	-	-	1,098.56
Profit for the year (net of taxes)	-	-	-	-	705.84	-	-	-	705.84
As at March 31, 2021	**483.84**	**1,160.18**	-	**4.08**	**90.26**	**1,098.56**	-	-	**2,836.92**
Dividends	-	-	-	-	-543.43	-		-	-543.43
Transfer to/from Retained Earnings	227.66	-	-	-	-227.66	-	-	-	-
Specific Purpose	-	-	-	-	-81.33	-	81.33	-	-
Other Additions/Deductions during the year	-	-	-	-	-	-	-	-	-
Securities premium received during the year	-	1,238.67	-	-	-	-	-	-	1,238.67
Net impact of assets revalued during the year	-	-	-	-	-	-476.77	-	-	-476.77
Profit for the year (net of taxes)	-	-	-	-	1,138.34	-		-	1,138.34
As at March 31, 2022	**711.50**	**2,398.85**	-	**4.08**	**376.18**	**621.79**	**81.33**	-	**4,193.73**

R.B. JAIN AND ASSOCIATES
KOCHIN-25
CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED
Hyderabad

(Rs in lakhs)

Reformatted Standalone Ind AS Cash Flow Statement

	PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**			
	Net profit Before Taxation	1,738.38	1,102.61	749.03
	Adjustments for:			
	Depreciation and amortisation	522.12	395.19	337.77
	Finance costs	10,450.12	7,303.90	5,102.26
	Interest on income tax	0.28	0.15	29.54
	Impairment on financial instruments	63.37	-138.50	120.54
	Operating Profit before Working Capital Changes	**12,774.28**	**8,663.35**	**6,339.14**
	(Increase)/Decrease in Loans & Advances -Financial Assets	-32,566.60	-23,375.57	-13,203.67
	(Increase)/Decrease in Other financial Assets	-351.92	-153.57	-181.54
	(Increase)/Decrease in Other non financial Assets	-440.40	-27.89	-563.98
	Increase/(Decrease) in Other financial liabilities	1,466.23	1,521.71	364.44
	Increase/(Decrease) in Other Non financial liabilities	-41.82	85.35	-47.11
	Cash from operations	**-19,160.24**	**-13,286.64**	**-7,292.71**
	Net income tax paid	-652.70	-576.28	-473.83
	Net Cash From Operating Activities	**-19,812.94**	**-13,862.92**	**-7,766.54**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**			
	Capital Expenditure	-3,276.92	-732.52	-943.83
	Purchase of investments	247.70	-	-247.70
	Bank balances not considered as cash and cash equivalents	-677.00	100.00	1.26
	Net Cash From Investing Activities	**-3,706.22**	**-632.52**	**-1,190.26**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**			
	Proceeds from issuance of equity shares	4,694.69	1,480.00	163.50
	Share Premium on issue of equity shares	1,238.67	370.00	32.70
	Proceeds from issue of Debentures	41,014.98	7,986.60	3,372.60
	Proceeds from issue of Subordinate debts	10,823.66	12,004.52	11,593.33
	(Repayment)/ Increase in long-term borrowings	5,349.28	2.62	536.27
	Dividend Paid	-543.43	-531.28	-
	Finance cost	-10,450.40	-7,304.05	-5,102.26
	Net Cash From Financing Activities	**52,127.46**	**14,008.41**	**10,596.14**
	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**28,608.30**	**-487.03**	**1,639.33**
	OPENING CASH AND CASH EQUIVALENTS	3,131.14	3,618.16	**1,978.83**
	CLOSING CASH AND CASH EQUIVALENTS	**31,739.44**	**3,131.14**	**3,618.16**

R.B. JAIN AND ASSOCIATES * CHARTERED ACCOUNTANTS * COCHIN-25

For R.B. Jain & Associates
Chartered Accountants

K.J. Thomas FCA
M. No: 019454

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

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, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue as on 29 February 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

Further, the Company has, based on current available information and based on the policy approved by the board, determined the prudential estimate of provision for impairment of financial asset as at March 31, 2021. 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 wounded 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.

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4.14.Earnings per share

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

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

4.15.Provisions

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

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

4.16.Contingent liabilities

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

4.17.Cash flow statement

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

4.18.Segment Reporting

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

4.19.Leases

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

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

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

5.1. Business Model Assessment

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

5.2. Fair value measurement

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

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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.

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(Rs in lakhs)

Note 6 - Cash and Cash Equivalents

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Cash on hand	1,124.01	484.24	465.02
(b) Balance with banks			
In current accounts	11,046.43	2,120.90	1,903.14
In fixed deposits (with maturity of less than 3 months)	19,569.00	526.00	1,250.00
TOTAL	31,739.44	3,131.14	3,618.16

Note 7 - Bank Balance Other Than Above

(Rs in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Balance deposits with maturity more than 3 months	678.50	1.50	101.50
(b) On Escrow Accounts	-		
Unpaid Dividend account	-	-	-
TOTAL	678.50	1.50	101.50

Note 8 - Loans

(Rs in lakhs)

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	62,546.94				62,546.94
Business Loan	34,700.25				34,700.25
Personal Loan	1,197.27				1,197.27
Vehicle Loan	1.46				1.46
Microfinance Loan	8,850.80				8,850.80
Total (A) - Gross	107,296.71				107,296.71
Less: Impairment loss allowance	1,496.40				1,496.40
Total (A) - Net	105,800.30				105,800.30
(B)					
(i) Secured by tangible assets	98,445.91				98,445.91
(ii) Covered by Bank/Government guarantees					
(iii) Unsecured	8,850.80				8,850.80
Total (B) - Gross	107,296.71				107,296.71
Less: Impairment loss allowance	1,496.40				1,496.40
Total (B) - Net	105,800.30				105,800.30
(C)					
Loans in India					
(i) Public Sector					
(ii) Others	107,296.71				107,296.71
Total (C) - Gross	107,296.71				107,296.71
Less: Impairment loss allowance	1,496.40				1,496.40
Total (C) - Net	105,800.30				105,800.30

Particulars	As at March 31, 2021				
		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	37,871.22	-	-	-	37,871.22
Business Loan	28,833.44	-	-	-	28,833.44
Personal Loan	1,193.66	-	-	-	1,193.66
Vehicle Loan	1.65	-	-	-	1.65
Microfinance Loan	6,830.12	-	-	-	6,830.12
Total (A) - Gross	74,730.11	-	-	-	74,730.11
Less: Impairment loss allowance	1,433.04	-	-	-	1,433.04
Total (A) - Net	73,297.07	-	-	-	73,297.07
(B)					
(i) Secured by tangible assets	67,899.99	-	-	-	67,899.99
(ii) Covered by Bank/Government guarantees	-	-	-	-	-
(iii) Unsecured	6,830.12	-	-	-	6,830.12
Total (B) - Gross	74,730.11	-	-	-	74,730.11
Less: Impairment loss allowance	1,433.04	-	-	-	1,433.04
Total (B) - Net	73,297.07	-	-	-	73,297.07
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	74,730.11	-	-	-	74,730.11
Total (C) - Gross	74,730.11	-	-	-	74,730.11
Less: Impairment loss allowance	1,433.04	-	-	-	1,433.04
Total (C) - Net	73,297.07	-	-	-	73,297.07

(Rs in lakhs)

Particulars	As at March 31, 2020				
	Amortised Cost	At Fair Value			Total
		Through other Comprehensive Income	Through profit/loss	Designated at fair value through profit or loss	
Loans					
(A)					
Gold Loan	25,540.40	-	-	-	25,540.40
Business Loan	18,974.68	-	-	-	18,974.68
Personal Loan	2,437.25	-	-	-	2,437.25
Vehicle Loan	7.29	-	-	-	7.29
Microfinance Loan	4,394.90	-	-	-	4,394.90
Total (A) - Gross	**51,354.53**	-	-	-	**51,354.53**
Less: Impairment loss allowance	1,571.54	-	-	-	1,571.54
Total (A) - Net	**49,782.99**	-	-	-	**49,782.99**
(B)					
(i) Secured by tangible assets	46,959.63	-	-	-	46,959.63
(ii) Covered by Bank/Government guarantees	-	-	-	-	-
(ii) Unsecured	4,394.90	-	-	-	4,394.90
Total (B) - Gross	**51,354.53**	-	-	-	**51,354.53**
Less: Impairment loss allowance	1,571.54	-	-	-	1,571.54
Total (B) - Net	**49,782.99**	-	-	-	**49,782.99**
(C)					
Loans in India					
(i) Public Sector	-	-	-	-	-
(ii) Others	51,354.53	-	-	-	51,354.53
Total (C) - Gross	**51,354.53**	-	-	-	**51,354.53**
Less: Impairment loss allowance	1,571.54	-	-	-	1,571.54
Total (C) - Net	**49,782.99**	-	-	-	**49,782.99**

Summary of ECL provisions

(Rs in lakhs)

Particulars	F.Y. 2021-22			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	6.62	66.50	51.36	124.48
Business Loan	0.05	18.64	599.77	618.46
Personal Loan	-	-	368.22	368.22
Vehicle Loan	-	-	0.51	0.51
Microfinance Loan	6.69	3.85	374.19	384.73
Total Closing ECL provision	**13.36**	**88.99**	**1,394.05**	**1,496.40**
Particulars	**F.Y. 2020-21**			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	0.22	1.19	51.72	53.13
Business Loan	16.32	5.61	1,024.80	1,046.72
Personal Loan	-	-	179.05	179.05
Vehicle Loan	-	-	-	-
Microfinance Loan	0.11	0.59	153.44	154.14
Total Closing ECL provision	**16.64**	**7.39**	**1,409.00**	**1,433.04**
Particulars	**F.Y. 2019-20**			
	Stage 1	Stage 2	Stage 3	Total
Gold Loan	0.45	1.80	95.66	97.91
Business Loan	41.95	57.18	1,177.22	1,276.35
Personal Loan	0.04	12.17	3.48	15.69
Vehicle Loan	-	0.11	-	0.11
Microfinance Loan	10.88	0.64	169.97	181.48
Total Closing ECL provision	**53.31**	**71.90**	**1,446.33**	**1,571.54**

Note 9 - Investments

(Rs in lakhs)

Particulars	As at 31st March, 2021				
	Amortised Cost	At Fair Value		Others	Total
		Through other Comprehensive Income	Through profit/loss		
(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	-	-	-	247.70	247.70
Total (A) - Gross				**247.70**	**247.70**
(i) Investments outside India	-	-	-	-	-
(ii) Investments in India	-	-	-	247.70	247.70
Total (B) - Gross	-	-	-	**247.70**	**247.70**
Less Impairment loss allowance	-	-	-	-	-
Total - Net		-	-	**247.70**	**247.70**

(Rs in lakhs)

Particulars	As at 31st March, 2020				
	Amortised Cost	At Fair Value		Others	Total
		Through other Comprehensive Income	Through profit/loss		
(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		-	-	247.70	247.70
Total (A) - Gross				**247.70**	**247.70**
(i) Investments outside India		-	-	-	-
(ii) Investments in India		-	-	247.70	247.70
Total (B) - Gross		-	-	**247.70**	**247.70**
Less Impairment loss allowance		-	-	-	-
Total - Net		-	-	**247.70**	**247.70**

(Rs in lakhs)

Notes on Reformatted Standalone Ind AS Financial Statements

Note 10 - Other Financial Assets (Rs in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Interest accrued on fixed deposits	29.25	6.67	6.67
(b) Security Deposits	922.84	611.22	457.65
(c) Other Receivables	17.71	-	-
TOTAL	969.81	617.88	464.31

Note 11 - Current Tax Assets (Net) (Rs in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Advance tax and tax deducted at source	773.04	438.83	-
TOTAL	773.04	438.83	-

Note 12 - Deferred Tax (Rs in lakhs)

Deferred Tax Assets/(Liabilities)	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Fixed Asset : Timing difference on account of depreciation and amortisation	148.62	129.18	88.19
Impairment of financial instruments	376.62	360.67	395.53
Amortisation of expenses & income under effective interest rate method	-172.60	-26.01	-14.26
Total	352.64	463.84	469.46
Net deferred tax asset	352.64	463.84	469.46

Note 15 - Other Non-Financial Assets (Rs in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Balance with revenue Authorities			
GST receivable	134.43	117.64	80.88
(b) Advances for land	1,000.25	706.42	706.33
(c) Other Advances	147.93	18.15	29.61
(d) Stock of Stationary	2.63	2.63	0.13
TOTAL	1,285.23	844.83	816.93

Note 16 - Debt Securities (Rs in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:			
(a) Secured Non-Convertible Debentures - Privately Placed	768.20	1,138.80	1,574.30
(b) Secured Non-Convertible Debentures - Public Issue	65,643.19	24,257.61	15,835.51
Total (A)	66,411.39	25,396.41	17,409.81
Borrowings in India	66,411.39	25,396.41	17,409.81
Borrowings outside India	-	-	-
TOTAL	66,411.39	25,396.41	17,409.81

Nature of Security :

Secured by way of first ranking pari passu charge on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company

and first ranking pari passu charge on the immovable property situated at Malligai Nagar, Kombai Village, Uthampalayam Taluk, Theni District, Tamil Nadu.

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*	*As at March 31, 2020*
Non Convertible Debentures 2018 - 19 Series	*197.10*	*244.60*	*276.60*
Non Convertible Debentures 2017 - 18 Series	*520.10*	*728.10*	*967.20*
Non Convertible Debentures 2016 - 17 Series	*48.80*	*163.90*	*328.30*
Non Convertible Debentures 2015 - 16 Series	*2.20*	*2.20*	*2.20*
TOTAL	*768.20*	*1,138.80*	*1,574.30*

Interest wise classification of secured non convertible debentures

Particulars	*As at March 31, 2022*	*As at March 31, 2021*	*As at March 31, 2020*
Non Convertible Debentures - 12.5%	*97.70*	*151.50*	*290.60*
Non Convertible Debentures - 12%	*449.50*	*688.80*	*923.70*
Non Convertible Debentures - < 12%	*221.00*	*298.50*	*360.00*
TOTAL	*768.20*	*1,138.80*	*1,574.30*

Maturity wise classification of secured non convertible debentures

Particulars	*As at March 31, 2022*	*As at March 31, 2021*	*As at March 31, 2020*
Non Convertible Debentures - 60 months maturity	*743.90*	*1,111.50*	*1,515.50*
Non Convertible Debentures - 36 months maturity	*24.30*	*27.30*	*58.80*
TOTAL	*768.20*	*1,138.80*	*1,574.30*

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*	*As at March 31, 2020*
Non Convertible Debentures 2020 - 21 Series (Public Issue VI)	*17,765.22*	-	-
Non Convertible Debentures 2020 - 21 Series (Public Issue V)	*16,210.77*	-	-
Non Convertible Debentures 2020 - 21 Series (Public Issue IV)	*15,000.00*	-	-
Non Convertible Debentures 2020 - 21 Series (Public Issue III)	*7,884.81*	*12,428.93*	-
Non Convertible Debentures 2019 - 20 Series (Public Issue II)	*4,959.68*	*6,185.20*	*9,383.38*
Non Convertible Debentures 2018 - 19 Series (Public Issue I)	*4,526.08*	*5,812.07*	*6,574.02*
Sub Total	*66,346.56*	*24,426.20*	*15,957.40*
Less: EIR impact of transaction cost	*703.37*	*168.59*	*121.89*
TOTAL	*65,643.19*	*24,257.61*	*15,835.51*

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(Rs in lakhs)

Notes on Reformatted Standalone Ind AS Financial Statements

Interest wise classification of secured non convertible debentures

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures - > 12%	2,274.99	6,305.44	2,274.99
Non Convertible Debentures - 12%	2,850.56	3,347.00	3,006.80
Non Convertible Debentures - > 11.5% to 11.86%	7,133.85	10,108.15	4,020.41
Non Convertible Debentures - >11.25% to 11.5%	4,370.79	2,671.58	2,774.44
Non Convertible Debentures - 11% to 11.25%	18,888.39	1,994.03	3,880.76
Non Convertible Debentures - <11%	30,827.98		
Sub Total	66,346.56	24,426.20	15,957.40
Less: EIR impact of transaction cost	703.37	168.59	121.89
TOTAL	65,643.19	24,257.61	15,835.51

Maturity wise classification of secured non convertible debentures

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Non Convertible Debentures - 80 months maturity	949		
Non Convertible Debentures - 78 months maturity	1,837		
Non Convertible Debentures - 75 months maturity	2,177.35	2,168.10	823.70
Non Convertible Debentures - 72 months maturity	1,424.10	1,424.10	1,424.10
Non Convertible Debentures - 60 months maturity	19,512.73	7,766.65	5,260.47
Non Convertible Debentures - 45 months maturity	202.43	202.43	202.43
Non Convertible Debentures - 36 months maturity	11,763.39	5,415.11	3,061.05
Non Convertible Debentures - 24 months maturity	7,831.54	2,793.34	1,987.47
Non Convertible Debentures - 18 months maturity	5,911.34	1,286.06	-
Non Convertible Debentures - 13 months maturity	6,804.45	3,370.41	3,198.18
Non Convertible Debentures - 12 months maturity	7,933.51	-	-
Sub Total	66,346.56	24,426.20	15,957.40
Less: EIR impact of transaction cost	703.37	168.59	121.89
TOTAL	65,643.19	24,257.61	15,835.51

(Rs in lakhs)

Note 17 - Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:			
(a) Term Loan			
Indian Rupee Loans from Banks (Secured)	5,013.92	31.22	18.41
(b) Loans repayable on demand			
Cash credit / overdraft facilities from banks (Secured)	1,403.41	989.17	999.35
Less: EIR impact of transaction cost	47.66		
Total (A)	**6,369.67**	**1,020.39**	**1,017.77**
Borrowings in India	6,369.67	1,020.39	1,017.77
Borrowings outside India	-	-	-
TOTAL	**6,369.67**	**1,020.39**	**1,017.77**

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 50.00Crs	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 Mortage 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

(b) Loans repayable on demand

Particulars	Primary	Collateral	Guarantors
South Indian Bank (Limit - Rs. 1000 lakhs)	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. 1/4A, 1/4B, 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 Arimbankudiyil 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 inclusing 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 portifolio to be reckoned at the stipulatedmargin level of 30%.)	1.Residential Land(301) -EM of 54.73 Ares land under Sy no 322/4 of 8.90 ares, Syno.322/5 of 45.83 ares of Mazhuvannur Village, Kunnathunadu Taluk, Ernakulam District 2.Resdiential 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

(Rs in lakhs)

Note 18 - Subordinated Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
At Amortised Cost:			
(a) Subordinated Debts	52,316.04	42,507.88	30,503.36
(b)Tier- 1 Capital - Perpectual Debt Instruments	1,015.50		
Total (A)	**53,331.54**	**42,507.88**	**30,503.36**
Subordinated liability in India	53,331.54	42,507.88	30,503.36
Subordinated liability outside India	-	-	-
TOTAL	**53,331.54**	**42,507.88**	**30,503.36**

(Rs in lakhs)

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*	*As at March 31, 2020*
Unsecured Subordinated Debt 2020 - 22 Series	22,387.74	12,004.52	-
Unsecured Subordinated Debt 2019 - 20 Series	11,593.33	11,593.33	11,593.33
Unsecured Subordinated Debt 2018 - 19 Series	8,354.22	8,354.22	8,354.22
Unsecured Subordinated Debt 2017 - 18 Series	9,494.67	9,494.67	9,494.67
Unsecured Subordinated Debt 2016 - 17 Series	486.08	1,061.14	1,061.14
TOTAL	52,316.04	42,507.88	30,503.36

Interest wise classification of unsecured subordinated debt

Particulars	*As at March 31, 2022*	*As at March 31, 2021*	*As at March 31, 2020*
Unsecured Subordinated Debt - >12.5%	1,480.16	1,897.87	1,747.12
Unsecured Subordinated Debt - 12.5%	2,112.59	2,039.77	1,913.02
Unsecured Subordinated Debt - 12.25%	374.13	374.13	374.13
Unsecured Subordinated Debt - 12%	9,799.76	8,516.87	7,269.47
Unsecured Subordinated Debt < 12%	38,549.40	29,679.24	19,199.62
TOTAL	52,316.04	42,507.88	30,503.36

Maturity wise classification of unsecured subordinated debt

Particulars	*As at March 31, 2022*	*As at March 31, 2021*	*As at March 31, 2020*
Unsecured Subordinated Debt - 5 to 6 years maturity	3,070.52	3,233.15	2,795.14
Unsecured Subordinated Debt - 5 years maturity	49,245.52	39,274.73	27,708.22
TOTAL	52,316.04	42,507.88	30,503.36

(Rs in lakhs)

Note 19 - Other Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Interest payable on debt securities	2,230.63	1,219.80	644.83
(b) Interest payable on subordinated debts	2,400.58	1,841.26	979.90
(c) Others	4.98	336.36	250.99
	227.46		
TOTAL	4,863.66	3,397.43	1,875.72

(Rs in lakhs)

Note 20 - Current Tax Liabilities (Net)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Income tax provision (net of advance tax and tax deducted at source)	488.84	318.49	64.79
	488.84	318.49	64.79

(Rs in lakhs)

Note 21 - Other Non-Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(a) Statutory remittances	72.03	113.85	28.40
(b) Advance interest received on loans			0.10
TOTAL	72.03	113.85	28.50

(Rs in lakhs)

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	As at March 31, 2020
Authorised 7,50,00,000 (March 31, 2020 6,00,00,000) equity Shares of `10/- each	11,500.00	7,500.00	6,000.00
	11,500.00	7,500.00	6,000.00
Issued, Subscribed & Fully Paid Up 6,79,28,228 (March 31, 2020: 5,31,28,228) equity Shares of `10/- each	11,487.51	6,792.82	5,312.82
TOTAL	11,487.51	6,792.82	5,312.82

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

Particulars	In Numbers	Amount (Rs. in lakhs)
As at April 01, 2020	53,128,228	5,312.82
Shares Issued during the Year	14,800,000	1,480.00
As at March 31, 2021	67,928,228	6,792.82
Shares Issued during the Year	46,946,900	4,694.69
As at March 31, 2022	114,875,128	11,487.51

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		As at March 31, 2020	
	No: of shares	% of Holding	No: of shares	% of Holding	No: of shares	% of Holding
Shibu T Varghese	13,141,220	11.44	7,840,700	11.54	4,811,200	9.06
Aleyamma Varghese	9,998,380	8.70	5,841,450	8.60	3,756,450	7.07
Biji Shibu	8,758,800	7.62	4,926,300	7.25	3,109,300	[illegible]
Elen Elu Shibu	6,070,555	5.28	2,665,555	3.92	-	-

Note 23 - Other Equity

(Rs in lakhs)

Particulars	Amount
Securities Premium	
As at April 01, 2020	**790.18**
Add: Additions upon share issue	370.00
As at March 31, 2021	**1,160.18**
Add: Additions upon share issue	1,238.67
As at March 31, 2022	**2,398.85**
Statutory Reserve	
As at April 01, 2020	**342.67**
Add: Additions/(Deductions) during the year	141.17
As at March 31, 2021	**483.84**
Add: Additions/(Deductions) during the year	227.67
As at March 31, 2022	**711.51**
General Reserve	
As at April 01, 2020	
Add: Additions/(Deductions) during the year	
As at March 31, 2021	
Add: Additions/(Deductions) during the year	
As at March 31, 2022	**4.08**
Specific Reserve	
As at April 01, 2020	
Add: Additions/(Deductions) during the year	
As at March 31, 2021	-
Add: Additions/(Deductions) during the year	81.33
As at March 31, 2022	**81.33**
Revaluation reserve	
As at April 01, 2020	-
Add: Additions/(Deductions) during the year	1,098.56
As at March 31, 2021	**1,098.56**
Add: Additions/(Deductions) during the year	(476.77)
As at March 31, 2022	**621.79**
Retained Earnings	
As at April 01, 2020	**56.88**
Add: Profit for the year	705.84
less: Transfer to statutory reserve	-141.17
Less: Dividend	-531.28
As at March 31, 2021	**90.26**
Add: Profit for the year	1,138.34
Less: Dividend	-543.43
less: Transfer to statutory reserve	-227.67
less: Transfer to Specific reserve	-81.33
As at March 31, 2022	**376.18**
Total Other Equity	
As at March 31, 2020	**1,193.80**
As at March 31, 2021	**2,836.92**
As at March 31, 2022	**4,193.73**

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. 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 tranfered to revaluation reserve.

Retained earnings
This reserve represents the cumulative profits of the Company.

Note 24 - Interest Income

(Rs in lakhs)

Particulars	For the year ended		
	March 31, 2022	March 31, 2021	March 31, 2020
On financial assets measured at amortised cost:			
(i) Interest on Loans			
Gold Loan	11,709.83	7,735.10	4,580.01
Business Loan	4,222.27	3,372.47	3,868.78
Personal Loan	1.31	112.76	524.05
Vehicle Loan	0.09	0.25	6.91
Microfinance Loans	1,895.93	1,045.23	909.58
(ii) Interest on deposit with banks	103.92	108.26	52.00
(iii) Other interest income	10.09	2.09	15.26
TOTAL	**17,943.43**	**12,376.16**	9,956.59

Note 25 - Other Income

(Rs in lakhs)

Particulars	For the year ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Commission Income	574.35	265.95	256.36
Notice Charge	4.32	0.30	0.36
Miscellaneous Income	53.89	8.79	11.68
Profit on Investment	15.26	-	-
TOTAL	**647.83**	**275.05**	**268.40**

(Rs in lakhs)

Notes on Reformatted Standalone Ind AS Financial Statements

Note 26 - Finance Cost

(Rs in lakhs)

Particulars	For the year ended		
	March 31, 2022	March 31, 2021	March 31, 2020
On financial liabilities measured at amortised cost:			
Interest on Borrowings (other than debt securities)	12.45	61.15	51.04
Interest on Subordinate Debt	5,844.98	4,138.73	2,890.83
Interest on Debenture	4,569.69	3,104.02	2,160.40
Interest on PDI	22.99		
Others			
Interest on delayed payment of income tax	0.28	0.15	29.54
TOTAL	10,450.40	7,304.05	5,131.80

Note 27 - Impairment on Financial Instruments

(Rs in lakhs)

Particulars	For the year ended		
	March 31, 2022	March 31, 2021	March 31, 2020
On financial assets measured at amortised cost:			
Loan Assets	63.37	-138.50	120.54
TOTAL	63.37	-138.50	120.54

Note 28 - Employee benefits expenses

(Rs in lakhs)

Particulars	For the year ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Salaries & Wages	2,845.06	1,735.05	1,781.30
Contributions to provident and other funds	111.79	143.19	112.89
Gratuity	3.54	-	-
TOTAL	2,960.39	1,878.24	1,894.19

Note 29 - Depreciation, amortisation and impairment

(Rs in lakhs)

Particulars	For the year ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Depreciation of tangible assets	308.10	373.12	324.07
Amortisation of intangible assets	14.02	22.07	13.70
TOTAL	322.12	395.19	337.77

Note 30 - Other expenses

(Rs in lakhs)

Particulars	For the year ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Advertisement	511.81	312.52	278.44
Audit Expenses	0.51	1.17	1.38
Audit Fee	10.00	8.18	7.50
Bank Charges	31.16	8.35	14.44
Bad Debts written off	-	8.18	64.43
Business Promotion	43.71	11.10	73.10
Canvasing Expenses	-	-	20.88
Celebration Expense	7.54	7.76	9.16
Collection Expenses	6.15	6.25	10.96
Computer & Software Expenses	8.38	10.17	11.46
Corporate social responsibility expenditure	14.75	7.25	16.74
Creal rating expenses	1.85	-	3.54
Customer Meet expenses	1.11	0.19	12.04
Cibil Charges	4.89	2.67	-
Debenture Trustee Remuneration	1.00	1.10	1.20
Discount Given	61.99	37.07	10.02
Donation	-	-	0.29
Electricity Charges	70.28	55.78	47.97
Fuel Expenses	11.39	10.01	-
Inaugural Expense	9.56	2.45	3.67
Incentive	349.57	429.92	311.24
Insurance Charges	16.87	81.75	23.44
Internet Charges	22.95	23.71	20.42
Legal Expense	25.00	37.22	44.83
Loss on Auction Gold	35.56	0.04	23.91
Marketing Expenses	5.29	2.19	8.50
Meeting Expenses	13.27	16.32	25.39
Membership Fee	0.57	0.05	1.19
Miscellaneous Expense	0.02	0.08	2.43
Newspaper & Periodicals	2.51	1.65	0.93
Office Expense	123.87	87.08	123.33
Postage	20.44	9.80	11.68
Printing & Stationery	82.98	37.61	42.37
Professional Fee	51.92	26.64	69.96
Public Issue	99.65	41.40	31.67
Rates & Taxes	10.88	7.48	5.38
Rent	886.14	563.34	466.05
Repairs and Maintenance	8.73	7.65	6.61
Repairs and Maintenance-Building	4.66	3.38	4.63
ROC Filing Charge	9.74	14.11	0.43
Sitting Fees	2.75	1.35	2.30
Staff Training Expense	63.47	26.47	1.02
Telephone charges	49.65	41.23	35.46
Travelling expenses	147.31	85.47	99.28
GST & flood cess Paid	15.16	66.27	36.37
Vehicle Maintenance	7.80	4.48	13.18
Water Charges	3.73	2.77	2.41
TOTAL	2,856.59	2,109.62	1,991.66

Note - 30.1

Payment to the auditors comprises:

(Rs in lakhs)

Particulars	For the year ended		
	March 31, 2022	March 31, 2021	March 31, 2020
As auditors - statutory audit	8.00	6.00	6.00
For taxation matters	2.00	1.50	1.50
TOTAL	10.00	7.50	7.50

Note 31 - Income Tax

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

(Rs in lakhs)

Particulars	For the year ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Current tax	488.84	318.49	375.32
Tax relating to prior years paid on settlement*	-	72.65	311.31
Deferred Tax	111.20	5.63	11.72
Income tax expense reported in statement of profit and loss	600.04	396.77	698.35

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

(Rs in lakhs)

Particulars	For the year ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Net profit for calculation of basic earnings per share	1,138.34	705.84	50.68
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	56,990,865	56,990,865	51,797,831
Basic and diluted earnings per share (Rs.)	2.16	1.24	0.10

Note 35 - Related party disclosures

Names of Related Parties

(A) Subsidiaries

1) KMLM Financial Services Limited

(B) Key Management Personnel	Designation
1) Shibu Thekkumpurathu Varghe	Whole-time Director
2) Josekutty Xavier	Director
3) Thanish Dalee	Chief Financial Officer
4) Srikanth G. Menon	Company Secretary

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

1) KLM Tiana Gold & Diamonds Private Limited
2) Payyoli Granites Private Limited

(D) Relatives of Key Management Personnel

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

Related Party transactions during the year:

(Rs in lakhs)

Particulars	KMP			Relatives of KMP		
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Shares subscribed including share premium	638	250.00	300.00	1,868.68	750.00	72.00
Purchase of listed NCD of the Company	10	3.00	7.00	1.00	4.00	11.00
Purchase of sub-debts of the Company		-	-		-	2.25
Interest paid on listed NCD	0.57	0.68	0.38	0.07	1.01	0.60
Interest paid on subordinate debts		-	-		0.26	0.10
Remuneration paid	84.58	55.93	88.49	-	-	-
Professional consulting fees	-	5.50	6.00	-	-	-
Sitting Fees	1	0.55	0.80	-	0.55	0.40

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, 2020	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Shares subscribed including share premium	-	-	-	-	-	-
Investment in equity shares	-	247.70	247.70	-	-	-
Purchase of listed NCD of the Company	-	-	-	-	-	-
Purchase of sub-debts of the Company	-	-	-	-	-	-
Interest paid on listed NCD	-	18.83	30.71	-	-	-
Interest paid on subordinate debts	-	-	-	-	-	-
Remuneration paid	-	-	-	-	-	-
Professional consulting fees	-	-	-	-	-	-
Sitting Fees	-	-	-	-	-	-

R.B. JAIN AND ASSOCIATES * COCHIN-25 * CHARTERED ACCOUNTANTS

(Rs in lakhs)

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, 2020	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Investment in Subsidiary Company	-	-	-	-	-	-
Equity shares subscribed	1,314.12	-784.07	-481.12	2,818.02	-1,343.33	-739.23
NCD - Listed	10.00	-2.98	-6.95	1.00	-3.97	-10.92
Subordinate debt		-	-	-	-2.25	-2.25
Interest payable on NCD		-0.03	-0.07	0.07	-0.04	-0.07

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, 2020	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Investment in Subsidiary Company	-	247.70	247.70	-	-	-
NCD - Listed	-	-	-248.35	-	-	-
Interest payable on NCD	-	-	-12.33	-	-	-

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

(Rs in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Tier I Capital	15,680.25	8,013.02	6,004.20
Tier II Capital	8,284.46	4,634.75	3,055.41
Total capital	**23,964.71**	**12,647.77**	**9,059.61**
Risk Weighted Assets	**114,405.73**	**78,733.39**	**53,237.80**
Tier I CRAR	**13.71%**	**10.18%**	**11.28%**
Tier II CRAR	**7.24%**	**5.89%**	**5.74%**
Total capital ratio	**20.95%**	**16.06%**	**17.02%**

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

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Notes on Reformatted Standalone Ind AS Financial Statements

Note 13 - Property,Plant and Equipment

(Rs in lakhs)

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 2020	931.74	96.32	84.92	561.28	175.25	23.04	1,872.54
Additions	1,274.75	93.34	25.55	307.04	52.15	34.81	1,787.66
Disposals	-	-	-	-	-	-	-
Accumulated Depreciation:							
As at 1st April 2020	-	95.17	36.82	228.72	118.22	14.50	493.43
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	-	61.75	21.55	240.47	34.36	15.00	373.12
As at 31st March 2021	-	156.92	58.37	469.19	152.58	29.50	866.55
Carrying Amount:							
As at 31st March 2021	2,206.49	127.91	88.92	627.85	193.05	42.85	3,287.08
Cost:							
Deemed cost as at 1st April 2021	2,206.49	127.91	88.92	627.85	193.05	42.85	3,287.08
Additions	1,527.44	179.78	81.50	575.35	432.74	1.57	2,798.38
Disposals	-	-	-	-	-	-	-
Accumulated Depreciation:							
As at 1st April 2021		156.92	58.37	469.19	152.58	29.50	866.55
Disposals		-	-	-	-	-	-
Depreciation charge for the year		113.24	26.23	248.01	105.34	15.28	508.10
As at 31st March 2022		194.45	144.19	955.19	520.44	29.14	5,577.35
Carrying Amount:							
As at 31st March 2022	3,733.94	194.45	144.19	955.19	520.44	29.14	5,577.35

Note 14 - Other Intangible Assets

(Rs in lakhs)

Particulars	Computer Software
Cost:	
Deemed cost as at 1st April 2020	32.96
Additions	43.43
Disposals	-
Accumulated Amortisation:	
As at 1st April 2020	28.08
Disposals	-
Amortisation charge for the year	22.07
As at 31st March 2021	50.15
Carrying Amount:	
As at 31st March 2021	54.32
Cost:	
Deemed cost as at 1st April 2021	54.32
Additions	1.76
Disposals	-
Accumulated Amortisation:	
As at 1st April 2021	28.08
Disposals	-
Amortisation charge for the year	14.02
As at 31st March 2022	42.07
Carrying Amount:	
As at 31st March 2022	42.07

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Notes on Reformatted Standalone Ind AS Financial Statements

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.

(Rs in lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial Assets									
Cash and Cash Equivalents	31,739.44	-	31,739.44	3,131.14	-	3,131.14	3,618.16	-	3,618.16
Bank Balance Other than above	677	1.5	678.50	-	1.50	1.50	-	101.50	101.50
Loans	26,722.90	80,573.81	107,296.71	55,668.59	19,061.51	74,730.11	4,901.49	46,453.04	51,354.53
- Adjustment on account of EIR/ECL	-	-1,496.40	-1,496.40	-	-1,433.04	-1,433.04	-	-1,571.54	-1,571.54
Investments	-	-	-	-	247.70	247.70	-	247.70	247.70
Other Financial Assets	46.97	922.84	969.81	6.67	611.22	617.88	6.67	457.65	464.31
Non-Financial Assets	-	-	-	-	-	-	-	-	-
Current Tax Assets (Net)	773.04	-	773.04	438.83	-	438.83	-	-	-
Deffered Tax Assets (Net)	-	352.64	352.64	-	463.84	463.84	-	469.46	469.46
Property, Plant and Equipment	-	5,577.35	5,577.35	-	3,287.08	3,287.08	-	1,872.54	1,872.54
Other Intangible Assets	-	42.07	42.07	-	54.32	54.32	-	32.96	32.96
Other Non-Financial Assets	1,148.17	137.05	1,285.23	824.05	20.77	844.83	93.84	723.10	816.93
Total Assets	61,107.53	86,110.86	147,218.39	60,069.29	22,314.90	82,384.19	8,620.16	48,786.42	57,406.57
LIABILITIES	-	-	-	-	-	-	-	-	-
Financial Liabilities	-	-	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-	-	-
Debt Securities	17,755.00	49,359.76	67,114.76	7,334.51	18,230.49	25,565.00	4,003.43	13,528.27	17,531.70
- Adjustment on account of EIR	-	-703.37	-703.37	-	-169.59	-168.59	-	-121.89	-121.89
Borrowings (Other than Debt Securities)	2,479.86	3,889.81	6,369.67	989.17	31.22	1,020.39	1,010.80	6.96	1,017.77
Subordinated Liabilities	9,980.75	43,350.79	53,331.54	1,061.14	41,446.74	42,507.88	-	30,503.36	30,503.36
Other Financial liabilities	2,838.85	2,024.81	4,863.66	2,138.27	1,259.16	3,397.43	1,215.40	660.31	1,875.72
Non-Financial Liabilities			-						
Current Tax Liabilities (Net)	488.84	-	488.84	318.49	-	318.49	64.79	-	64.79
Other Non-Financial Liabilities	72.03	-	72.03	113.85	-	113.85	28.50	-	28.50
Total Liabilities	33,615.33	97,921.81	131,537.14	11,955.42	60,798.03	72,754.45	6,322.93	44,577.02	50,899.95
Net	27,492.19	-11,810.95	15,681.25	48,113.86	-38,483.12	9,629.74	2,297.23	4,209.40	6,506.62

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Note 34 - Risk Management

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

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

The Risk Management Committee shall be responsible for the following:
1. Reviewing the operations of the organization followed by identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.

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

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

I. Credit risk

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

The Company addresses credit risk through following processes:
1. Through a rigorous loan approval and collateral appraisal process, as well as a strong NPA monitoring and collection strategy.
2. Minimise losses due to defaults or untimely payments by borrowers
3. Credit risk on Gold loan is considerably reduced as collateral is in the form of Gold ornaments which can be easily liquidated and adequate margin of 25% or more is retained while disbursing the loan.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:
Stage 1: unimpaired and without significant increase in credit risk since initial recognition on which a 12 month allowance for ECL is recognised;
Stage 2: a significant increase in credit risk since initial recognition on which a lifetime ECL is recognised;
Stage 3: objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired on which a lifetime ECL is recognised.

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

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

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Exposure at Default (EAD)

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

Probability of default (PD)

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

Loss Given Default (LGD)

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

II. Liquidity risk

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

Company has implemented liquidity management policy for reducing the risk relating to liquidity issues. Currently the policies relating to liquidity are as follows:

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

Asset Liability Management (ALM)

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

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

(Rs in lakhs)

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	1,124.01	11,046.43	19,569.00	-	-	-	-	-	-	31,739.44
Bank Balance Other than Cash and Cash Equivalents	-	-	-	677.00	-	-	-	1.50	-	678.50
Loans	24,113.98	1,830.86	4,883.39	10,122.27	28,540.86	37,805.35	-	-	(1496.40)	105,800.30
Investments	-	-	-	-	-	-	-	-	-	-
Financial Liabilities										
Debt Securities	11.10	16.00	1.55	1,600.17	16,301.92	30,792.39	10,542.97	7,848.66	(703.37)	66,411.39
Borrowings (Other than Debt Securities)	89.30	89.30	89.30	267.90	1,237.50	2,143.20	2,500.83	-	(47.66)	6,369.67
Subordinated Liabilities	74.02	25.82	35.50	350.74	9,494.67	8,354.22	11,593.33	23,403.24	-	53,331.54

* *represents adjustments on account of EIR/ECL*

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

(Rs in lakhs)

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	3,131.14	-	-	-	-	-	-	-	-	3,131.14
Bank Balance Other than Cash and Cash Equivalents	-	-	-	-	-	-	-	1.50	-	1.50
Loans	4,139.87	186.96	2,262.36	4,764.93	44,314.48	19,061.51	-	-	-1,433.04	73,297.07
Investments	-	-	-	-	-	-	-	247.70	-	247.70
Financial Liabilities										
Debt Securities	-	-	-	3,372.61	3,961.90	9,973.62	6,912.47	1,344.40	-168.59	25,396.41
Borrowings (Other than Debt Securities)	-	-	-	-	989.17	31.22	-	-	-	1,020.39
Subordinated Liabilities	-	-	-	-	1,061.14	17,848.89	19,604.57	3,993.28	-	42,507.88

** represents adjustments on account of EIR/ECL*

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

(Rs in lakhs)

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	3,618.16	-	-	-	-	-	-	-	-	3,618.16
Bank Balance Other than Cash	-	-	-	101.50	-	-	-	-	-	101.50
Loans	3,296.47	2,577.20	2,040.74	11,554.36	26,984.27	4,901.49	-	-	-1,571.54	49,782.99
Investments	-	-	-	-	-	-	-	247.70	-	247.70
Financial Liabilities										
Debt Securities	25.30	-	3.00	1,500.00	761.95	2,540.39	4,802.68	-	-121.89	8,026.43
Borrowings (Other than Debt	0.91	0.92	0.93	2.83	1,005.21	6.96	-	-	-	1,017.77
Subordinated Liabilities	-	-	-	-	-	10,555.81	19,604.57	342.98	-	30,503.36

** 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.

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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, March 31, 2021 and March 31, 2020 together with interest paid /payable are required to be furnished.

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

(₹ in lakhs)

Year	Number of Loan	Amount due as on the date of auction	Value Fetched
3/31/2022	8431	8,922.22	8,886.66
3/31/2021	281	90.40	89.39
3/31/2020	710	269.54	245.63

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

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2022		As at March 31, 2021		As at March 31, 2020	
	Liabilities side :	Amount out-standing	Amount overdue	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	-	18,054.64	-
	Unsecured (other than falling within the meaning of public deposits)	-	-	-	-	-	-
	(b) Deferred Credits	-	-	-	-	-	-
	(c) Term Loans	-	-	-	-	-	-
	(d) Inter-corporate loans and borrowing	4,966.26	-	31.22	-	-	-
	(e) Commercial Paper	-	-	-	-	-	-
	(f) Public Deposits	-	-	-	-	-	-
	(g) Other Loans -	-	-	-	-	-	-
	Subordinated debt	52,316.04	-	42,507.88	-	31,483.26	-
	Perpectual Debt Instruments	1,015.50	-	-	-	-	-
	Cash credit / overdraft facilities from banks	1,403.41	-	989.17	-	999.35	-
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**						
	(a) In the form of Unsecured debentures						
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security			-	-	-	-
	(c) Other public deposits						
	Assets side :	**Amount out-standing**		**Amount out-standing**		**Amount out-standing**	
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**						
	(a) Secured	98,445.91		67,899.99		46,959.63	
	(b) Unsecured	8,850.80		6,830.12		4,394.90	
4	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**						
	(i) Lease assets including lease rentals under sundry debtors :						
	(a) Financial lease						
	(b) Operating lease						
	(ii) Stock on hire including hire charges under sundry debtors:						
	(a) Assets on hire						
	(b) Repossessed Assets						
	(iii) Other loans counting towards asset financing activities						
	(a) Loans where assets have been						
	(b) Loans other than (a) above						
5	**Break-up of Investments**						
	Current Investments :						
	1 Quoted :						
	(i) Shares						
	(a) Equity						
	(b) Preference						
	(ii) Debentures and Bonds						
	(iii) Units of mutual funds						
	(iv) Government Securities						
	(v) Others (please specify)						
	2 Unquoted :						
	(i) Shares						
	(a) Equity						
	(b) Preference						
	(ii) Debentures and Bonds						
	(iii) Units of mutual funds						
	(iv) Government Securities						
	(v) Others (please specify)						
	Long Term investments :						
	1 Quoted :						
	(i) Shares						
	(a) Equity						
	(b) Preference						
	(ii) Debentures and Bonds					-	
	(iii) Units of mutual funds					-	
	(iv) Government Securities					-	
	(v) Others (please specify)			-		-	
	2 Unquoted :						
	(i) Shares						
	(a) Equity						
	(b) Preference			247.70		247.70	
	(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 :

(Rs in lakhs)

Category	Amount net of provisions			Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	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	46,959.63	4,394.90	51,354.53

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

(Rs in lakhs)

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

8 Other information

(Rs in lakhs)

Particulars	Amount	Amount	Amount
(i) Gross Non-Performing Assets*			
(a) Related parties	-	-	-
(b) Other than related parties	4,292.53	4,904.84	4,512.05
(ii) Net Non-Performing Assets*			
(a) Related parties	-	-	-
(b) Other than related parties	2,898.48	3,495.84	3,065.73
(iii) Assets acquired in satisfaction of debt	-	-	-

* Stage 3 loan assets under Ind AS

Note 40.2 - Capital

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
1	CRAR (%)	20.95%	16.06%	17.02%
2	CRAR - Tier I Capital (%)	13.71%	10.18%	11.28%
3	CRAR - Tier II Capital (%)	7.24%	5.89%	5.74%
4	Amount of subordinated debt raised as Tier - II capital	7,840.12	4,006.51	3,002.10
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	As at March 31, 2020
1	Value of Investments			
	(i) Gross Value of Investments			
	(, In India	-	247.70	247.7
	(l Outside India	-	-	-
	(ii) Provisions for Depreciation			
	(, In India	-	-	-
	(l Outside India	-	-	-
	(iii) Net Value of Investments			
	(, In India	-	247.70	247.7
	(l 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	-	-	-
	(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	As at March 31, 2020
1	Bank Loans - Cash Credit/overdraft	CRISIL BB+/ Stable CARE BB+/Stable	CRISIL BB+/ Stable; CARE BB+/Stable	CRISIL BB+/ Stable; CARE BB+/Stable
2	Non Convertible Debentures - Public issue	CARE BB+/Stable	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	As at March 31, 2020
1	Provisions for depreciation on Investment	-	-	-
2	Provision towards NPA (Expected Credit Loss)	63.37	-138.50	120.54
3	Provision made towards Income Tax	488.84	318.49	375.32
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	As at March 31, 2020
1	Total Advances to twenty largest borrowers	9,461.26	7,956.82	6,410.88
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	8.82%	10.65%	12.48%

R.B. JAIN AND ASSOCIATES COCHIN

KLM AXIVA FINVEST LIMITED
Hyderabad

Notes on Reformatted Standalone Ind AS Financial Statements

Note 40.7 - Concentration of Exposures

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
1	Total Exposures to twenty largest borrowers/customers	9,461.26	7,956.82	6,410.88
2	Percentage of Exposures to twenty largest borrowers/Customers to Total Exposures of the NBFC on borrowers/Customers.	8.82%	10.65%	12.48%

Note 40.8 - Concentration of NPAs

(₹ in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
1	Total Exposures to top four NPA accounts	559.91	76.47	1,066.06

Note 40.9 - Sector wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector		
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
1	Agriculture & allied activities	-	-	-
2	MSME	8.83%	12.27%	17.73%
3	Corporate borrowers	-	-	-
4	Services	-	-	-
5	Unsecured personal loans	-	-	-
6	Auto loans (vehicle loan)	100%	-	-
7	Other loans	0.55%	1.85%	3.55%

Note 40.10 - Movement of NPAs

(Rs in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
(i)	Net NPAs* to Net Advances (%)	2.64%	4.77%	6.14%
(ii)	Movement of NPAs* (Gross)			
	(a) Opening balance	4,904.84	4,512.05	6,059.11
	(b) Net additions during the year	(612.31)	392.79	-1,547.06
	(c) Closing balance	4,292.53	4,904.84	4,512.05
(iii)	Movement of Net NPAs*		-	-
	(a) Opening balance	3,495.84	3,065.73	4,711.11
	(b) Net additions during the year	(597.36)	430.11	-1,645.39
	(c) Closing balance	2,898.48	3,495.84	3,065.73
(iv)	Movement of provisions for NPAs* (excluding Provisions on Standard Assets)		-	-
	(a) Opening balance	1,409.00	1,446.33	1,348.00
	(b) Provisions made during the year	-	-	98.33
	(c) Write-off/ write-back of excess provisions	(14.95)	-37.32	-
	(d) Closing balance	1,394.05	1,409.00	1,446.33

* Stage 3 loan assets under Ind AS.

Note 42 - Customer complaints

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
1	No. of complaints pending as at the beginning of the year	Nil	Nil	Nil
2	No. of complaints received during the year	Nil	Nil	Nil
3	No. of complaints redressed during the year	Nil	Nil	Nil
4	No. of complaints pending as at the end of the year	Nil	Nil	Nil

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

(Rs in lakhs)

Sl. No.	Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
1	Gold Loans granted against collateral of gold jewellery	62,546.94	37,871.22	25,540.40
2	Total Financial assets of the Company	139,188.05	77,295.29	54,214.67
3	Percentage of Gold Loans to Total Assets	44.94%	49.00%	47.11%

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

R.B. JAIN AND ASSOCIATES COCHIN-25 CHARTERED ACCOUNTANTS

KLM AXIVA FINVEST LIMITED
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Notes on Reformatted Standalone Ind AS Financial Statements

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	86,500.91	-	86,500.91	346.00	(346.00)
	Stage 1	6,342.68	13.36	6,329.31	25.37	(12.00)
	Stage 2	10,160.59	88.99	10,071.60	40.64	48.35
Subtotal		**103,004.18**	**102.35**	**102,901.82**	**412.02**	**(309.66)**
Non-Performing Assets						
Sub Standard	Stage 3	1,470.50	314.69	1,155.81	147.05	167.64
Doubtful- up to 1 year	Stage 3	950.37	332.63	617.74	190.07	142.56
1 to 3 years	Stage 3	1,260.68	441.24	819.44	378.20	63.03
More than 3 years	Stage 3	610.98	305.49	305.49	305.49	
Subtotal for doubtful		**2,822.03**	**1,079.36**	**1,742.67**	**873.77**	**205.59**
Loss	Stage 3					
Subtotal for NPA		**4,292.53**	**1,394.05**	**2,898.48**	**1,020.82**	**373.23**
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**	**86,500.91**		**86,500.91**	346.00	(346.00)
	Stage 1	**6,342.68**	**13.36**	**6,329.31**	25.37	(12.00)
	Stage 2	**10,160.59**	**88.99**	**10,071.60**	40.64	48.35
	Stage 3	**4,292.53**	**1,394.05**	**2,898.48**	1,020.82	373.23
	Total	**107,296.71**	**1,496.40**	**105,800.30**	1,432.84	63.57

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	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	64,475.38	-	64,475.38	257.90	-257.90
	Stage 1	4,836.73	16.64	4,820.09	19.35	-2.71
	Stage 2	513.16	7.39	505.77	2.05	5.34
Subtotal		**69,825.26**	**24.03**	**69,801.23**	**279.30**	**-255.27**
Non-Performing Assets						
Sub Standard	Stage 3	1,890.76	592.81	1,297.95	189.08	403.73
Doubtful- up to 1 year	Stage 3	954.58	334.10	620.47	190.92	143.19
1 to 3 years	Stage 3	2,059.51	482.10	1,577.41	617.85	-135.76
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**3,014.09**	**816.20**	**2,197.89**	**808.77**	**7.43**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**4,904.84**	**1,409.00**	**3,495.84**	**997.84**	**411.16**
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**	**64,475.38**	**-**	**64,475.38**	**257.90**	**-257.90**
	Stage 1	**4,836.73**	**16.64**	**4,820.09**	**19.35**	**-2.71**
	Stage 2	**513.16**	**7.39**	**505.77**	**2.05**	**5.34**
	Stage 3	**4,904.84**	**1,409.00**	**3,495.84**	**997.84**	**411.16**
	Total	**74,730.11**	**1,433.04**	**73,297.07**	**1,277.14**	**155.89**

As at March 31, 2020

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

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

Asset Classification as per RBI Norms (1)	Asset Classification as per IND AS 109 (2)	Gross Carrying Amount as per IND AS (3)	Loss Allowances (Provisions) as required under IND AS 109 (4)	Net carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between IND AS 109 provisions and IRACP norms (7)=(4)-(6)
Performing Assets						
	Zero overdue	23,573.04	-	23,573.04	94.29	-94.29
Standard Assets	Stage 1	16,312.89	53.31	16,259.57	65.25	-11.94
	Stage 2	5,175.71	71.90	5,103.81	20.70	51.19
Subtotal		**45,061.64**	**125.21**	**44,936.42**	**180.25**	**-55.03**
Non-Performing Assets						
Sub Standard	Stage 3	3,876.51	1,225.06	2,651.46	387.65	837.41
Doubtful- up to 1 year	Stage 3	103.95	35.42	68.53	20.79	14.63
1 to 3 years	Stage 3	2.78	0.77	2.01	0.83	-0.06
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**106.73**	**36.18**	**70.54**	**21.62**	**14.56**
Loss	Stage 3	528.81	185.08	343.73	528.81	-343.73
Subtotal for NPA		**4,512.05**	**1,446.33**	**3,065.73**	**938.09**	**508.24**
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**	**23,573.04**	**-**	**23,573.04**	**94.29**	**-94.29**
	Stage 1	**16,312.89**	**53.31**	**16,259.58**	**65.25**	**-11.94**
	Stage 2	**5,175.71**	**71.90**	**5,103.81**	**20.70**	**51.19**
	Stage 3	**4,512.05**	**1,446.33**	**3,065.72**	**938.09**	**508.24**
	Total	**49,573.69**	**1,571.54**	**48,002.15**	**1,118.33**	**453.20**

MATERIAL DEVELOPMENTS

There have been no material developments since March 31, 2022 and there have not arisen any circumstances that would materially or adversely affect the operations, or financial condition or profitability of our Company or the value of its assets or its ability to pay its liabilities within the next 12 months, except as stated below:

- Appointment of Ambramoli Purushothaman as an Additional Independent Director with effect from April 12, 2022.
- KMLM Financial Services Limited, Wholly-Owned Subsidiary of our Company was dissolved pursuant to approval order for voluntary liquidation dated May 05, 2022 by the National Company Law Tribunal, Kochi Bench, Kerala
- Remuneration of Whole-time Directors – The Board of Directors in their meeting held on May 23, 2022 revised the remuneration of Shibu Theckumpurath, whole-time director of the Company from ₹ 3,00,000 to ₹ 5,00,000 per month which was approved by the shareholders at the extra-ordinary general meeting of the Company dated June 23, 2022.
- The Company has availed the following facilities:

Financial Institutions	Amount	Date of sanction
State Bank of India	₹ 50,00,00,000	December 27, 2021
Dhanlaxmi Bank Limited	₹ 4,50,00,000	March 25, 2022

Please refer the Risk Factor "*Spread of COVID-19 and the consequent nationwide lockdown to impact the Issuer's operations and financial condition*".

FINANCIAL INDEBTEDNESS

As on June 30, 2022, the Company had outstanding secured borrowing of ₹ 71,653.42 lakhs and unsecured borrowing of ₹ 58,791.51 lakhs on standalone basis. A summary of all the outstanding secured and unsecured borrowings, on standalone basis, together with a brief description of certain significant terms of such financing arrangements are as under:

A. Secured Borrowings

Secured Loan Facilities

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2022 (in ₹ lakhs)	Security	Repayment date/schedule
The South Indian Bank Limited *Cash Credit - Working capital* Renewal letter dated **17.08.2021***	1,000.00	945.08	**Primary Security** Hypothecation of entire current assets of the firm of present and future **Collateral Security** 1.EM of land admeasuring 22.91 cents in sy no 1160/6B,1160/6A in kothamangalam village, kothamangalam taluk in Ernakulam dist. in the name of Josekutty Xavier (on behalf of the Company) 2.EM of land admeasuring 32.57 cents in sy, no 1160/8 and 1160/7 of Kothamangalrn taluk, Kothamangalm village, Ernakulam Dt in the name of Josekutty Xavier (on behalf of the Company) 3. EM of land admeasuring 20.35 cents in sy. no 1159/9 of Kothamangalam Village, Kothamanagalam taluk in Ernakulam Dt in the name of Josekutty Xavier (on behalf of the Company) 4.EM of land admeasuring 21.61 cents in sy. no 1159/9 of Kothamangalm village, Kothamangalam taluk in Ernakulam DT in the name of Josekutty Xavier (on behalf of the Company) 5. EM of land admeasuring 19.224 cents with 23079 sq ft commercial building under, sy no 1267/9-2 with bldg no30/564 in Kothamangalam Municipality of kothamangalam village, kothamangalam taluk in Ernakulam dt in the name of M/s. KMLM Chits India Limited 6.EM of 8 cents of vacant land in sy no l/4A, 1/4B, Re Sy No26/2 Edappaly North Village, Kanayannur Taluk, Ernakulum taluk in Ernakulum Dt in the name of KLM Axiva Finvest Limited	Repayable on Demand Validity of Limits is 12 months
Kotak Mahindra Prime Vehicle loan	45.61	10.68	Hypothecation on vehicle	Repayable in 36 months equate monthly installments

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2022 (in ₹ lakhs)	Security	Repayment date/schedule
ICICI Loan against deposit	4.50	-	Lien on Fixed Deposit	Repayable on Demand
The South Indian Bank Loan against Deposit	9.50	-	Lien on Fixed Deposit	Repayable on Demand
HDFC Bank Limited Loan against Deposit	5.00	-	Lien on Fixed Deposit	Repayable on Demand
State Bank of India Term Loan	5,000.00	4,821.40	Primary Security 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. Collateral Security 1. Exclusive Equitable Mortage 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 Deposit of Rs 16.00 Crs held in the name of the company with SBI	Repayable in 55 monthly installments of ₹89,30,000 and one (last) monthly installment of ₹ 88,50,000
Dhanlaxmi Bank Limited Overdraft facility – Working Capital	450.00	448.88	Primary Security 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%.) Collateral Security 1. Residential Land(301) -EM of 54.73 Ares land under Sy no 322/4 of 8.90 ares, Syno.322/5 of 45.83 ares of Mazhuvannur Village, Kunnathunadu Taluk, Ernakulam District 2. Residental 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	Repayable on Demand

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on June 30, 2022 (in ₹ lakhs)	Security	Repayment date/schedule
			Re Sy no 470/15 of 4.70 Ares)of valakam village ,Muvattupuzha taluk, Ernakulam District 3. Residental 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.	
Total	**6,514.61**	**6,226.04**		

* renewal is under process

Restrictive Covenants

Many of the financing agreements of the Company include various restrictive conditions and covenants restricting certain corporate actions, and the Company is required to take the prior approval of the lender before carrying out such activities. For instance, the Company, *inter alia,* is required to obtain the prior written consent in the following instances:

- to declare and/or pay dividend to any of its Shareholders whether equity or preference, during any financial year unless the Company has paid to the lender the dues payable by the Company in that year;
- to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction or disposal of whole of the undertaking;
- to create or permit any charges or lien, sell or dispose of any encumbered assets;
- to alter its capital structure, or otherwise acquire any share capital;
- to effect a change of ownership or control, or management of the Company;
- to enter into long term contractual obligations directly affecting the financial position of the Company;
- to borrow or obtain credit facilities from any bank or financial institution;
- to undertake any guarantee obligations on behalf of any other company; and
- sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the banks.

Secured Non-Convertible Debentures

The details of the secured non-convertible debentures issued by the Company, outstanding as on June 30, 2022 are provided below:

1. **Private placement of secured redeemable non-convertible debentures**

The Company has issued, on private placement basis, secured redeemable non-convertible debentures under various series of which ₹ 661.80 lakhs was cumulatively outstanding as on June 30, 2022, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Amount outstanding as on June 30, 2022 (₹ in lakhs)	Tenor	Redemption Date	Security	Credit Rating
Non-Convertible	March 8, 2016 to	12% To 12.50%	2.20*	1 year to 3 years	March 7, 2017 to	Pari Passu floating charge on the book	NA

Debenture Series	Date of Allotment	Coupon (in %)	Amount outstanding as on June 30, 2022 (₹ in lakhs)	Tenor	Redemption Date	Security	Credit Rating
Debentures 15-16/A	March 31, 2016				March 30, 2019	debts of the Company, loan receivable and unencumbered assets having a market value being equivalent to 110% of the outstanding balance of debentures at any time. The security crated shall be renewed every month for its adequacy and for reduction in value of security or for any other reason shall be compensated by additional adequate security of similar nature	
Non-Convertible Debentures 16-17/A	May 12, 2016 to September 6, 2016	12% To 12.50%	22.10*	1 year to 3 years	May 11, 2017 to September 5, 2019		NA
Non-Convertible Debentures 16-17/B	October 1, 2016 to February 13, 2017	12% To 12.50%	5.00*	1 year to 5 years	September 30, 2017 to February 12, 2022		NA
Non-Convertible Debentures 16-17/C	March 31, 2017	12% To 12.50%	6.50*	1 year to 5 years	February 28, 2022		NA
Non-Convertible Debentures 17-18/A	April 26, 2017 to June 6, 2017	11% To 12.50%	17.00	1 year to 5 years	April 25, 2018 to June 5, 2022		NA
Non-Convertible Debentures 17-18/B	June 23, 2017 to August 14, 2017	11% To12.50%	274.90	1 year to 5 years	June 22, 2018 to August 13, 2022		NA
Non-Convertible Debentures 17-18/C	August 28, 2017 to March 31, 2018	11% To 12.50%	137.00	1 year to 5 years	August 27, 2018 to March 31, 2023		NA
Non-Convertible Debentures 18-19/A	April 01, 2018 to August 31 2018	11.5% To 12.50%	197.10	1 year to 5 years	March 31, 2019 to August 30, 2023		NA
Total			**661.80**				

**Matured but not redeemed, as amount remains unclaimed.*

2. **Public issue of secured redeemable non-convertible debentures**

a. Public Issue 1

The Company vide an initial public offer, issued secured redeemable non-convertible debentures of which ₹ 4,526.08 lakhs were outstanding as on June 30, 2022, the details of which are set forth below:

Debenture Public Issue	Tenor	Effective Yield Per Annum (in %)	Amount outstanding as on June 30, 2022 (₹ in lakhs)	Date of Allotment	Redemption Date	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit Rating
(Public Issue I) Secured Redeemable Non-Convertible Debentures	1 year to 6 years	11.75% to 12.68%	4,526.08	November 6, 2018	November 5, 2019 to November 5, 2024	10,000.00	The principal amount of the secured NCDs to be issued in terms of the draft prospectus together with all interest due on the secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with the existing secured creditors on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one time of the secured NCDs outstanding plus interest accrued thereon and first ranking pari passu charge on the immovable property situated at Theni District, Periyakulam Reg. Dt., Thevaram SRO, Uthampalyam Taluk, Kombai Village, Malligai Nagar, Plot No.10 in Survey No. 595/1.	CARE BB+ ; Outlook stable

b. Public Issue 2

The Company vide public offer, issued secured redeemable non-convertible debentures of which ₹ 4,959.68 lakhs was outstanding as on June 30, 2022 the details of which are set forth below:

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2022 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
(Public Issue II) Secured Redeemable Non-Convertible Debentures	400 Days to 75 Months	11.17% to 12.40%	4,959.68	03-October-2019	November-05-2020 to January-02-2026	9,383.40	The principal amount of the NCDs to be issued in terms of the draft prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with existing secured creditors, 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 equal to the value of one time of the NCDs outstanding plus interest accrued thereon and	CARE BB+; Stable

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2022 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
							first ranking pari passu charge on the immovable property situated at Plot No. 10 & plot No. 15. Malligai Nagar, Kombai Village, Uthampalaym Taluk, Theni District, Tamil Nadu	

c. **Public Issue 3**

The Company vide public offer, issued secured redeemable non-convertible debentures of which ₹ 6,306.99 lakhs was outstanding as on June 30, 2022, the details of which are set forth below:

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2022 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
(Public Issue III) Secured Redeemable Non-Convertible Debentures	400 Days to 75 Months	11.17% to 12.40%	6,306.99	July-01-2020	August-05-2021 to October-02-2026	12,428.93	The principal amount of the secured NCDs to be issued in terms of the draft prospectus together with all interest due on the secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking	CARE BB+; Stable

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2022 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
							pari passu charge with the existing secured creditors on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one time of the secured NCDs outstanding plus interest accrued thereon and first ranking pari passu charge on the immovable property situated at Theni District, Periyakulam Reg. Dt., Thevaram SRO, Uthampalyam Taluk, Kombai Village, Malligai Nagar, Plot No.10 in Survey No. 595/1.	

d. Public Issue 4

The Company vide public offer, issued secured redeemable non-convertible debentures of which ₹ 15,000 lakhs was outstanding as on June 30, 2022, the details of which are set forth below:

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2022 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
(Public Issue IV) Secured Redeemable Non-Convertible Debentures	1 Year to 79 Months	10.50% to 11.85%	15,000	July -30-2021	July-29-2022 to Feb-29-2028	15,000.00	The principal amount of the secured NCDs to be issued in terms of the draft prospectus together with all interest due on the secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with the existing secured creditors on all movable assets and fixed assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one time of the secured NCDs outstanding plus interest accrued thereon.	CARE BB+; Stable

e. Public Issue 5

The Company vide public offer, issued secured redeemable non-convertible debentures of which ₹ 16,210.77 lakhs was outstanding as on June 30, 2022, the details of which are set forth below:

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2022 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
(Public Issue V) Secured Redeemable Non-Convertible Debentures	1 Year to 80 Months	10 % to 11.57%	16,210.77	01-Nov-2021	01-Nov-2022 To 30-June-2028	16,210.77	The principal amount of the secured NCDs to be issued in terms of the draft prospectus together with all interest due on the secured NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with the existing secured creditors, 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 equal to the value of one time of the NCDs outstanding plus interest accrued thereon.	CARE BB+; Stable

f. Public Issue 6

The Company vide public offer, issued secured redeemable non-convertible debentures of which ₹ 17,762.06 lakhs was outstanding as on June 30, 2022, the details of which are set forth below:

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on June 30, 2022 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
(Public Issue VI) Secured Redeemable Non-Convertible Debentures	1 Year To 80 Months	9.75 % To 11.57 %	17,762.06	17-March-2022	17-March-2023 To 16-November-2028	17,765.22	The principal amount of the NCDs to be issued in terms of the Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with Existing Secured Creditors, 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 equal to the value of one time of the NCDs outstanding plus interest accrued thereon.	CARE BB+ Positive

Unsecured

1. **Sub-ordinated debt**

   The outstanding amount of subordinated debt was ₹ 56,347.58 lakhs as on June 30, 2022, the details of which are set forth below:

Subordinated Debt Series	Tenure	Coupon (in %)	Amount outstanding as on June 30, 2022 (₹ in lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)	Credit rating
2016-17/A	5 - 6 years	12.00 % to 12.50%	0.00	April 3, 2016 to December 31, 2016	April 3, 2021 to December 31, 2022	795.85	NA
2016-17/B	5 - 6 years	12.00 % to 12.50%	65.58	January 1, 2017 to March 31,2017	January 1, 2022 to March 31, 2023	265.28	
2017-18/A	5 - 6 years	12.00 % to 12.50%	9,494.67	April 1, 2017 to March 31, 2018	April 1, 2022 to March 31, 2024	9,494.67	
2018-19/A	5 - 6 years	12.00 % to 12.50%	8,354.22	April 1, 2018 to March 31, 2019	April 1, 2023 to March 31, 2025	8,354.22	
2019-20/A	60-75 months	11.50% to 12.50%	11,593.33	April 1, 2019 to December 31, 2019	April 1, 2024 to March 31, 2026	11,593.33	
2020-22	60-75 months	11.25 % to 12.50%	26,842.78	April 1, 2020 to January 31, 2022	April 1, 2025 to March 31, 2029	26,842.78	
Total			**56,347.58**			**57,346.13**	

2. **Tier- 1 Capital - Perpetual Debt Instruments**

The outstanding amount of Perpetual Debt Instrument was ₹ 2,443.93 lakhs as on June 30, 2022 the details of which are set forth below:

PDI	Tenure*	Coupon (in %)	Amount outstanding as on June 30, 2022 (₹ in lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)	Credit rating
PDI - I	10 years	11.75 % to 12.00%	1,015.50	21-January-2022		1,015.50	NA
PDI - II	10 years	11.75 % to 12.00%	1,428.43	30-June-2022		1,428.43	NA
TOTAL			**2,443.93**			**2,443.93**	

**The Company may exercise call option after 10 years.*

Commercial Papers

The Company has not issued any commercial papers.

Loan from Directors and Relatives of Directors

The Company has not taken any loan from Directors or relative of Directors.

Inter Corporate Loans

The Company has not borrowed any amount in the nature of demand loans from companies under same management.

Guarantees to Third Parties

NIL

Details of the rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares)

NIL

Servicing behaviour on existing debt securities, payment of interest on due dates on financing facilities or securities

The Company has not defaulted upon or delayed in payment of any interest and/or principal for the existing term loan, the non-convertible debentures and other financial indebtedness in the last three financial years.

SECTION VI - ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue by our Company of NCDs of face value ₹ 1,000 each, for an amount aggregating up to ₹ 10,000 lakhs with an option to retain over-subscription up to ₹ 10,000 lakhs, aggregating to a total of ₹ 20,000 lakhs on the terms and in the manner set forth herein.

The Issue has been authorised by resolution of the Board passed during meeting held on July 01, 2022

Principal Terms and Conditions of the Issue

Terms and Conditions in connection with the NCDs

Issuer	KLM Axiva Finvest Limited
Lead Manager	Vivro Financial Services Private Limited
Debenture Trustee	Vistra ITCL (India) Limited
Registrar to the Issue	KFin Technologies Limited
Type and nature of Instrument	Secured redeemable non-convertible debentures
Face Value of NCDs (₹/NCD)	₹ 1,000
Issue Price (₹/NCD)	₹ 1,000
Minimum Application	5 NCDs i.e. ₹ 5,000 (across all options of NCDs)
In multiples, of	One NCD after the minimum application
Seniority	Senior (the claims of the Debenture Holders holding NCDs shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements). The NCDs would constitute secured obligations of our Company and shall have first ranking *pari passu* charge with existing secured creditors, on all movable assets including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.
Mode of Issue	Public Issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Minimum Subscription	Minimum subscription is 75% of the Base Issue, i.e. ₹ 7,500 lakhs
Issue	Public Issue by our Company of NCDs aggregating up to ₹ 10,000 lakhs with an option to retain over-subscription up to ₹ 10,000 lakhs, aggregating to a total of ₹ 20,000 lakhs
Base Issue	₹ 10,000 lakhs
Stock Exchange proposed for listing of the NCDs	BSE Limited, the Designated Stock Exchange
Listing and timeline for Listing	The NCDs shall be listed within 6 Working Days of Issue Closing Date
Depositories	NSDL and CDSL
Description regarding Security (where applicable) including type of security (movable/ immovable/ tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover,	The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, other movable assets, loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon. The tentative date of creation of the security for the NCDs shall be finalised upon execution of the Debenture Trust Deed.

revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in this Prospectus	Replacement of security – Our Company shall within such period as may be permitted by the Debenture Trustee, furnish to the Debenture Trustee as additional security, if the Debenture Trustee is of the opinion that during the subsistence of these presents, the security for the NCDs has become inadequate on account of the margin requirement as provided in the financial covenants and conditions and the Debenture Trustee has, accordingly, called upon our Company to furnish such additional security. In such case, our Company shall, at its own costs and expenses, furnish to the Debenture Trustee such additional security, in form and manner satisfactory to the Debenture Trustee, as security for the NCDs and upon creation of such additional security, the same shall vest in the Debenture Trustee subject to all the trusts, provisions and covenants contained in these presents. For further details, please refer to the Secured Debenture Trust Deed. Minimum security cover: Please refer to "- *Security Cover*" below. Interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in this Prospectus: N.A.
Security Cover	Our Company shall maintain a minimum 100 percent security cover on the outstanding balance of the NCDs plus accrued interest thereon
Who can apply	**Category I** • Resident Public Financial Institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations; • Scheduled commercial banks, co-operative banks, regional rural banks, and multilateral and bilateral development finance institutions which are authorised to invest in the NCDs; • Provident Funds of minimum corpus of ₹2,500 lakhs, Pension Funds of minimum corpus of ₹2,500 lakhs, Superannuation Funds and Gratuity Fund, which are authorised to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident venture capital funds registered with SEBI; • Insurance Companies registered with the IRDA; • National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; • Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India; • Mutual Funds, registered with SEBI; and • Systemically Important NBFCs. **Category II** • Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Educational institutions and Associations of Persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs; • Trust including Public/private charitable/ religious trusts which are authorised to invest in the NCDs; • Association of persons • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners;

<table>
<tr><td></td><td>

- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and
- Resident Indian individuals and Hindu undivided families through the Karta aggregating to a value exceeding ₹5 lakhs.

Category III*

- Resident Indian individuals; and
- Hindu undivided families through the Karta.

* Applications aggregating to a value not more than ₹5 lakhs.
</td></tr>
<tr><td>Credit Rating</td><td>
<table>
<tr><th>Rating agency</th><th>Instrument</th><th>Rating symbol</th><th>Date of credit rating rationale letter</th><th>Amount rated</th><th>Rating Definition</th></tr>
<tr><td>India Ratings & Research Private Limited</td><td>Non-convertible debentures</td><td>IND BBB-; Stable;</td><td>August 23, 2022</td><td>₹ 20,000 lakhs</td><td>Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations</td></tr>
</table>
</td></tr>
<tr><td>Issue Size</td><td>Public Issue by our Company of NCDs aggregating up to ₹ 10,000 lakhs with an option to retain over-subscription up to ₹ 10,000 lakhs, aggregating to a total of ₹ 20,000 lakhs.</td></tr>
<tr><td>Pay-in date</td><td>Application Date. The entire Application Amount is payable on Application.</td></tr>
<tr><td>Application Money</td><td>The entire Application Amount is payable on submitting the application.</td></tr>
<tr><td>Record Date</td><td>The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 7 Working Days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be.

In case Record Date falls on a day when stock exchanges are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.</td></tr>
<tr><td>Issue Schedule</td><td>The Issue shall be open from Thursday, September 15, 2022 to Wednesday, October 12, 2022 with an option to close earlier as may be determined by a duly authorised committee of the Board and informed by way of newspaper publication on or prior to the earlier closer date/date of closure up to maximum 30 days from the date of this Prospectus</td></tr>
<tr><td>Objects of the Issue</td><td>Please see “Objects of the Issue” on page 73.</td></tr>
<tr><td>Put/Call Option</td><td>None</td></tr>
<tr><td>Put date</td><td>NA</td></tr>
<tr><td>Put price</td><td>NA</td></tr>
<tr><td>Call date</td><td>NA</td></tr>
<tr><td>Call price</td><td>NA</td></tr>
<tr><td>Put notification time</td><td>NA</td></tr>
<tr><td>Call notification time</td><td>NA</td></tr>
<tr><td>Details of the utilization of the proceeds of the Issue</td><td>Please see “Objects of the Issue” on page 73.</td></tr>
<tr><td>Coupon rate and redemption premium</td><td>Please see “Issue Structure – Terms and Conditions in connection with the NCDs” on page 252.</td></tr>
</table>

Step up/ Step down coupon rate	Not applicable
Coupon payment frequency	Please see "*Issue Structure – Terms and Conditions in connection with the NCDs*" on page 252 .
Coupon payment dates	Please see "*Issue Structure – Terms and Conditions in connection with the NCDs*" on page 252.
Coupon type (fixed, floating or other structure)	Please see "*Issue Structure – Terms and Conditions in connection with the NCDs*" on page 252.
Working Days convention/Day count convention/Effect of holidays on payment	If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. In case the redemption date (also being the last interest payment date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.
Issue Opening Date	Thursday, September 15, 2022
Issue Closing Date	Wednesday, October 12, 2022
Issue Timing	Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of this Prospectus) as may be decided by the Board of Directors of our Company ("Board") or Debenture Committee of the Board. In the event of such early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through advertisement in an English national daily newspaper and a regional daily newspaper in Telangana where the registered office is located, with wide circulation on or before such earlier date or extended date of closure. Application Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.
Default interest date	In the event of any default in fulfilment of obligations by our Company under the Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Debenture Trust Deed.
Deemed Date of Allotment	The date on which the Board or a duly authorised committee approves the Allotment of NCDs. All benefits relating to the NCDs including interest on NCDs shall be available to Investors from the Deemed Date of Allotment. The actual allotment of NCDs may take place on a date other than the Deemed Date of Allotment.
Day count basis	Actual
Tenor	Please see "*Issue Structure – Terms and Conditions in connection with the NCDs*" on page 252.
Redemption Date	Please see "*Issue Structure – Terms and Conditions in connection with the NCDs*" on page 252.
Redemption Amount	The principal amount of the NCDs along with interest accrued on them, if any, as on the Redemption Date
Redemption premium/ discount	Not applicable
Discount at which security is issued and the effective yield as a result of such discount	NA
Transaction documents	This Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trusteeship Agreement, the Debenture Trust Deed and other security documents, if applicable, and various other

	documents/agreements/undertakings, entered or to be entered by the Company with Lead Manager and/or other intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trusteeship Agreement, the Public Issue Account Agreement, the Agreement with the Registrar and the Agreement with the Lead Manager. For further details, see "*Material Contracts and Documents for Inspection*" on page 358.
Conditions precedent to disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions precedents to disbursement.
Conditions subsequent to disbursement	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions subsequent to disbursement.
Affirmative and Negative covenants precedent and subsequent to the Issue	The covenants precedent and subsequent to the Issue will be finalised upon execution of the Debenture Trust Deed which shall be executed within the timeline as specified under Regulation 18 of SEBI NCS Regulations. Further, in the event our Company fails to execute the Debenture Trust Deed within a period specific under Regulation 18 of SEBI NCS Regulations, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed.
All covenants of the Issue (including side letters, accelerated payment clause, etc)	Please refer to the chapter titled "*Terms of Issue*" on page 260
Events of default (including manner of voting/ conditions of joining inter creditor agreement)	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 260
Cross Default	Please refer to the chapter titled "*Terms of Issue – Events of Default*" on page 260
Creation of recovery expense fund	The creation of recovery expense fund will be finalised upon the execution of the Debenture Trust Deed, as applicable in accordance with the applicable provisions of SEBI NCS Regulations and other applicable laws. For further details, please refer to the chapter titled "*Terms of Issue – Recovery Expense Fund*" on page 260
Conditions for breach of covenants (as specified in Secured Debenture Trust Deed)	The conditions for breach of covenants will be finalised upon execution of the Debenture Trust Deed which shall be executed as per Regulation 18 of SEBI NCS Regulations.
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled "*Terms of Issue – Debenture Trustees for the Debenture Holders*" on page 260
Risk factor pertaining to the Issue	Please see "*Risk Factors*" on page 17.
Settlement Mode	Please refer to the chapter titled "*Terms of Issue - Payment on Redemption*" on page 260
Depository	NSDL and CDSL
Governing law and jurisdiction	The Issue shall be governed in accordance with the laws of the Republic of India and shall be subject to the exclusive jurisdiction of the courts of Kochi, India.

Note:

*(a) The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of this Prospectus) as may be decided by the Board of Directors of our Company ("**Board**") or Debenture Committee of the Board. In the event of such early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through advertisement in an English national daily newspaper and a regional daily newspaper in Telangana where the registered office is located, with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.*

(b) In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this Issue of NCDs in

dematerialized form. However, in terms of Section 8(1) of the Depositories Act, the Company, at the request of the Applicants who wish to hold the NCDs post allotment in physical form, will fulfil such request through the process of dematerialization, if the NCDs were originally issued in dematerialized form. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Terms of the NCDs

Tenure	**400 Days**	**16 Months**	**18 Months**	**2 Years**	**2 Years**	**3 Years**	**3 Years**	**5 Years**	**5 Years**	**82 Months**
Nature	**Secured**									
Options	**I**	**II**	**III**	**IV**	**V**	**VI**	**VII**	**VIII**	**IX**	**X**
Frequency of Interest Payment	**Monthly**	**Cumulative**	**Monthly**	**Monthly**	**Annual**	**Monthly**	**Annual**	**Monthly**	**Annual**	**Cumulative**
Minimum Application	5 NCDs (₹ 5,000) (across all options of NCDs)									
In multiples, of	1 NCD after the minimum application									
Face Value of NCDs (₹ /NCD)	₹ 1,000									
Issue Price (₹ /NCD)	₹ 1,000									
Mode of Interest Payment/ Redemption	Through various options available									
Coupon (%) per annum	8.75%	NA	9.10%	9.25%	9.50%	9.50%	9.75%	10.50%	10.75%	NA
Coupon Type	Fixed									
Redemption Amount (₹ /NCD) for Debenture Holders	₹1,000	₹1,128	₹1,000	₹1,000	₹1,000	₹1,000	₹1,000	₹1,000	₹1,000	₹2,000
Effective Yield (%)(per annum)	9.11%	9.47%	9.49%	9.65%	9.50%	9.92%	9.75%	11.02%	10.75%	10.68%
Maturity/ Redemption Date (Years from the Deemed Date of Allotment)	400 Days	16 Months	18 Months	2 Years	2 Years	3 Years	3 Years	5 Years	5 Years	82 Months
Put and Call Option	Not applicable									
Deemed	The date on which the Board or the Debenture Committee approves the Allotment of NCDs. All benefits relating									

Tenure	400 Days	16 Months	18 Months	2 Years	2 Years	3 Years	3 Years	5 Years	5 Years	82 Months
Date of Allotment	to the NCDs including interest on the NCDs shall be available to the Investors from the Deemed Date of Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment									

Interest and Payment of Interest

1. Monthly interest payment options

Interest would be paid monthly under Option I, III, IV, VI and VIII at the following rates of interest in connection with the relevant categories of NCD Holders, on the amount outstanding from time to time, commencing from the Deemed Date of Allotment of NCDs:

Category of NCD Holder	Rate of Interest (p.a.) for the following tenures				
	400 Days	18 Months	2 Years	3 Years	5 Years
	Option I	Option III	Option IV	Option VI	Option VIII
Category I, II and III (%)	8.75%	9.10%	9.25%	9.50%	10.50%

For avoidance of doubt where interest is to be paid on a monthly basis, relevant interest will be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs, and paid on the first day of every subsequent month. For the first interest payment for NCDs under the monthly options if the Deemed Date of Allotment is prior to the fifteenth of that month, interest for that month will be paid on first day of the subsequent month and if the Deemed Date of Allotment is post the fifteenth of that month, interest from the Deemed Date of Allotment till the last day of the subsequent month will be clubbed and paid on the first day of the month next to that subsequent month.

2. Annual Interest payment options

Option V, VII and IX of the NCDs shall be redeemed as below:

Category of NCD Holder	Rate of Interest (p.a.)		
	2 Years	3 Years	5 Years
	Option V	Option VII	Option IX
Category I, II, III (%)	9.50%	9.75%	10.75%

For avoidance of doubt where interest is to be paid on an annual basis, relevant interest will be calculated from the first day till the last date of every year on an actual/actual basis during the tenor of such NCDs and paid on the first day of every subsequent year. The last interest payment under this option shall be made at the time of redemption of the NCDs.

3. Cumulative interest payment options

Option II and X of the NCDs shall be redeemed as below:

Category of NCD Holder	Redemption Amount (per NCD)	
	16 Months	82 Months
	Option II	Option X
Category I, II and III (in ₹)	1,128.00	2,000.00

Day count convention

Please refer to Annexure I for details pertaining to the cash flows of the Company in accordance with the SEBI Operational Circular.

Please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the transferee of deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs subject to such Transferee holding the NCDs on the Record Date.

Terms of Payment

The entire face value per NCDs is payable on application. The entire face value per NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of the submission of the Application Form. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms of specified in "*Terms of Issue – Manner of Payment of Interest/ Redemption Amounts*" on page 260**.**

Participation by any of the above-mentioned investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta.

In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue. For further details, please see the chapter titled "*Issue Procedure*" on page 274.

TERMS OF THE ISSUE

Authority for the Issue

This Issue has been authorised by the Board of Directors of our Company pursuant to a resolution passed at their meeting held on July 01, 2022. Further, the present borrowing is within the borrowing limits under Section 180(1) (c) of the Companies Act, 2013 duly approved by the shareholders' *vide* their resolution passed at their EGM held on January 05, 2022.

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the provisions of Companies Act, 2013, the Memorandum of Association and Articles of Association of our Company, the terms of the Draft Prospectus, this Prospectus, the Application Forms, the terms and conditions of the Debenture Trusteeship Agreement, the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs being offered through this Issue would constitute direct and secured obligations of the Company and shall rank *pari passu* inter se, and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, be secured by way of first charge on the identified movable assets of our Company. The claims of the NCD Holders shall be superior to the claims of any unsecured creditors, subject to applicable statutory and/or regulatory requirements.

Security

The Issue comprises of public issue of NCDs of face value of ₹ 1,000 each.

The principal amount of the NCDs to be issued in terms of this Prospectus together with all interest due on the NCDs, as well as all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking *pari passu* charge with existing secured creditors, on all movable assets, including book debts and receivables, cash and bank balances, other movable assets. loans and advances, both present and future of the Company equal to the value of one time of the NCDs outstanding plus interest accrued thereon.

Our Company will create the security for the NCDs in favour of the Debenture Trustee for the Debenture Holders holding the NCDs on the assets to ensure 100.00% security cover or higher security cover of the amount outstanding including interest in respect of the NCDs at any time.

Our Company has entered into the Debenture Trusteeship Agreement and in furtherance thereof intends to enter into a deed of agreement with the Debenture Trustee, ("**Debenture Trust Deed**"), the terms of which shall govern the appointment of the Debenture Trustee and the issue of the NCDs.

Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the Debenture Holders holding the NCDs the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on the NCDs at the rate specified in this Prospectus and in the Debenture Trust Deed.

The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security subject to prior written consent of the Debenture Trustee and/or may replace with another asset of the same or a higher value.

Our Company confirms that the Issue proceeds shall be kept in the Public Issue Account until the documents for creation of security i.e. the Debenture Trust Deed, is executed.

Further, in the event our Company fails to execute the Debenture Trust Deed within a timeline specified under Regulation 18 of SEBI NCS Regulations, our Company shall pay interest of at least 2% p.a. to each NCD Holder, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed

Debenture Redemption Reserve

Pursuant to Regulation 16 of the SEBI NCS Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Amendment Rules, 2019, listed NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws.

Recovery Expense Fund

Pursuant to the SEBI circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated October 22, 2020 ("**SEBI Circular**"), the creation of the recovery expense fund shall be in accordance with the SEBI Circular, as may be amended from time to time.

Face Value

The face value of each NCD to be issued under this Issue shall be ₹ 1,000.

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations.

Rights of NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided under the Companies Act, 2013, our Memorandum of Association and Articles of Association and/or the Debenture Trust Deed, confer upon the NCD Holders thereof any rights or privileges available to our members including the right to receive notices or annual reports of, or to attend and/or vote, at our general meeting. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members, the said resolution will first be placed before the concerned registered NCD Holders for their consideration. The opinion of the Debenture Trustee as to whether such resolution is affecting the right attached to the NCDs is final and binding on NCD Holders. In terms of Section 136 of the Companies Act, 2013, holders of NCDs shall be entitled to a copy of the balance sheet and copy of trust deed on a specific request made to us.

2. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the

concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

3. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

4. The NCDs are subject to the provisions of the SEBI NCS Regulations, the applicable provisions of Companies Act, 2013 and the Companies Act, 1956, the Memorandum and Articles of Association of our Company, the terms of this Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

5. The Depositories shall maintain the up to date record of holders of the NCDs in dematerialised Form. For the NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial owners of NCDs maintained by a Depository for any NCD in dematerialised form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD Holders (if any).

6. A register of NCD Holders holding NCDs in physical form pursuant to rematerialisation of the NCDs issued pursuant to this Issue ("**Register of NCD Holder**") will be maintained in accordance with Section 88 of the Companies Act, 2013 and all interest/redemption amounts and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the Register of NCD Holders as on the Record Date.

7. Subject to compliance with RBI requirements, NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing at least 15 days' prior notice for such roll over and in accordance with the SEBI NCS Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over.

The aforementioned rights of the NCD Holders are merely indicative. The final rights of the NCD Holders will be as per the terms of this Prospectus, the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.

Debenture Trustees for the NCD Holders

We have appointed Vistra ITCL (India) Limited to act as the Debenture Trustees for the NCD Holders in terms of Regulation 8 of the SEBI NCS Regulations and Section 71(5) of the Companies Act, 2013 and the rules prescribed thereunder. We and the Debenture Trustee will execute a Debenture Trust Deed *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us, within such period as specified under Regulation 18 of the SEBI NCS Regulations and on failure to do the same, we shall pay interest of at least two percent per annum to the NCD Holder(s), over and above the agreed coupon rate, till the execution of the trust deed, with respect to the NCDs. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost. It is it the duty of the debenture trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.
Our Company shall not create any further encumbrances on the Security except with the prior approval of the Debenture Trustee. In the event of such request by our Company, the Debenture Trustee shall provide its approval for creation of further charges provided that our Company provides a certificate from a chartered accountant stating that after creation of such further charges, the required Security cover is maintained.

At any time before the Security constituted hereunder becomes enforceable, the Debenture Trustee, may, at the request of our Company and without any consent of the NCD Holders, do or concur our Company in doing all or any of the things which our Company might have done in respect of the Security as if no security had been created and particularly, but not by way of limitation, the following assent to any modification of any contracts or arrangements which may be subsisting in relation to the Security.

Events of Default

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular Options of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice inter alia if any of the events listed below occurs. The description below is indicative and a complete list of events of default including cross defaults, if any, and its consequences will be specified in the Debenture Trust Deed:

(i) default is committed in payment of the principal amount of the NCDs on the due date(s); and
(ii) default is committed in payment of any interest on the NCDs on the due date(s).

Market Lot and Trading Lot

Since trading of the NCDs is in dematerialised form, the tradable lot is one NCD.

Allotment in the Issue will be in Demat form in multiples of one NCD. For details of allotment, see "*Issue Procedure"* beginning on page 274.

Nomination facility to NCD Holder

In accordance with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 ("**Rule 19**") and Section 72 of the Companies Act, 2013, the sole NCD Holder, or first NCD Holder, along with other joint NCD Holders' (being individual(s)), may nominate, in the Form No. SH.13, any one person in whom, in the event of the death of Applicant the NCDs Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in Form No. SH.13 any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in Form No. SH.14, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Corporate Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Rule 19, any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the NCDs; or

- to make such transfer of the NCDs, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all interests or redemption amounts or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

For all NCDs held in the dematerialized form, nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialized form.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the Debenture Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

For all NCDs held in the dematerialised form and since the allotment of NCDs pursuant to this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. The nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant in connection with NCDs held in the dematerialised form.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kochi, Kerala India.

Application in the Issue

Applicants shall apply in this Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only (including Applications made by UPI Investors under the UPI Mechanism).

In terms of Regulation 7 of the SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in terms of Section 8(1) of the Depositories Act, our Company, at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, any trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of one (1) NCD ("**Market Lot**"). Allotment in this Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

For details of allotment please see "*Issue Procedure*" on page 274.

Transfer/ Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/ CDSL and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Company or Registrar.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 read with SEBI Press release (no. 49/ 2018) dated December 3, 2018, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, from April 1, 2019. However, any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Title

In case of:

- the NCDs held in the dematerialised form, the person for the time being appearing in the record of beneficial owners maintained by the Depository; and

- the NCD held in physical form, pursuant to any rematerialisation, the person for the time being appearing in the Register of NCD Holders as NCD Holder,

shall be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person as the holder thereof and its absolute owner for all purposes regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the Consolidated NCD Certificate issued in respect of the NCDs and no person will be liable for so treating the NCD Holder.

Register of NCD Holders

No transfer of title of NCD will be valid unless and until entered on the Register of NCD Holders or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Maturity Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar. The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, the Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of the Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach the Company to register his name as successor of the deceased NCD Holder. He shall approach the respective Depository Participant of the NCD Holder for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.

2. Proof that the non-resident Indian is an Indian national or is of Indian origin.

3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles.

Procedure for Re-materialization of NCDs

NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. **Holders of NCDs who propose to rematerialise their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to the Company and the DP. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.**

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to this Issue. Pursuant to the SEBI Listing Regulations, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred except by way of transmission or transposition, with effect from April 1, 2019.

Period of Subscription

The subscription list shall remain open for a period as indicated below, with an option for early closure or extension by such period, as may be decided by the Board or a duly authorised committee of Directors of our Company, subject to necessary approvals. In the event of such early closure or extension of the Issue, our Company shall ensure that notice of such early closure or extension is given on or before such earlier date or extended date of closure through advertisement in an English national daily newspaper and a regional daily newspaper in Telangana where the registered office is located, with wide circulation.

Issue Programme

Issue Opening Date	Thursday, September 15, 2022
Issue Closing Date	Wednesday, October 12, 2022#

#The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date (subject to a period of maximum 30 days from the date of this Prospectus) as may be decided by the Board of Directors of our Company ("Board") or Debenture Committee of the Board. In the event of such early closure or extension subscription list of the Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors through advertisement in an English national daily newspaper and a regional daily newspaper in Telangana where the registered office is located, with wide circulation on or before such earlier date or extended date of closure. Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE, on Working Days during the Issue Period. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by BSE.

Further please note that Application (including Application under the UPI Mechanism) shall be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time, "IST") during the Issue Period as mentioned above (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs as mentioned on the Application Form, except that on the Issue Closing Date when Applications shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and shall be uploaded until 5.00 p.m. (IST) or such extended time as permitted by Stock Exchange(s). It is clarified that the Applications not uploaded in the Stock Exchange(s) Platform will be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Prospectus are Indian Standard Time. Applicants *are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, some Applications may not get uploaded due to lack of sufficient time.*

Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only on Working Days. Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise. Please note that, within each category of investors, the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

Basis of payment of Interest

NCDs once Allotted under any particular category of NCDs shall continue to bear the applicable tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment irrespective of the category of Debenture Holder on any Record Date, and such Tenor, Coupon/Yield and Redemption Amount as at the time of original Allotment will not be impacted by trading of any options of NCDs between the categories of persons or entities in the secondary market.

Payment of Interest/Maturity Amount will be made to those NCD Holders whose names appear in the register of Debenture Holders (or to first holder in case of joint-holders) as on Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Investors. In such cases, interest, on the interest payment date, would be directly credited to the account of those Investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to help NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. Please see, *"Terms of the Issue – Manner of Payment of Interest / Redemption Amounts"* at page 260.

Taxation

Any tax exemption certificate/document must be lodged at the office of the Registrar at least 7 (seven) days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

As per clause (ix) of Section 193 of the I.T. Act, no tax is required to be withheld on any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder. Accordingly, no tax will be deducted at source from the interest on listed NCDs held in the dematerialised form.

If the date of interest payment falls on a Saturday, Sunday or a public holiday in Mumbai or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction as prescribed in the I.T. Act or any statutory modification or re-enactment thereof for the time being in force.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs.

Day Count Convention:

Interest shall be computed on actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Operational Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "**Effective Date**"), however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Illustration for guidance in respect of the day count convention and effect of holidays on payments.

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Operational Circular is disclosed at page 361.

Maturity and Redemption

The NCDs issued pursuant to this Prospectus have a fixed maturity date. The NCDs will be redeemed at the expiry of 400 days from the Deemed Date of Allotment for Option I, 16 Months from the Deemed Date of Allotment for Option II, 18 months from the Deemed Date of Allotment for Options III, 2 years from the Deemed Date of Allotment for Options IV and V, 3 years from the Deemed Date of Allotment for Option VI and VII, 5 years from the Deemed Date of Allotment for Option VIII and IX, 82 months from the Deemed Date of Allotment for Option X. There is no put or call option available to any Investor.

Application Size

Each application should be for a minimum of 5 NCDs and multiples of one NCD thereof. The minimum application size for each application would be ₹ 5,000 (for all kinds of Options I NCDs either taken individually or collectively) and in multiples of ₹ 1,000 thereafter.

Applicants can apply for any or all options of NCDs offered hereunder provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1,000 per NCD is blocked in the ASBA Account on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of this Prospectus.

Manner of Payment of Interest / Redemption Amounts

The manner of payment of interest / redemption in connection with the NCDs is set out below:

For NCDs held in dematerialised form:

The bank details will be obtained from the Depositories for payment of Interest / redemption amount as the case may be. Holders of the NCDs, are advised to keep their bank account details as appearing on the records of the depository participant updated at all points of time. Please note that failure to do so could result in delays in credit of Interest/ Redemption Amounts at the Applicant's sole risk, and the Lead Manager, our Company or the Registrar shall have no any responsibility and undertake no liability for the same.

For NCDs held in physical form on account of re-materialization:

In case of NCDs held in physical form, on account of rematerialisation, the bank details will be obtained from the documents submitted to the Company along with the rematerialisation request. For further details, please see " – *Procedure for Re-materialization of NCDs*" on page 266.

The mode of payment of Interest/Redemption Amount shall be undertaken in the following order of preference:

1. **Direct Credit/ NACH/ RTGS:** Investors having their bank account details updated with the Depository shall be eligible to receive payment of Interest / Redemption Amount, through:

   i. **Direct Credit**. Interest / Redemption Amount would be credited directly to the bank accounts of the Investors, if held with the same bank as the Company.

   ii. **NACH:** National Automated Clearing House which is a consolidated system of ECS. Payment of Interest / Redemption Amount would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of Interest / Redemption Amount through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the Interest / Redemption Amount through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get Interest / Redemption Amount through NEFT or Direct Credit or RTGS.

   iii. **RTGS:** Applicants having a bank account with a participating bank and whose Interest / Redemption Amount exceeds ₹ 2 lakhs, or such amount as may be fixed by RBI from time to time, have the option to receive the Interest / Redemption Amount through RTGS. Such eligible Applicants who indicate their preference to receive Interest / Redemption Amount through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least 7 (seven) working days before the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, Interest / Redemption Amount shall be made through NECS subject to availability of complete bank account details for the same as stated above.

   iv. **NEFT:** Payment of interest / redemption amount shall be undertaken through NEFT wherever the Applicants' bank has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to a Magnetic Ink Character Recognition ("**MICR**"), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of the Interest / Redemption Amounts, duly mapped with MICR numbers. Wherever the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the de-mat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of Interest / Redemption Amount will be made to the Applicants through this method.

2. **Registered Post/Speed Post:** For all other NCD Holders, including those who have not updated their bank particulars with the MICR code, the Interest Payment / Redemption Amount shall be paid by way of Interest/ Redemption warrants dispatched through speed post/ registered post only to Applicants that have provided details of a registered address in India.

Printing of Bank Particulars on Interest/ Redemption Warrants

As a matter of precaution against possible fraudulent encashment of Interest/ Redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. In relation to NCDs held dematerialised form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form on account of rematerialisation, the investors are advised to submit their bank account details with our Company / Registrar at least 7 (seven) working days prior to the Record Date failing which the orders / warrants will be dispatched to the postal address of the holder of the NCD as available in the records of our Company. Bank account particulars will be printed on the warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Procedure for Redemption by NCD Holders

The procedure for redemption is set out below:

NCDs held in physical form on account of re-materialization:

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificate(s)) be surrendered for redemption on maturity and should be sent by the NCD Holder(s) by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holder(s) may be requested to surrender the NCD certificate(s) in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment.

We may at our discretion redeem the NCDs without the requirement of surrendering of the NCD certificates by the holder(s) thereof. In case we decide to do so, the holders of NCDs need not submit the NCD certificates to us and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of NCD Holders maintained by us on the Record Date fixed for the purpose of redemption of NCDs. In such case, the NCD certificates would be deemed to have been cancelled. Also see " – *Payment on Redemption*" on page 270.

NCDs held in electronic form:

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

Payment on Redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of re-materialisation:

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificate(s), duly discharged by the sole holder / all the joint-holders (signed on the reverse of the NCD certificate(s). Dispatch of cheques/pay order, etc. in respect of such payment will be made on the Redemption Date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least seven working days prior to the Record Date. In case the transfer documents are not lodged with us at least seven working days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar to the Issue.

Our liability to holder(s) towards their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

NCDs held in electronic form:

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to reissue NCD(s)

Subject to the provisions of the Companies Act, 2013, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Sharing of information

We may, at our option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper in Telangana and/or will be sent by post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Issue of duplicate NCD Certificate(s)

If any NCD certificate(s), issued pursuant to rematerialisation, if any, is/are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/security and/or documents as we may deem adequate, duplicate NCD certificate(s) shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Future Borrowings

We will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner having such ranking in priority, *pari passu* or otherwise, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and change the capital structure including the issue of shares of any class, on such terms and conditions as we may think appropriate, provided stipulated security cover is maintained on the NCDs and after obtaining the consent of, or intimation to, the NCD Holders or the Debenture Trustee regarding the creation of a charge over such security.

Impersonation

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

Pre-closure

Our Company, in consultation with the Lead Manager reserves the right to close this Issue at any time prior to the Issue Closing Date, subject to receipt of Minimum Subscription (75% of the Base Issue, i.e. ₹ 7,500 lakhs). Our Company shall allot NCDs with respect to the Application Forms received at the time of such pre-closure in accordance with the Basis of Allotment as described herein and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of this Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date for this Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement and advertisement for opening or closure of the issue have been given.

Minimum Subscription

If our Company does not receive the minimum subscription of 75% of Base Issue Size i.e. ₹ 7,500 lakhs prior to the Issue Closing Date and as prescribed under the Companies Act and any rules thereto, the entire Application Amount blocked shall be unblocked in the relevant ASBA Account(s) of the Applicants within six working days from the Issue Closing Date provided wherein, the Application Amount has been transferred to the Public Issue Account from the respective ASBA Accounts, such Application Amount shall be refunded from the Refund Account to the relevant ASBA Accounts(s) of the Applicants within six working days from the Issue Closing Date, failing which the Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed in Schedule V of SEBI NCS Regulations in compliance with the Regulation 30 of SEBI NCS Regulations. Material updates, if any, between the date of filing of this Prospectus with RoC and the date of release of the statutory advertisement, will be included in the statutory advertisement.

Listing

The NCDs offered through this Prospectus are proposed to be listed on the BSE. Our Company has obtained an 'in-principle' approval for the Issue from the BSE *vide* its letter dated September 08, 2022. For the purposes of the Issue, BSE shall be the Designated Stock Exchange.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Stock Exchange is taken within six Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the Options, such Options(s) of NCDs shall not be listed. If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.

Guarantee/Letter of Comfort

This Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Arrangers

No arrangers have been appointed for this Issue.

Monitoring & Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. Our Board shall monitor the utilisation of the proceeds of this Issue. Our Company will disclose in the Company's financial statements for the relevant financial year commencing from Financial Year 2021-22, the utilisation of the net proceeds of this Issue under a separate head along with details, if any, in relation to all such proceeds of this Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of this Issue.

Lien

Not Applicable

Lien on Pledge of NCDs

Subject to applicable laws, our Company, at its discretion, may note a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding.

ISSUE PROCEDURE

This chapter applies to all Applicants. Pursuant to the SEBI Operational Circular issued by SEBI, all Applicants are required to apply for in the Issue through the ASBA process and an amount equivalent to the full Application Amount as mentioned in the Application Form will be blocked by the Designated Branches of the SCSBs. Further, UPI Mechanism as a payment mechanism is applicable for the Issue, wherein a UPI Investor, may submit the Application Form with a SCSB or a Designated Intermediary or through the app/web based interface platform of the Stock Exchange and use their bank account linked UPI ID for the purpose of blocking of funds, if the Application being made is for a value of ₹5 lakhs or less. The UPI Mechanism is applicable for public issue of debt securities which open for subscription on or after January 1, 2021. An additional mode for application in public issues of debt securities through an online (app/web) interface to be provided by the stock exchanges. In this regard, SEBI has also stipulated that the stock exchanges formulate and disclose the operational procedure for applying through the app/web based interface developed by them for making applications in public issues through the stock exchange's website. Since, BSE is the Designated Stock Exchange for the Issue, BSE's online platform BSE Direct, shall be available to UPI Investors to make an application under the UPI Mechanism, in accordance with the operational procedures notified by BSE vide notifications dated December 28, 2020.

Applicants should note that they may submit their Application Forms (including in cases where Applications are being made under the UPI mechanism) at (i) the Designated Branches of the SCSBs or (ii) at the Collection Centres, i.e., to the respective Members of the Consortium at the Specified Locations, the Trading Members at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations or (iii) through BSE Direct, the app and/or web based interface/platform of the Stock Exchange, as applicable. For further information, please see "Issue Procedure- Submission of Completed Application Forms" on page 290.

Applicants are advised to make their independent investigations and ensure that their Application do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Prospectus.

Please note that this section has been prepared based on the requirements notified the SEBI Operational Circular and the notifications issued by BSE, in relation to the UPI Mechanism, dated December 28, 2020.

Further, our Company, the Lead Manager and the Members of the Syndicate do not accept any responsibility for any adverse occurrence consequent to the implementation of the UPI Mechanism for application in the Issue.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF THE TRADING MEMBERS IN CONNECTION WITH THE RESPONSIBILITIES OF SUCH TRADING MEMBERS INCLUDING BUT NOT LIMITED TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN THIS ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE. FURTHER, THE STOCK EXCHANGE SHALL BE RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATION THROUGH TRADING MEMBERS REGISTERED WITH THE STOCK EXCHANGE.

For purposes of this Issue, the term "Working Day" shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai and/or Kochi, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in Mumbai. Furthermore, for the purpose of post issue period, i.e., period beginning from the Issue Closure to listing of the NCDs on the Stock Exchange, Working Day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays in Mumbai, as per the SEBI NCS Regulations.

The information below is given for the benefit of the Investors. Our Company and the Members of Syndicate are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

PROCEDURE FOR APPLICATION

Availability of the Abridged Prospectus and Application Forms

The Abridged Prospectus containing the salient features of this Prospectus together with Application Form may be obtained from:

(a) Our Company's Registered Office and Corporate Office;
(b) Offices of the Lead Manager/Syndicate Member;
(c) the CRTA at the Designated RTA Locations;
(d) the CDPs at the Designated CDP Locations;
(e) Trading Members at the Broker Centres; and
(f) Designated Branches of the SCSBs.

Electronic copies of this Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager, the Stock Exchange, SEBI and the SCSBs.

Electronic Application Forms may be available for download on the website of the Stock Exchange and on the websites of the SCSBs that permit submission of Application Forms electronically. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the website of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such website as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the website of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

UPI Investors making an Application upto ₹5 lakhs, using the UPI Mechanism, must provide the UPI ID in the relevant space provided in the Application Form. Application Forms that do not contain the UPI ID are liable to be rejected. UPI Investors applying using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Who can apply?

The following categories of persons are eligible to apply in this Issue:

Category I

- Resident public financial institutions as defined in Section 2(72) of the Companies act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks, and multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds of minimum corpus of ₹2,500 lakhs, pension funds of minimum corpus of ₹2,500 lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident venture capital funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, India;
- Mutual funds registered with SEBI; and
- Systemically Important NBFCs.

Category II

- Companies falling within the meaning of Section 2(20) of the Companies Act 2013; bodies corporate and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment; which are authorised to invest in the NCDs;
- Trust including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Association of persons;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;

- Partnership firms in the name of the partners;
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009); and
- Resident Indian individuals and Hindu undivided families through the Karta applying for an amount aggregating to a value exceeding ₹5 lakhs.

Category III*#

- Resident Indian individuals; and
- Hindu undivided families through the Karta.

** applications aggregating to a value not more than ₹5 lakhs.*
 # applications upto a value of ₹5 lakhs can be made under the UPI Mechanism.

For Applicants applying for NCDs, the Registrar shall verify the above on the basis of the records provided by the Depositories based on the DP ID, Client ID and where applicable the UPI ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Members of the Syndicate or the Trading Members, as the case may be.

Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that Application made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to this Issue.

The Lead Manager and its respective associates and affiliates are permitted to subscribe in the Issue.

Who are not eligible to apply for NCDs?

The following categories of persons, and entities, shall not be eligible to participate in this Issue and any Application from such persons and entities are liable to be rejected:

(a) Minors without a guardian name*(A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian);
(b) Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
(c) Persons resident outside India and other foreign entities;
(d) Foreign Portfolio Investors;
(e) Foreign Venture Capital Investors;
(f) Qualified Foreign Investors;
(g) Overseas Corporate Bodies; and
(h) Persons ineligible to contract under applicable statutory/regulatory requirements.

**Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Issue.

Please see "*Issue Procedure – Rejection of Applications*" on page 292 for information on rejection of Applications.

Method of Application

Eligible investor desirous of applying in the Issue can make Applications through the ASBA mechanism only.

Further, the Application may also be submitted through the app or web interface developed by Stock Exchange wherein the Application is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism, as applicable.

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries. Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Form (except the Bid cum Application Form from a Retail Individual Investor bidding using the UPI mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants should submit the Application Form only at the Bidding Centres, i.e., to the respective Syndicate Members at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at http://www.sebi.gov.in.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms (except a Bid cum Application Form from RIIs using the UPI Mechanism) with the SCSB with whom the relevant ASBA Accounts are maintained.

Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a RII who is not Bidding using the UPI Mechanism.

For RIIs using UPI Mechanism, the Stock Exchange shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIIs for blocking of funds.

An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form.

The Sponsor Bank shall provide details of the UPI linked bank account of the Bidders to the Registrar to the Issue for purpose of reconciliation.

RIIs using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

RIIs using UPI Mechanism, submitting a Bid-cum Application Form to any Designated Intermediary (other than SCSBs) should ensure that only the UPI ID is mentioned in the field for Payment Details in the Bid cum Application Form. Application Forms submitted by RIIs using UPI Mechanism to Designated Intermediary (other than SCSBs) with ASBA Account details, are liable to be rejected.

Further, such Bidders including RIIs using the UPI Mechanism, shall ensure that the Bids are submitted at the Bidding Centres only on Bid cum Application Forms bearing the stamp of the relevant Designated Intermediary (except in case of electronic Bid-cum-Application Forms) and Bid cum Application Forms (except electronic Bid-cum-Application Forms) not bearing such specified stamp may be liable for rejection. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid. Designated Intermediaries (other than SCSBs) shall not accept any ASBA Form from a RII who is not Bidding using the UPI Mechanism.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Managers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to the Issue should be made by Applicants directly to the relevant Stock Exchange.

In terms of the SEBI Operational Circular , an eligible investor desirous of applying in this Issue can make Applications through the following modes:

1. **Through Self-Certified Syndicate Bank (SCSB) or intermediaries** (viz. Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants)

   a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e., investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchange bidding platform and blocking of funds in investors account by the SCSB would continue.

   b. An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

   c. An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹ 5 lakhs or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI mechanism in this case.

2. **Through Stock Exchange**

   a. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchange (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI Mechanism.

   b. BSE extended their web-based platforms i.e. 'BSEDirect' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto ₹ 5 lakhs. To place bid through 'BSEDirect' platform/ mobile app the eligible investor is required to register himself/ herself with BSE Direct.

   c. An investor may use the following links to access the web-based interface developed by the Stock Exchange to bid using the UPI Mechanism: BSE: https://www.bsedirect.com.

   d. The BSE Direct mobile application can be downloaded from play store in android phones. Kindly search for 'BSEdirect' on Google Playstore for downloading mobile applications.

   e. For further details on the registration process and the submission of bids through the App or web interface, the Stock Exchange have issued operational guidelines and circulars available at BSE: https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60, and https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61.

APPLICATIONS FOR ALLOTMENT OF NCDs

Details for Applications by certain categories of Applicants including documents to be submitted are summarized below.

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/DF2/CIR/P/2016/35 dated February 15, 2016 ("**SEBI Circular**

2016"), mutual funds are required to ensure that the total exposure of debt schemes of mutual funds in a particular sector shall not exceed 25.0% of the net assets value of the scheme. Further, the additional exposure limit provided for financial services sector towards HFCs is reduced from 10.0% of net assets value to 5.0% of net assets value and single issuer limit is reduced to 10.0% of net assets value (extendable to 12% of net assets value, after trustee approval). The SEBI Circular 2016 also introduces group level limits for debt schemes and the ceiling be fixed at 20.0% of net assets value extendable to 25.0% of net assets value after trustee approval.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which Application is being made. In case of Applications made by Mutual Fund registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non- Banking Financial Company, a non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than five hundred crore rupees as per the last audited financial statements can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s). Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Application by commercial banks, co-operative banks and regional rural banks

Commercial banks, co-operative banks and regional rural banks can apply in this Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee is required to be attached to the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making Applications on their own account using ASBA Facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making Application in public issues and clear demarcated funds should be available in such account for applications.

Application by Insurance Companies

In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority of India ("**IRDAI**"), a certified copy of certificate of registration issued by IRDAI must be lodged along with Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefore.

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time including the IRDA (Investment) Regulations, 2000.

Application by Indian Alternative Investment Funds

Applications made by Alternative Investment Funds eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of SEBI registration certificate. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason, therefor.

Applications by associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by 'Associations of Persons' and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) power of attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to this Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Public Financial Institutions or Statutory Corporations, which are authorised to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Provident Funds, Pension Funds, Superannuation Funds and Gratuity Fund, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of incorporation/ registration under any act/rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Applications by National Investment Fund

The Application must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

Companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Indian Scientific and/or industrial research organizations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of the registration under the act/ rules under which they are incorporated. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

The Application must be accompanied by certified true copies of certified copy of certificate of the partnership deed or registration issued under the Limited Liability Partnership Act, 2008, as applicable. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants who are Institutional Investors or Non-Institutional Investors, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants, a certified copy of the power of attorney must be submitted with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATIONS FOR ALLOTMENT OF NCDs

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Investors are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our Directors, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications (including Applications under the UPI Mechanism) accepted by and/or uploaded by and/or accepted but not uploaded by Trading Members, registered brokers, CDPs, RTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs or failure to block the Application Amount under the UPI Mechanism. It shall be presumed that for Applications uploaded by SCSBs (other than UPI Applications), the Application Amount payable on Application has been blocked in the relevant ASBA Account and for Applications by UPI Investors under the UPI Mechanism, uploaded by Designated Intermediaries, the Application Amount payable on Application has been blocked under the UPI Mechanism.

The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (https://www.sebi.gov.in) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (https://www.sebi.gov.in) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of registered brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the registered brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Submission of Applications

Applications can be submitted through either of the following modes:

(a) Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the Application Form, prior to uploading such Application into the electronic system of the Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Application and shall not upload such Application in the electronic system of the Stock Exchange. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application.

    In case of Application being made in the electronic mode, the Applicant shall submit the Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such Application.

(b) Physically through the Designated Intermediaries at the respective Collection Centres. Kindly note that above Applications submitted to any of the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the Application Form, has not named at least one branch at that Collection Center where the Application Form is submitted (a list of such branches is available at https://www.sebi.gov.in).

(c) A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is upto ₹ 5 lakhs, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange's bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

(d) A UPI Investor may also submit the Application Form for the Issue through BSE Direct, wherein the Application will be automatically uploaded onto the Stock Exchange's bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by the relevant Designated Intermediary, giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange. Post which:

(i) ***for Applications other than under the UPI Mechanism*** – the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Collection Center, named by such SCSB to accept such Applications from the Designated Intermediaries (a list of such branches is available at https://www.sebi.gov.in). Upon receipt of the Application Form, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form. If sufficient funds are not available in the ASBA Account, the relevant Application Form is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form.

(ii) ***for Applications under the UPI Mechanism*** – once the Application details have been entered in the bidding platform through Designated Intermediaries or BSE Direct, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. Post uploading of the Application details on the Stock Exchange's platform, the Stock Exchange shall send an SMS to the Applicant regarding submission of the Application. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with the Applicants UPI ID, with the Sponsor Bank appointed by our Company. The Sponsor Bank shall then initiate a UPI Mandate Request on the Applicant. The request raised by the Sponsor Bank, would be electronically received by the Applicant as an SMS or on the mobile app, associated with the UPI ID linked bank account. The Applicant shall then be required to authorise the UPI Mandate Request. Upon successful validation of block request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account. The status of block request would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the Designated Intermediary.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be.

Applicants must note that:

(a) Application Forms will be available with the Designated Branches of the SCSBs and with the Designated Intermediaries at the respective Collection Centres; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Physical Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that this Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.

(b) The Designated Branches of the SCSBs shall accept Application Forms directly from Applicants only during the Issue Period. The SCSBs shall not accept any Application Forms directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, the relevant branches of the SCSBs at Specified Locations can accept Application Forms from the Designated Intermediaries, after the closing time of acceptance of Applications on the Issue Closing Date, if the Applications have been uploaded. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 45. Physical Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialised form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

- Applications must be made in prescribed Application Form only;

- All Applicants need to tick the Series of NCDs in the Application Form that they wish to apply for. Applications for all the Series of the NCDs may be made in a single Application Form only.

- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in this Prospectus and the Application Form;

- If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names;

- It shall be mandatory for subscribers to the Issue to furnish their PAN and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction

- Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialised form) and Applications should be made by Karta in case the Applicant is an HUF. The Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu

Undivided Family applying through PQR', where PQR is the name of the Karta. Please ensure that such Applications contain the PAN of the HUF and not of the Karta;

- Applicants must provide details of valid and active DP ID, Client ID and PAN, clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs;

- Applications must be for a minimum of 5 NCDs and in multiples of one NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 5 NCDs, an Applicant may choose to apply for 5 NCDs of the same option or across different option;

- If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form;

- If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

- Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal;

- All Applicants are required to ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB;

- The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the Acknowledgement Slip. This Acknowledgement Slip will serve as the duplicate of the Application Form for the records of the Applicant;

- Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be;

- All Applicants are required to check if they are eligible to apply as per the terms of this Prospectus and applicable law, rules, regulations, guidelines and approvals;

- All Applicants are required to tick the relevant column of "Category of Investor" in the Application Form; and

- All Applicants should correctly mention the ASBA Account number (including bank account number/ bank name and branch) and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant's bank records, otherwise the Application is liable to be rejected;

- A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be.

- In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchanges as per the procedures and requirements prescribed by each relevant Stock Exchange, the Applicants should ensure that they have first withdrawn their original Application and submit a fresh Application.

The option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for Allotment.

Applicants should note that neither the Designated Intermediaries nor the SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

B. Applicant's Beneficiary Account Details

Applicants must mention their DP ID, Client ID and UPI ID (wherever applicable) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID, PAN and UPI ID (wherever applicable) mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID, PAN and UPI ID (wherever applicable) available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected. Further, Application Forms submitted by Applicants whose beneficiary accounts are inactive, will be rejected.

On the basis of the Demographic Details as appearing on the records of the DP, the Registrar to the Issue will take steps towards demat credit of NCDs. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in demat credit and neither our Company, Designated Intermediaries, SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of power of attorney to request the Registrar that for the purpose of printing particulars on the Allotment Advice, the Demographic Details obtained from the Depository of the Applicant shall be used.

By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue. Allotment Advice would be mailed by speed post or registered post at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Registrar to the Issue, Public Issue Account Bank, Sponsor Bank nor the Lead Manager shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in this Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the parameters, namely, DP ID, Client ID, PAN and UPI ID (wherever applicable) then such Application are liable to be rejected.

C. Permanent Account Number

The Applicant should mention his or her Permanent Account Number allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN Field i.e., either Sikkim category or exempt category.

D. Joint Applications

Applications may be made in single or joint names (not exceeding three). In the case of joint Applications all interest / redemption amount payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

E. Additional/Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs for the same or other option of NCDs, subject to a minimum Application size as specified in this Prospectus and in multiples of thereafter as specified in this Prospectus. Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid Application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹5 lakhs shall be deemed such individual Applicant to be an HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the Basis of Allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a Karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under this Issue, Applications shall be grouped based on the PAN, i.e., Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first Applicant is one and the same.

Do's and Don'ts

Applicants are advised to take note of the following while filling and submitting the Application Form:

Do's

1. Check if you are eligible to apply as per the terms of this Prospectus and applicable law, rules, regulations, guidelines and approvals.

2. Read all the instructions carefully and complete the Application Form in the prescribed form.

3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to this Issue.

4. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID, Client ID, PAN and UPI ID (wherever applicable) are correct and the depository account is active as Allotment of the Equity Shares will be in dematerialized form only. The requirement for providing Depository Participant details is mandatory for all Applicants.

5. Ensure that you have mentioned the correct ASBA Account number (for all Applicants other than UPI

Investors applying using the UPI Mechanism) in the Application Form. Further, UPI Investors using the UPI Mechanism must also mention their UPI ID.

6. UPI Investors applying using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking, is certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries.

7. UPI Investors applying using the UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Investors shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on the SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected.

8. Ensure that the Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) in case the Applicant is not the ASBA account holder. Applicants (except UPI Investors making an Application using the UPI Mechanism) should ensure that they have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Application Form. UPI Investors applying using the UPI Mechanism should ensure that they have mentioned the correct UPI- linked bank account number and their correct UPI ID in the Application Form.

9. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be.

10. UPI Investors making an Application using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to Application Amount and subsequent debit of funds in case of Allotment, in a timely manner.

11. UPI Investors making an Application using the UPI Mechanism shall ensure that details of the Application are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using their UPI PIN. Upon the authorization of the mandate using their UPI PIN, the UPI Investor may be deemed to have verified the attachment containing the application details of the UPI Investor making and Application using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Application Amount and authorized the Sponsor Bank to issue a request to block the Application Amount mentioned in the ASBA Form in their ASBA Account.

12. UPI Investors making an Application using the UPI Mechanism should mention valid UPI ID of only the Applicants (in case of single account) and of the first Applicant (in case of joint account) in the ASBA Form.

13. UPI Investors making an Application using the UPI Mechanism, who have revised their Application subsequent to making the initial Application, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Application Amount in their account and in case of Allotment in a timely manner.

14. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Collection Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediary/Designated Branch of the SCSB.

15. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Collection Centre.

16. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.

17. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

18. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as ‘XYZ Hindu Undivided Family applying through PQR’, where PQR is the name of the Karta. However, the PAN number of the HUF should be mentioned in the Application Form and not

that of the Karta.

19. Ensure that the Applications are submitted to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 45,

20. **Permanent Account Number:** Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

21. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

22. All Applicants should choose the relevant option in the column "Category of Investor" in the Application Form.

23. Choose and mark the option of NCDs in the Application Form that you wish to apply for.

In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for Applications.

Don'ts:

1. Do not apply for lower than the minimum Application size.

2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest.

3. Do not send Application Forms by post. Instead submit the same to the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be.

4. Do not submit the Application Form to any non-SCSB bank or our Company.

5. Do not apply through an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be.

6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue Size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.

7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

8. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (wherever applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue.

9. Do not submit the Application Form without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account or in the case of UPI Investors making and Application using the UPI Mechanism, in the UPI-linked bank account where funds for making the Application are available.

10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.

11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872.

12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise.

13. Do not submit Applications to a Designated Intermediary at a location other than Collection Centres.

14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.

15. Do not apply if you are a person ineligible to apply for NCDs under this Issue including Applications by Persons Resident Outside India, NRI (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA).

16. Do not make an Application of the NCD on multiple copies taken of a single form.

17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted in the Issue.

18. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Investors using the UPI Mechanism.

19. Do not submit more than five Application Forms per ASBA Account.

Please also see "*Key Regulations and Policies – Operational Instructions*" on page 328.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries, to deposit such Application Forms (A list of such branches is available at https://www.sebi.gov.in).

Please see "*Issue Procedure – Rejection of Applications*" on page 292 for information on rejection of Applications.

TERMS OF PAYMENT

The Application Forms will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Collection Centres, named by such SCSB to accept such Applications from the Designated Intermediaries, as the case may be (a list of such branches is available at https://www.sebi.gov.in).

For Applications other than those under the UPI Mechanism, the relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the Application. For Applications under the UPI Mechanism, i.e., upto ₹5 lakhs, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of the Applicant with the Depository. The Depository shall validate the PAN and Demat account details and send response to the Stock Exchange which would be shared by the Stock Exchange with the relevant Designated Intermediary through its platform, for corrections, if any. The blocking of funds in such case (not exceeding ₹5 lakhs) shall happen under the UPI Mechanism.

The entire Application Amount for the NCDs is payable on Application only. The relevant SCSB shall block an amount equivalent to the entire Application Amount in the ASBA Account at the time of upload of the Application Form. In case of Allotment of lesser number of NCDs than the number applied, the Registrar to the Issue shall instruct the SCSBs or the Sponsor Bank (as the case maybe) to unblock the excess amount in the ASBA Account.

For Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application, before entering the Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

For Applications submitted under the UPI Mechanism, post the successful validation of the UPI Mandate Request by the Applicant, the information would be electronically received by the Applicants' bank, where the funds, equivalent to Application Amount, would get blocked in the Applicant's ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application. An Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

A UPI Investor applying through the UPI Mechanism should ensure that, they check the relevant SMS generated for the UPI Mandate Request and all other steps required for successful blocking of funds in the UPI linked bank account, which includes accepting the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the Stock Exchange (except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day), have been completed.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of this Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, and upon receipt of intimation from the Registrar, the controlling branch of the SCSB shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs or the Sponsor Bank (in case of Applications under the UPI Mechanism) on the basis of the instructions issued in this regard by the Registrar to the respective SCSB or the Sponsor Bank, within six Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of this Issue or until rejection of the Application, as the case may be.

SUBMISSION OF COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
ASBA Applications	(i) If using physical Application Form, (a) to the Designated Intermediaries at relevant Collection Centres, or (b) to the Designated Branches of the SCSBs where the ASBA Account is maintained; or (ii) If using electronic Application Form, to the SCSBs, electronically through internet banking facility, if available.
Applications under the UPI Mechanism	(i) Through the Designated Intermediary, physically or electronically, as applicable; or (ii) Through BSE Direct

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an Acknowledgement Slips which will serve as a duplicate Application Form for the records of the Applicant.

Electronic Registration of Applications

(a) The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications (including those under the UPI Mechanism) using the on-line facilities of the Stock Exchange. **The Members of Syndicate, our Company and the Registrar to the Issue or the Lead Manager is not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) with respect to Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange or (vi) any Application made under the UPI Mechanism, accepted or uploaded or failed to be uploaded by a Designated Intermediary or through the app/web based interface of the Stock Exchange and the corresponding**

failure for blocking of funds under the UPI Mechanism.

In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the option, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for Allotment/rejection of Application.

(b) The Stock Exchange will offer an electronic facility for registering Applications for this Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on this Issue Closing Date. On the Issue Closing Date, the Designated Intermediaries and the Designated Branches of the SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Designated Intermediaries and the Designated Branches of the SCSBs on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see "*General Information – Issue Programme*" on page 45.

(c) With respect to Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(d) With respect to Applications submitted to the Designated Intermediaries, at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)

- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Option of NCDs applied for
- Number of NCDs Applied for in each option of NCD
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Location
- Application amount

(e) A system generated acknowledgement (TRS) will be given to the Applicant as a proof of the registration of each Application. It is the Applicant's responsibility to obtain the acknowledgement from the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be. The registration of the Application by the Designated Intermediaries and the Designated Branches of the SCSBs, as the case may be, does not guarantee that the NCDs shall be allocated/ Allotted by our Company. The acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.

(f) Applications can be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect.

(g) The permission given by the Stock Exchange to use its network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange

(h) **Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for allocation/ Allotment**. The Designated Intermediaries and the Designated Branches of the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate the Designated Intermediaries and the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.

REJECTION OF APPLICATIONS

Applications would be liable to be rejected on the technical grounds listed below or if all required information is not provided or the Application Form is incomplete in any respect. The Board of Directors and/or the Debenture Committee thereof, reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof.

Application may be rejected on one or more technical grounds, including but not restricted to:

(a) Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Applications by persons prohibited from buying, selling or dealing in securities, directly or indirectly, by SEBI or any other regulatory authority;

(c) Applications accompanied by cash, draft, cheques, money order or any other mode of payment other than amounts blocked in the Applicants' ASBA Account maintained with an SCSB;

(d) Applications not being signed by the sole/joint Applicant(s);

(e) Investor Category in the Application Form not being ticked;

(f) Application Amount blocked being higher or lower than the value of NCDs Applied for. However, our Company may Allot NCDs up to the number of NCDs Applied for, if the value of such NCDs Applied for exceeds the minimum Application size;

(g) Applications where a registered address in India is not provided for the non-Individual Applicants;

(h) In case of partnership firms (except LLPs), NCDs applied for in the name of the partnership and not the names of the individual partner(s);

(i) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;

(j) PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participants. In case of minor Applicants applying through guardian when PAN of the Applicant is not mentioned;

(k) DP ID, Client ID or UPI ID (wherever applicable) not mentioned in the Application Form;

(l) GIR number furnished instead of PAN;

(m) Applications by OCBs;

(n) Applications for an amount below the minimum Application size;

(o) Submission of more than five ASBA Forms per ASBA Account;

(p) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;

(q) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;

(r) Applications accompanied by stockinvest/ cheque/ money order/ postal order/ cash;

(s) Signature of sole Applicant missing, or in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);

(t) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;

(u) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant;

(v) Signature of the ASBA Account holder on the Application Form does not match with the signature available on the SCSB bank's records where the ASBA Account mentioned in the Application Form is maintained;

(w) Application Forms submitted to the Designated Intermediaries or to the Designated Branches of the SCSBs does not bear the stamp of the SCSB and/or the Designated Intermediary, as the case may be;

(x) ASBA Applications not having details of the ASBA Account or the UPI-linked Account to be blocked;

(y) In case no corresponding record is available with the Depositories that matches the parameters namely, DP ID, Client ID, UPI ID and PAN;

(z) Inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;

(aa) SCSB making an Application (a) through an ASBA account maintained with its own self or (b) through an ASBA Account maintained through a different SCSB not in its own name or (c) through an ASBA Account maintained through a different SCSB in its own name, where clear demarcated funds are not present or (d) through an ASBA Account maintained through a different SCSB in its own name which ASBA Account is not utilised solely for the purpose of applying in public issues;

(bb) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and applicable law;

(cc) Authorization to the SCSB for blocking funds in the ASBA Account not provided;

(dd) Applications by any person outside India;

(ee) Applications not uploaded on the online platform of the Stock Exchange;

(ff) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;

(gg) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, this Prospectus and as per the instructions in the Application Form and this Prospectus;

(hh) Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(ii) Applications providing an inoperative demat account number;

(jj) Applications submitted to the Designated Intermediaries other than the Collection Centres or at a Branch of a SCSB which is not a Designated Branch;

(kk) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);

(ll) Investor category not ticked;

(mm) In case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;

(nn) A UPI Investor applying through the UPI Mechanism, not having accepted the UPI Mandate Request by 5:00 pm on the third Working Day from the day of bidding on the stock exchange except on the last day of the Issue Period, where the UPI Mandate Request not having been accepted by 5:00 pm of the next Working Day; and

(oo) A non-UPI Investor making an Application under the UPI Mechanism, i.e., an Application for an amount more than ₹ 5 lakhs.

For information on certain procedures to be carried out by the Registrar to the Issue for finalization of the Basis of Allotment, please see "*Information for Applicants*" below.

Information for Applicants

Upon the closure of the Issue, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID, UPI ID (where applicable) and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database and prepare list of technical rejection cases. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such Applications or treat such Applications as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

BASIS OF ALLOTMENT

Basis of Allotment for NCDs

The Registrar will aggregate the Applications, based on the applications received through an electronic book from the Stock Exchange and determine the valid Application for the purpose of drawing the basis of allocation.

Allocation Ratio

The Registrar will aggregate the Applications based on the Applications received through an electronic book from the Stock Exchange and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

Grouping of Applications and Allocation Ratio: Applications received from various applicants shall be grouped together on the following basis:

(a) *Applications received from Category I applicants:* Applications received from Category I, shall be grouped together, **("*Institutional Portion*")**;

(b) *Applications received from Category II applicants:* Applications received from Category II, shall be grouped together, **("*Non-Institutional Portion*")**;

(c) *Applications received from Category III applicants:* Applications received from Category III, shall be grouped together, **("*Retail Individual Portion*").**

For removal of doubt, "***Institutional Portion***", "***Non-Institutional Portion***" and "***Retail Individual Portion***" are individually referred to as "***Portion***" and collectively referred to as **"*Portions*".**

For the purposes of determining the number of NCDs available for allocation to each of the abovementioned Portions, our Company shall have the discretion of determining the number of NCDs to be Allotted over and above the Base Issue Size, in case our Company opts to retain any oversubscription in the Issue up to ₹10,000 lakhs. The aggregate value of NCDs decided to be allotted over and above the Base Issue Size, (in case our Company opts to retain any oversubscription in the Issue), and/or the aggregate value of NCDs up to the Base Issue Size shall be collectively termed as the **"*Overall Issue Size*".**

Basis of Allotment for NCDs

Allotments in the first instance:

(i) Applicants belonging to the Category I, in the first instance, will be allocated NCDs up to 10% of overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Lead Manager and their respective affiliates/SCSB (Designated Branch or online acknowledgement));

(ii) Applicants belonging to the Category II, in the first instance, will be allocated NCDs up to 40% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

(iii) Applicants belonging to the Category III, in the first instance, will be allocated NCDs up to 50% of Overall Issue Size on first come first serve basis (determined on the basis of date of receipt of each Application duly acknowledged by the Members of the Syndicate/Trading Members/SCSB (Designated Branch or online acknowledgement));

Allotments, in consultation with the Designated Stock Exchange, shall be made on date priority basis i.e., a first-come first-serve basis, based on the date of upload of each Application in to the electronic book with Stock Exchange, in each Portion subject to the Allocation Ratio. However, on the date of oversubscription, the Allotments would be made to the Applicants on proportionate basis.

(a) Under Subscription:

Under subscription, if any, in any Portion, priority in Allotments will be given in the following order:

(i) Individual Portion
(ii) Non-Institutional Portion and Resident Indian individuals and Hindu undivided families through the Karta applying who apply for NCDs aggregating to a value exceeding ₹5 lakhs;
(iii) Institutional Portion
(iv) on a first come first serve basis.

Within each Portion, priority in Allotments will be given on a first-come-first-serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchange.

For each Portion, all Applications uploaded into the electronic book with the Stock Exchange would be treated at par with each other. Allotment would be on proportionate basis, where Applications uploaded into the Platform of the Stock Exchange on a particular date exceeds NCDs to be allotted for each Portion, respectively.

Minimum allotment of 5 NCD and in multiples of 1 (one) NCD thereafter would be made in case of each valid Application.

(b) Allotments in case of oversubscription:

In case of an oversubscription, Allotments to the maximum extent, as possible, will be made on a first-come first-serve basis and thereafter on proportionate basis, i.e. full Allotment of NCDs to the valid Applicants on a first come first serve basis for forms uploaded up to 5 pm of the date falling 1 (one) day prior to the date of oversubscription and proportionate allotment of NCDs to the valid Applicants on the date of oversubscription (based on the date of upload of the Application on the Stock Exchange Platform, in each Portion). In case of over subscription on date of opening of the Issue, the Allotment shall be made on a proportionate basis. Applications received for the NCDs after the date of oversubscription will not be considered for Allotment.

In view of the same, the Investors are advised to refer to the Stock Exchanges website at www.bseindia.com for details in respect of subscription.

(c) Proportionate Allotments: For each Portion, on the date of oversubscription:

(i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer;
(ii) If the process of rounding off to the nearest integer results in the actual allocation of NCDs being higher than the Issue Size, not all Applicants will be allotted the number of NCDs arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference; and
(iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the Basis of Allotment is finalised by draw of lots in a fair and equitable manner.

(d) Applicant applying for more than one Options of NCDs:

If an Applicant has applied for more than one Options of NCDs, and in case such Applicant is entitled to allocation of only a part of the aggregate number of NCDs applied for due to such Applications received on the date of oversubscription, the option-wise allocation of NCDs to such Applicants shall be in proportion to the number of NCDs with respect to each option, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Manager and Designated Stock Exchange.

In cases of odd proportion for Allotment made, our Company in consultation with the Lead Manager willAllot the residual NCD (s) in the following order:

(i) first with monthly interest payment in decreasing order of tenor i.e., Options VIII, VI, IV, III and I;

(ii) second with payment on annual interest payment in decreasing order of tenor i.e., Options IX, VII and V;

(iii) Followed by payment on cumulative options in decreasing order of tenor i.e., Options X and II.

Hence using the above procedure, the order of Allotment for the residual NCD(s) will be: VIII, VI, IV, III, I, IX, VII, V, X and II.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager, and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

Our Company would Allot Option I NCDs to all valid applications, wherein the Applicants have not indicated their choice of the relevant options of the NCDs.

Valid applications where the Application Amount received does not tally with or is less than the amount equivalent to value of number of NCDs applied for, may be considered for Allotment, to the extent of the Application Amount paid rounded down to the nearest ₹1,000 in accordance with the pecking order mentioned above.

All decisions pertaining to the Basis of Allotment of NCDs pursuant to the Issue shall be taken by our Company in consultation with the Lead Manager and the Designated Stock Exchange and in compliance with the aforementioned provisions of this Prospectus.

Retention of oversubscription

Our Company shall have an option to retain over-subscription up to the Issue limit.

Unblocking of Funds for withdrawn, rejected or unsuccessful or partially successful Applications

The Registrar shall, pursuant to preparation of Basis of Allotment, instruct the relevant SCSB or the Sponsor Bank (for Applications under the UPI Mechanism), as applicable, to unblock the funds in the relevant ASBA Account/UPI linked bank account, for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

ISSUANCE OF ALLOTMENT ADVICE

Our Company shall ensure dispatch of Allotment Advice and/ or give instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment. The Allotment Advice for successful Applicants will be mailed by speed post/registered post to their addresses as per the Demographic Details received from the Depositories.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Application Amount shall be unblocked within six Working Days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the Application Amount shall be unblocked in the ASBA Accounts or the UPI linked bank accounts (for Applications under the UPI Mechanism) of the Applicants forthwith, failing which interest shall be due to be paid to the Applicants in accordance with applicable law.

Our Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

OTHER INFORMATION

Withdrawal of Applications during the Issue Period

Applicants can withdraw their Applications until the Issue Closing Date. In case an Applicant wishes to withdraw the Application during the Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite.

In case of Applications (other than under the UPI Mechanism) were submitted to the Designated Intermediaries, upon receipt of the request for withdrawal from the Applicant, the relevant Designated Intermediary, as the case may be, shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and intimating the Designated Branch of the SCSB unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications (other than under the UPI Mechanism) submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account, directly.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of the Basis of Allotment.

Revision of Applications

Cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. Please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. For Applications made under the UPI Mechanism, an Applicant shall not be allowed to add or modify the details of the Application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the Applicant may withdraw the Application and reapply.

However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/ modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by the Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries and/ or the Designated Branches of the SCSBs will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. Please also see, "*Key regulations and Policies*" on page 328.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed between our Company, the Registrar and both the depositories.

As per the provisions of the Depositories Act, 1996, the NCDs issued by us can be held in a dematerialised form. In this context:

(i) Tripartite agreement dated April 25, 2018 among our Company, the Registrar and CDSL and tripartite agreement dated August 24, 2018 among our Company, the Registrar and NSDL, respectively for offering depository option to the investors.

(ii) An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.

(iii) The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

(iv) NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

(v) Non-transferable Allotment Advice will be directly sent to the Applicant by the Registrar to this Issue.

(vi) It may be noted that NCDs in electronic form can be traded only on the Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange has connectivity with NSDL and CDSL.

(vii) Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those Debenture Holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable premium and interest for such NCDs) prior to redemption of the NCDs.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

Allottees will have the option to re-materialize the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

Communications

All future communications in connection with Applications made in this Issue (except the Applications made through the Trading Members of the Stock Exchange) should be addressed to the Registrar to the Issue, quoting the full name of the sole or first Applicant, Application Form number, Applicant's DP ID and Client ID, Applicant's PAN, number of NCDs applied for, ASBA Account number in which the amount equivalent to the Application Amount was blocked or the UPI ID (for UPI Investors who make the payment of Application Amount through the UPI Mechanism), date of the Application Form, name and address of the Designated Intermediary or Designated Branch of the SCSBs, as the case may be, where the Application was submitted.

Applicants may contact our Compliance Officer and Company Secretary or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice or credit of NCDs in the respective beneficiary accounts, as the case may be.

Interest in case of delay

Our Company undertakes to pay interest, in connection with any delay in Allotment and demat credit, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by the Issuer

Our Company undertakes that:

(a) All monies received pursuant to this Issue shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013;

(b) Details of all monies utilised out of this Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies had been utilised;

(c) Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested;

(d) Details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested;

(e) Undertaking by our Company for execution of the Debenture Trust Deeds. Further, as per Regulation 18 of SEBI NCS Regulations, in the event our Company fails to execute the Debenture Trust Deeds within a timeline specified under Regulation 18 of SEBI NCS Regulations, our Company shall pay interest of at least 2% p.a. over and above the agreed coupon rate, to each NCD Holder, till the execution of the Debenture Trust Deed;

(f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in the Prospectus, on receipt of the minimum subscription of 75% of the Base Issue i.e., ₹ 7,500 lakhs and receipt of listing and trading approval from the Stock Exchange;

(g) The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property business, dealing in equity of listed companies or lending/investment in group companies; and

(h) Application money shall be unblocked within six Working Days from the closure of this Issue or such lesser time as may be specified by SEBI, or else the Application money shall be refunded to the Applicants in accordance with applicable law, failing which interest shall be due to be paid to the Applicants for the delayed period, if applicable in accordance with applicable law.

Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Prospectus has not been recommended or approved by any regulatory authority in India, including any registrar of companies, stock exchange or SEBI nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of investors is invited to the section '*Risk factors*' on page 17.

Our Company has no side letter with any NCD holder. Any covenants later added shall be disclosed on the stock exchanges' website where the NCDs are listed.

Other undertakings by our Company

Our Company undertakes that:

(a) Complaints received in respect of this Issue (except for complaints in relation to Applications submitted to Trading Members) will be attended to by our Company expeditiously and satisfactorily;

(b) Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding;

(c) Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of this Issue Closing Date;

(d) Funds required for dispatch of Allotment Advice/NCD Certificates (only upon rematerialisation of NCDs at the specific request of the Allottee/ Holder of NCDs) will be made available by our Company to the Registrar to the Issue;

(e) Our Company will forward details of utilisation of the proceeds of this Issue, duly certified by the Statutory Auditor, to the Debenture Trustee as required under applicable laws;

(f) Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of this Issue as contained in this Prospectus;

(g) Our Company will disclose the complete name and address of the Debenture Trustee in its annual report; and

(h) Our Company shall make necessary disclosures/ reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

(i) The allotment of NCDs will be done on a first come, first serve basis. On the successful allotment of the NCDs, the issue proceeds will be released to the issuer to use in pursuance of the objects specified in this Prospectus.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION

Except as stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/regulatory authorities; (iii) claims for any indirect and direct tax liability; and (iv) other litigations which are identified as material in terms of the Materiality Threshold (as defined hereinafter below), each involving our Company, Directors or Promoter.

*Our Debenture Committee of the Board, in its meeting held on January 12, 2022, has adopted a threshold for the identification of material litigations ("**Materiality Threshold**"). As per the Materiality Threshold, other than for the purposes of (i) to (iii) above, all outstanding litigation, wherein:*

(a) the monetary amount of claim by or against the Company, its directors, its promoter(s) or its group companies in any such pending litigation is lower of the following:
   - *a) 0.5% (half percent) of the total assets or*
   - *b) 3% (three percent) of the total income or*
   - *c) ₹5,00,00,000 (Rupees five crores only)*

as per the latest audited annual standalone financial statements of the Company.

(b) such pending litigation is material from the perspective of Company's business, operations, prospects or reputation,

has been considered as 'material litigation', and accordingly has been disclosed in this Prospectus.

Further, except as mentioned in this section, there are no proceedings involving our Group Companies, which may have a material adverse effect on the position of our Company.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, Directors, Promoter or Group Companies shall, unless otherwise decided by our Board of Directors including committee thereof, not be considered as litigation until such time that our Company or Directors or Promoter or Group Companies, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum.

Further, except as stated in this section, there are no: (i) litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoter during the last three years immediately preceding the year of the issue of this Prospectus and any direction issued by such Ministry or Department or statutory authority; (ii) pending litigation involving our Company, our Promoter, our Directors, Group Companies or any other person, whose outcome could have material adverse effect on the position of our Company; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues, etc; (v) inquiries, inspections or investigations initiated or conducted against our Company under the Companies Act or any previous companies law in the three years immediately preceding the year of this Prospectus; (vi) prosecutions filed (whether pending or completed), fines imposed or compounding of offences done in the three years immediately preceding the year of this Prospectus; and (vii) material frauds committed against our Company in the last three years.

Further from time to time, we have been and shall continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. We believe that the number of proceedings in which we are/were involved is not unusual for a company of our size doing business in India.

Unless stated to the contrary, the information provided below is as of the date of this Prospectus.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

A. Litigations involving our Company

Litigations against our Company

Tax proceedings

Settlement applications filed by Our Company, KMLM Chits India Limited and KLM Fincorp Limited ("**Applicants**"), before the additional bench of the Income Tax Settlement Commission, Chennai ("**Settlement Commission**") for the following Assessment Years:

1. For our Company – Assessment Years 2013 – 2014 to 2016 – 2017;
2. For KMLM Chits India Limited – Assessment Years 2010 – 2011 to 2016 – 2017; and
3. For KLM Fincorp Limited – Assessment Years 2010 – 2011 to 2016 – 2017.

A search was conducted under section 132 of the I.T. Act on October 5, 2015 in the business premises of the Applicants at Kothamangalam, Thirupunithura, Piravom and Kaloor. Simultaneously, search was also conducted in the residential premises of Shibu Theckumpurath Varghese and Josekutty Xavier. Further, a survey under section 133A of the I.T. Act was conducted in the business premises of the concerns of the Applicants at Kolenchery, Aluva, Thodupuzha, Pala, Athani, Thirussur, Muvattupuzha, Perumbavoor and Pallithazham. During the search, certain documents and items were seized by the department and sworn statements were recorded from Shibu Theckumpurath Varghese, Josekutty Xavier, and other employees of the Applicants. It was alleged that the Applicants have generated the undisclosed income and utilized the same over the period and therefore the Applicants have filed the settlement application before the Settlement Commission.

Further, the Applicants have declared additional income of (i) ₹ 1,241.45 Lakhs in the case of KMLM Chits India Limited, (ii) ₹ 401.64 Lakhs in the case of KLM Axiva Finvest Limited, and (iii) ₹ 1385.62 Lakhs in the case of KLM Fincorp Limited before the Settlement Commission and the additional tax thereon arrived at by the Applicants exceeds the prescribed threshold limit of tax payable by the Applicants. The Settlement Commission through its order dated December 28, 2017 allowed the settlement applications of Applicants to be proceeded with further. The aggregate tax liability of the Company for the Assessment Years 2014-15, 2015-16 and 2016-17 was ₹ 116.87 Lakhs, which was ordered by the Settlement Commission to be paid in six instalments, and the same is fully paid as of date.

KLM Fincorp Limited and KMLM Chits India Limited have outstanding tax liabilities of ₹ 238.65 Lakhs and ₹ 239.86 Lakhs respectively and have been ordered by the Settlement Commission to pay the same in six instalments and have also made payments of their respective tax liabilities.

Criminal Cases

NIL

Material Civil Cases

NIL

Litigations by our Company

Criminal cases

Cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881

Our Company has filed various complaints and notices under section 138 of the Negotiable Instruments Act, 1881 for recovering amounts due from various individuals and entities ("**Persons**") on account of dishonouring of cheques issued by such Persons due to insufficiency of the funds. As of the date of this Prospectus, there are 127 such complaints pending before various courts. The total amount involved in such cases is approximately ₹ 509.35 Lakhs.

Material Civil cases

Cases filed by the Company

Our Company has filed various applications for execution and attachment of property before various judicial forums for recovering the loan amount along with interest from the defaulters. As of the date of this Prospectus, there are three hundred and eighty-one, 381 such application pending before various forums. The total amount involved in such cases is approximately ₹ 5,579.78 Lakhs. Our Company in its prayer has prayed for attachment of the property collateralized by the defaulters and/or belonging to them.

Inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of issue of this Prospectus against our Company

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years immediately preceding the year of this Prospectus against our Company.

B. Litigations involving our Group Companies

Litigations against our Group Companies

A writ petition bearing number 8317 of 2018 was filed by Dinesan N.V and others ("**Petitioners**") under Article 226 of the Constitution of India against the State of Kerala, Payyoli Granites Private Limited (**"our Group Company"**) and others before the High Court of Kerala at Ernakulam. The Petitioners being residents of Keezhariyur Grama Panchayath claimed that they were deprived of the comfortable use and enjoyment of their home, property, air, water and livelihood due to the ongoing alleged unauthorised and illegal mining and quarrying operations of granite building stone undertaken by our Group Company amounting to an alleged violation of Rule 29(1) of Kerala Minor Mineral Concession Rules, 1967. The Petitioners prayed for directions, *inter alia*, for non-renewal of the quarrying license and cancellation of the permit and environmental clearance issued to our Group Company. Presently the writ petition is pending before the High Court of Kerala at Ernakulam.

Litigations by our Group Companies

NIL

C. Litigations involving our Promoter

Litigations against our Promoter

Tax proceedings

NIL

Criminal Cases

NIL

Material Civil Cases

NIL

Litigations by our Promoter

Criminal Cases

NIL

Material Civil Cases

NIL

D. Litigations involving our Directors

Litigation against our Director

Tax Proceedings

NIL

Criminal Cases

NIL

Material Civil Cases

NIL

Litigations by our Directors

Criminal Cases

a. A Criminal Complaint was filed by Shibu Theckumpurath Varghese, Whole Time Director on 27.09.2016 ("Complainant") against Nawshad, owner of Grande Film Corporation ("Accused No 1") and Simon, owner of Empire Video ("Accused No 2") (together with Accused No. 1 "Defendant") before the Judicial Magistrate Court, Ernakulam. The complaint was filed due to non-compliance of the order dated October 06, 2016 in the OS 21/2016, restraining the Defendants from selling video rights to any other person than Complainant. The cause of action arose when the Complainant had seen the CD of the movie in a shop which was sold by the Accused No 2, thus violating the order. Therefore, the Complainant has filed a complaint under section 120B, 418 and 34 of the Indian Penal Code, 1860. The matter has been transferred to the District Court, Ernakulam and was posted for evidence on March 27, 2020. The matter is still pending before the District Court, Ernakulam.

b. There are 10 complaints initiated by the Directors of our Company against different parties for alleged violation of Section 138 read with section 141 and 142 of the Negotiable Instruments Act, 1881 (**"NI Act"**) for dishonour of cheques. The aggregate consolidated amount involved in such cases is ₹ 47.11 Lakhs and our Directors have sought for appropriate reliefs under the NI Act. All such proceedings are currently pending.

Material Civil Cases

NIL

Notices received by the Company:

NIL

Litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoter during the last three years immediately preceding the year of the issue of this Prospectus and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action

NIL

Inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies' law in the last three years immediately preceding the year of issue of this Prospectus against our Company (whether pending or not); fines imposed or compounding of offences done by our Company in the last three years immediately preceding the year of this Prospectus

NIL

Reservations or qualifications or adverse remarks or emphasis of matter or other observations of the auditors of our Company in the last three financial years and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks or emphasis of matter or other observations:

Details of acts of material frauds committed against our Company in the last three years, if any, and if so,

Period	Basis of Financial Statements	Summary of Qualifications or reservations or emphasis of matter or adverse remarks or other observations by auditors in the audit report / CARO	Impact on the financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
FY 2021-22	Standalone	Emphasis Of Matter We draw attention to Note 3 to the Standalone Financial Statements, which describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic. Due to the Covid-I9 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.	The COVID-19 pandemic will impact the Company's provision on financial assets is dependent on the future developments which are highly uncertain and cannot be quantified at this point of time	In accordance with the regulatory package announced by RBI, the company has offered an optional moratorium to the eligible customers. The Honorable Supreme court by its order dated 03.09.2020 ordered, the accounts which were not declared as NPA till 31.08.2020 shall not be declared NPA till further orders. Considering the Honorable Supreme court's order the loan accounts are not downgraded; no right back of impairment on financial instruments has been done considering the possibility of future downgrade when the Honorable Supreme Court's order is withdrawn. Countrywide and region wise lockdown, declaration of containment zones/hotspots, shut down of offices, spurt of disease among staff etc, caused lot of difficulty in regular operations of the Company.
		Report on Other Legal and Regulatory Requirements l. As required by Section 143(3) of the Act, we report that: (d) In our opinion, the 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.	The impact of non-adherence could not be ascertained as actuarial valuation was not conducted.	As per the explanation provided, the Company has approached Life Insurance Corporation of India to adopt actuarial valuation for the compliance of Ind AS-19.
FY 2020-21	Standalone	Emphasis Of Matter We draw attention to Note 3 to the Standalone Financial Statements, which describes that the Company	The COVID-19 pandemic will impact the Company's provision on	In accordance with the regulatory package announced by RBI, the company has offered an

	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-I9 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.	financial assets is dependent on the future developments which are highly uncertain and cannot be quantified at this point of time	optional moratorium to the eligible customers. The Honorable Supreme court by its order dated 03.09.2020 ordered, the accounts which were not declared as NPA till 31.08.2020 shall not be declared NPA till further orders. Considering the Honorable Supreme court's order the loan accounts are not downgraded; no right back of impairment on financial instruments has been done considering the possibility of future downgrade when the Honorable Supreme Court's order is withdrawn. Countrywide and region wise lockdown, declaration of containment zones/hotspots, shut down of offices, spurt of disease among staff etc, caused lot of difficulty in regular operations of the Company and finalisation of accounts.
	Report on Other Legal and Regulatory Requirements l. As required by Section 143(3) of the Act, we report that: (d) In our opinion, the 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.	The impact of non-adherence could not be ascertained as actuarial valuation was not conducted.	As per the explanation provided, the Company has approached Life Insurance Corporation of India to adopt actuarial valuation for the compliance of Ind AS-19.
Consolidated	Emphasis Of Matter We draw attention to Note 3 to the Consolidated Financial Statements, which describes that the Group has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future	The COVID-19 pandemic will impact the Company's provision on financial assets is dependent on the future developments which are highly uncertain and cannot be	In accordance with the regulatory package announced by RBI, the company has offered an optional moratorium to the eligible customers. The Honorable Supreme court by its order dated 03.09.2020 ordered,

		uncertainties and events arising from the full impact of the COVID-19 pandemic. Due to the Covid-I9 pandemic, we were not able to visit the branches of the Holding Company and hence could not verify the underlying security in respect of gold loans. We are relying on the internal control system in force and management representation with respect to the same. Our opinion is not modified in respect of these matters.	quantified at this point of time	the accounts which were not declared as NPA till 31.08.2020 shall not be declared NPA till further orders. Considering the Honorable Supreme court's order the loan accounts are not downgraded; no right back of impairment on financial instruments has been done considering the possibility of future downgrade when the Honorable Supreme Court's order is withdrawn. Countrywide and region wise lockdown, declaration of containment zones/hotspots, shut down of offices, spurt of disease among staff etc, caused lot of difficulty in regular operations of the Company and finalisation of accounts.
		Report on Other Legal and Regulatory Requirements 2. As required by Section 143(3) of the Act, we report that: (d). In our opinion, the consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under, Except Ind AS-19 - Employee Benefits.	The impact of non-adherence could not be ascertained as actuarial valuation was not conducted.	As per the explanation provided, the Company has approached Life Insurance Corporation of India to adopt actuarial valuation for the compliance of Ind AS-19.
FY 2019-20	Standalone	Emphasis Of Matter We draw attention to Note 3 to the Standalone Financial Statements, which describes that the Company has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic. Due to the Covid-19 pandemic, we were not able to visit the branches of the Company and hence could not	The COVID-19 pandemic will impact the Company's provision on financial assets is dependent on the future developments which are highly uncertain and cannot be quantified at this point of time	In accordance with the regulatory package announced by RBI, the company has offered an optional moratorium to the eligible customers. The Honorable Supreme court by its order dated 03.09.2020 ordered, the accounts which were not declared as NPA till 31.08.2020 shall not be declared NPA till further orders. Considering the Honorable

	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.		Supreme court's order the loan accounts are not downgraded; no right back of impairment on financial instruments has been done considering the possibility of future downgrade when the Honorable Supreme Court's order is withdrawn. Countrywide and region wise lockdown, declaration of containment zones/hotspots, shut down of offices, spurt of disease among staff etc, caused lot of difficulty in regular operations of the Company and finalisation of accounts.
	Report on Other Legal and Regulatory Requirements 2. As required by Section 143(3) of the Act, we report that: (d). In our opinion, the 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.	The impact of non-adherence could not be ascertained as actuarial valuation was not conducted.	As per the explanation provided, the Company has approached Life Insurance Corporation of India to adopt actuarial valuation for the compliance of Ind AS-19.
Consolidated	Emphasis Of Matter We draw attention to Note 3 to the consolidated Financial Statements, which describes that the Group has recognised impairment on financial assets to reflect the adverse business impact and uncertainties arising from the COVID-19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID-19 pandemic. Due to the Covid-19 pandemic, we were not able to visit the branches of the Holding Company and hence could not verify the underlying security in respect of gold loans. We are relying on the internal control system in force and management representation with respect to the same.	The COVID-19 pandemic will impact the Company's provision on financial assets is dependent on the future developments which are highly uncertain and cannot be quantified at this point of time	In accordance with the regulatory package announced by RBI, the company has offered an optional moratorium to the eligible customers. The Honorable Supreme court by its order dated 03.09.2020 ordered, the accounts which were not declared as NPA till 31.08.2020 shall not be declared NPA till further orders. Considering the Honorable Supreme court's order the loan accounts are not downgraded; no right back of impairment on financial

	Our opinion is not modified in respect of these matters.		instruments has been done considering the possibility of future downgrade when the Honorable Supreme Court's order is withdrawn. Countrywide and region wise lockdown, declaration of containment zones/hotspots, shut down of offices, spurt of disease among staff etc, caused lot of difficulty in regular operations of the Company and finalisation of accounts.
	Report on Other Legal and Regulatory Requirements 1. As required by Section 143(3) of the Act, we report that: (d). In our opinion, the consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under. Except Ind AS-19 - Employee Benefits.	The impact of non-adherence could not be ascertained as actuarial valuation was not conducted.	As per the explanation provided, the Company has approached Life Insurance Corporation of India to adopt actuarial valuation for the compliance of Ind AS-19.

the action taken by our Company

There is no material fraud committed against our Company in the last three Fiscals.

Details of disciplinary action taken by SEBI or Stock Exchanges against the Promoters/ Group companies in the last five financial years, including outstanding action.

NIL

OTHER REGULATORY AND STATUTORY DISCLOSURES

Issuer's Absolute Responsibility

"The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and the issue which is material in the context of the issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

Authority for the Issue

At the meeting of the Board of Directors of our Company, held July 01, 2022, the Board approved the Issue of Secured, Redeemable NCDs to the public for an amount of ₹10,000 lakhs, with an option to retain over-subscription up to ₹10,000 lakhs aggregating up to ₹ 20,000 lakhs.

Prohibition by SEBI

Our Company, persons in control of our Company, our Directors and/or our Promoter has not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our promoter group has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

Categorisation as a Wilful Defaulter

Our Company, our Directors and/or our Promoter have not been categorised as a Wilful Defaulter nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

Declaration as a Fugitive Economic Offender

None of our Promoter or Directors has been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

Other confirmations

None of our Company or our Directors or our Promoter, or person(s) in control of our Company was a promoter, director or person in control of any company which was delisted within a period of ten years preceding the date of this Prospectus, in accordance with the SEBI Delisting Regulations, as amended.

Disclaimer

Disclaimer statement from our Company, our Directors and the Lead Manager

Our Company, our Directors and the Lead Manager accepts no responsibility for statements made other than in this Prospectus or in the advertisements or any other material issued by or at our Company's instance in connection with the Issue of the NCDs and anyone placing reliance on any other source of information including our Company's website, or any website of any affiliate of our Company would be doing so at their own risk. The Lead Manager accept no responsibility, save to the limited extent as provided in the Issue Agreement.

None among our Company or the Lead Manager or any Member of the Syndicate is liable for any failure in uploading the Application due to faults in any software/ hardware system or otherwise; the blocking of Application Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who make an Application in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs and will not issue, sell, pledge, or transfer the NCDs to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the NCDs. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the NCDs being offered in the Issue.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE AND LISTING OF NON CONVERTIBLE SECURITIES) REGULATIONS, 2021. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 13, 2022, WHICH READS AS FOLLOWS:

1. **WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTER OR DIRECTORS HAVE BEEN PROHIBITED FROM ACCESSING THE CAPITAL MARKET UNDER ANY ORDER OR DIRECTION PASSED BY THE BOARD. WE ALSO CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE OFFER DOCUMENT HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.**

2. **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE OFFER DOCUMENT AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUE OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE NCDs OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.**

3. **WE CONFIRM THAT THE OFFER DOCUMENT CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON CONVERTIBLE SECURITIES) REGULATIONS, 2021, AS AMENDED.**

4. **WE ALSO CONFIRM THAT ALL RELEVANT PROVISIONS OF THE COMPANIES ACT, 1956, COMPANIES ACT, 2013, SECURITIES CONTRACTS, (REGULATION) ACT, 1956, SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES, REGULATIONS, GUIDELINES, CIRCULARS ISSUED THEREUNDER ARE COMPLIED WITH.**

WE CONFIRM THAT NO COMMENTS/COMPLAINTS WERE RECEIVED ON THE DRAFT PROSPECTUS HOSTED ON THE WEBSITE OF BSE LIMITED (DESIGNATED STOCK EXCHANGE).

Disclaimer Clause of BSE

BSE Limited ("the Exchange") has given, vide its Approval Letter dated September 08, 2022, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

And it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION DATED MARCH 15, 2016 BEARING REGISTRATION NO. 09.00006 ISSUED BY THE RESERVE BANK OF INDIA UNDER SECTION 45 IA OF THE RESERVE BANK OF INDIA ACT, 1934. HOWEVER, RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE COMPANY AND FOR REPAYMENT OF DEPOSITS/DISCHARGE OF LIABILITY BY THE COMPANY.

Disclaimer Clause of India Ratings

All credit ratings assigned by india ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimersby following this link: https://www.indiaratings.co.in/rating-definitions. In addition, rating definitions and the terms of use of such ratings areavailable on the agency's public website www.indiaratings.co.in. Published ratings, criteria, and methodologies are available from this siteat all times. India ratings' code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies andprocedures are also available from the code of conduct section of this site.

Disclaimer Clause of CRISIL

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. **KLM Axiva Finvest Limited** will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following website:

Name of Lead Manager	Website
Vivro Financial Services Private Limited	http://www.vivro.net/offerdocuments

Listing

An application will be made to BSE for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 working days from the date of closure of the issue.

Consents

The written consents of (a) Directors of our Company; (b) Company Secretary and Compliance Officer; (c) Chief Executive Officer; (d) Chief Financial Officer; (e) Statutory Auditors; (f) Legal counsel to the Issue; (g) Lead Manager; (h) the Registrar to the Issue; (i) Public Issue Account Banks; (j) Refund Banks; (k) Credit Rating Agency; (l) CRISIL Limited; (m) the Banker to our Company; (n) the Debenture Trustee; (o) Sponsor Bank and (p) the Syndicate Member to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under Section 26 of the Companies Act, 2013 and such consents have not been withdrawn as on the date of this Prospectus.

Expert Opinion

Except as stated below, our Company has not obtained any expert opinion:

i. Our Company has received written consent from the Statutory Auditor, namely M/s. RB Jain and Associates, Chartered Accountants, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in its capacity as a statutory auditor, in respect of the Reformatted Financial Statements and examination report on Reformatted Financial Statements dated August 3, 2022. The consent of the Statutory Auditors has not been withdrawn as on the date of this Prospectus.

ii. Our Company has received written consent from India Ratings & Research Private Limited to include the credit rating rationale letter dated August 23, 2022, in respect of the credit rating issued for the NCDs to be issued pursuant to this Issue which furnishes the rationale for its rating.

Common form of Transfer

We undertake that there shall be a common form of transfer for the NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/procedures as prescribed by NSDL/CDSL and the relevant Depositary Participants of the transferor or transferee and any other applicable laws and rules notified in respect thereof.

Filing of the Draft Prospectus

The Draft Prospectus has been filed with the Designated Stock Exchange in terms of Regulation 27 of the SEBI NCS Regulations for dissemination on its website(s) prior to the opening of the Issue.

Filing of this Prospectus

This Prospectus shall be filed with RoC in accordance with Section 26 of the Companies Act, 2013.

Debenture Redemption Reserve ("DRR")

Pursuant to Regulation 16 of the SEBI NCS Regulations and Section 71(4) of the Companies Act, 2013 states that where debentures are issued by any company, the company shall create a debenture redemption reserve out of the profits of the company available for payment of dividend. Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, as amended by Companies (Share Capital and Debentures) Amendment Rules, 2019, listed NBFC is not required to create a DRR in case of public issue of debentures. The rules further mandate that the company which is coming with a Public Issue shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more prescribed methods.

Accordingly, our Company is not required to create a DRR for the NCDs proposed to be issued through this Issue. Further, our Company shall deposit or invest, as the case may be, before the 30th day of April of each year a sum which shall not be less than 15% of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in any one or more following methods: (a) in deposits with any scheduled bank, free from charge or lien; (b) in unencumbered securities of the Central Government or of any State Government; (c) in unencumbered securities mentioned in clauses (a) to (d) and (ee) of Section 20 of the Indian Trusts Act, 1882; (d) in unencumbered bonds issued by any other company which is notified under clause (f) of Section 20 of the Indian Trusts Act, 1882. The abovementioned amount deposited or invested, must not be utilized for any purpose other than for the repayment of debentures maturing during the year provided that the amount remaining deposited or invested must not at any time fall below 15% of the amount of debentures maturing during year ending on the 31st day of March of that year, in terms of the applicable laws

Issue Related Expenses

For details of Issue related expenses, see "*Objects of the Issue*" on page 73.

Reservation

No portion of this Issue has been reserved.

Terms and Conditions of Debenture Trustee Agreement

Fees charged by Debenture Trustee

The Debenture Trustee has agreed for one time acceptance fee amounting to ₹ 2,00,000/- (plus the applicable taxes) with Annual fee of 0.015% of the outstanding balance of secured NCDs at the end of each quarter payable on quarterly basis for the services as agreed in the engagement letter dated July 20, 2022.

Terms of carrying out due diligence

As per the SEBI Circular "SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated November 03, 2020 titled "Creation of Security in issuance of listed debt securities and due diligence by debenture trustee(s)", the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer company are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our company has consented to.

a. The Debenture Trustee, either through itself or its agents /advisors/ consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the offer document /disclosure document / information memorandum / private placement memorandum, has been obtained. For the purpose of carrying out the due diligence as required in terms of the Relevant Laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, shall have the power to examine the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/lawyers/technical experts/management consultants appointed by the Debenture Trustee.

b. The Company shall provide all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third party security provider are registered / disclosed.

c. Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify KLM Axiva Finvest Limited such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

d. Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws/ Applicable Law.

The Debenture Trustee shall have the power to either independently appoint, or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company. Process of Due Diligence to be carried out by the Debenture Trustee Due Diligence will be carried out as per SEBI Debt Regulations and circulars issued by SEBI from time to time. This would broadly include the following:

- A Chartered Accountant ("**CA**") appointed by Debenture Trustee will conduct independent due diligence as per scope provided, regarding security offered by the Issuer.
- CA will ascertain, verify, and ensure that the assets offered as security by the Issuer is free from any encumbrances or necessary permission / consent / NOC has been obtained from all existing charge holders.
- CA will conduct independent due diligence on the basis of data / information provided by the Issuer.
- CA will, periodically undertake due diligence as envisaged in SEBI circulars depending on the nature of security.
- On basis of the CA's report / finding Due Diligence certificate will be issued by Debenture Trustee and will be filed with relevant Stock Exchanges.
- Due Diligence conducted is premised on data / information made available to the Debenture Trustee appointed agency and there is no onus of responsibility on Debenture Trustee or its appointed agency for any acts of omission / commission on the part of the Issuer.

While the NCD is secured as per terms of the Offer Document and charge is held in favour of the Debenture Trustee, the extent of recovery would depend upon realization of asset value and the Debenture Trustee in no way guarantees / assures full recovery / partial of either principal or interest.

Other Confirmations

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with Applicable Law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI circulars titled (i) "Creation of Security in issuance of listed debt securities and 'due diligence' by debenture trustee(s)" dated November 3, 2020; and (ii) "Monitoring and Disclosures by Debenture Trustee(s)" dated November 12, 2020.

VISTRA ITCL (INDIA) LIMITED HAVE FURNISHED TO STOCK EXCHANGES A DUE DILIGENCE CERTIFICATE DATED AUGUST 12, 2022, AS PER THE FORMAT SPECIFIED IN ANNEXURE A TO THE DT CIRCULAR WHICH READS AS FOLLOWS:

1. We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications as provided to us.

2. On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications provided to us, WE CONFIRM that as on date:

   a. The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.

   b. The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).

   c. The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities.

d. Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document and all disclosures made in the offer document with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.

e. Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document and has given an undertaking that debenture trust deed is executed before filing of listing application.

f. Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.

g. All disclosures made in the draft offer document with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.

We have satisfied ourselves about the ability of the Issuer to service the debt securities as on date, basis the information/documents shared with us as on date.

Our Company undertakes that it shall submit the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in Annexure A of the DT Circular.

Details regarding the Company and other listed companies which are associate companies as described under the Companies Act, 2013, which made any capital issue during the last three years

There are no other listed companies under the same management / associate companies as described under the Companies Act, 2013, during the last three years. Other than the Public Issue I, Public Issue II, Public Issue III, Public Issue IV, Public Issue V and Public Issue VI our Company has previously not made any public issues of non-convertible debentures.

Public Issue of Equity Shares

Our Company has not made any public issue of Equity Shares or rights issuances in the last five years.

Previous Issue

Other than the Public Issue I, Public Issue II, Public Issue III, Public Issue IV, Public Issue V and Public Issue VI, our Company has previously not made any public issues of non-convertible debentures

Other than as specifically disclosed in this Prospectus, our Company has not issued any securities for consideration other than cash in last two years preceding the date of this Prospectus.

Dividend

Our Company has no formal dividend policy. The declaration and payment of dividends on our Equity Shares will be recommended by the Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. For details of dividend declared and paid for during quarter ended as on June 30, 2022 and the last three Fiscals i.e. 2020 to 2022, please refer table below:

(₹ in lakhs, except per share data)

Particulars	**For the Quarter ended**	**For the Fiscal ended**		
	June 30, 2022	**2022**	**2021**	**2020**
On Equity Shares				
Fully Paid-up Share Capital (Nos.)	11,48,75,128	11,48,75,128	67,928,228	53,128,228
Face Value / Paid Up Value (₹)	10.00	10.00	10.00	10.00
Equity Share Capital	11,487.51	11,487.51	6,792.82	5,312.82
Rate of Dividend	0 %	0 %	8%	10%

Dividend	-	-	543.43	531.28
Dividend Distribution Tax	-	-	-	-

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kochi, India.

Details regarding lending out of issue proceeds of Previous Issues

A. Lending Policy

Please see "*Our Business - Gold Loan Business*" on page 112.

B. Utilisation of Issue Proceeds of the previous Issues by our Company

Public Issue I

Sr. No.	**Particulars**	**Amount utilised (₹ in lakhs)**
	Issue Proceeds	10,000.00
	Utilisation of Issue Proceeds	
1.	Onward Lending and for repayment of interest and principal of existing borrowings	10,000.00
2.	General Corporate Purpose	0.00
	Total	**10,000.00**

Our Company has incurred an amount of ₹ 89.99 lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue I. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.

Public Issue II

Sr. No.	**Particulars**	**Amount utilised (₹ in lakhs)**
	Issue Proceeds	9,383.38
	Utilisation of Issue Proceeds	
1.	Onward Lending and for repayment of interest and principal of existing borrowings	9,383.38
2.	General Corporate Purpose	0.00
	Total	**9,383.38**

Our Company has incurred an amount of ₹ 104.99 lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue II. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.

Public Issue III

Sl. No.	**Particulars**	**Amount utilised (₹ in lakhs)**
	Issue Proceeds	**12,428.93**
	Utilisation of Issue Proceeds	
1.	Onward Lending and repayment of interest and principal of existing borrowings	12,428.93
2.	General Corporate Purpose	0.00
	Total	**12,428.93**

The Company has incurred an amount of ₹ 88.09lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.

Public Issue IV

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	**15,000.00**
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and repayment/ repayment of principal and interest of existing borrowings	15,000.00
2.	General Corporate Purpose	0.00
	Total	**15,000.00**

The Company has incurred an amount of ₹ 63.54 *lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.*

Public Issue V

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	**16,210.77**
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and repayment/ repayment of principal and interest of existing borrowings	16,210.77
2.	Balance with Bank	0.00
	Total	**16,210.77**

The Company has incurred an amount of ₹ 92.65 lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.

Public Issue VI

Sl. No.	Particulars	Amount utilised (₹ in lakhs)
	Issue Proceeds	**17,765.22**
	Utilisation of Issue Proceeds	
1.	Onward Lending, financing and repayment/ repayment of principal and interest of existing borrowings	17,255.23
2.	Balance with Bank	509.99
	Total	**17,765.22**

The Company has incurred an amount of ₹ 45.74 lakhs towards issue related expenses consisting of professional fees, statutory payments and other incidental and ancillary expenses related with the Public Issue. These expenses have been met from the internal sources of the Company and not from the Issue proceeds.

C. Group Companies

Nil

Description of our loan portfolio

1. **Loans given by the Company:**

The Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoter out of the proceeds of previous issues public issues and private placements of debentures.

2. **Classification of loans/advances given to:**

a. The detailed breakup of the types of loans given by the Company as on March 31, 2022 is as follows:

(₹ in lakhs)

Sr. No.	Type of Loans	Amount
1.	Secured	98,445.90
2.	Unsecured	8,850.80
	Total assets under management (AUM)	**1,07,296.70**

b. Sectoral Exposure as on March 31, 2022:

Sr. No.	Segment-wise break-up of AUM	Percentage of AUM
1	**Retail**	
A	-Mortgages (home loans and loans against property)	-
B	-Gold loans	58.29%
C	-Vehicle finance	0.00%
D	-MFI	8.25%
E	-M&SME	32.34%
F	-Capital market funding (loans against shares, margin funding)	-
G	-Others	1.12%
2	**Wholesale**	
A	-Infrastructure	-
B	-Real estate (including builder loans)	-
C	-Promoter funding	-
D	-Any other sector (as applicable)	-
E	-Others	-
	Total	**100.00%**

c. Denomination of loans outstanding by ticket size as on March 31, 2022*:

Sr. No.	Ticket size**	Percentage of AUM
1	Up to ₹2 lakh	64.09%
2	₹2-5 lakh	22.59%
3	₹5-10 lakh	8.35%
4	₹10-25 lakh	4.35%
5	₹25-50 lakh	0.42%
6	₹50 lakh -1 crore	0.19%
7	₹1-5 crore	-
8	₹5-25 crore	-
9	₹25-100 crore	-
10	Above ₹100 crore	-
	Total	**100.00%**

**Ticket size at the time of origination*
***The details provided are as per borrower and not as per loan account*

d. Denomination of loans outstanding by LTV as on March 31, 2022*:

Sr. No.	LTV	Percentage of AUM
1	Up to 40%	0.63%
2	40-50%	0.85%
3	50-60%	2.15%
4	60-70%	8.42%
5	70-80%	55.69%
6	80-90%	32.07%

Sr. No.	LTV	Percentage of AUM
7	More than 90%	0.20%
	Total	**100.00%**

**LTV at the time of origination*

e. Geographical classification of borrowers as on March 31 2022:

Sr. No.	Top 4 states	Percentage
1	Tamil Nadu	9.30%
2	Telangana	0.86%
3	Karnataka	24.56%
4	Kerala	65.28%
	Total	**100.00%**

f. (i) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2022:

(₹ in lakhs)

Particulars	Amount
Total advances to twenty largest borrowers	9,461.26
Percentage of advances to twenty largest borrowers to total advances to our Company	8.82%

(ii) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2022

(₹ in lakhs)

Particulars	Amount	
	Secured	**Unsecured**
Total exposure to twenty largest borrowers	9,461.26	9.91
Percentage of exposure to twenty largest borrowers to total exposure to our Company	8.82%	0.00%

g. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines as on March 31, 2022

(₹ in lakhs)

Movement of gross NPA	Amount
Opening gross NPA	4,904.84
- Additions during the year	-
- Reductions during the year	612.31
Closing balance of gross NPA	4,292.53

Movement of net NPA	
Opening net NPA	3,495.84
- Additions during the year	-
- Reductions during the year	597.36
Closing balance of net NPA	2,898.48

Movement of provisions for NPA	
Opening balance	1,409.00
- Provisions made during the year	-
- Write-off/write-back of excess provisions	(14.95)
Closing balance	1,394.05

h. Segment-wise gross NPA as on March 31, 2022

Sr.	Segment-wise gross NPA	Gross NPA (%)*
1	**Retail**	
A	-Mortgages (home loans and loans against property)	-
B	-Gold loans	0.55%
C	-Vehicle finance	100.00%
D	-MFI	12.08%
E	-M&SME	8.02%
F	-Capital market funding (loans against shares, margin funding)	
G	-Others	100.00%
2	**Wholesale**	-
A	-Infrastructure	-
B	-Real estate (including builder loans)	-
C	-Promoter funding	-
D	-Any other sector (as applicable)	-
E	-Others	-
	Total	**4.00%**

**Gross NPA means percentage of NPAs to total advances in that sector*

i. Classification of loans/advances given to Group Companies as on March 31, 2022:

(₹ in lakhs)

Name of Borrower	Amount of Advance/ exposure to such borrower (₹ in lakhs) (A)	Percentage of Exposure (A/ Total AUM)
NIL	NIL	NIL

3. **Residual maturity profile of assets and liabilities as on March 31, 2022:**

(₹ in lakhs)

	Up to 30/ 31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	-	-	-	-	-	-	
Advances	24,113.98	1,830.86	4,883.39	10,122.27	28,540.86	37,805.35	-	-	1,07,296.45
Investments	-	-	-	-	-	-	-	-	-
Borrowings	174.42	131.12	126.35	2,218.81	27,034.09	41,289.81	24,637.13	31,251.90	1,26,863.63
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

4. **Others**

<u>LOAN POLICY</u>

Introduction:-

The Loan Policy shall act as a guiding post for the top management of the Company in conducting the business within acceptable risk, Long Term Profitability and Stability in lending operations.

Objectives:-

1. Ensure a healthy balance between loan levels, profits and quality of assets.
2. Comply with the regulatory requirements / directives such as Capital Adequacy, LTV, Interest rates etc.
3. Lay down controls for assumption and monitoring of large exposures.
4. Develop and inculcate ‘internal values’ in the business of lending.
5. Facilitate sustained growth without deterioration in the asset quality.
6. Lay down proper system & procedures, appraisal standards at various levels in the organization with sturdy internal controls.
7. Adequately protect the collaterals pledged from any possible loss.
8. Detail risk management practices and internal audit procedures into the Lending Policy
9. Enable the Company to successfully and consistently cope with competition.
10. Improve the capabilities and credit skills of the employees and officers connected with loan portfolio at various levels.
11. Meet with the expectations on corporate social responsibility and actively participate in ‘financial inclusion’ programme.

Loans

1. **Gold Loan**
2. **Business Loan**
3. **Personal Loan**

Gold Loan:-

Product and target Segment:-

To provide short term loans to the customers against gold jewellery as collateral.

NB- Gold ornaments to be accepted as per RBI Guidelines.

Individual who is owner of the ornament and fulfill the KYC norms as per RBI norms can pledge. He/ She need to give declaration about the ownership.

Purposes:-

The loan can extended for one or more of the following purposes

1. Personal Needs
2. Agricultural
3. Marriage Expenses
4. Business Purposes
5. Medical Needs

Area of Operation:-

The Branch will be entitled to consider the request customers whose residence or place of employment within a radius of 20 kilometers from the branch. The person who is working near to branch but from other states will consider for loan by case to case.

Quantity of Finance:-

Minimum Amount: ₹ 1,000/-
Maximum Amount: No Limit.
If the loan is above ₹ 5,00,000/- Address Verification is mandatory.

Branches to maintain LTV ratio 75% as per RBI new guidelines. The Maximum permissible loan amount will be only the intrinsic value of the gold content there in and no other cost elements should be added while evaluating the value of Gold.

Period:-

Minimum Period – 7 Days
Maximum Period – 365 days
Up on maturity of the loan, the pledge may be renewed at the request from the borrower and subject to the direction of KLM.

Interest and Charges:-

Interest and other charges to be charged upon shall be as per the schemes circulated time to time. The interest rates decided based on gradation of risk policy.

The interest shall be calculated for the number of days the loan remains outstanding, including the date of disbursement and the date of repayment. However the borrower closing the loan within 7 days he/she has to pay 7 day's interest or ₹ 10/- whichever is high.

Borrower to pay interest on a monthly basis or as per the scheme.

Documentation:-

1. KYC- ID and Address Proof - To Submit the KYC document copy after checking the original. (one document of identity proof (such as ration card, driving license, PAN Card, Voter ID card, passport etc.) and one document of residential proof.)

2. Also customer should sign the below documents.

- Loan Application or Agreement form
- DPN and Ownership Declaration form
- Weight measurement
- Payment receipt voucher after post disbursement of cash
- Pawn ticket

Mode of Payment: Up to ₹ 1,99,999/- will pay as cash and if it is above this limit will pay as cheque.

Stone weight: Actual or estimated weight of the stone will mention in the form/agreement/in pawn ticket. The loan only to the net weight of the ornament.

Rate Per Gram: Gold rate per gram for disbursing the loan will be announced by the CO on a daily basis.

Items to be avoided for Disbursement:-

1. Gold Coins
2. Gold Bars
3. Item with more than 40% stone
4. A new customer coming with all broken items.
5. Karmanimala
6. Items Below 20 Ct

Release of Jewellery:- The jewellery shall be released to the same customer on receipt of full dues including the principal, interest, penal interest and charges, if any .In case of part payment proportionate Jewellery wherever possible can be released. Any Release of partial or full only after the verification of original pawn ticket.

The ornament shall normally be released only to the person who had tendered the security to the branch. In exceptional cases it can be released to other person duly authorized by the customer in the prescribed format, subject to verification of the identity and signature of the person. In all the cases original pawn ticket is mandatory.

In case of death of the borrower Jewellery to be released to the legal heir on submission of the proper certification in this regard.

Staff Training to Avoid Loss or Fraud:- Gold ornaments offered by loan applicants for availing loan there against will be correctly appraised for actual gold content i.e. purity. Employees at the branches will be provided regular and effective training from time to time to improve their gold appraisal skills using traditional tests such as nitric acid, smell, colour, sound etc.

Auction:- If any customer fails to pay the interest within 365 days and above will go for auction. The following Process will follow.

- Prepare Region Auction Schedules as per the Hotlist in all Auction centres.
- Take approval from Chairman through Auction Dept.
- Approved auction schedules circulating to concerned Territory & all other dept. (Audit, System, Vigilance, Security, Brand Mgr. & Accounts).
- Prepare Tentative Schedules for receiving auction Gold packets from concerned branches under the auction venues.
- Before receiving the packets should verify the Original DPN, Registered letter, AD Card & Auction Intimation Letter.
- After verification Return all DPN along with Documents to concerned Branches for maintaining separate auction file.
- Collect Gold packets as per approved schedule through systems with the presence of Audit Manager & Gold Appraisers.
- Should receive only the Gold purity (18Ct& above)- Low Qty & Spurious Gold should kept separately and remark through system and submit the report to H.O(Operation & Auction Dept.).
- If any weight difference (0.500gm & above) found while receiving auction packets immediately reported through concerned Operation /Auction dept. at H.O.
- After completion of receiving the packets, make lots- as per the Weight (1500- 2500 grams)
- Make arrangements for release News paper advertisement, prior 15 Days from the public auction.(English & Local Languages).
- After collecting EMD (Earnest Money Deposit) & required documents we can show the lots to bidder for verification. After verifications of all lots by the bidders immediately pack and seals with the presence of audit Manager and keep it in Strong Room.
- Once amount received from Bidder will release the ornaments to them.

Revaluation of assets

Our Company has not revalued its assets in last three financial years.

Mechanism for redressal of investor grievances

Agreement dated July 29, 2022 between the Registrar to the Issue and our Company provides for settling of investor grievances in a timely manner and for retention of records with the Registrar to the Issue for a period of eight years.

All grievances relating to the Issue may be addressed to the Registrar to the Issue and Compliance Officer giving full details such as name, address of the applicant, number of NCDs applied for, amount paid on application and the details of Member of Syndicate or Trading Member of the Stock Exchange where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Application Locations, giving full details such as name, address of Applicant, Application Form number, option applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be three (3) working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The contact details of Registrar to the Issue are as follows:

KFin Technologies Limited
Selenium Tower-B,
Plot 31&32, Gachibowli, Financial District,
Nanakramguda, Serilingampally
Hyderabad –500 032,
Telangana, India
Telephone: +91 40 6716 2222
facsimile: +91 40 2343 1551
Toll free number: 18003094001
Email: klmaxiva.ncdipo@kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

Compliance Officer of our Company

Srikanth G. Menon has been appointed as the Compliance Officer of our Company for this issue.

The contact details of Compliance officer of our Company are as follows**:**

Srikanth G. Menon
KLM Axiva Finvest Limited
4th Floor, Door No. 1871A24, VM Plaza,
Palarivattom, Ernakulam – 682 025
Kerala, India
Telephone: +91-484-4281118
E-mail: cs@klmaxiva.com

Change in Auditors of our Company during the last three years

Name of the Auditor	**Address**	**Date of appointment**	**Date of cessation, if applicable**	**Date of resignation, if applicable**
M/s Balan & Co. Chartered Accountants	Bank Road, Aluva, Kochi-683 101, Kerala, India	-	-	April 12, 2021
M/s RB Jain and Associates, Chartered Accountants	Kosseril House, Civil Lane Road, Palarivattom, Kochi – 682 025	May 21, 2021	-	-

Undertaking by our Company

Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of '*Risk factors*' on page 17.

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to the Issuer and the Issue, that the information contained in theis Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Issuer has no side letter with any debt securities holder. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

Latest ALM statement

The following table describes the ALM of our Company as on March 31, 2022:

(₹ in lakhs)

	Up to 30/31 days	**More than 1 month to 2 months**	**More than 2 months to 3 months**	**More than 3 months to 6 months**	**More than 6 months to 1 year**	**More than 1 year to 3 years**	**More than 3 years to 5 years**	**More than 5 years**	**Total**
Deposit	-	-	-	-	-	-	-	-	
Advances	24,113.98	1,830.86	4,883.39	10,122.27	28,540.86	37,805.35	-	-	1,07,296.45
Investments	-	-	-	-	-	-	-	-	-
Borrowings	174.42	131.12	126.35	2,218.81	27,034.09	41,289.81	24,637.13	31,251.90	1,26,863.63
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

KEY REGULATIONS AND POLICIES

The regulations summarised below are not exhaustive and are only intended to provide general information to Investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, GST laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The major regulations governing our Company are detailed below:

We are a non-deposit taking (which does not accept public deposits), systemically important, NBFC. As such, our business activities are regulated by RBI Regulations applicable to non-public deposit accepting NBFCs ("**NBFC-ND**").

As of June 14, 2022, the RBI has issued an updated Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, dated September 01, 2016 as amended, ("Master Directions") applicable to all NBFC-ND-SI's.

Regulations governing NBFCs

Reserve Bank of India Act, 1934

As per the RBI Act, a financial institution has been defined as a company which includes a non-banking institution carrying on as its business or part of its business the financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own and it is engaged in the activities of loans and advances, acquisition of shares/ stock/ bonds/ debentures/ securities issued by the Government of India or other local authorities or other marketable securities of like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of carrying out any agricultural or industrial activities or the sale/ purchase/ construction of immovable property.

As per prescribed law any company that carries on the business of a non-banking financial institution as its 'principal business' is to be treated as an NBFC. The term 'principal businesses has not been defined in any statute, however, RBI has clarified through a press release (Ref. No. 1998-99/1269) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company's principal business. The company will be treated as an NBFC if its financial assets are more than 50 percent of its total assets (netted off by intangible assets) and income from financial assets should be more than 50 percent of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

Every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case, not later than December 30 of that year, stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

NBFCs are primarily governed by the RBI Act and the Master Directions. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

Although by definition, NBFCs are permitted to operate in similar sphere of activities as banks, there are a few important and key differences. The most important distinctions are:

- An NBFC cannot accept deposits repayable on demand – in other words, NBFCs can only accept fixed term deposits. Thus, NBFCs are not permitted to issue negotiable instruments, such as cheques which are payable on demand; and

- NBFCs are not allowed to deal in foreign exchange, even if they specifically apply to the RBI for approval in this regard.

Types of NBFCs

Section 45-IA of the RBI Act makes it mandatory for every NBFC to get itself registered with the Reserve Bank in order to be able to commence any of the aforementioned activities.

Further, an NBFC may be registered as a deposit accepting NBFC ("**NBFC-D**") or as a non-deposit accepting NBFC ("**NBFC-ND**"). The RBI has recently harmonised the categories of NBFCs into: (i) investment and credit companies (which erstwhile consisted of asset finance companies, investment companies, and loan companies); (ii) infrastructure finance companies; (iii) infrastructure debt funds; (iv) NBFC – micro finance institutions; and (v) NBFC – factors.

Regulatory Requirements of an NBFC under the RBI Act

Our Company has been classified as an NBFC-ND-SI pursuant to a Board resolution of the Company dated March 9, 2020.

Systemically important NBFC-NDs

As per the NBFC Master Directions, the revised the threshold for defining systemic significance for NBFCs- ND in the light of the overall increase in the growth of the NBFC sector. NBFCs-ND-SI will henceforth be those NBFCs-ND which have asset size of ₹ 50,000 lakhs and above as per the last audited balance sheet. Moreover, as per this amendment, all NBFCs-ND with assets of ₹ 50,000 lakhs and above, irrespective of whether they have accessed public funds or not, shall comply with prudential regulations as applicable to NBFCs-ND-SI. NBFCs-ND-SI is required to comply with conduct of business regulations if customer interface exists.

All systemically important NBFCs are required to maintain a minimum Capital to Risk-Weighted Assets Ratio of 15 per cent.

Rating of NBFCs

Pursuant to the RBISI Master Directions, all NBFCs with an asset size of ₹ 50,000 lakhs are required to, as per RBI instructions to, furnish information about downgrading or upgrading of the assigned rating of any financial product issued by them within 15 days of a change in rating.

Prudential Norms

The RBI Master Circular on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 ("**ND-SI-Directions"**), amongst other requirements prescribe guidelines on NBFC-ND regarding income recognition, asset classification, provisioning requirements, constitution of audit committee, capital adequacy requirements, concentration of credit/investment and norms relating to infrastructure loans. The ND-SI-Directions state that the credit/ investment norms shall not apply to a systemically important non-banking financial company not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

Corporate governance norms

As per the ND-SI-Directions, all NBFC-ND-SI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, RBI *vide* notification dated 10 November 2014 has mandated the Audit Committee to ensure that an information systems audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the company. RBI has also mandated the NBFCs to have a policy to ascertain the'fit and proper criteria' at the time of appointment of directors and on a continuing basis.

Provisioning Requirements

An NBFC-ND, after taking into account the time lag between an account becoming non-performing, its recognition, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the Prudential Norms Directions.

In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI *vide* their circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated 17 January 2011, introduced provisioning for Standard Assets by all NBFCs. NBFCs are required to make a general provision at 0.25 per cent of the outstanding standard assets. RBI vide their circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated 11 June 2015 raised the provision for standard assets to 0.40 per cent to be met by March 2018. The provisions on standard assets are not reckoned for arriving at Net NPAs. The provisions towards Standard Assets are not needed to be netted from gross advances but shown separately as 'Contingent Provisions against Standard Assets' in the balance sheet. NBFCs are allowed to include the '*General Provisions on Standard Assets*' in Tier II capital which together with other 'general provisions/ loss reserves' will be admitted as Tier II capital only up to a maximum of 1.25 per cent of the total risk-weighted assets.

Capital Adequacy Norms

Every systemically important NBFC-ND is required to maintain, with effect from 01 April 2007, a minimum capital ratio consisting of Tier I and Tier II capital of not less than 15 per cent of its aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items is required to be maintained. Also, the total of the Tier II capital of a NBFC-MFI shall not exceed 100 per cent of the Tier I capital.

Tier-I Capital, has been defined in the ND-SI Directions as, owned funds as reduced by investment in shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10 per cent of the owned fund and perpetual debt instruments issued by a systemically important NBFC-ND in each year to the extent it does not exceed 15 per cent of the aggregate Tier I capital of such company as on 31 March of the previous accounting year.

Owned Funds, has been defined in the ND-SI Directions as, paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier - II Capital has been defined in the ND-SI Directions, includes the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55 per cent; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth per cent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt to the extent the aggregate does not exceed Tier - I capital; and (f) perpetual debt instrument issued by a systemically important NBFC-ND, which is in excess of what qualifies for Tier I Capital to the extent that the aggregate Tier-II capital does not exceed 15 per cent of the Tier -I capital.

Hybrid debt means, capital instrument, which possess certain characteristics of equity as well as debt.

Subordinated debt means a fully paid up capital instrument, which is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed.

Exposure Norms

In order to ensure better risk management and avoidance of concentration of credit risks, the RBI has, in terms of the Master Direction, prescribed credit exposure limits for financial institutions in respect of their lending to single/ group borrowers. Credit exposure to a single borrower shall not exceed 15 per cent of the owned funds of the systemically important NBFC-ND, while the credit exposure to a single group of borrowers shall not exceed 25 per cent of the owned funds of the systemically important NBFC-ND. Further, the systemically important NBFC-ND may not invest in the shares of another company exceeding 15 per cent of its owned funds, and in the shares of a single group of companies exceeding 25 per cent of its owned funds. However, this prescribed ceiling shall not be applicable on a NBFC-ND-SI for investments in the equity capital of an insurance company to the extent specifically permitted by the RBI. Any NBFC-ND-SI not accessing public funds, either directly or indirectly may make an application to the RBI for modifications in the prescribed ceilings Any systemically important NBFC-ND classified as asset finance company by RBI, may in exceptional circumstances, exceed the above ceilings by 5 per cent of its owned fund, with the approval of its Board of Directors. The loans and investments of the systemically important NBFC-ND taken together may not exceed 25 per cent of its owned funds to or in single party and 40 per cent of its owned funds to or in single group of parties. A systemically important ND-NBFC may, make an application to the RBI for modification in the prescribed ceilings. Further, NBFC ND SI may exceed the concentration of credit/investment norms, by 5 per cent for any single party and by 10 per cent for a single group of parties, if the additional exposure is on account of infrastructure loan and/or investment.

Asset Classification

The Prudential Norms Directions require that every NBFC shall, after taking into account the degree of well defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-standard Assets;
- Doubtful Assets; and
- Loss assets

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present every NBFC is required to make a provision for standard assets at 0.40 per cent by March 31, 2018 and onwards.

Other stipulations

All NBFCs are required to frame a policy for demand and call loan that includes provisions on the cut-off date for recalling the loans, the rate of interest, periodicity of such interest and periodical reviews of such performance.

The prudential norms also specifically prohibit NBFCs from lending against its own shares.

Net Owned Fund

Section 45-IA of the RBI Act provides that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹200 lakhs. For this purpose, the RBI Act has defined “net owned fund” to mean:

Net Owned Fund - The aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company, after deducting (i) accumulated balance of losses, (ii) deferred revenue expenditure, (iii) deferred tax asset (net); and (iv) other intangible assets; and further reduced by the amounts representing,

(i) investment by such companies in shares of (i) its subsidiaries, (ii) companies in the same group, (iii) other NBFCs; and

(ii) the book value of debentures, bonds, outstanding loans and advances (including hire purchase and lease finance) made to, and deposits with (i) subsidiaries of such companies; and (ii) companies in the same group, to the extent such amount exceeds 10 per cent of (a) above.

Further, in accordance with RBI Notification No DNBR.007/CGM (CDS) 2015 dated 27 March 2015 which provides that a non-banking financial company holding a certificate of registration issued by the RBI and having net owned fund of less than 200 lakhs may continue to carry on the business of non-banking financial institution, if such company achieves net owned fund of:

i. ₹100 lakhs before April 1, 2016; and
ii. ₹200 lakhs before April 1, 2017

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs to create a reserve fund and transfer therein a sum of not less than 20 per cent% of its net profits earned annually before declaration of dividend. Such a fund is to be created by every NBFC irrespective of whether it is a ND NBFC or not. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

Maintenance of liquid assets

The RBI through notification dated January 31, 1998, as amended has prescribed that every NBFC shall invest and continue to invest in unencumbered approved securities valued at a price not exceeding the current market price of such securities an amount which shall, at the close of business on any day be not less than 10% in approved securities and the remaining in unencumbered term deposits in any scheduled commercial bank; the aggregate of which shall not be less than 15% of the public deposit outstanding at the last working day of the second preceding quarter.

NBFCs such as the Company, which do not accept public deposits, are subject to lesser degree of regulation as compared to a NBFC-D and are governed by the RBI's Non- Deposit Accepting Companies Directions.

An NBFC-ND is required to inform the RBI of any change in the address, telephone no's, etc. of its Registered Office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event. Further, an NBFC-ND would need to ensure that its registration with the RBI remains current.

All NBFCs (whether accepting public deposits or not) having an asset base of ₹10,000 lakhs or more or holding public deposits of ₹20,000 lakhs or more (irrespective of asset size) as per their last audited balance sheet are required to comply with the RBI Guidelines for an Asset-Liability Management System.

Similarly, all NBFCs are required to comply with "Know Your Customer Guidelines - Anti Money Laundering Standards" issued by the RBI, with suitable modifications depending upon the activity undertaken by the NBFC concerned.

RBI, *vide* circular bearing reference number RBI/2018-19/130 DNBR (PD) CC.No.097/03.10.001/2018-19 dated February 22, 2019, has harmonised different categories of NBFCs into fewer ones, based on the principle of regulation by activity rather than regulation by entity. Accordingly, RBI has merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Further differential regulations relating to bank's exposure to the three categories of NBFCs viz., AFCs, LCs and ICs were harmonised. Further, a deposit taking NBFC-ICC shall invest in unquoted shares of another company which is not a subsidiary company or a company in the same group of the NBFC, an amount not exceeding twenty per cent of its owned fund.

Lending against security of gold

The RBI pursuant to the Master Direction – Non-Banking Financial Company – Systemically Important Non Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, as amended from time to time ("RBI-ND-SI Master Directions") has prescribed that all NBFCs shall maintain a loan to value ratio not exceeding 75% for loans granted against the collateral of gold jewellery. NBFCs primarily engaged in lending against gold jewellery (such loans comprising 50% or more of their financial assets) shall maintain a minimum Tier l capital of 12%. The RBI Master Directions has issued guidelines with regard to the following:

(a) Appropriate infrastructure for storage (i) of gold ornaments: A minimum level of physical infrastructure and facilities is available in each of the branches engaged in financing against gold jewellery including a safe deposit vault and appropriate security measures for operating the vault to ensure safety of the gold and borrower convenience. Existing NBFCs should review the arrangements in place at their branches and ensure that necessary infrastructure is put in place at the earliest. No new branches should be opened without suitable storage arrangements, including safe deposit vault, having been made thereat. No business of grant of loans against the security of gold can be transacted at places where there are no proper facilities for storage/security.

(b) NBFCs shall not grant any advance against bullion / primary gold and gold coins. NBFCs shall not grant any advance for purchase of gold in any form including primary gold, gold bullion, gold jewellery, gold coins, units of Exchange Traded Funds (ETF) and units of gold mutual fund.

(c) Prior approval of RBI for opening branches in (iii) excess of 1,000: It is henceforth mandatory for NBFC to obtain prior approval of the Reserve Bank to open branches exceeding 1,000. However NBFCs which already have more than 1,000 branches may approach the Bank for prior approval for any further branch expansion. Besides, no new branches will be allowed to be opened without the facilities for storage of gold jewellery and minimum security facilities for the pledged gold jewellery.

(d) Standardization of value of gold in arriving at the loan to value ratio: For arriving at the value of gold jewellery accepted as collateral, it will have to be valued at the average of the closing price of 22 carat gold for the preceding 30 days as quoted by BBA or the historical spot gold price data publicly disseminated by a commodity exchange regulated by the Forward Markets Commission.

(e) Verification of the Ownership of Gold: NBFCs should have an explicit Board approved policy in their overall loan policy to verify ownership of the gold jewellery, and adequate steps be taken to ensure that the KYC guidelines stipulated by the Reserve Bank are followed and due diligence of the customer undertaken. Where the gold jewellery pledged by a borrower at any one time or cumulatively on loan outstanding is more than 20 grams, NBFCs must keep record of the verification of the ownership of the jewellery. The method of establishing ownership should be laid down as a Board approved policy. Auction Process and Procedures: The following additional stipulations are made with respect to auctioning of pledged gold jewellery:
    i. The auction should be conducted in the same town or taluka in which the branch that has extended the loan is located primarily at the branch level and where the same has failed NBFCs can pool gold jewellery from different branches in a district and auction it at any location within the district, after ensuring that all other requirements of the extant directions regarding auction (prior notice, reserve price, arms-length relationship, disclosures, etc.) are met.
    ii. While auctioning the gold the NBFC should declare a reserve price for the pledged ornaments. The reserve price for the pledged ornaments should not be less than 85% of the previous 30 day average closing price of 22 carat gold as declared by The Bombay Bullion Association Limited and value of the jewellery of lower purity in terms of carats should be proportionately reduced.
    iii. It will be mandatory on the part of the NBFCs to provide full details of the value fetched in the auction and the outstanding dues adjusted and any amount over and above the loan outstanding should be payable to the borrower.
    iv. NBFCs must disclose in their annual reports the details of the auctions conducted during the financial year including the number of loan accounts, outstanding amounts, value fetched and whether any of its sister concerns participated in the auction.

Other Instructions:

1. NBFCs financing against the collateral of gold must insist on a copy of the PAN Card of the borrower for all transaction above ₹5,00,000.
2. Every NBFC shall ensure compliance with the requirements under sections 269SS and 269T of the Income Tax Act, 1961, as amended from time to time.
3. Documentation across all branches must be standardized.
4. NBFCs shall not issue misleading advertisements like claiming the availability of loans in a matter of 2-3 minutes.

Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("RBI KYC Directions")

The RBI KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, state and central co-operative banks, all India financial institutions, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC'S adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place. The RBI KYC Directions provide for a simplified procedure for opening accounts by NBFCs. It also provides for an enhanced and simplified due diligence procedure. It has prescribed detailed instructions in relation to, inter alia, the due diligence of customers, record management, and reporting requirements to Financial Intelligence Unit – India. The RBI KYC Directions have also issued instructions on sharing of information while ensuring secrecy and confidentiality of information held by Banks and NBFCs. The regulated entities must also adhere to the reporting requirements under Foreign Account Tax Compliance Act and Common Reporting Standards. The RBI KYC Directions also require the regulated entities to ensure compliance with the requirements/obligations under international agreements. The regulated entities must also pay adequate attention to any money-laundering and financing of terrorism threats that may arise from new or developing technologies, and ensure that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. The RBI KYC Directions were updated on April 20, 2018 to enhance the disclosure requirements under the Prevention of Money-Laundering Act, 2002 and in accordance with the Prevention of Money-Laundering Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and the final judgment of the Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Another v. Union of India (Writ Petition (Civil) 494/2012). The Directions were updated to accommodate authentication as per the AADHAR (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and use of an Indian resident's Aadhar number as a document for the purposes of fulfilling KYC requirement. The RBI KYC Directions were further amended on January 9, 2020, in view of Government of India Gazette Notification No. G.S.R. 582(E) dated August 19, 2019 and Gazette Notification G.S.R. 840(E) dated November 13, 2019, notifying amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. With a view to leveraging the digital channels for Customer Identification Process (CIP) by Regulated Entities (REs), the Reserve Bank has decided to permit Video based Customer Identification Process (V-CIP) as a consent based alternate method of establishing the customer's identity, for customer on boarding.

Master Direction - Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 dated March 14, 2022

Applicability

The master directions are applicable to the following entities:

i) All Commercial Banks (including Small Finance Banks, Local Area Banks, and Regional Rural Banks) excluding Payments Banks;
ii) All Primary (Urban) Co-operative Banks/ State Co-operative Banks/ District Central Cooperative Banks; and
iii) All Non-Banking Financial Companies (including Microfinance Institutions and Housing Finance Companies).

Definition of microfinance loan

A microfinance loan is defined as a collateral-free loan given to a household having annual household income up to ₹3,00,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children. Further, all collateral-free loans, irrespective of end use and mode of application/ processing/ disbursal (either through physical or digital channels), provided to low income households, i.e., households having annual income up to ₹3,00,000, shall be considered as microfinance loans.

Pricing of loans

According to the directions, each of the regulated entities must implement a board-approved policy on microfinance loan pricing, on microfinance loans, interest rates and other charges/fees should not be usurious and shall be subjected to the supervisory scrutiny of the Reserve Bank. Further, according to the master directions each of the regulated entities shall also disclose pricing related information in a standardised format.

The master directions also lay down the guidelines on conduct towards microfinance borrowers.

Qualifying asset criteria

Under the earlier guidelines, an NBFC that does not qualify as an NBFC-MFI, cannot extend microfinance loans exceeding 10 per cent of its total assets. As per the master directions, the maximum limit on microfinance loans for such NBFCs (i.e., NBFCs other than NBFC-MFIs) is now revised to 25 per cent of the total assets.

Implementation of Green Initiative of the Government

All NBFCs are required take proactive steps for increasing the use of electronic payment systems, elimination of post-dated cheques and gradual phase-out of cheques in their day to day business transactions which would result in more cost-effective transactions and faster and accurate settlements.

Master Circular - Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 - Corporate Governance Directions 2015

All NBFC-ND-NSI are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee. RBI *vide* its recent Master Circular dated July 1, 2015, introduced the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 which requires all systemically important ND NBFCs having an asset size above ₹50,000 lakhs are required to consider adopting best practices and transparency in their systems as specified below. RBI pursuant to its Master Circular No. DNBR (PD) CC.No.053/03.10.119/2015-16 dated July 1, 2015 mandated that all NBFC having assets of ₹50,000 lakhs and above as per its last audited balance sheet are required to constitute an audit committee, consisting of not less than three members of its Board of Directors. NBFCs are required to furnish to the RBI a quarterly statement on change of directors, and a certificate from the managing director of the NBFC that fit and proper criteria in selection of the directors has been followed. Further, all applicable NBFCs shall have to frame their internal guidelines on corporate governance with the approval of its board of directors, enhancing the scope of the guidelines without sacrificing the spirit underlying the above guidelines and it shall be published on the company's web-site, if any, for the information of various stakeholders constitution of a nomination committee, a risk management committee and certain other norms in connection with disclosure, transparency and connected lending has also been prescribed in the RBI Master Circular. Further, the Audit Committee are required to ensure that an Information Systems Audit of the internal systems and processes is conducted at least once in two years to assess operational risks.

Know Your Customers Guidelines

The RBI has extended the KYC Guidelines to NBFCs and advised all NBFCs to adopt the same with suitable modifications depending upon the activity undertaken by such NBFCs and ensure that a proper policy framework of anti-money laundering measures is put in place. The know your customer policies are required to have certain key elements, including a customer acceptance policy, customer identification procedures, monitoring of transactions and risk management, adherence to KYC Guidelines and the exercise of due diligence by persons authorised by the NBFC, including its brokers and agents.

Accounting Standards & Accounting policies

Subject to the changes in Indian Accounting Standards and regulatory environment applicable to a NBFC we may change our accounting policies in the future and it might not always be possible to determine the effect on the Statement of profit and loss of these changes in each of the accounting years preceding the change. In such cases our profit/loss for the preceding years might not be strictly comparable with the profit/loss for the period for which such accounting policy changes are being made.

Implementation of Indian Accounting Standards: RBI Notification

The Reserve bank of India *vide* notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 framed regulatory guidance on Ind AS which will be applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation.

The guidelines cover aspects on Governance Framework, Prudential Floor for ECL and Computation of Regulatory Capital and Regulatory Ratios.

Master Direction dated September 29, 2016 on Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

All NBFC-ND-NSIs shall put in place a reporting system for frauds and fix staff accountability in respect of delays in reporting of fraud cases to the RBI. An NBFC-ND-NSI is required to report all cases of fraud of ₹1 lakh and above, and if the fraud is of ₹100 lakhs or above, the report should be sent in the prescribed format within three weeks from the date of detection thereof. The NBFC-ND-NSI shall also report cases of fraud by unscrupulous borrowers and cases of attempted fraud.

Master Circular dated July 1, 2015 – Frauds – Future approach towards monitoring of frauds in NBFCs

In order to prevent the incidence of frauds in NBFCs, the RBI established a reporting requirement to be followed by NBFCs, both NBFCs-Deposit taking and NBFCs-ND-NSI. In terms of the circular, all NBFCs-ND-NSI shall disclose the amount related to fraud, reported in the company for the year in their balance sheets. NBFCs failing to report fraud cases to the RBI would be liable for penal action prescribed under the provisions of Chapter V of the RBI Act. Additionally, the circular provides for categorisation of frauds and the reporting formats in order to ensure uniformity in reporting.

Master Circular dated July 1, 2015 on returns to be submitted by NBFCs

The circular lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs, including an NBFC-ND-NSI. RBI, *vide* notification dated November 26, 2015 titled "Online Returns to be submitted by NBFCs-Revised" changed the periodicity of NDSI returns from monthly to quarterly.

Reporting by Statutory Auditor

The statutory auditor of the NBFC-ND is required to submit to the Board of Directors of the company along with the statutory audit report, a special report certifying that the Directors have passed the requisite resolution mentioned above, not accepted any public deposits during the year and has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it. In the event of non-compliance, the statutory auditors are required to directly report the same to the RBI.

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

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC-ND-NSI, the auditor shall made a separate report to the Board of Directors of the company on inter alia examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on March 31 of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the Bank in form NBS- 7, has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by the Bank, whether the company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) within the stipulated period, and whether the non-banking financial company has been correctly classified as NBFC Micro Finance Institutions (MFI).

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

All NBFCs are required to put in place a reporting system for filing various returns with the RBI. An NBFC-ND-NSI is required to file on a quarterly basis a return on important financial parameters, including components of assets and liabilities, profit and loss account, exposure to sensitive sectors etc., NBS-7 on prudential norms on a quarterly basis, multiple returns on asset-liability management to address concerns regarding inter alia asset liability mismatches and interest rate risk, quarterly report on branch information, and CRILC on a quarterly basis as well as all SMA-2 accounts to facilitate early recognition of financial distress, prompt steps for resolution and fair recovery for lenders.

Ombudsman scheme for customers of NBFCs

The RBI had under its Statement on Development and Regulatory Policies-February 2018 dated February 7, 2018 announced the proposed ombudsman scheme for NBFCs to provide cost-free and expeditious grievance redressal to customers of all NBFC-Ds and all NBFCs with customer interface having an asset size exceeding ₹ 1 billion ("**Covered NBFCs**").

The RBI has on February 23, 2018 introduced the Ombudsman Scheme for Non-Banking Financial Companies, 2018 (the "**Scheme**"). The stated objective of the Scheme is to enable the resolution of complaints free of cost, relating to certain aspects of services rendered by certain categories of NBFCs registered with the RBI to facilitate the satisfaction or settlement of such complaints, and matters connected therewith. The Scheme provides for the appointment by RBI of one or more officers not below the rank of general manager as ombudsmen (the "**Ombudsmen**") for a period not exceeding three years at a time, to carry out the functions entrusted to Ombudsmen under the Scheme. The Scheme describes the nature of complaints which any person could file with an Ombudsman alleging deficiency in services by an Covered NBFC, which include *inter alia* failure to convey in writing the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof, failure or refusal to provide adequate notice on proposed changes being made in the sanctioned terms in vernacular or a language understood by the borrower, levying of charges without adequate prior notice to the borrower/customer and failure or inordinate delay in releasing the securities documents to the borrower on repayment of all dues. The complaints may be settled by the Covered NBFC within a specified period or may be decided by an award passed by Ombudsman after affording the parties a reasonable opportunity to present their case, either in writing or in a meeting. Where the Ombudsman decides to allow the complaint, the award passed is required to contain the direction/s, if any, to the Covered NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the Covered NBFC to the complainant by way of compensation for any loss suffered by the complainant, arising directly out of the act or omission of the Covered NBFC. The Covered NBFC is required to implement the settlement arrived at with the complainant or the award passed by the Ombudsman when it becomes final and send a report in this regard to the RBI within 15 days of the award becoming final. The Ombudsman is required to send a report to the RBI governor annually (as on June 30 every year) containing general review of the activities of his office during the preceding financial year and provide such other information as may be required by the RBI.

Master Direction on Information Technology Framework for the NBFC Sector, 2017

All systematically important NBFCs must implement the security enhancement requirements under the Master Direction with respect to enhancing security of its Information Technology/Information Security Framework ("**IT")** business continuity planning, disaster recovery and management. NBFCs must constitute a IT Strategy Committee and IT Steering Committee and formulate an IT and Information Security Policy in furtherance of the same. Further, a Cyber Crisis Management Plan must be formulated to address cyber intrusions and attacks.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs, 2017

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("Risk Management Directions"). The Risk Management Directions specify that core management functions like internal auditing, compliance functions, decision making functions such as compliance with KYC norms shall not be outsourced by NBFCs. Further, the Risk Management Directions specify that outsourcing of functions shall not limit its obligations to its customers.

Financing of NBFCs by bank

The RBI has issued guidelines *vide* a circular dated bearing number DBOD No. FSD. BC.46/24.01.028/2006-07 dated December 12, 2006 relating to the financial regulation of non-systemically important NBFC-NDs and the relationship of banks with such institutions. In particular, these guidelines prohibit banks from lending to NBFCs for the financing of certain activities, such as (i) bill discounting or rediscounting, except where such discounting arises from the sale of commercial vehicles and two wheelers or three wheelers, subject to certain conditions; (ii) unsecured loans or corporate deposits by NBFCs to any company; (iii) investments by NBFCs both of current and long term nature, in any company; (iv) further lending to individuals for the purpose of subscribing to an initial public offer.

In addition to the above the RBI has issued guidelines *vide* a circular dated bearing number DBR.BP.BC.No.5/21.04.172/2015-16 dated July 1, 2015 relating to bank financing of NBFCs predominantly engaged in lending against Gold has directed banks to (i) reduce their regulatory exposure ceiling on a single NBFC, having gold loans to the extent of 50% or more of its total financial assets 10% of banks' capital funds. However, the exposure ceiling may go up by 5%, i.e., up to 15% of banks' capital funds if the additional exposure is on account of funds on-lent by NBFCs to the infrastructure sector and (ii) to have an internal sub-limit on their aggregate exposures to all such NBFCs, having gold loans to the extent of 50% or more of their total financial assets, taken together. The sub-limits should be within the internal limit fixed by the banks for their aggregate exposure to all NBFCs put together.

Norms for excessive interest rates

In addition, the RBI has introduced *vide* a circular bearing reference number RBI/ 2006-07/ 414 dated May 24, 2007 whereby RBI has requested all NBFCs to put in place appropriate internal principles and procedures in determining interest rates and processing and other charges. In addition to the aforesaid instruction, the RBI has issued a Master Circular on Fair Practices Code dated July 1, 2015 read with the Master Directions for regulating the rates of interest charged by the NBFCs. These circulars stipulate that the board of each NBFC is required to adopt an interest rate model taking into account the various relevant factors including cost of funds, margin and risk premium. The rate of interest and the approach for gradation of risk and the rationale for charging different rates of interest for different categories of borrowers are required to be disclosed to the borrowers in the application form and expressly communicated in the sanction letter. Further, this is also required to be made available on the NBFCs website or published in newspapers and is required to be updated in the event of any change therein. Further, the rate of interest would have to be an annualised rate so that the borrower is aware of the exact rates that would be charged to the account.

Supervisory Framework

In order to ensure adherence to the regulatory framework by non-systemically important ND-NBFCs, the RBI has directed such NBFCs to put in place a system for submission of an annual statement of capital funds, and risk asset ratio etc. as at the end of March every year, in a prescribed format. This return is to be submitted electronically within a period of three months from the close of every financial year. Further, a NBFC is required to submit a certificate from its statutory auditor that it is engaged in the business of non-banking financial institution with requirement to hold a certificate of registration under the RBI Act. This certificate is required to be submitted within one month of the date of finalisation of the balance sheet and in any other case not later than December 30 of that particular year. Further, in addition to the auditor's report under Section 143 of the Companies Act, 2013 the auditors are also required to make a separate report to the Board of Directors on certain matters, including correctness of the capital adequacy ratio as disclosed in the return NBS-7 to be filed with the RBI and its compliance with the minimum CRAR, as may be prescribed by the RBI. Where the statement regarding any of the items referred relating to the above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI , it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the Bank under whose jurisdiction the registered office of the company is located.

Asset Liability Management

The RBI has prescribed the Guidelines for Asset Liability Management ("ALM") System in relation to NBFCs ("ALM Guidelines") that are applicable to all NBFCs through a Master Circular on Miscellaneous Instructions to All Non-Banking Financial Companies dated July 1, 2015. As per this Master Circular, the NBFCs (engaged in and classified as equipment leasing, hire purchase finance, loan, investment and residuary non-banking companies) meeting certain criteria, including, an asset base of ₹10,000 lakhs, irrespective of whether they are accepting / holding public deposits or not, or holding public deposits of ₹2,000 lakhs or more (irrespective of the asset size) as per their audited balance sheet as of March 31, 2001, are required to put in place an ALM system. The ALM Guidelines mainly address liquidity and interest rate risks. In case of structural liquidity, the negative gap (i.e. where outflows exceed inflows) in the 1 to 30/31 days' time-bucket should not exceed the prudential limit of 15% of cash outflows of each time-bucket and the cumulative gap of up to one year should not exceed 15% of the cumulative cash outflows of up to one year. In case these limits are exceeded, the measures proposed for bringing the gaps within the limit should be shown by a footnote in the relevant statement.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "DRT Act") provides for establishment of the Debts Recovery Tribunals (the "DRTs") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

Anti-Money Laundering

The RBI has issued a Master Circular dated July 1, 2015 to ensure that a proper policy frame work for the Prevention of Money Laundering Act, 2002 ("PMLA") is put into place. The PMLA seeks to prevent money laundering and provides for confiscation of property derived from, or involved in money laundering and for other matters connected therewith or incidental thereto. It extends to all banking companies, financial institutions, including NBFCs and intermediaries. Pursuant to the provisions of PMLA and the RBI guidelines, all NBFCs are advised to appoint a principal officer for internal reporting of suspicious transactions and cash transactions and to maintain a system of proper record (i) for all cash transactions of value of more than ₹10 lakhs; (ii) all series of cash transactions integrally connected to each other which have been valued below ₹10 lakhs where such series of transactions have taken place within one month and the aggregate value of such transaction exceeds ₹10 lakhs. Further, all NBFCs are required to take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, NBFCs are also required to maintain for at least ten years from the date of transaction between the NBFCs and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Additionally, NBFCs should ensure that records pertaining to the identification of their customers and their address are obtained while opening the account and during the course of business relationship, and that the same are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data is to be made available to the competent authorities upon request.

RBI Notification dated December 3, 2015 titled "Anti-Money Laundering (AML)/ Combating of Financing of Terrorism (CFT) – Standards" states that all regulated entities (including NBFCs) are to comply with the updated FATF Public Statement and document 'Improving Global AML/CFT Compliance: on-going process' as on October 23, 2015.

Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI")

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The SARFAESI Act provides for measures in relation to enforcement of security interests and rights of the secured creditor in case of default.

The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is an NPA. A bank or financial institution or NBFC may sell a financial asset only if the borrower has a consortium or multiple banking arrangements and at least 75% by value of the total loans to the borrower are classified as an NPA and at least 75% by the value of the banks and financial institutions in the consortium or multiple banking arrangement agree to the sale. In addition to the above, a financial asset may be sold by any bank or financial institution where the asset is reported, by the bank financial institution to Central Repository for Information on Large Credit, as an NPA wherein the principal or interest payment is overdue between 61-90 days.

As per the SARFAESI Amendment Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issues by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting inter alia any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 ("**Code**") consolidates laws relating to insolvency, reorganisation and liquidation/ bankruptcy of all persons, including companies, individuals, partnership firms and Limited Liability Partnerships ("**LLPs**"). The Code has established an Insolvency and Bankruptcy Board of India to function as the regulator for all matters pertaining to insolvency and bankruptcy. The Code prescribes a timeline of 330 days for the insolvency resolution process, which begins from the date the application is admitted by the NCLT. During this period, the creditors and the debtor shall negotiate and finalise a resolution plan (accepted by 66% of the financial creditors) and in the event, they fail, the debtor is placed in liquidation and the moratorium lifted. The Code stipulates an interim-moratorium period which would commence after filing of the application for a fresh start process and shall cease to exist after elapse of a period of 180 days from the date of application. During such period, all legal proceedings against such debtor should be stayed and no fresh suits, proceedings, recovery or enforcement action may be initiated against such debtor. However, the Code has also imposed certain restrictions on the debtor during the moratorium period such as the debtor shall not be permitted to act as a director of any company or be involved in the promotion or management of a company during the moratorium period. In light of the COVID-19 pandemic, the Government of India, introduced economic reforms to contribute to the ease of doing business. One of the reforms introduced is the suspension of the Code for a period of one year. An ordinance detailing the changes pursuant to this reform is expected to be introduced by the government. Further, the GoI vide notification dated March 24, 2020 ("**Notification**") has amended section 4 of the Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, Government of India has increased the minimum amount of default under the insolvency matters from ₹1,00,000 to ₹1,00,00,000.

The Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules 2019 ("IBC Rules, 2019")

The Code, which regulates the insolvency resolution process for "corporate persons" previously excluded financial service providers from its purview. With the notification of the IBC Rules, 2019, the provisions of the Code will apply to financial service providers as well, which are subject to modifications and additional conditions as set out in the IBC Rules, 2019. Financial service providers are defined to mean persons engaged in the business of providing financial services in terms of authorisation issued or registration granted by a financial sector regulator under the Code. "Financial services" is broadly defined in the Code, and includes, inter alia, services in the nature of acceptance of deposits, administration of assets, underwriting services, advisory services with respect to dealings in financial products, operation of an investment scheme, and maintenance of records of ownership of a financial product. The IBC Rules, 2019, lays down the provisions for setting up an advisory committee, resolution plan and the liquidation process of financial service providers.

Foreign Investment Regulations

Master Circular – Foreign Investments in India, issued by RBI dated January 04, 2018 (updated as on April 06, 2018), read with the Consolidated FDI Policy Circular of 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, dated August 28, 2017 ("FDI Policy")

Foreign investment into NBFCs, carrying on activities approved for FDI, will be subject to the provisions of the FEMA regulations including the FEMA (Non-Debt Instruments) Rules, 2019 and conditions specified in paragraph 5.2.26 of the FDI Policy and foreign investment of up to 100% is permitted under the automatic route.

Master Circular No.10/2015-16 on Memorandum of Instructions governing money changing activities, issued by RBI dated July 1, 2015 and updated on September 10, 2015.

Guidelines for Licencing and other Approvals for Authorised Money Changers (AMCs)

Full Fledged Money Changers (FFMCs) are authorised by the Reserve Bank to deal in foreign exchange for specified purposes, to widen the access of foreign exchange facilities to residents and tourists while ensuring efficient customer service through competition. FFMCs are authorised to purchase foreign exchange from residents and non-residents visiting India and to sell foreign exchange for certain approved purposes. AD Category –I Banks/ADs Category – II/FFMCs may appoint franchisees to undertake purchase of foreign currency*. No person shall carry on or advertise that he carries on money changing business unless he is in possession of a valid money changer's licence issued by the Reserve Bank.

**** Note: -Franchisees of AD Category –I Banks/ADs Category – II/FFMCs functioning within 10 kilometres from the borders of Pakistan and Bangladesh may also sell the currency of the bordering country, with the prior approval of the Regional offices concerned of the Reserve Bank. Other franchises of AD Category –I Banks/ADs Category – II/FFMCs cannot sell foreign currency.***

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** Note: -Franchisees of AD Category –I Banks/ADs Category – II/FFMCs functioning within 10 kilometres from the borders of Pakistan and Bangladesh may also sell the currency of the bordering country, with the prior approval of the Regional offices concerned of the Reserve Bank. Other franchises of AD Category –I Banks/ADs Category – II/FFMCs cannot sell foreign currency.*

Guidelines for appointment of Agents/ Franchisees by Authorised Dealer Category – FFMCs.

Under the Scheme, the Reserve Bank permits FFMCs to enter into franchisee/agency agreements at their option for the purpose of carrying on Restricted Money Changing business i.e. conversion of foreign currency notes, coins or travellers' cheques into Indian Rupees.

A franchisee can be any entity which has a place of business and a minimum Net Owned Funds of ₹10 lakhs. Franchisees can undertake only restricted money changing business.

FFMCs as the franchisers are free to decide on the tenor of the arrangement as also the commission or fee through mutual agreement with the franchisee. The Agency/Franchisee agreement to be entered into should include the salient features as mentioned under the master circular. The master circular also prescribes the procedure for application, due diligence of franchisees, selection of centres, training, reporting, audit and inspection of franchisees and Anti Money Laundering (AML)/Know Your Customer (KYC)/Combating the Financing of Terrorism (CFT) Guidelines.

Note: No licence for appointment of franchisees will be issued to any FFMC, against whom any major DoE/DRI/CBI/Police case is pending. In case where any FFMC has received one-time approval for appointing franchisees and subsequent to the date of approval, any DoE/DRI/CBI/Police case is filed, the FFMC should not appoint any further franchisees and bring the matter to the notice of the Reserve Bank immediately. A decision will be taken by the Reserve Bank regarding allowing the FFMC to appoint franchisees.

Operational Instructions

Foreign exchange in any form can be brought into India freely without limit provided it is declared on the Currency Declaration Form (CDF) on arrival to the Custom Authorities. When foreign exchange brought in the form of currency notes or travellers' cheques does not exceed US $10,000 or its equivalent and/or the value of foreign currency notes does not exceed US $5,000 or its equivalent, declaration thereof on CDF is not insisted upon.

Taking out foreign exchange in any form, other than foreign exchange obtained from an authorised dealer or a money changer is prohibited unless it is covered by a general or special permission of the Reserve Bank. Non-residents, however, have general permission to take out an amount not exceeding the amount originally brought in by them, subject to compliance with the provisions of sub-para above.

Authorised Money Changers (AMCs)/franchisees may freely purchase foreign currency notes, coins and traveller’s cheques from residents as well as non-residents. Where the foreign currency was brought in by declaring on form CDF, the tenderer should be asked to produce the same. The AMC should invariably insist on production of declaration in CDF.

AMCs may sell Indian Rupees to foreign tourists/visitors against International Credit Cards/International Debit Cards and take prompt steps to obtain reimbursement through normal banking channels.

AMCs may issue certificate of encashment when asked for in cases of purchases of foreign currency notes, coins and travellers cheques from residents as well as non-residents. These certificates bearing authorised signatures should be issued on the letter head of the money changer and proper record should be maintained.

In cases where encashment certificate is not issued, attention of the customers should be drawn to the fact that unspent local currency held by non-residents will be allowed to be converted into foreign currency only against production of a valid encashment certificate.

AMCs may purchase from other AMCs and ADs any foreign currency notes, coins and encashed travellers’ cheques tendered in the normal course of business. Rupee equivalent of the amount of foreign exchange purchased should be paid only by way of crossed account payee cheque/demand draft/bankers' cheque/Pay order.

AMCs may sell foreign exchange up to the prescribed ceiling (currently US $ 10,000) specified in Schedule III to the Foreign Exchange Management (Current Account Transaction) Rules, 2000 during a financial year to persons resident in India for undertaking one or more private visits to any country abroad (except Nepal and Bhutan). Exchange for such private visits will be available on a self-declaration basis to the traveller regarding the amount of foreign exchange availed during a financial year. Foreign nationals permanently resident in India are also eligible to avail of this quota for private visits provided the applicant is not availing of facilities for remittance of his salary, savings, etc., abroad in terms of extant regulations.

AMCs may sell foreign exchange to persons’ resident in India for undertaking business travel or for attending a conference or specialised training or for maintenance expenses of a patient going abroad for medical treatment or check-up abroad or for accompanying as attendant to a patient going abroad for medical treatment/check-up up to the limits as specified in Schedule III to FEMA (Current Account Transactions) Rules, 2000.

AMCs may convert into foreign currency, unspent Indian currency held by non-residents at the time of their departure from India, provided a valid Encashment Certificate is produced.

AMCs may convert at their discretion, unspent Indian currency up to ₹10,000 in the possession of non-residents if, for bona fide reasons, the person is unable to produce an Encashment Certificate after ensuring that the departure is scheduled to take place within the following seven days. FFMCs may provide facility for reconversion of Indian Rupees to the extent of ₹50,000/- to foreign tourists (not NRIs) against ATM Receipts based on the following documents- Valid passport and visa, ticket confirmed for departure within 7 days, Original ATM slip.

AMCs may issue a cash memo, if asked for, on official letterhead to travellers to whom foreign currency is sold by them. The cash memo may be required for production to emigration authorities while leaving the country.

AMCs may put through transactions relating to foreign currency notes and travellers' cheques at rates of exchange determined by market conditions and in alignment with the ongoing market rates.

AMCs should display at a prominent place in or near the public counter, a chart indicating the rates for purchase/sale of foreign currency notes and travellers' cheques for all the major currencies and the card rates for any day, should be updated, latest by 10:30 a.m.

AMCs should keep balances in foreign currencies at reasonable levels and avoid build-up of idle balances with a view to speculating on currency movements.

Franchisees should surrender foreign currency notes, coins and travellers' cheques purchased only to their franchisers within seven working days.

The transactions between authorised dealers and FFMCs should be settled by way of account payee crossed cheques/demand drafts. Under no circumstances should settlement be made in cash.

AMCs may obtain their normal business requirements of foreign currency notes from other AMCs/authorised dealers in foreign exchange in India, against payment in rupees made by way of account payee crossed cheque/demand draft.

Where AMCs are unable to replenish their stock in this manner, they may make an application to the Forex Markets Division, Foreign Exchange Department, Central Office, RBI, Mumbai through an AD Category-I for permission to import foreign currency into India. The import should take place through the designated AD Category-I through whom the application is made.

AMCs may export surplus foreign currency notes/encashed travellers' cheques to an overseas bank through designated Authorised Dealer Category - I in foreign exchange for realisation of their value through the latter. FFMCs may also export surplus foreign currency to private money changers abroad subject to the condition that either the realisable value is credited in advance to the AD Category – I bank's nostro account or a guarantee is issued by an international bank of repute covering the full value of the foreign currency notes/coins to be exported.

In the event of foreign currency notes purchased being found fake/forged subsequently, AMCs may write- off up to US $ 2000 per financial year after approval of their Top Management after exhausting all available options for recovery of the amount. Any write-off in excess of the above amount, would require the approval of the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank.

Further, provisions regarding the following are also mentioned-

- Registers and Books of Accounts of Money-changing Business
- Submission of Statements to the Reserve Bank
- Inspection of Transactions of AMCs
- Concurrent Audit
- Temporary Money Changing Facilities

Opening of Foreign Currency Accounts by AMCs

AMCs, with the approval of the respective Regional Offices of the Foreign Exchange Department, may be allowed to open Foreign Currency Accounts in India, subject to the following conditions: -

i. Only one account may be permitted at a particular centre.
ii. Only the value of foreign currency notes/encashed TCs exported through the specific bank and realised can be credited to the account.
iii. Balances in the accounts shall be utilised only for settlement of liabilities on account of:

(a) TCs sold by the AMCs and
(b) Foreign currency notes acquired by the AMCs from AD Category-I banks.
(c) No idle balance shall be maintained in the said account

All AMCs are required to submit their annual audited balance sheet to the respective Regional office of the Reserve Bank for the purpose of verification of their Net Owned Funds along-with a certificate from the statutory auditors regarding the NOF as on the date of the balance sheet. As AMCs are expected to maintain the minimum NOF on an ongoing basis, if there is any erosion in their NOF below the minimum level, they are required to bring it to the notice of the Reserve Bank immediately along with a detailed time bound plan for restoring the Net Owned Funds to the minimum required level.

FFMCs, which are not Regional Rural Banks (RRBs), Local Area Banks (LABs), Urban Co-operative Banks (UCBs) and Non-Banking Financial Companies (NBFCs) having a minimum net worth of ₹500 lakhs, may participate in the designated currency futures and currency options on exchanges recognised by the Securities and Exchange Board of India (SEBI) as clients only for the purpose of hedging their underlying foreign exchange exposures. FFMCs and ADs Category–II which are RRBs, LABs, UCBs and NBFCs, may be guided by the instructions issued by the respective regulatory Departments of the Reserve Bank in this regard.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter-alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

Labour Laws

India has stringent labour related legislations. We are required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972 and the Payment of Wages Act, 1936, amongst others.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trade Marks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

Regulatory Measures on account of COVID-19 pandemic

The Government of India on October 23, 2020 has announced the 'Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020)' ("the **Scheme**"), which mandates ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 by the respective lending institutions.

RBI vide its notifications dated April 17, 2020 bearing DOR No. BP.BC.63/21.04.048/2019-20 and notifications dated May 23, 2020 bearing DOR.No.BP.BC.71/21.04.048/2019-20 ("RBI Notification") provided certain additional regulatory measures due to the lingering impact of COVID-19 pandemic on the business and financial institutions. In this regard, the detailed instructions with regard to asset classification and provisioning which are, inter alia, as follows:

1. In terms of the RBI Notifications, the lending institutions were permitted to grant a moratorium of three months and later on extended for another three months on payment of all term loan instalments falling due between March 1, 2020 and August 31, 2020 ('Moratorium Period'). As such, in line with the clarification provided by the Basel Committee on Banking Supervision, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the IRAC norms;

2. Similarly in respect of working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), the Regulatory Package permitted the recovery of interest applied during the period from March 1, 2020 upto August 31, 2020 to be deferred ('deferment period'). Such deferment period, wherever granted in respect of all facilities classified as standard, including SMA, as on February 29, 2020, shall be excluded for the determination of out of order status;

3. In respect of accounts in default but standard where provisions of paragraphs (1) and (2) above are applicable, and asset classification benefit is extended, lending institutions shall make general provisions of not less than 10 per cent of the total outstanding of such accounts, to be phased over two quarters as under:
   (i) Quarter ended March 31, 2020 – not less than 5 per cent
   (ii) Quarter ending June 30, 2020 – not less than 5 per cent

4. The exclusions permitted in terms of para 1 and 2 above shall be duly reckoned by the lending institutions in their supervisory reporting as well as reporting to credit information companies (CICs); i.e., the days past due and SMA status, where applicable, as on March 1, 2020 will remain unchanged till August 31, 2020; and

5. The lending institutions shall suitably disclose the following in the 'Notes to Accounts' while preparing their financial statements for the half year ending September 30, 2020 as well as the financial years 2019-20 and 2020-2021.

SECTION VIII – SUMMARY OF MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. In case of any inconsistency between the Articles of Association of our Company and the Companies Act, 1956 and Companies Act, 2013, the provisions of the Companies Act, 1956 and the Companies Act 2013 shall prevail over the Articles of Association of our Company. Pursuant to Schedule II of the Companies Act, 1956 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:

SHARE CAPITAL AND VARIATION OF RIGHTS

1. The Authorised Share Capital of the Company shall be such sum as may be prescribed under Clause V of Memorandum of Association divided into such number of shares of prescribed face value as amended from time to time, which may be increased or reduced in accordance with the provisions of the Companies Act, 2013.

Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

2. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided -

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

3. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(ii)The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company

4. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

5. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made there under.\

(ii)The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

(iii)The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

6. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii)To every such separate meeting, the provisions of these regulations relating general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further share ranking pari passu therewith.

8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

LIEN

9. (i) The company shall have a first and paramount lien-

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The company's lien, if any, on a share shall extend to all dividend bonuses declared from time to time in respect of such shares

10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

(a) unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

11. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

12. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

13. i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board

14. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part

17. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18. The Board—

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.

TRANSFER OF SHARES

19. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

20. The Board may, subject to the right of appeal conferred by section 58 decline to register—

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
(b) any transfer of shares on which the company has a lien.

21. The Board may decline to recognise any instrument of transfer unless—

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
(c) the instrument of transfer is in respect of only one class of shares.

22. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

TRANSMISSION OF SHARES

23. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a shareholder, shall be the only persons recognized by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

24. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or
(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

25. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have complied with.

FORFEITURE OF SHARES

27. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

28. The notice aforesaid shall—

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

29. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect

30. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

31. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

32. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

33. The provisions of these regulations as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

34. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

35. Subject to the provisions of section 61, the company may, by ordinary resolution,—

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

36. Where shares are converted into stock,—

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

(b) Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(c) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(d) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

37. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

(a) its share capital;

(b) any capital redemption reserve account; or

(c) any share premium account.

CAPITALISATION OF PROFITS

38. (i) The company in general meeting may, upon the recommendation of the Board, resolve—

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii)The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

(A) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

(D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;

(E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

39. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

(d) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(e) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

BUY-BACK OF SHARES

40. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

GENERAL MEETINGS

41. All general meetings other than annual general meeting shall be called extraordinary general meeting.

42. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

PROCEEDINGS AT GENERAL MEETINGS

43. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

44. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

45. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

46. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

ADJOURNMENT OF MEETING

47. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING RIGHTS

48. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

49. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

50. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

51. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

52. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

53. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

54. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

PROXY

55. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

56. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

57. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

BOARD OF DIRECTORS

58. The first directors of the company as on the date of the Incorporation were:

1. K. Varalakshmi

2. G. Ramamurthy
3. B. Ashwini Kumar
4. K.V. Reddy Panthulu

59. The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them.

60. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

61. The Board may pay all expenses incurred in getting up and registering the company.

62. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may thinks fit respecting the keeping of any such register.

63. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

64. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

65. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

PROCEEDINGS OF THE BOARD

66. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

67. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

68. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

69. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

70. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

71. (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

72. (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

73. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

74. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

75. Subject to the provisions of the Act,—

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

76. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

THE SEAL

77. (i) The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

DIVIDENDS AND RESERVE

78. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

79. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

80. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

81. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

82. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

83. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

84. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

85. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

86. No dividend shall bear interest against the company.

ACCOUNTS

87. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

WINDING UP

88. Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

SECTION IX -OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and documents (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or/are to be entered into by our Company. These contracts which are or may be deemed material shall be attached to the copy of this Prospectus to be delivered to the Registrar of Companies, Telangana for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10:00 am to 5:00 pm on Working Days from the date of the filing of this Prospectus with the RoC until the Issue Closing Date.

Material Contracts

1. Issue Agreement dated August 30, 2022, between the Company and the Lead Manager;

2. Registrar Agreement dated July 29, 2022, between the Company and the Registrar to the Issue;

3. Debenture Trusteeship Agreement dated July 29, 2022, between the Company and Vistra ITCL (India) Limited, the Debenture Trustee;

4. Public Issue Account and Sponsor Bank Agreement dated September 06, 2022, executed by our Company, the Registrar, the Public Issue Account Bank(s), Sponsor Bank and Lead Manager;

5. Syndicate Agreement September 10, 2022, between the Company and the Syndicate Member;

6. Tripartite Agreement dated April 25, 2018 between CDSL, the Company and the Registrar to the Issue; and

7. Tripartite Agreement dated August 24, 2018 between NSDL, the Company and the Registrar to the Issue.

Material Documents

1. Original certificate of incorporation of Company dated April 28, 1997, issued by Registrar of Companies, Telangana;

2. Revised certificate of incorporation of the Company dated February 29, 2016, issued by Registrar of Companies, Telangana pursuant to change of name;

3. Memorandum and Articles of Association of the Company, as amended to date;

4. The certificate of registration No. B-09.00006 dated March 15, 2016 issued by RBI under Section 45IA of the RBI Act;

5. Credit rating letter dated August 23, 2022 from India Ratings & Research Private Limited, granting credit rating to the NCDs, for the proposed non-convertible debenture issue;

6. Copy of the Board Resolution dated July 01, 2022, approving the Issue;

7. Resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting held on January 05, 2022 approving the overall borrowing limit of Company;

8. Copy of the Debenture Committee resolution dated September 1, 2022 approving the Draft Prospectus;

9. Copy of the Debenture Committee resolution dated September 13, 2022 approving this Prospectus;

10. Share Purchase Agreement dated March 9, 2013 entered into amongst Varalakshmi Kanapala, Satyanarayana Konapala, Konapala Rajasekhar, Balla Ramalingeswara Rao, Uppu Nagaratnam, K V L Narayana, Vatti Satyavathi, Vatti Arjuna Rao and Sri Lakshmi K, Biji Shibu, Jijo M Varghese, Simi Gijo, Princy Josekutty, Ann Jose, Bindu Peeyus, Chinnamma Kuriakose, John J Pullan and Aleyamma Varghese, and our Company;

11. Consents of the Directors, Chief Executive Officer, Chief Financial Officer, Lead Manager, Debenture Trustee, Credit Rating Agency for the Issue, Company Secretary and Compliance Officer, Legal Counsel to the Issue, CRISIL Limited, Bankers to the Company, Public Issue Account Bank, Refund Bank, Sponsor Bank and the Registrar to the Issue, to include their names in this Prospectus;

12. The consent of our Statutory Auditors, namely M/s. RB Jain and Associates, Chartered Accountants dated September 1, 2022, for inclusion of their names as the Statutory Auditors and experts in respect of the: (a) Limited Review Report; (b) Reformatted Standalone Ind AS Financial Statements dated August 3, 2022; (c) Reformatted Standalone Ind AS Financial Statements dated August 3, 2022, included in this Prospectus. The consent of the Statutory Auditors has not been withdrawn as on the date of this Prospectus;

13. Industry report titled “Industry report on gold loans, personal loans, MSME loans, and microfinance loans – July 2022”, prepared and issued by CRISIL Limited;

14. Annual Reports of the Company for last three Financial Years;

15. Limited Review Report dated August 13, 2022 on the Interim Unaudited Ind AS Financial Statement, prepared by Statutory Auditor;

16. Audited Standalone Financial Statement and Auditor’s Reports thereon for last Financial Year ending March 31, 2022;

17. The examination report of the Statutory Auditor, M/s. RB Jain and Associates, Chartered Accountants dated August 3, 2022, in relation to the Reformatted Standalone Ind AS Financial Statements included herein;

18. Reformatted Standalone Ind AS Financial Statement of the Company for the year ending March 31, 2022, March 31, 2021 and March 31, 2020;

19. The examination report of the Statutory Auditors, M/s. RB Jain and Associates, Chartered Accountants dated August 3, 2022, in relation to the Reformatted Consolidated Ind AS Financial Statements included herein;

20. Reformatted Consolidated Ind AS Financial Statement of the Company for the year ending March 31, 2021 and March 31, 2020;

21. Due Diligence certificate dated August 12, 2022, from Debenture Trustee to the Issue

22. Due Diligence certificate dated September 13, 2022, filed with SEBI by the Lead Manager; and

23. In-principle listing approval letter dated September 08, 2022, issued by BSE, for the Issue.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the applicants, subject to compliance of the provisions contained in the provisions of the Companies Act, 2013 and other relevant statutes.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act and the rules prescribed thereunder, the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non Convertible Securities) Regulations, 2021, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulations) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

We further certify that all the disclosures and statements made in this Prospectus are true and correct and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Prospectus does not contain any misstatements. Furthermore, all the monies received under the offer shall be used only for the purposes and objects indicated in this Prospectus.

Signed by the Directors of our Company

Shibu Theckumpurath Varghese
Whole-Time Director

Biji Shibu
Non-Executive Director (Non-Independent)

Issac Jacob
Independent Director

Sivadas Chettor
Independent Director

Ambramoli Purushothaman
Independent Director

Date: September 13, 2022

Place: Ernakulam

ANNEXURE I - DAY COUNT CONVENTION

Interest on the NCDs shall be computed on an actual/actual basis for the broken period, if any. For Options I, III, IV, VI and VIII the interest shall be calculated from the first day till the last date of every month on an actual/actual basis during the tenor of such NCDs. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs. However, if period from the Deemed Date of Allotment/anniversary date of Allotment till one day prior to the next anniversary/redemption date includes February 29, interest shall be computed on 366 days a-year basis, on the principal outstanding on the NCDs.

For Options V, VII and IX interest shall be paid on an annual basis and the relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the NCDs. The last interest payment under Options V, VII and IX shall be made at the time of redemption of the NCDs.

For Options II and X interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs which have tenors on cumulative basis.

Illustration of cash-flows: To demonstrate the day count convention, please see the following table below, which describes the cash-flow in terms of interest payment and payment of Redemption Amount per NCD for all categories of NCD Holders.

INVESTORS SHOULD NOTE THAT THIS EXAMPLE IS SOLELY FOR ILLUSTRATIVE PURPOSES AND IS NOT SPECIFIC TO THE ISSUE

Company	KLM Axiva Finvest Limited		
Face Value	₹1,000		
Day and Date of Allotment (tentative)	Tuesday, October 18, 2022		
Options	I	V	X
Tenure	400 days	2 years	82 Months
Coupon (%) for NCD Holders in Category I, II and III	8.75%	9.50%	NA
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly	Annual	Cumulative
Day Count Convention	Actual/Actual		

Option I

Company	KLM Axiva Finvest Limited
Face Value	₹1,000
Day and date of Allotment (tentative)	Tuesday, October 18, 2022
Day and date of Redemption (tentative)	Tuesday, November 21, 2023
Tenure	400 days
Coupon (%) for NCD Holders in Category I, II and III	8.75%
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly
Day Count Convention	Actual/Actual

Cash flow	**Day and Date of interest/redemption payment** (2)	**No. of days in Coupon/maturity period**	**Amount (in ₹)**
1st coupon	Tuesday, November 1, 2022	14	3.36
2nd coupon	Thursday, December 1, 2022	30	7.19
3rd coupon	Monday, January 2, 2023	31	7.43
4th coupon	Wednesday, February 1, 2023	31	7.43
5th coupon	Wednesday, March 1, 2023	28	6.71
6th coupon	Monday, April 3, 2023	31	7.43
7th coupon	Tuesday, May 2, 2023	30	7.19
8th coupon	Thursday, June 1, 2023	31	7.43
9th coupon	Saturday, July 1, 2023	30	7.19

Cash flow	Day and Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
10th coupon	Tuesday, August 1, 2023	31	7.43
11th coupon	Friday, September 1, 2023	31	7.43
12th coupon	Tuesday, October 3, 2023	30	7.19
13th coupon	Wednesday, November 1, 2023	31	7.43
14th coupon	Tuesday, November 21, 2023	21	5.03
Principal	Tuesday, November 21, 2023	-	1,000.00
Maturity value			

Option V

Company	KLM Axiva Finvest Limited
Face Value	₹1,000
Day and date of Allotment (tentative)	Tuesday, October 18, 2022
Day and date of Redemption (tentative)	Thursday, October 17, 2024
Tenure	2 years
Coupon (%) for NCD Holders in Category I, II and III	9.50%
Frequency of the Interest Payment with specified dates starting from date of allotment	Annual
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
1st coupon	Wednesday, October 18, 2023	365	95.00
2nd coupon	Thursday, October 17, 2024	366	95.00
Principal	Thursday, October 17, 2024	-	1,000.00
Maturity value			

Option X

Company	KLM Axiva Finvest Limited
Face Value	₹1,000
Day and Date of Allotment (tentative)	Tuesday, October 18, 2022
Day and date of Redemption (tentative)	Friday, August 17, 2029
Tenure	82 Months
Redemption Amount (₹/NCD) for NCD Holders in Category I, II and III	₹ 2,000
Frequency of the Interest Payment with specified dates starting from date of allotment	Cumulative
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
Principal/Maturity value	Friday, August 17, 2029	2496	2,000

NOTES:

1. *Effect of public holidays has been ignored as these are difficult to ascertain for future period except January 26, April 1, May 1, August 15, October 2, day have been taken into consideration.*
2. *As per SEBI Operational Circular, in order to ensure uniformity for payment of interest/redemption on debt securities, the interest/redemption payment shall be made only on a Working Day. Therefore, if the interest payment date falls on a non-Working Day, the coupon payment shall be on the next Working Day. However, the future coupon payment dates would be as per the schedule originally stipulated. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one*

particular coupon payment has been postponed earlier because of it having fallen on a holiday. However, if the redemption date of the debt securities falls on non- Working Day, the redemption proceeds shall be paid on the previous Working Day.

3. *Deemed Date of Allotment has been assumed to be Tuesday, October 18, 2022.*
4. *The last coupon payment will be paid along with maturity amount at the redemption date.*

ANNEXURE II – CREDIT RATING LETTER, RATING RATIONALE AND PRESS RELEASE

Please turnover for the rationale

Mr. Thanish Dalee
Chief Financial Officer
KLM Axiva Finvest Limited
4th floor, Door No.1871A24
VM Plaza, Kakkanad Road
Palarivattom
Cochin - 682025

August 23, 2022

Dear Sir/Madam,

Re: Rating Letter of KLM Axiva Finvest Limited

India Ratings and Research (Ind-Ra) has taken the following rating actions on KLM Axiva Finvest Limited's (KLM Axiva) instruments:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/ Outlook	Rating Action
Non-Convertible Debentures (NCDs)#	-	-	-	INR2,000	IND BBB-/Stable	Assigned
Bank loans	-	-	-	INR500	IND BBB-/Stable	Affirmed

Yet to be issued

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

The manner of India Ratings factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in India where the rated security is offered and sold, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that India Ratings is continuously evaluating and updating. Therefore, ratings are the collective work product of India Ratings and no individual, or group of individuals, is solely responsible for a rating. All India Ratings reports have shared authorship. Individuals identified in an India Ratings report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. India Ratings is not your advisor, nor is India Ratings providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services. Investors may find India Ratings ratings to be important information, and India Ratings notes that you are responsible for communicating the contents of this letter, and any changes with respect to the rating, to investors.

It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, “India Ratings” means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at infogrp@indiaratings.co.in

Sincerely,

India Ratings

Prakash Agarwal

Prakash Agarwal
Director

K Gupta

Karan Gupta
Director

India Ratings & Research
A Fitch Group Company

FitchGroup

Annexure: Facilities Breakup

Instrument Description	Banks Name	Ratings	Outstanding/Rated Amount(INR million)
	State Bank of India	IND BBB-/Stable	500

IndiaRatings & Research
A Fitch Group Company

Login

India Ratings Assigns KLM Axiva Finvest's NCDs 'IND BBB-'/Stable; Affirms Other Rating

Aug 23, 2022 | Financial Services

India Ratings and Research (Ind-Ra) has taken the following rating actions on KLM Axiva Finvest Limited's (KLM Axiva) instruments:

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating/ Outlook	Rating Action
Non-Convertible Debentures (NCDs)#	-	-	-	INR2,000	IND BBB-/Stable	Assigned
Bank loans	-	-	-	INR500	IND BBB-/Stable	Affirmed

Yet to be issued

Key Rating Drivers

Building Presence in Gold Financing: KLM Axiva's business model underwent a change in FY18, when the company decided to change its core product offering to loans against gold from loans against property (LAP). The gold loan portfolio increased at 82% CAGR to INR7,114 million at 1QFYE23E from INR558 million at FYE18. Consequently, the share of gold loans in KLM Axiva's product mix rose to 55% at 1QFYE23 from 29% at FYE18. However, one-third of the book still consists of LAP, wherein incremental disbursements will be limited, as per the management. The company plans to increase the share of gold loans further to 60%-70% of the portfolio by FYE23, and this remains a key monitorable. Over the medium-to-long term, the agency expects the company to maintain the proportion of gold loans at about 70% of the portfolio. The growth in the gold loan will be supported by the management's plan on growth in branch network. The management plans to increase its branch network for gold loans to 600 by FYE23 (500 branches at 1QFYE23).

Gold as collateral has fared far better than other types of collaterals as it can be easily liquidated and entails lower loss given default. Therefore, the growth of the gold loan portfolio would help the business by reducing the ultimate loss that the company might incur, thereby bringing down the potential credit losses.

Liquidity Indicator – Adequate: KLM Axiva's liquidity profile is supported by longer tenure liabilities funding relatively short tenor assets. Gold (12-month product) and microfinance loans (1QFYE23: 11.3% of loan book; tenure less than two year), which together constituted 66.6% of the loan book at 1QFYE23, are short tenured products. The borrowing is mainly in the form of NCDs (1QFYE23: 50% of borrowings), with an average original tenure of about three years, and subordinated debt (1QFYE23: 45% of borrowings), with original tenure greater than five years. The statement of structural liquidity as of June 2022 indicates a comfortable liquidity profile, with cumulative inflows exceeding cumulative outflows by 56% in the one-year bucket, indicating that the liquidity would be adequate even during events of stress. The agency expects the liquidity profile to remain adequate in near term as a major portion of incremental disbursements will be done towards building the gold loan book tenure. At end-June 2022, the company had cash and cash equivalents of INR1572.2 million and unutilised bank lines of INR5.6 million, which would be sufficient to cover over three months of outflows, assuming nil collections. However, on a steady state basis, the company maintains liquidity that would be adequate to cover three months of repayments assuming nil collections.

Capital Infusion Monitorable; Elevated Leverage Requires Immediate Intervention: KLM Axiva's tangible net worth increased to INR1,563 million at 1QFYE23 (FYE18: INR486 million), supported by equity infusions, amounting to INR974 million over FY18-FY22, from promoter and other shareholders. Despite the multiple rounds of infusion, KLM Axiva's tier 1 capital adequacy ratio (tier 1) and leverage was modest compared to peers.

The loan portfolio grew at 20% qoq in1QFY23, leading to a moderation in the tier-1 ratio to 12.8% (FYE22: 13.7%, FYE21: 10.1%, FYE20: 11.3%), with limited cushion over the regulatory minimum of 12% as company was classified as gold loan non-banking finance company in FY22. The agency believes that the limited capital headroom highlights the need to front-load the equity infusion to create adequate capital buffers that could support growth and also absorb any unprecedented stress on asset quality. In this regard, the management has planned a capital infusion of INR750 million for FY23 from promoters and other shareholders - INR250 million by September 2022 and INR500 million equity by December 2022; the plan is supported by the promoter's track record of infusing capital on a timely basis. These infusions will be critical in maintaining and improving the tier 1 ratio over 13% while growing the business as planned. The management has stated that it would grow the loan book in a calibrated manner, ensuring that there would not be any further moderation of the capital buffers, which remains a key monitorable. Besides portfolio growth, the capital buffer has also been impacted by the high dividend payout of INR54.3 million (48% of profit after tax) in FY22.

Profitability Subdued by Aggressive Expansion: KLM Axiva is undergoing an expansion phase, wherein the company has decided to prioritise on growing its gold loan branch network to help increase its gold loan portfolio. At 1QFYE23, the company had 5,00 gold loan branches, 4.2x the number of branches at FYE19. The aggressive branch addition has led to higher operating expenses (opex to loan assets;1QFYE23: 8.82%, FYE22: 6.97%), thereby impacting the company's profitability. Furthermore, the operating expenses had increased sharply in 1QFY23 due to losses incurred during the auctioning of gold that had been held as collateral. However, this is not a recurring quarterly expense, and will be normalised over FY23. The impact of the higher operational expenditure has been partly mitigated by increasing the yield on the loan assets (1QFYE23: 22.5%, FYE22: 19.7%, FYE21: 18.8%) and reducing the average cost of borrowings (1QFYE23: 11.2%, FYE22: 10.7%, FYE21: 12.4%), resulting in a profit after tax and return on asset (RoA) of INR38 million and 1.02% (FY22: INR116 million and 1.02%), respectively, at 1QFYE23. The profitability has also been supported by reversal of provisions, as indicated by the credit cost continuing to be negative in 1QFYE23, due to a decrease in the overdue accounts in LAP loans (30 plus days past due (30+ dpd); 1QFYE23: 7%, FYE22: 13.5%, FYE21: 7.3%) and lower provision requirement.

The RoA is likely to remain at similar levels in the near-to-medium term until the operating leverage plays out. With a system level increase in the interest rate, the incremental cost of funds could increase for the company. However, the impact on the average cost of borrowing will be limited because of longer duration fixed rate liabilities on their balance sheet. The RoA is likely to be supported by the growth in the share of gold loans, which would provide a positive bias to both average yield on asset and credit cost.

Overall Asset Quality Improving, but Elevated Delinquency in Non-Gold Loan Book: KLM Axiva has seen an improvement in its portfolio level asset quality since the company made gold loan as its primary loan product (90+dpd; 1QFYE23: 2.7%, FYE22: 24%, FYE21: 6.6%, FYE20: 8.8%). The delinquencies on gold loans have been well-managed, with nil 90+dpd at 1QFYE23 (FYE22: 0.5%, FYE21: 0.9%, FYE20: 2.5%). The delinquencies have remained under check because of the inherent strength of gold loans i.e. easy liquidation of collateral and low loss given default. However, the portfolio is exposed to market risk from volatility of gold prices. Lending is done at loan to value (LTV) of 75% and the tenure of the product is 12 months. KLM Axiva sends out reminders to borrowers for bringing down the LTV by paying the interest or pledging additional collateral in case the LTV goes beyond 90%. The company incurred losses amounting to INR23.8 million during the auctions held in FY22. The loss was incurred on the interest receivables, as the auction value adequately recovered the principal and auction related expense. Auctioning is rarely done during the tenure of product, even if the LTV goes beyond 90%. It usually takes place when the account moves to the overdue buckets, which happens after 12th month. A sharp decline in gold prices meanwhile could have a detrimental impact on the portfolio.

The non-gold portfolio, consisting primarily of the LAP book, which was impacted by both demonetisation and COVID-19, has started to recover. The company's focus on collections of overdues and settlement of non-performing assets resulted in an improvement in the asset quality, with 90+dpd of 5.7% at 1QFYE23 (FYE22: 8.0%, FYE21: 13.7%, FYE20: 15.8%). The microfinance portfolio, which had witnessed a sharp deterioration in FY22 on account of the pandemic, has started to show signs of recovery, with 90+dpd of 7.1% at 1QFYE23 (FYE22: 12.1%, FYE21: 6.4%, FYE20: 11.8%). KLM Axiva has not restructured any of its delinquent accounts in the LAP and microfinance portfolio.

Concentrated Funding Profile: KLM Axiva's funding profile indicates a high reliance on public NCDs and subordinated debt, sourced from its branches in Kerala (1QFYE23: 95% of the overall borrowings, FY22: 95%, FY21: 99%). The share of bank borrowings, although it has been increasing, remains small (1QFY23E: 5%, FY22: 5%, FY21: 1%). The share of bank funding is likely to stay below 10% at FYE23. The company has historically demonstrated its ability to mobilise funds through public NCD issuances from local high net worth individuals and retail investors in Kerala. The promoter's reputation and network in the local geography plays a key role in mobilising funds. Thus, there is an element of key man risk involved in the business model. The fresh issuances have also been mobilised at a lower rate, thereby helping KLM Axiva to improve its cost of funds over the years. KLM Axiva relies on its ability to successfully raise NCDs in the home state; any challenge on this front would impact its growth plans and liquidity position. The public NCDs for KLM Axiva are granular in nature, with an average ticket size of INR0.4 million-0.5 million. Diversification of the funding profile is a key monitorable.

Evolving Systems and Processes: KLM Axiva's systems and processes are still evolving and require further strengthening. Robust internal information systems would help in better information management and consolidation of information across several geographies. Since the appointment of a new chief executive officer, who has previously worked in a leading gold loan company, the company has been introducing measures to strengthen operations, systems, processes and collections. Ind-Ra would closely monitor the company's efforts in improving its record-keeping and management information systems.

Rating Sensitivities

Positive: Profitable growth in the franchisee with geographical diversification, diversification of funding avenues, improvement in operational efficiency, leading to better profitability, along with improvement of capital buffers and strengthening of its systems and processes, could lead to a positive rating action.

Negative: Future developments that could, individually or collectively, lead to a negative rating action include:

the tier I ratio staying below 13% on a sustained basis due to the promoter's inability to infuse capital as per the defined timelines or inordinate growth in the loan book despite capital infusion

a sharp change in product mix with an increase in the LAP portfolio that is not backed by adequate capital as per Ind-Ra's assessment,

a sharp rise in delinquency levels, which could impact capital buffers and restrict funding,

any adverse regulatory development that, in the agency's opinion, could have a negative impact on the company's business

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on KLM Axiva, either due to their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

Company Profile

Incorporated in 1997 as a public limited company under the Companies Act, 1956, KLM Axiva is a non-banking financial company registered with the Reserve Bank of India. It provides gold loans, LAP, and microfinance loans. As on 30 June 2022 the total outstanding portfolio stood at INR12,863 million. The company has over 400 branches across various districts in Kerala, Tamil Nadu, Karnataka and Telangana.

FINANCIAL SUMMARY

Particulars (INR million)	1QFY23 (Provisional)	FY22	FY21
Total tangible assets	15,154	14,682	8,187
Total tangible net worth	1,563	1,529	911
Net profit	38	116	71
Return on average assets (%)	1.02	1.02	1.03
Tier I Capital Ratio (%)	12.76	13.71	10.18
Source: KLM Axiva, Ind-Ra's adjustments			

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook
	Rating Type	Rated Limits (million)	Rating	31 May 2022
NCDs	Long-term	INR2,000	IND BBB-/Stable	-
Bank loans	Long-term	INR500	IND BBB-/Stable	IND BBB-/Stable

Bank wise Facilities Details

Click here to see the details

Complexity Level of Instruments

Instrument Type	Complexity Indicator
NCDs	Low
Bank loans	Low

For details on complexity levels, please visit https://www.indiaratings.co.in/complexity-indicators

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APPLICABLE CRITERIA

Evaluating Corporate Governance

Financial Institutions Rating Criteria

Non-Bank Finance Companies Criteria

The Rating Process

DISCLAIMER

ANNEXURE III – CONSENT OF THE DEBENTURE TRUSTEE

APPENDED OVERLEAF

VISTRA

Date: July 29, 2022

To,
The Board of Directors,
KLM Axiva Finvest Limited,
4th Floor, Door No. 1871A24, VM Plaza, Palarivattom,
Ernakulam – 682 025,
Kerala, India

Dear Sir/ Madam,

Sub: Consent in relation to the proposed public issue of secured redeemable non-convertible debentures of face value of ₹ 1,000 each ("NCDs"), 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 ("Issue") by KLM Axiva Finvest Limited, ("Company" or "Issuer")

We, the undersigned, do hereby consent to act as a Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the Draft Prospectus to be filed by the Company with Securities and Exchange Board of India ("**SEBI**"), BSE Limited where the NCDs are proposed to be listed ("**BSE**") and the Prospectus to be filed with SEBI, Stock Exchanges and the Registrar of Companies, Telangana at Hyderabad ("**RoC**") in respect of the Issue. The following details with respect to us may be disclosed :

Name:	Vistra ITCL (India) Limited
Address:	The IL&FS Financial Centre, Plot C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai.
Tel:	022 – 2659 3333
Email:	itclcomplianceofficer@vistra.com
Investor Grievance email:	itclcomplianceofficer@vistra.com
Website:	www.vistraitcl.com
Contact person:	Jatin Chonani
SEBI Registration No:	IND000000578

We confirm that we are registered with SEBI and that such registration is valid as on the date of this letter. We are enclosing herewith a copy of our registration certificate. We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues.

We further confirm that we have not received any communication from SEBI prohibiting us from act as an intermediary.

We confirm that we will immediately inform the Company of any changes, additions or deletions in respect of the matters covered in this certificate till the date when the NCDs offered, issued and allotted pursuant to the issue, are admitted for trading on BSE. In the absence of any such communication from us, the above information should be taken as updated information until the listing and trading of NCDs on BSE.

We hereby authorize you to deliver this letter of consent to BSE, SEBI and RoC and any other regulatory or statutory authority as required.

For Vistra ITCL (India) Limited

Vistra ITCL (India) Limited

Authorised Signatory
Mr Sandesh Vaidya
Senior Manager

Registered office:
The IL&FS Financial Centre,
Plot C- 22, G Block, 7th Floor
Bandra Kurla Complex, Bandra (East),
Mumbai 400051

Tel +91 22 2659 3535
Fax: +912226533297
Email: mumbai@vistra.com
www.vistraitcl.com

Vistra ITCL (India) Limited
Corporate Identity Number (CIN):U66020MH1995PLC095507

डिबेंचर न्यासी

प्ररूप ख
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000279

(विनियम 8)
(Regulation 8)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा-12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

VISTRA ITCL INDIA LIMITED
IL&FS FINANCIAL CENTRE, PLOT NO. 22
G BLOCK, BANDRA KURLA COMPLEX, BANDRA EAST
MUMBAI- 400051, MAHARASHTRA

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।

as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।

2) Registration Code for the debenture trustee is **IND000000578**

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।

3) Unless renewed, the certificate of registration is valid from to

This Certificate of Registration shall be valid from 27/09/2016, unless suspended or cancelled by the Board

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

Aradhana Verma

ARADHANA VERMA

प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

स्थान Place : **Mumbai**

तारीख Date : **October 27, 2021**