



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 RoC (as defined below). Our Company also obtained the certificate of commencement of business dated May 6, 1997 from RoC. 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. 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 115.

Registered Office: Subodh Business Centre 408, Malik Chambers, Hyderguda, Hyderabad – 500 029, Telangana, India;

Telephone: +91-40-48542753;

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: Mr. Srikanth G. Menon; Telephone: +91-484-4281118;

E-mail: co_sec@klmgroup.in; **Website:** www.klmaxiva.com

Corporate Identity Number: U65910TG1997PLC026983

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 ₹ 2,500 LAKHS, AGGREGATING UP TO ₹ 12,500 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 DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED ("SEBI DEBT REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED.

PROMOTERS		
Our Promoters are Ms. Biji Shibu and Ms. Princy Josekutty. For further details, see "Our Promoters" on page 129.		
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 16 and "Material Developments" on page 133, 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.		
ISSUER'S ABSOLUTE RESPONSIBILITY		
Our Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Prospectus contains all information with regard to our Company 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 respects 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 makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.		
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 146. For details relating to eligible investors, see "Issue Structure" on page 146.		
CREDIT RATING		
The NCDs proposed to be issued under this Issue have been rated "CARE BB+, Stable", by CARE Ratings Limited ("CARE Ratings") for an amount up to ₹ 12,500 lakhs, vide its letter dated March 16, 2020 and revalidation letter dated May 22, 2020. The rating of NCDs by CARE 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 to buy, sell or hold securities and investors should take their own decisions. 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 244 for the rationale for the above rating.		
LISTING		
The NCDs offered through this Prospectus are proposed to be listed on the BSE Limited ("BSE") and BSE shall be the Designated Stock Exchange. Our Company has obtained 'in-principle' approval for this Issue from BSE vide their letter dated March 24, 2020. BSE shall be the Designated Stock Exchange for this Issue.		
PUBLIC COMMENTS		
The Draft Prospectus was filed with BSE on March 17, 2020, pursuant to Regulation 6(2) of the SEBI Debt Regulations and was open for public comments for a period of 7 (seven) Working Days i.e. until 5 p.m. on March 24, 2020.		
LEAD MANAGER TO THE ISSUE	DEBENTURE TRUSTEE*	REGISTRAR 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 - 400 013 Telephone: +91 22 6666 8040/41/42; Fax: +91 22 6666 8047 Email: klmaxiva@vivro.net Investor Grievance Email: investors@vivro.net Website: www.vivro.net Contact Person/ Compliance Officer: Mr. Jayesh Vithlani SEBI Registration No.: INM000010122 CIN: U67120GJ1996PTC029182	VISTRA ITCL VISTRA ITCL (INDIA) LIMITED The IL&FS Financial Centre, Plot No. C – 22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Telephone: +91 22 2659 3333; Fax: +91 22 2653 3297 Email: itclcomplianceofficer@vistra.com Website: www.vistraitcl.com Investor Grievance Email: itclcomplianceofficer@vistra.com Contact Person: Mr. Jatin Chonani SEBI Registration Number: IND000000578 CIN: U66020MH1995PLC095507	KFINTECH KFIN TECHNOLOGIES PRIVATE LIMITED Selenium, Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally, Rangareddy Hyderabad – 500 032, Telangana Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 Email: klm.ncd@kfintech.com Investor Grievance Email: einward.ris@kfintech.com Website: www.kfintech.com Contact Person: M Murali Krishna SEBI Registration Number: INR000000221 CIN: U72400TG2017PTC117649
ISSUE PROGRAMME**		
ISSUE OPENS ON JUNE 2, 2020		ISSUE CLOSES ON JUNE 25, 2020**

*Vistra ITCL (India) Limited, by its letter dated January 15, 2020, 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" on page 37.

** 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 the 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/s in a leading national daily newspaper 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 Financial Officer, our Auditor, the Lead Manager, the Registrar to the Issue, Public Issue Account Bank, Refund Bank, Credit Rating Agency, the legal counsel, 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 238.

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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 Debt 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”, “Statement of Tax Benefit Available to the Debenture Holders” and “Summary of Main Provisions of Articles of Association” beginning on pages 98, 16, 75, 209 and 62, 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 98, 16, 75 and 209, 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 Subodh Business Centre 408, Malik Chambers, Hyderguda, Hyderabad – 500 029, Telangana, India 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 indicates or implies, refers to our Company

Company Related Terms

Term	Description
AoA / Articles / Articles of Association	Articles of Association of our Company, as amended.
Asset Under Management / AUM	For the six month period ended September 30, 2019, 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. For the year ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, AUM represents aggregate value of outstanding loans in accordance with IGAAP.
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. Mr. Srikanth Menon
Compliance Officer	The compliance officer of our Company appointed in relation to this Issue, i.e. Mr. Srikanth 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 March 20, 2018. For further details, see “Our Management” on page 119.
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) and the Limited Review Financial Statements.
Group Companies	Companies identified as our related parties for the financial statements ended March 31, 2019 and also other companies as considered material by

Term	Description
	our Board are KLM Tiana Gold & Diamonds Private Limited, Axiva Mfin Limited and Payyoli Granites Private Limited.
Loan Assets	Assets under financing activities.
Limited Review Financial Statements / Limited Review Financial Results	The unaudited standalone interim financial results for the six month period ending on September 30, 2019 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under 133 of the Companies Act, 2013 read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015, as amended and presented in accordance with the requirements of the SEBI LODR Regulations
Limited Review Report	Report on the unaudited standalone financials of our Company for the six month period ending on September 30, 2019, dated December 13, 2019 prepared by the statutory auditors of our Company, M/s. Balan & Co., Chartered Accountants
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.
Promoters	Biji Shibu and Princy Josekutty
Reformatted Financial Statements	The reformatted standalone statement of assets and liabilities as at March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, and the schedules forming part thereof; reformatted standalone statement of profits and losses for each of the years March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, and the schedules forming part thereof, and the reformatted standalone statement of cash flows for each of the years ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015.
	The audited financial statements of the Company as at and for years ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 prepared in accordance with Indian GAAP, from the basis for such Reformatted Financial Statements.
Reformatted Financial Report	The report dated March 16, 2020 on the Reformatted Financial Statements prepared by the Statutory Auditor.
RoC / Registrar of Companies	The Registrar of Companies, Telangana at Hyderabad.
Registered Office	Subodh Business Centre 408, Malik Chambers, Hyderguda, Hyderabad – 500 029, Telangana, India.
Statutory Auditor(s) / Auditor(s)	The statutory auditor of our Company, being M/s. Balan & Co., Chartered Accountants.
Shareholders	The shareholders of the Company.
Subsidiary / Wholly Owned Subsidiary	KMLM Financial Services Limited

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 the Prospectus and the Application Form for the Issue.

Term	Description
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 ASBA Account which will be considered as the application for Allotment in terms of the 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 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	An account maintained with a SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the Application Amount in relation to the Application Form by an ASBA Applicant.
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 “ <i>Issue Procedure – Basis of Allotment for NCDs</i> ” on page 167.
Broker Centres	Broker centres notified by the Stock Exchange, where Applicants can submit the Application Forms 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 Debt Application 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 Debt Application Circular.
Credit Rating Agency / CARE Ratings	For the present Issue, the credit rating agency, in this case being CARE Ratings Limited (formerly known as Credit Analysis and Research 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 “ <i>Issue Structure</i> ” on page 146.
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 March 16, 2020 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

Term	Description
	Allotment. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment
Debt Application Circular	Circular No. CIR/IMD/DF-1/20/2012 issued by SEBI on July 27, 2012 as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI.
Demographic Details	The demographic details of an Applicant such as his address, bank account details, category, PAN 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 Agreement and following which the Board, shall Allot the NCDs to the successful Applicants.
Designated Intermediaries	The Members of the Syndicate, SCSBs, Trading Members, RTAs and CDPs who are authorized to collect Application Forms from the Applicants, in relation to the Issue.
Designated Stock Exchange/ DSE	BSE Limited.
Designated RTA Locations	Such centres of the CRTAs where Applicants can submit the Application Forms. 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.
Direct Online Application	The application made using an online interface enabling direct application by investors to a public issue of their debt securities with an online payment facility through a recognised stock exchange. This facility is available only for demat account holders who wish to hold the NCDs pursuant to the Issue in dematerialised form. Please note that the Applicants will not have the option to apply for NCDs under the Issue, through the direct online applications mechanism of the Stock Exchange.
Draft Prospectus / Draft Offer Document	The draft prospectus dated March 17, 2020 which was 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, as applicable on the date of the Draft Prospectus and the SEBI Debt Regulations.
Existing Secured Creditors	The South Indian 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 “ <i>Issue Structure – Interest and Payment of Interest</i> ” on page 146.
Institutional Portion-	Portion of Applications received from Category I of persons eligible to apply for the issue which includes Resident Public Financial Institutions as

Term	Description
	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 upto ₹ 2,500 lakhs, aggregating upto ₹ 12,500 lakhs on the terms and in the manner set forth therein.
Issue Closing Date	June 25, 2020
Issue Opening Date	June 2, 2020
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.
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.
Offer Document	The Draft Prospectus, this Prospectus, Application Form and abridged Prospectus.
Prospectus	This prospectus dated May 27, 2020 filed with the RoC in accordance with the SEBI Debt Regulations, containing <i>inter alia</i> 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 on the Designated Date.
Public Issue Account Bank	The Bankers to the Issue being HDFC Bank Limited and Axis Bank Limited with whom Public Issue Account will be opened.
Public Issue Account Agreement	Agreement dated May 12, 2020 entered into amongst our Company, the Registrar, the Public Issue Account Bank, the Refund Bank and the Lead Manager for collection of the Application Amounts from ASBA Accounts 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 15 days prior to the date on which interest is due and payable, and/or the date of redemption.

Term	Description
	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 the 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 Register of NCD Holders	Kfin Technologies Private Limited
	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 under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, including blocking of an ASBA Account, and a list of which is available on https://www.sebi.gov.in or at such other web-link as may be prescribed by SEBI from time to time. A list of the branches of the SCSBs where ASBA Applications submitted to the Lead Manager, Members of the Syndicate or the Trading Member(s) of the Stock Exchange, will be forwarded by such Lead Manager, Members of the Syndicate or the Trading Members of the Stock Exchange is available at https://www.sebi.gov.in or at such other web-link 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 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 first ranking pari passu charge on the immovable property situated at Plot No. 15, Malligai Nagar, Kombai Village, Uthampalayam Taluk, Theni District, Tamil Nadu.
Specified Locations	Collection centres where the Members of the Syndicate shall accept Application Forms, a list of which is included in the Application Form.
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 which will be specified in this Prospectus.

Term	Description
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 and II, in this case being Vistra ITCL (India) Limited.
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 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 India. 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 Circular CIR/DDHS/P/121/2018 dated August 16, 2018, 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
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
CRAR	Capital to Risk Weighted Assets Ratio
DSA	Direct Sales Agent
Gross Spread	Yield on the average minus the cost of funds
HFC	Housing Finance Company
IND AS	Indian Accounting Standards
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
Loan Book	Outstanding loans net of provisions made for NPAs
LTV	Loan to value
MSME	Micro, Small and Medium Enterprises
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-ND	NBFC registered as a non-deposit accepting NBFC
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

Term	Description
	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
NII	Net Interest Income
NOF	Net Owned Fund
NPA	Non-Performing Asset
Public Issue I	Public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹ 10,000 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 ₹ 93,83.38 lakhs pursuant to the prospectus dated August 19, 2019
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
SME	Small and Medium Enterprises
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, 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:

Term	Description
	(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

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, 1956	The Companies Act, 1956 to the extent in force
Companies Act/Companies Act 2013	The Companies Act, 2013 (to the extent notified) read with rules framed by the Government of India from time to time
DIN	Director Identification Number
DRR	Debenture Redemption Reserve
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
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
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.

Term	Description
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
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
SEBI Debt Regulations/ Debt Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
SEBI Delisting Regulations	SEBI (Delisting of Equity Shares) Regulations, 2009
SEBI Listing Regulations/ Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
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 Limited Review Financial Statements for half year ended as on September 30, 2019 is prepared in accordance with IND AS, including the applicable provisions of the Companies Act, 2013 and our financial statements for the year ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 are prepared in accordance with Indian GAAP, including the applicable provisions of Companies Act, 1956 and the Companies Act, 2013. With effect from April 1, 2019, as per the roadmap issued by the 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 since our financials for half year ended as on September 30, 2019 has been prepared in accordance with Ind AS.

The Reformatted Financial Statements of our Company included in this Prospectus are derived from and the audited financial statements prepared in accordance with Indian GAAP for March 31, 2015 to March 31, 2019, which differs from IND AS in certain respects. The Ministry of Corporate Affairs (“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 50 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 unaudited financial results along with the Limited Review Report of our Company and the Reformatted Financial Statements and the examination report on the Reformatted Financial Statements, as issued by our Company’s Statutory Auditors, M/s. Balan & Co., Chartered Accountants, are included in this Prospectus, in the chapter titled “*Financial Statements*” beginning on page 132. Unless stated otherwise, the financial data in this Prospectus is derived from our (i) Limited Review Financial Statements having been prepared in accordance with the recognition and measurement principles as laid down in IND AS 34; and (ii) Reformatted Financial Statements for the financial years ended on March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015, prepared in accordance with Indian GAAP, applicable standards and guidance notes prescribed by ICAI, Companies Act, 2013 and other applicable statutory and/or regulatory requirements.

The unaudited financial results of our Company for the six months ended September 30, 2019 and Limited Review Report submitted to the Stock Exchange pursuant to the requirements of SEBI LODR Regulations (“**Limited Review Financial Results**”) are included in this Prospectus in the chapter titled “*Financial Statements*” beginning at page 132.

Whilst SEBI vide its circular no. CIR/IMD/DF/18/2013 dated October 29, 2013 provides that the companies proposing to make public issue of debt securities are required to give the audited financials in the offer document, which are not older than 6 months from the date of the prospectus. Although, compliant listed entities are allowed to disclose unaudited financials with limited review report in the offer document, instead of audited financials, for the stub period. However, due to the COVID-19 pandemic, SEBI vide a circular no.

SEBI/HO/DDHS/ON/P/2020/41, dated March 23, 2020, has granted a 60 day relaxation period from March 31, 2020 for disclosure of the Limited Review Financial Statements along with the Limited Review Report.

Unless stated otherwise, the financial data used in this Prospectus for the six month period ended September 30, 2019 is derived from the Limited Review Financial Results prepared in accordance with Ind AS, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India, Companies Act and other applicable statutory and / or regulatory requirements. Further, the financial data used in this Prospectus for the financial years ended on March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 is derived from the Reformatted Financial Statements, prepared in accordance with Indian GAAP, 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 and IGAAP, 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.

There are significant differences between Indian GAAP, Ind AS, US GAAP and IFRS. We urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP and Ind AS financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian GAAP and Ind AS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

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, low-ticket MSME loans, personal loans and microfinance loans”, dated March 2020, prepared and issued by CRISIL Limited (“**CRISIL Report**”). Please refer to “*Industry Overview*” on page 75 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's Ratings Division / 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's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."

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; the performance of the financial and capital markets in India and globally;
6. Changes in the value of Rupee and other currency changes;
7. 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;
8. The outcome of any legal or regulatory proceedings we are or may become a party to;
9. 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;
10. 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;
11. Emergence of new competitors;
12. The rate of growth of our loan assets;
13. Potential mergers, acquisitions or restructurings;
14. Occurrence of natural calamities or natural disasters affecting the areas in which our Company has operations;
15. Availability of adequate debt and equity financing at commercially acceptable terms;
16. General, political, economic, social and business conditions in Indian and other global markets;
17. Our ability to attract and retain qualified personnel; and
18. Other factors discussed in this Prospectus, including under the chapter titled “*Risk Factors*” beginning on page 16.

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 16, 75 and 98, 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 Debt 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 98 and “Financial Statements” on page 132, 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 otherwise stated, the financial information used in this section is derived from and should be read in conjunction with the Reformatted Financial Statements.

Risks relating to our Business and our Company

1. 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 phase 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. Our Company is also unaware of when the nation-wide lockdown in India may be lifted and whether the lockdown will be extended further. However, some states including Kerala have relaxed certain lockdown restrictions.

The spread of COVID-19 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. 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 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 situation persists or worsens, it may adversely impact our Company’s business and the financial condition.

2. 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.

3. Our Company, our Promoter and Directors and our Group 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 and Josekutty Xavier, Directors 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, Josekutty Xavier, 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 and Josekutty Xavier, Directors of the Company (Collectively referred as “**Applicants**”) have filed income tax returns and subsequently approached Income tax Settlement Commission, Chennai Bench. Further, the Settlement Commission allowed the settlement applications of Applicants and ordered our Company to pay the income tax liability of ₹116.87 lakhs in six instalments. Our Company has paid the income tax liability of ₹116.87 lakhs, however the settlement applications for other Applicants are pending as on date. For details of this matter, please see section entitled “*Outstanding Litigation*” on page 191.

4. 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 96.55%, 95.51%, 97.23%, and 99.81% of our total income for the six month period ending September 30, 2019, Fiscal 2019, Fiscal 2018 and Fiscal 2017 respectively. As of the six month period ending September 30, 2019, March 31, 2019, March 31, 2018, and March 31, 2017 our loan books were ₹ 40,700.41 lakhs, ₹ 37,383.27 lakhs, ₹ 19,423.29 lakhs and ₹9,135.68 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.

5. 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 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.

6. 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 increased from ₹ 386.58 lakhs as at March 31, 2017 to ₹ 1,862.59 lakhs as at March 31, 2019 representing 4.98% of the total loans and advances and our Net NPAs have increased from ₹ 345.13 lakhs as at March 31, 2017 to ₹ 1,671.34 lakhs as at March 31, 2019 representing 4.47% of the total loans and advances. Our Gross NPAs was ₹ 4,815.66 lakhs as at September 30, 2019 representing 11.83% of the total loans and advances and our Net NPAs was ₹ 3,302.92 lakhs as at September 30, 2019 representing 8.12% 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.

7. 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 increased from ₹ 386.58 lakhs as at March 31, 2017 to ₹ 1,862.59 lakhs as at March 31, 2019 and our Net NPAs have increased from ₹ 345.13 lakhs to as at March 31, 2017 to ₹ 1,671.34 lakhs as at March 31, 2019. As on September 30, 2019, our Gross NPAs and Net NPAs were ₹ 4,815.66 lakhs and ₹ 3,302.92 lakhs, respectively. Our Gross NPAs as a percentage of total Loan Assets were 11.83%, 4.98%, 4.40%, and 4.23% as of the six month period ending September 30, 2019, March 31, 2019, March 31, 2018, and March 31, 2017 respectively, while our Net NPAs as a percentage of Net Loan Assets were 8.12%, 4.47%, 3.94%, and 3.78% as of the six month period ending September 30, 2019, March 31, 2019, March 31, 2018, and March 31, 2017 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 September 30, 2019 our total provisioning for NPAs is ₹ 1,512.74 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.

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 ₹ 40,700.41 lakhs as at September 30, 2019, 93.22% of the aggregate gross value of our loan book i.e. ₹ 37,940.85 lakhs is secured by collaterals and ₹ 2,759.56 lakhs representing 6.78% 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. 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.

11. 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 make a provision for standard assets has been set out in a phased manner over a period of three years, i.e., 0.35% by the end of March 31, 2017, 0.40% by the end of March 31, 2018 and 0.40% by the end of March 31, 2019. 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 209.

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.

The level of our provisions may not be adequate to cover further increases in the amount of our nonperforming 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.

12. 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.

13. 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.

14. 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 September 30, 2019, our unsecured lending book was ₹ 2,759.56 lakhs constituting 6.78% of our total loan book. 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.

15. 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.

16. 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.

17. 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.

18. 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 102.29 % from ₹ 9,135.68 lakhs as of March 31, 2017 to ₹ 37,383.27 lakhs as of March 31, 2019. Our total income increased from ₹ 2,393.75 lakhs for Fiscal 2017 to ₹ 6,835.61 lakhs for Fiscal 2019 at a CAGR of 68.99%. Our net profit after tax increased from ₹ 212.98 lakhs for Fiscal 2017 to ₹ 597.74 lakhs for Fiscal 2019, at a CAGR of 67.53%. Our loan book, total income and profit after tax for the six month ended September 30, 2019 stood at ₹40,700.41 lakhs, ₹5,078.68 lakhs and ₹691.72 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.

19. 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.

20. 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.

21. 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.

22. *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.

23. *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 “CARE BB+; Stable”, by CARE Ratings, 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.

24. *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.

25. *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.

26. *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 behavior. 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.

27. *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.

28. *Our Company, Directors and Promoters 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 Promoters 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 191.

29. *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 five fiscal years, the details of which are summarised below:

	<i>(in ₹ lakhs)</i>				
Particulars	Fiscal 2019	Fiscal 2018	Fiscal 2017	Fiscal 2016	Fiscal 2015
Net cash generated from/ (used in) operating activities	(14,040.97)	(7,736.06)	(2,287.50)	(2,364.94)	(789.93)
Net cash generated from/ (used in) investing activities	(916.91)	(221.69)	(564.36)	(227.83)	(139.84)
Net cash generated from/ (used in) financing activities	15,191.37	9,183.90	3,396.06	2,056.91	1,287.61

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 132.

30. *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 98.

31. *We may be 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 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 vide the RBI SI Master Directions provides for the regulatory framework governing NBFCs pertaining to provision for standard assets.

There are multiple factors that affect the level of NPAs in our Company. 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 nonperforming assets or a decrease in the value of the underlying gold collateral. If we are unable to control the level of our NPAs in the future, quality of our loan portfolio could deteriorate, our credit ratings could be downgraded and our cost of funds could increase, any of which could have a material adverse effect on our financial condition and results of operations.

32. 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 March 31, 2020, 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. 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.

33. 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 receipt of loans. 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 132.

34. 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 than ₹1,00,00,000 may impact the recovery of outstanding loans and profitability of our Company.

35. *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 72. The fund requirement and deployment is 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 Debt Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

36. *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 634 full-time employees as of March 31, 2020, 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.

37. *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 75. 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.

38. 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”  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.

39. Our wholly owned subsidiary, KMLM Financial Services Limited (“KMLM”) have received notices from RBI with respect to certain non-compliances of/ violating the provisions/ direction of RBI Act, 1934.

KMLM have received notices from RBI with respect to certain non-compliances of/ violating the provisions/ direction of RBI Act, 1934. RBI had issued a notice dated September 15, 2017 and observed that KMLM was conducting business of a non-banking financial company without obtaining a Certificate of Registration from RBI and it is violating the provisions/ direction of the RBI Act, 1934. Since Shibu Theckumpurath Varghese, Director of the Company is also appointed as director of KMLM, RBI did not consider Shibu Theckumpurath Varghese under ‘fit and proper’ criteria as per the RBI SI Master Directions dated September 1, 2016 and issued a letter dated June 9, 2017 to our Company in relation to the appointment of Shibu Theckumpurath Varghese as a Whole time Director in our Company with effect from July 27, 2016. RBI also observed that the appointment of Shibu Theckumpurath Varghese was without undertaking a process of due diligence to determine the suitability of the person for appointment as a director on the board of the directors, based upon qualification, expertise, track record, integrity and other ‘fit and proper’ criteria as per the RBI SI Master Directions dated September 1, 2016

Further, our Company *vide* a letter dated June 26, 2017 has submitted its reply to the letter dated June 9, 2017 and clarified that KMLM was incorporated on November 9, 2011 and has applied to RBI for obtaining certificate of registration to carry on NBFC business. In the application to RBI, KMLM submitted that it has lent very few loans to meet the minimum net owned fund criteria of ₹ 200 lakhs. However, KMLM has not lent any fresh loans and stopped doing financing business since the Fiscal 2013 and recovered all subsisting loans during Fiscal 2018. Therefore, KMLM has not been doing any finance business and is in compliance with the law and statutory requirements of RBI. Further, RBI has provided KMLM with three alternatives to choose from, in order to avoid the initiation of criminal/ winding up proceedings.

In accordance with the alternative provided by RBI, our Company and KMLM, subject to the approval of relevant authorities and applicable laws, rules and regulations, *vide* approval of their Board of Directors dated November 14, 2019 and December 26, 2019 respectively, proposed a scheme of merger of KMLM with our Company. Our Company submitted a letter dated January 28, 2020 to RBI for intimating the scheme of merger proposed to be entered into KMLM, thereby inviting objections or suggestions from certain regulatory authorities. However, *vide* a letter dated February 20, 2020, RBI objected the proposed scheme of merger stating that our Company was in non-compliance with the RBI directions to remove Shibu Theckumpurath Varghese from directorship of the Company, and that KMLM was conducting financial activities despite of the RBI directions to stop such activities, and that our Company has not responded to the RBI letter dated March 28, 2019 regarding Company’s proposal to shift its Registered Office from Telangana to Kerala. Subsequently, *vide* a letter dated March 14, 2020, our Company replied that it had adhered to the “fit and proper” criteria and had exercised proper due diligence before appointing Shibu Theckumpurath Varghese as a director in the Company. Our Company has also stated that Shibu Theckumpurath Varghese was not associated with any unincorporated entity accepting public deposits and that Shibu Theckumpurath Varghese had not been involved in any criminal offence or disqualified from becoming a director under the Companies Act, 2013.

RBI may take appropriate action against our Company in relation to the appointment of Shibu Theckumpurath Varghese as a Director in our Company and he will have to resign from the post of Director of our Company, which may consequentially have an adverse effect on our Company. The RBI may also reject the proposed scheme of merger between KMLM with our Company or impose penalty on our Company or KMLM with respect to abovementioned non-compliances of/ violating the provisions/ direction of RBI Act, 1934, which could have a material and adverse effect on our business and financial condition.

40. 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 promoters 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. 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.

41. 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 75. 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.

42. 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.

43. 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.

44. 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.

45. There have been certain non-compliances by Axiva Mfin Limited, one of our Group Company with respect to certain provisions of the Companies Act.

There have been certain non-compliances in making certain regulatory filings by Axiva Mfin Limited, one of our Group Company in relation to statutory filings required to be made under Section 137 of the Companies Act. Axiva Mfin Limited was incorporated on May 22, 2018 and have not made filings annual accounts for Fiscal 2019. We cannot assure you that Axiva Mfin Limited will not be subjected to any liability on account of such non-compliances. In the event of any regulatory actions up on Axiva Mfin Limited in such cases, our reputation, and business prospects could be adversely affected.

46. Our Company has provided an unsecured 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.

External Risk Factors

47. 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.

48. 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.

49. 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.

50. 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.

51. 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.

52. 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 policies 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.

53. 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.

54. We are required to prepare our financial statements with effect from April 1, 2019 under the Ind AS. As Ind AS differs in various respects from Indian GAAP, our financial statements for fiscal 2020 may not be comparable to our historical financial statements

The MCA, on February 16, 2015 had notified that IND AS will be implemented in a phased manner starting from financial year 2016-17. Subsequently, the MCA vide a notification dated March 30, 2016, amended the Companies (Indian Accounting Standards) Rules, 2015 ("IND AS"), to require NBFCs such as our Company to comply with the Indian Accounting Standards, for accounting periods beginning on or after April 1, 2019. We have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. Additionally, IND AS has fundamental differences with the existing accounting standards and therefore, financial statements prepared under IND AS may differ substantially from financial statements prepared under the existing framework of accounting standards. There can be no assurance that our financial condition, results of operation, cash flows or changes in shareholders' equity will not appear materially different under IND AS, Indian GAAP or IFRS. Accordingly, our financial statements for the period commencing from April 1, 2019 will not be comparable to our historical financial statements.

55. Significant differences exist between Indian GAAP and other accounting principles, such as IFRS, with which investors may be more familiar. Further, our Company has transitioned its accounting policies to IND (AS) regime from April 1, 2019 and that may significantly impact the Company's financial statements in future reporting periods

The Financial Information of our Company included in this Prospectus are prepared in accordance with the Companies Act and the SEBI Debt Regulations read along with the SEBI circular CIR/IMD/DF/18/2013 dated October 29, 2013. The Reformatted Financial Statements have been prepared from the audited financial statements for the financial years ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 and the Limited Review Financial Statements has been prepared from unaudited financial results of the six

month ended September 30, 2019. The Reformatted Financial Statements of the Company have been prepared in accordance with Indian GAAP, however and the Limited Review Financial Statements have been prepared as per Ind AS.

Indian GAAP differs in certain significant respects from IFRS and other accounting principles and standards. Our Company has not made any attempt to quantify the impact of IFRS on the financial data included in this Prospectus, nor does our Company provide a reconciliation of its financial statements to those of IFRS. Indian GAAP differs from accounting principles with which the prospective investors may be familiar in other countries, including IFRS. Accordingly, the degree to which the Financial Information included in this Prospectus will provide meaningful information is entirely dependent on the investor's level of familiarity with Indian GAAP, Companies Act and SEBI Debt Regulations. Any reliance by persons not familiar with Indian GAAP, Companies Act and SEBI Debt Regulations on the financial disclosures presented in this Prospectus should accordingly be limited.

As there is not yet a significant body of established practice, such as interpretations of the new accounting standards, on which to draw in forming judgments regarding the new system's implementation and application, our Company has not determined with any degree of certainty the impact such adoption will have on its financial reporting. However, the Ind AS accounting standards will change its methodology for estimating allowances for probable loan losses, amongst others. They may require our Company to value its NPAs by reference to their market value (if a ready market for such loans exists) or to calculate the present value of the expected future cash flows realisable from its loans, including the possible liquidation of collateral (discounted at the loan's effective interest rate) in estimating allowances for probable loan losses. This may result in our Company recognising higher allowances for probable loan losses in the future.

As a result, there can be no assurance that our Company's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind AS than under Indian GAAP. Our Company's management may also have to divert significant time and additional resources in order to implement Ind AS on a timely and successful basis. Moreover, there is increasing competition for the small number Ind AS experienced accounting personnel available as more Indian companies (including NBFCs) begin to prepare Ind AS financial statements. There can be no assurance that our Company's adoption of Ind AS will not adversely affect its reported results of operations or financial condition in the future and any failure to successfully adopt Ind AS may impact our Company's business, financial condition and results of operations in the future.

56. *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.

PROMINENT NOTES

1. This is a public issue of NCDs by our Company aggregating up to ₹ 10,000 lakhs Company with an option to retain over-subscription up to ₹ 2,500 lakhs, aggregating to a total of ₹ 12,500 lakhs.
2. For details on the interest of our Company's Directors, please see "Our Management" and "Capital Structure" beginning on pages 119 and 45, respectively.
3. Our Company has entered into certain related party transactions and disclosed in "Financial Statements" beginning on page 132.
4. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.

5. Investors may contact the Registrar to the Issue, Company Secretary & Compliance Officer and Lead Manager for any complaints pertaining to the Issue. In case of any specific queries on allotment/refund, Investor may contact Registrar to the Issue. 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 respective Stock Exchange.
6. In the event of oversubscription to the Issue, allocation of NCDs will be as per the “*Basis of Allotment*” set out in “*Issue Procedure*” on page 167.
7. Our Equity Shares are currently unlisted.
8. Our previous public issues of non-convertible debentures are currently listed on BSE.
9. Our Company has nil contingent liabilities as of March 31, 2019.
10. For further information, relating to certain significant legal proceedings that we are involved in, see “*Outstanding Litigation*” on page 191.

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 RoC. Our Company also obtained the certificate of commencement of business dated May 6, 1997 from RoC. 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 115.

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

Corporate Identity Number issued by RoC: U65910TG1997PLC026983.

Registered Office

Subodh Business Centre 408,
Malik Chambers,
Hyderguda,
Hyderabad -500 029,
Telangana, India
Email: axivafinvest@klmgroup.in
Telephone: +91 40 4854 2753
Website: www.klmaxiva.com

Corporate Office

4th Floor, Door No. 1871A24,
VM Plaza, Palarivattom,
Ernakulam – 682 025,
Kerala, India
Email: axivafinvest@klmgroup.in
Telephone: +91 484 4281 111
Website: www.klmaxiva.com

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
Dr. Alexander John Joseph Designation: Non-Executive Chairman (Independent) DIN: 00485766	81	507, CMH Road, Indira Nagar Bengaluru, Karnataka- 560 038, India
Mr. Shibu Theckumpurath Varghese Designation: Whole Time Director DIN: 02079917	55	Theckumpurath House, Chelad PO, Kothamangalam, Ernakulam – 686681, Kerala, India.
Mr. Josekutty Xavier Designation: Non – Executive Director DIN: 02073994	60	Kannattumadam House, K.M.C. 14 634, opp. St. George HS, Kothamangalam P.O., Kerala – 686691, India

Name, Designation and DIN	Age (in years)	Address
Mr. James Joseph Arambankudyil Designation: Non-Executive Director DIN: 06566906	66	Arambankudyil House, Kothamangalam Ernakulam, 686691, Kerala, India
Ms. Biji Shibu Designation: Non- Executive Director DIN: 06484566	50	118, Theckempurath House, 4 Pindamana, Cheladu P.O Ernakulam 686681 Kerala India.
Mr. Issac Jacob Designation: Independent Director DIN: 02078308	35	7/1, Kuttichirakudiyil, Kothamangalam, Ernakulam, Kerala – 686691

For further details of Directors of our Company, see “*Our Management*” beginning on page 119 of this Prospectus.

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@klmgroun.in

Company Secretary and Compliance Officer:

Mr. Srikanth Menon

KLM Axiva Finvest Limited
4th Floor, Door No. 1871A24, VM Plaza,
Palarivattom, Ernakulam – 682 025
Kerala, India
Telephone: +91 484 4281 119
E-mail: co_secy@klmgroun.in

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, Application Form Number, address of the Applicant, number of NCDs applied for, amount paid on application, Depository Participant and the collection centres of the Members of the Syndicate 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 relating to ASBA process where the application is submitted to a Member of Syndicate should be addressed to the Registrar to the Issue with a copy to the relevant Member of Syndicate and the relevant SCSB.

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.

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 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
Tel.: +91 22 6666 8040/41/42
Fax: +91 22 6666 8047
Email: klmaxiva@vivro.net
Investor Grievance Email: investors@vivro.net
Website: www.vivro.net
Contact Person / Compliance Officer: Mr. Jayesh Vithlani
SEBI Registration No.: INM000010122
CIN: U67120GJ1996PTC029182

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
Fax: +91 22 2266 3978
Email: sanjay.asher@crawfordbayley.com

Debenture Trustee

Vistra ITCL (India) Limited

The IL&FS Financial Center,
Plot No. C – 22, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051
Tel: +91 22 2659 3333
Fax: +91 22 2653 3297
Email: itclcomplianceofficer@vistra.com
Website: www.vistraitcl.com
Investor Grievance Email: itclcomplianceofficer@vistra.com
Contact Person: Mr. Jatin Chonani
SEBI Registration Number: IND000000578

Vistra ITCL (India) Limited has by its letter dated January 15, 2020, 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.

Registrar to the Issue

KFin Technologies Private Limited

Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District Nanakramguda
Serilingampally
Hyderabad –500 032, Telangana
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
Email: Klm.ncd@kfintech.com

Investor Grievance Email: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: Mr. M Murali Krishna
SEBI Registration Number: INR000000221
CIN: U72400TG2017PTC117649

Credit Rating Agency

CARE Ratings Limited

Unit No O-509/C, Spencer Plaza,
5th Floor, No.769, Anna Salai,
Chennai 600002
Telephone: +91 -44-2849 7812/0876/0811
Fax: +91 -44-2849 7812
E-mail: pradeep.kumar@careratings.com
Contact Person: V. Pradeep Kumar
Website: www.careratings.com
SEBI Registration No: IN/CRA/004/1999

Statutory Auditors of our Company

M/s Balan & Co. Chartered Accountants

Bank Road, Aluva - 683101
Tel.: +91 484 262 5066
Email: balanandco@gmail.com
Contact Person: P Mohandas, FCA
Membership No: 021262
Firm Registration Number: 000340S

Bankers to the Issue/Public Issue Account Banks

HDFC Bank Limited

Lodha - I Think Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400042
Telephone: +91 22 3075 2929/2928/2914
Fax: +91 22 2579 9801
E-mail: vincent.dsouza@hdfcbank.com, siddharth.jadhav@hdfcbank.com,
neerav.desai@hdfcbank.com, prasanna.uchil@hdfcbank.com
Website: www.hdfcbank.com
Contact person: Mr. Vincent Dsouza, Mr. Siddharth Jadhav, Mr. Prasanna Uchil
SEBI Registration Number: INBI00000063
CIN: L65920MH1994PLC080618

Axis Bank Limited

Pukalakkat City Centre, M K K Nair Road,
Kochi - 682025
Telephone: +91 484 4422 017
Fax: +91 484 4422 017
E-mail: palarivattom.operationshead@axisbank.com
Website: www.axisbank.com
Contact person: Mr. Dickson Anto
SEBI Registration Number: INBI00000017
CIN: L65110GJ1993PLC020769

Refund Bank

HDFC Bank Limited

Lodha - I Think Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400042
Telephone: +91 22 3075 2929/2928/2914
Fax: +91 22 2579 9801
E-mail: vincent.dsouza@hdfcbank.com, siddharth.jadhav@hdfcbank.com, neerav.desai@hdfcbank.com,
prasanna.uchil@hdfcbank.com
Website: www.hdfcbank.com
Contact person: Mr. Vincent Dsouza, Mr. Siddharth Jadhav, Mr. Prasanna Uchil
SEBI Registration Number: INBI00000063
CIN: L65920MH1994PLC080618

Syndicate Member

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
Tel.: +91 22 6666 8040/41/42
Fax: +91 22 6666 8047
Email: klmaxiva@vivro.net
Investor Grievance Email: investors@vivro.net
Website: www.vivro.net
Contact Person / Compliance Officer: Mr. Jayesh Vithlani
SEBI Registration No.: INM000010122
CIN: U67120GJ1996PTC029182

Banker to our Company

The South Indian Bank Limited
Palarivattom Branch,
Janatha Junction, Palarivattom,
Ernakulam - 682 025
Telephone: +91 484 2344 940
Fax: +91 484 2340 115
E-mail: br0288@sib.co.in
Website: www.southindianbank.com
Contact person: Mr. Mathews Paul
CIN: L65191KL1929PLC001017

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 Debt 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 i.e. ₹ 7,500 lakhs. If our Company does not receive the minimum subscription of 75% of Base Issue i.e. ₹ 7,500 lakhs, within 30 days from the date of Prospectus, 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.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within a period of 30 (thirty) days from the date of issue of the prospectus, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular (bearing CIR/IMD/DF-1/20/2012) dated July 27, 2012 as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI

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 “CARE BB+; Stable”, by CARE Ratings for an amount up to ₹ 12,500 lakhs *vide* its letter dated March 16, 2020 and revalidation letter dated May 22, 2020. The rating of NCDs by CARE 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 CARE Ratings Limited 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, our Statutory Auditor, the Legal Counsel to the Issue, the Lead Manager, the Registrar to the Issue, Public Issue Account Bank, Refund Bank, Credit Rating Agency, 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 the 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 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 72.

Underwriting

This Issue is not underwritten.

Designated Intermediaries

Self-Certified Syndicate Banks

The banks which are registered with SEBI under Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account, a list of which is available on <http://www.sebi.gov.in> or at such other website as may be prescribed by SEBI from time to time.

A list of the Designated Branches of the SCSBs, with which an Applicant, not applying through the Syndicate, may submit the Application Forms, is available at <http://www.sebi.gov.in>, or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Applications submitted to the Designated Intermediaries, the list of branches of the SCSBs to receive deposits of ASBA Applications from such Designated Intermediaries is provided on <http://www.sebi.gov.in> or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Applications from Designated Intermediaries, see the above-mentioned web-link.

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	June 2, 2020
ISSUE CLOSES ON	June 25, 2020*

** 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 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/s in a leading national daily newspaper 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 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 and securities premium account

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

Particulars	Amount in ₹
Authorised Share Capital	
600,00,000 Equity Shares of ₹10 each	60,00,00,000
Total Authorised Share Capital	60,00,00,000
Issued, subscribed and paid up share capital	
5,31,28,228 Equity Shares of ₹10 each	53,12,82,280
Total Issued, subscribed and paid up share capital	53,12,82,280
Securities Premium Account	
Prior to the Issue	7,90,17,562
After the Issue	7,90,17,562

This Issue will not result in any change of paid up share capital and the securities premium account of the Company.

2. Details of change in authorised share capital of our company in the last five years preceding the date of this Prospectus is set forth below:

Date of approval	Authorised Capital (in ₹)	Share Particulars
September 19, 2016 (EGM)	35,55,00,000	Authorised Share Capital was increased from ₹ 30,00,00,000 divided into 3,00,00,000 Equity Shares of ₹ 10 each to ₹ 35,55,00,000 divided into 3,55,50,000 Equity Shares of ₹10 each
December 19, 2016 (EGM)	40,00,00,000	Authorised Share Capital was increased from ₹ 35,55,00,000 divided into 3,55,50,000 Equity Shares of ₹10 each to ₹ 40,00,00,000 divided into 4,00,00,000 Equity Shares of ₹ 10 each.
September 28, 2017 (AGM)	45,00,00,000	Authorised Share Capital was increased from ₹ 40,00,00,000 divided into 4,00,00,000 Equity Shares of ₹ 10 each to ₹ 45,00,00,000 divided into 4,50,00,000 Equity Shares of ₹10 each.
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.

3. Details of Equity Share capital history of our Company in the last five 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 ₹)
July 16, 2015	25,18,700	10	11.25	Cash	Preferential Allotment ¹	1,97,25,000	19,72,50,000	2,37,08,375.00
October 01, 2015	8,00,000	10	11.25	Cash	Preferential Allotment ²	2,05,25,000	20,52,50,000	2,47,08,375.00
November 27, 2015	10,05,555	10	11.25	Cash	Preferential Allotment ³	2,15,30,555	21,53,05,550	2,59,65,318.75
June 30, 2016	22,72,500	10	11.25	Cash	Preferential Allotment ⁴	2,38,03,055	23,80,30,550	2,88,05,943.75
July 13, 2016	13,83,450	10	11.25	Cash	Preferential Allotment ⁵	2,51,86,505	25,18,65,050	3,05,35,256.25
August 31, 2016	26,40,000	10	11.50	Cash	Preferential Allotment ⁶	2,78,26,505	27,82,65,050	3,44,95,256.25

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 ₹)
September 24, 2016	19,90,000	10	11.50	Cash	Preferential Allotment ⁷	2,98,16,505	29,81,65,050	3,74,80,256.25
September 26, 2016	5,50,000	10	11.50	Cash	Preferential Allotment ⁸	3,03,66,505	30,36,65,050	3,83,05,256.25
October 10, 2016	27,63,000	10	11.50	Cash	Preferential Allotment ⁹	3,31,29,505	33,12,95,050	4,24,49,756.25
November 14, 2016	18,44,000	10	11.50	Cash	Preferential Allotment ¹⁰	3,49,73,505	34,97,35,050	4,52,15,756.25
December 17, 2016	5,30,000	10	11.50	Cash	Preferential Allotment ¹¹	3,55,03,505	35,50,35,050	4,60,10,756.25
January 07, 2017	8,15,500	10	11.50	Cash	Preferential Allotment ¹²	3,63,19,005	36,31,90,050	4,72,34,006.25
March 01, 2017	2,80,000	10	11.50	Cash	Preferential Allotment ¹³	3,65,99,005	36,59,90,050	4,76,54,006.25
March 27, 2017	80,000	10	11.50	Cash	Preferential Allotment ¹⁴	3,66,79,005	36,67,90,050	4,77,74,006.25
April 03, 2017	1,50,000	10	11.50	Cash	Preferential Allotment ¹⁵	3,68,29,005	36,82,90,050	4,79,99,006.25
June 09, 2017	4,35,000	10	11.50	Cash	Preferential Allotment ¹⁶	3,72,64,005	37,26,40,050	4,86,51,506.25
August 24, 2017	27,24,782	10	11.50	Cash	Preferential Allotment ¹⁷	3,99,88,787	39,98,87,870	5,27,38,679.25
March 27, 2019	1,15,04,441	10	12.00	Cash	Preferential Allotment ¹⁸	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 ¹⁹	5,31,28,228	53,12,82,280	7,90,17,561.25
Total						5,31,28,228	53,12,82,280	

1. *Preferential Allotment of 25,18,700 equity shares made to the following 17 allottees as enlisted in the return of allotment filed:*

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Marykutty Uthuppan	50,000
2.	Dolly George	50,000
3.	Santhamma Padmanabhan	50,000
4.	Jose Nalpat	8,20,000
5.	Shibu Theckumpurath Varghese	3,81,200
6.	Sabu Paul	4,50,000
7.	Biji Shibu	80,000
8.	Antony PV	1,00,000
9.	Elezabeth Mathew	20,000
10.	Smitha Akkara	1,00,000
11.	Soy VU	1,00,000
12.	Shalini Nair	47,500
13.	Anu Mohanan	20,000
14.	EM Bijukumar	1,00,000
15.	Apama Abhilash	50,000
16.	Mini Roy	50,000
17.	PV Xavier	50,000
Total		25,18,700

2. *Preferential Allotment of 8,00,000 equity shares made to the following 12 allottees as enlisted in the return of allotment filed:*

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Chitra Visweswaran	50,000
2.	Kurien Joseph	50,000
3.	Varkey P V	50,000
4.	Mary Baby	50,000
5.	Vimal Kumar	50,000
6.	Shine Paul	1,00,000
7.	K A Peter	50,000
8.	Reji Pradeep	50,000
9.	George Jacob	2,00,000
10.	Tomy C A	50,000
11.	Kuriakose Mathew	50,000
12.	Jaimon Joseph	50,000
Total		8,00,000

3. *Preferential Allotment of 10,05,555 equity shares made to the following 7 allottees as enlisted in the return of allotment filed:*

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Boby Paul	50,000
2.	Aliyamma Varghese	5,00,000
3.	Shibu Theckumpurath Varghese	1,60,000
4.	Elen Shibu	1,95,555
5.	Anitha Mol	50,000
6.	Paulose KK	25,000
7.	Yeldhose N V	25,000
Total		10,05,555

4. *Preferential Allotment of 22,72,500 equity shares made to the following 11 allottees as enlisted in the return of allotment filed:*

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Anoop Xavier	1,00,000
2.	Ann Jose	1,32,500
3.	Baby Somatheeram	7,40,000
4.	Reji Kuriakose	3,50,000
5.	Xavier Jose	2,00,000
6.	Bindu Peeyus	1,50,000
7.	Unni Kappen	1,25,000
8.	Aleena James	1,25,000
9.	Sebastian Kappen	1,25,000
10.	Mercy Sebastian	1,25,000
11.	P J George & Sherly George	1,00,000
Total		22,72,500

5. *Preferential Allotment of 13,83,450 equity shares made to the following 6 allottees as enlisted in the return of allotment filed:*

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Aliyamma Varghese	3,33,450
2.	Philomina James	1,20,000
3.	Abin James	2,20,000
4.	Anil James	2,10,000
5.	P J George	1,00,000

S. No.	Name of the Allottee	Number of equity shares allotted
6.	George Jacob	4,00,000
	Total	13,83,450

6. *Preferential Allotment of 26,40,000 equity shares made to the following 40 allottees as enlisted in the return of allotment filed:*

S. No.	Name of the Allottee	Number of equity shares allotted
1.	George Thanangadan	50,000
2.	Mary Baby	50,000
3.	Skaria K P	50,000
4.	Rashmi Joseph & Joseph George	1,00,000
5.	Girija V & Subramanian N	50,000
6.	Subramaniam N & V Girija	50,000
7.	Alexander P R	1,00,000
8.	MP Kuriakose	1,00,000
9.	Lilly George	50,000
10.	Thomas Palekudy	50,000
11.	Jose M.O	1,00,000
12.	T.K. Francis	30,000
13.	Sasidharan K & Ralceme S	50,000
14.	Sasidharan K & Kelshibe N S	1,00,000
15.	Varghese Jose	50,000
16.	Raju KG	50,000
17.	James PJ & Josephin	50,000
18.	Sanju Baby & Baby KI	1,00,000
19.	Abraham T V	50,000
20.	Jessly P	50,000
21.	Cyril Jose	1,00,000
22.	Shibu Isaac	1,00,000
23.	Princy Jullian	50,000
24.	N.A Vidyadharan & T.V. Pramaeela	50,000
25.	Elsie K P	50,000
26.	George K & Kurian George	50,000
27.	Ajmel Kottai & Kochumon Kottai	1,00,000
28.	P.R. Nithianandan	50,000
29.	Sreedharan K	1,30,000
30.	Mooney P.M	50,000
31.	Joy Paul	50,000
32.	Smitha Jayaraman	50,000
33.	Elizabeth Joju & Joju Philip	50,000
34.	Smitha Akkara	1,00,000
35.	Mathew P.A	50,000
36.	Anietha Subramanian	1,00,000
37.	Paul Punnoose, V P Punnoose & Sheeba Punnose	1,00,000
38.	Deepa Paul	50,000
39.	Sherly Mathew	30,000
40.	Gopinatha Sarma, Chandrakala Sarma & Vinita Mallan	50,000
	Total	26,40,000

7. *Preferential Allotment of 19,90,000 equity shares made to the following 32 allottees as enlisted in the return of allotment filed:*

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Jose KA	1,00,000

S. No.	Name of the Allottee	Number of equity shares allotted
2.	Baby Jose	1,00,000
3.	Mooney PM	50,000
4.	Eldho Roy	1,00,000
5.	Sabu TV	50,000
6.	Sudarsanan MR	50,000
7.	Davis PK, George Davis & Nichol Davis	30,000
8.	Geetha Sabu	50,000
9.	CT Roy	1,00,000
10.	Bency Mundadan	1,00,000
11.	N.O George & A B Alphonsa	30,000
12.	Alvin John	50,000
13.	Raseena Kochumon & Kochumon Kottai	50,000
14.	Sam K.S	30,000
15.	Roy Skariah & Mini Roy	1,00,000
16.	Arvind Sharma	1,00,000
17.	Binita Sharma	1,00,000
18.	Paul Abraham & Annie Oommen	50,000
19.	Simon Mathew	50,000
20.	Joseph John	30,000
21.	MM John & Sosamma John	50,000
22.	Dr. Prasad Punnoose	30,000
23.	Jacob KJ	50,000
24.	Sajeev Jacob & Siji Sajeev	50,000
25.	Divya Purushotham & GP Pillai	30,000
26.	Aleena Joseph	1,00,000
27.	Siji Sajeev & Sajeev Jacob	50,000
28.	Nisha Shibu	1,00,000
29.	C.K Kurup	30,000
30.	G P Pillai	30,000
31.	Anoopa Thomas	1,00,000
32.	Suraj Prakash	50,000
Total		19,90,000

8. *Preferential Allotment of 5,50,000 equity shares made to the following 9 allottees as enlisted in the return of allotment filed:*

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Benoy Paulose, V.T. Paulose & Seema Varghese	50,000
2.	C.K. Vijayan	1,00,000
3.	Joseph Parayil	50,000
4.	Geetha Sabu	50,000
5.	Jacob P.I	50,000
6.	Anil Kumar	50,000
7.	Gitanjaly Sabu	1,00,000
8.	Muraleedhar AN.K.	50,000
9.	Manu Saju	50,000
Total		5,50,000

9. *Preferential Allotment of 27,63,000 equity shares made to the following 49 allottees as enlisted in the return of allotment filed:*

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Emily Kuriachan	1,00,000
2.	Kuriachan M.K.	1,00,000

S. No.	Name of the Allottee	Number of equity shares allotted
3.	Tony Jose	50,000
4.	Kripa Sunny & Sunny Joseph	2,00,000
5.	Vinay Kumar	1,00,000
6.	Rita James & James John	50,000
7.	Davis K.A.	50,000
8.	E.M. Varghese	30,000
9.	Shibu C.T.	1,00,000
10.	Selimol Michael	1,00,000
11.	C.T Sabu	1,00,000
12.	Mariamamma Cherian	1,00,000
13.	Chinnamma Varkey	30,000
14.	John Philipose	30,000
15.	Dr. Saleena Mathew	50,000
16.	Soman V.H.	1,00,000
17.	John Joseph & Vinu George	30,000
18.	V.N Chellappan	50,000
19.	Lukose B	30,000
20.	George PV	50,000
21.	Devassykutty AJ	30,000
22.	Dipu Issac	50,000
23.	Seena Justine	50,000
24.	M.A. Zachariah	40,000
25.	Seldha Biju	50,000
26.	Sonia Bhaskar	30,000
27.	Sajeev Joseph	1,00,000
28.	Chacko C.V	1,00,000
29.	Beena Haridas	50,000
30.	Lijinu Abraham	50,000
31.	Thomas Mannil	50,000
32.	Balasubraminan K.S.	40,000
33.	Baby N.K. & Rani Baby	30,000
34.	Mercy Paulose	25,000
35.	Kuriakose O.P	50,000
36.	John Mathew	30,000
37.	Deenamma P.P	30,000
38.	Mathai K.C	30,000
39.	Annie Joseph & Joseph M.Y	50,000
40.	T.P Kunjalachi Amma	50,000
41.	Annamma Thomas	30,000
42.	Lissy Yeldhose	25,000
43.	Bindu George	30,000
44.	Sheeba Joseph	50,000
45.	Joseph Varkey	50,000
46.	Niecy Manjuran	50,000
47.	Byju Kuriakose	20,000
48.	Mallika J	73,000
49.	K.P Cherian	50,000
Total		27,63,000

10. Preferential Allotment of 18,44,000 equity shares made to the following 33 allottees as enlisted in the return of allotment filed:

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Samson Chacko	50,000
2.	Biju Joseph	80,000

S. No.	Name of the Allottee	Number of equity shares allotted
3.	Sivaramakrishna N.K.P	1,00,000
4.	K.M. Arun Kumar	30,000
5.	Dr. Thomas Chakiriyil & Sunu Thomas	50,000
6.	Behanan T.M. & George Behanan	50,000
7.	Suseela A.M., Merlyn Rajan & Jeslin Rajan	50,000
8.	Eldose Varghese & Shobha Eldose	50,000
9.	George Mathew	1,00,000
10.	George M.P	30,000
11.	Alias A.E. & Basil Alias	30,000
12.	V. Venugopal & Sini	44,000
13.	Johnny Mathew & Rosily John	1,00,000
14.	Jacob P.I	30,000
15.	Geetha Nair	50,000
16.	George K.P.	1,00,000
17.	Soosy George	30,000
18.	Suchitra Nair & Dr. Bhaskaran Nair	30,000
19.	Vinod Philip & Prathibha Nair	30,000
20.	Jolly S.N	30,000
21.	Xavier P.J. & Annie Xavier	50,000
22.	Martin P.A.	40,000
23.	Sanjeev Joseph	1,00,000
24.	Shaju Mathai	1,00,000
25.	Samanyu Mahendran	50,000
26.	Jessy Sebastian	2,00,000
27.	Aswini Warriar	30,000
28.	Mathew Skariah	30,000
29.	Varkey Cherian	30,000
30.	Josmol	20,000
31.	Sobha Sreeraman	30,000
32.	Gopinatha Sarma, Chandrakala Sarma & Vinitha Mallan	20,000
33.	Mary Kuriakose	80,000
Total		18,44,000

11. Preferential Allotment of 5,30,000 equity shares made to the following 10 allottees as enlisted in the return of allotment filed:

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Aliyamma Varghese	1,45,000
2.	Victory Jozy	30,000
3.	Philomina E.X.	30,000
4.	Joseph Akuzhiyil & Celine Joseph	1,00,000
5.	Unnithan J.S. & Radhamony Amma	30,000
6.	M.G. Balakrishnan & Remya Ratheesh	35,000
7.	Saramma Isaac	30,000
8.	Gopinatha Sarma, Vinitha Mallan & Anand Mallan	20,000
9.	P.T. Jose & Mercy Jose	1,00,000
10.	Mathew P.A.	10,000
Total		5,30,000

12. Preferential Allotment of 8,15,500 Equity Shares made to the following 17 allottees, as enlisted in the return of allotment filed:

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Chummar N.C & Princy Chummar	60,000

S. No.	Name of the Allottee	Number of equity shares allotted
2.	Avirachan P.O.	30,000
3.	Annie Jacob & Jacob Thomas	1,00,000
4.	Anu Elizabeth	30,000
5.	Peter Jacob	60,000
6.	Rajeena Vinod	35,000
7.	Madhavan K.P.	50,000
8.	Smitha Akkara	50,000
9.	Eldhose T.K & Siji P.K	20,000
10.	Alias P.V	30,500
11.	M.J Varkey	30,000
12.	Sadanandan P.R	30,000
13.	Phiji Jose	30,000
14.	Beena George	30,000
15.	Vijayan P.K.	30,000
16.	E.J. Abraham	1,00,000
17.	Elsie K.P.	1,00,000
Total		8,15,500

13. Preferential Allotment of 2,80,000 Equity Shares made to the following 3 allottees, as enlisted in the return of allotment filed:

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Dipu Isaac	50,000
2.	Princy Julian	1,00,000
3.	P.J. George	1,30,000
Total		2,80,000

14. Preferential Allotment of 80,000 Equity Shares made to the following allottee, as enlisted in the return of allotment filed:

S. No.	Name of the Allottee	Number of equity Shares allotted
1.	Aleyamma Varghese	80,000
Total		80,000

15. Preferential Allotment of 1,50,000 Equity Shares made to the following 2 allottees, as enlisted in the return of allotment filed:

S. No.	Name of the Allottee	Number of equity shares allotted
1.	Jose K.A.	50,000
2.	Mercy Jose & P.T Jose	1,00,000
Total		1,50,000

16. Preferential Allotment of 4,35,000 Equity Shares made to the following 3 allottees, as enlisted in the return of allotment filed:

S. No.	Name of the Allottee	Number of Equity shares allotted
1.	Tajas Kochokunnel	85,000
2.	Aleyamma Varghese	2,50,000
3.	Sreekumar Nair	1,00,000
Total		4,35,000

17. Preferential Allotment of 27,24,782 Equity Shares made to the following 15 allottees, as enlisted in the return of allotment filed:

S. No.	Name of the Allottee	Number of Equity shares allotted
1.	Kuriakose P.P	30,000
2.	Sivaramakrishnan K.P.	1,00,000
3.	MP Kuriakose & Mary Kuriakose	80,000
4.	Reji Varghese & Varghese KV	30,000
5.	P.M. Jose	26,087
6.	Varghese Jose	23,913
7.	Rajeena Vinod	20,000
8.	Jose K.A	1,00,000
9.	Subramaniam N	10,000
10.	Aleyamma Varghese	19,70,000
11.	Sajeev Joseph	1,00,000
12.	Vidyakumar A.C & Padmini Vijayakumar	34,782
13.	Jose Thomas	50,000
14.	Thomas E I	50,000
15.	Sreejaya Pilla	1,00,000
Total		27,24,782

18. 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

Sr. No.	Name of allottee	No. of equity shares allotted
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
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

19. 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

4. Our Company has not issued any Equity Shares for consideration other than cash in the last two years preceding the date of this Prospectus.
5. Except as disclosed above, our Company has not issued any Equity Shares in the last two years immediately preceding the date of this Prospectus.

6. The following table sets forth the shareholding pattern of our Company as on March 31, 2020:

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 depositary 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 shares underlying outstanding convertible securities (including warrants) (X) Total as a % of (A+B+C)	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)		Number of shares pledged or otherwise encumbered (XIII) As a % of total shares held (b)		Number of Equity Shares held in dematerialised form (XIV)	
								Class - Equity	Total			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)		
(A)	Promoter and Promoter Group	13	1,35,29,005	0	0	1,35,29,005	25.46	1,35,29,005	1,35,29,005	25.46	0	0	0	0	0	0	58,50,000
(B)	Public	404	3,95,99,223	NIL	NIL	3,95,99,223	74.53	3,95,99,223	3,95,99,223	74.53	0	0	0	0	0	0	85,39,441
(C)	Non-Promoter Non-Public	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(C) (1)	Shares underlying DRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(C) (2)	Shares held by Employee Trusts	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (A)+(B)+(C)	417	5,31,28,228	NIL	NIL	5,31,28,228	100	5,31,28,228	5,31,28,228	100	0	0	0	0	0	0	1,43,89,441

7. Details of the aggregate number of securities of the Issuer purchased or sold by the promoter group and by the directors of the company which is a promoter of the Issuer and by the Directors of the Issuer and their relatives within six-months immediately preceding the date of filing this Prospectus are as follows:

S. No.	Name of the Allottee	Category of the Allottee (Promoter Director, Promoter Group, Director)	Mode of acquisition of securities	Issue Price (In ₹)	Number of equity shares allotted
1.	Biji Shibu	Promoter Director	Preferential Allotment	12.00	2,50,000
2.	Shibu Theckumpurath Varghese	Director (Promoter Group)	Preferential Allotment	12.00	2,50,000
3.	Elen Elu Shibu	Promoter group	Preferential Allotment	12.00	2,50,000
4.	Aleyamma Varghese	Promoter group	Preferential Allotment	12.00	1,00,000
Total					8,50,000

8. List of top ten holders of Equity Shares of our Company as on March 31, 2020 are as follows:

S. No.	Name of shareholder	Number of Equity Shares held
1.	Shibu Theckumpurath Varghese	48,11,200
2.	Aleyamma Varghese	37,56,450
3.	Biji Shibu	31,90,300
4.	Baby Mathew	15,00,000
5.	Jose Sebastian Nalpat	15,00,000
6.	Joby George	10,00,000
7.	Sabu Paul	9,97,095
8.	George Jacob A K/Majie George	9,00,000
9.	Reji Kuriakose	8,60,500
10.	Lissy Ittoopp	7,20,000
Total		1,92,35,545

9. List of top ten debenture holders of our Company as on March 31, 2020

- a. Unlisted privately placed secured redeemable non-convertible debentures as on March 31, 2020:

S. No.	Name of holders	Number of NCDs held	Face Value per NCDs (In ₹)	Amount (In ₹)
1.	Merciamma Augusty	870	10,000	87,00,000
2.	Klm Global Solutions LLP	971	10,000	97,10,000
3.	Saju N M	270	10,000	27,00,000
4.	Harikumar P.R/Rajalekshmi.K	250	10,000	25,00,000
5.	Reji Mathew	230	10,000	23,00,000
6.	Chinnamma Roy/Roy Attipatty	230	10,000	23,00,000
7.	Joe P Abraham	210	10,000	21,00,000
8.	Nadarajan N K	200	10,000	20,00,000
9.	Elizabeth George	200	10,000	20,00,000
10.	Sojan Joseph	170	10,000	17,00,000

- b. Listed secured redeemable non-convertible debentures as on March 31, 2020 are as follows:

S. No.	Name of holders	Number of NCDs held	Face Value per NCDs (In ₹)	Amount (In ₹)
1.	KMLM Financial Services Limited	25,000	1000	2,50,00,000
2.	Jacob C V	15,000	1000	1,50,00,000
3.	Sabu Paul	10,000	1000	1,00,00,000
4.	Simi Gijo	10,000	1000	1,00,00,000
5.	George Kuriapae Gijo	10,000	1000	1,00,00,000
6.	Baby Mathew	10,000	1000	1,00,00,000
7.	Eldo P Aleyas	7,500	1000	75,00,000
8.	Martin P J	7,500	1000	75,00,000
9.	Eldho Varghese P	6,500	1000	65,00,000
10.	Remesh Ampotty Remabhai	5,200	1000	52,00,000

c. List of top ten Subordinated Debt Instrument (“SDI”) holders of our Company as on March 31, 2020 are as follows:

S. No.	Name of holders	Number of SDIs held	Face Value per SDIs (In ₹)	Amount (In ₹)
1.	Mathai Augusty	18,600	1000	1,86,00,000
2.	KLM Global Solutions LLP	12,352	1000	1,23,52,000
3.	Chinnamma Kuruvila	11,500	1000	1,15,00,000
4.	Joy P Jacob	7,500	1000	75,00,000
5.	Kuruvila T U	7,500	1000	75,00,000
6.	Gopi C V	8,000	1000	80,00,000
7.	Mariyadas	7,000	1000	70,00,000
8.	Biju Thomas	7,397	1000	73,97,000
9.	Rajani C A	6,500	1000	65,00,000
10.	Shine K Palapuram	6,290	1000	62,90,000

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

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	31,90,300	6.00%	NIL	NIL
2.	Princy Josekutty	47,000	0.09%	NIL	NIL
Total		32,37,300	6.09%	NIL	NIL

11. 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 119

12. Debt - equity ratio:

The debt equity ratio of our Company, prior to this Issue is based on a total debt of ₹ 35,359.97 lakhs and total equity amounting to ₹ 6,934.22 lakhs as on September 30, 2019:

Particulars	Pre- Issue*	Post- Issue
Debt		
Debt Securities	11,902.71	24,402.71
Borrowings (other than Debt Securities)	23,457.26	23,457.26
Total Debts	35,359.97	47,859.97

(₹ in lakhs)

Particulars	Pre- Issue*	Post- Issue
Equity		
Equity Share Capital	5,149.32	5,149.32
Other Equity		
Statutory Reserve	366.16	366.16
Securities Premium	757.48	757.48
General Reserve	4.08	4.08
Retained Earnings	657.18	657.18
Total Equity	6,934.22	6,934.22
Debt/Equity	5.10	6.90

*As per Indian Accounting Standards (IND AS) notified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

Notes:

1. Debt Securities does not include interest accrued but not due thereon.
2. The figures disclosed above are based on the unaudited Limited Review Statement of Assets and Liabilities of the Company as at September 30, 2019.
3. Debt / Equity = Total Debt / Equity.
4. The debt-equity ratio post the Issue is indicative and is on account of inflow of ₹12,500 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.
5. The following events happened between October 1, 2019 to February 29, 2020 which may have an impact on the above calculations:
 - a. The Company has allotted 16,35,000 shares of ₹10/- each at a premium of ₹2/- per share amounting to ₹196.20 lakhs, which has not been considered for the calculation of Pre and Post Issue Debt Equity Ratio.
 - b. The Company has raised Secured Non-Convertible Debentures amounting to ₹9,383.38 lakhs through Public Issue, which has not been considered for the calculation of Pre and Post Issue Debt Equity Ratio.
 - c. The Company has issued subordinated debts amounting to ₹5,703.28 lakhs, which has not been considered for the calculation of Pre and Post Issue Debt Equity Ratio.
 - d. The Company has redeemed publicly placed Secured Non-Convertible Debentures amounting to ₹3,425.98 lakhs, which has not been considered for the calculation of Pre and Post Issue Debt Equity Ratio.
 - e. The Company has redeemed privately placed Non-Convertible Debentures amounting to ₹364.70 lakhs, which has not been considered for the calculation of Pre and Post Issue Debt Equity Ratio.
6. Other Equity does not include revaluation reserve, if any.

13. For details on the total outstanding debt of our Company, see “Financial Indebtedness” beginning on page 139.

14. Our Company has acquired 100% shareholding in KMLM Financial Services Limited on December 20, 2019, thereby making KMLM Financial Services Limited a wholly owned subsidiary of our Company. Our Company vide Board resolution dated October 28, 2019 had approved the proposal to acquire a controlling or substantial stake in KMLM Financial Services Limited and the same was intimated to ROC, Telangana at Hyderabad. The shareholding of KMLM Financial Services Limited was acquired by the Company in a staggered manner from November 5, 2019 till December 20, 2019. The acquisition of shareholding of KMLM Financial Services Limited (“KMLM”) by the Company is reproduced below in a tabular manner:

Date of acquisition	Transferee	Acquisition price per share	Number of equity shares of KMLM acquired	Cumulative shareholding of equity shares of KMLM	Percentage of shareholding in share capital of KMLM	Source of funds
05.11.2019	KLM Axiva Finvest Ltd.	1,200	200	200	0.93%	Own funds
05.11.2019	KLM Axiva Finvest Ltd.	1,001	500	700	3.25%	Own funds

Date of acquisition	Transferee	Acquisition price per share	Number of equity shares of KMLM acquired	Cumulative shareholding of equity shares of KMLM	Percentage of shareholding in share capital of KMLM	Source of funds
05.11.2019	KLM Axiva Finvest Ltd.	1,200	500	1,200	5.57%	Own funds
05.11.2019	KLM Axiva Finvest Ltd.	1,001	900	2,100	9.75%	Own funds
05.11.2019	KLM Axiva Finvest Ltd.	1,200	999	3,099	14.38%	Own funds
05.11.2019	KLM Axiva Finvest Ltd.	1,200	500	3,599	16.71%	Own funds
05.11.2019	KLM Axiva Finvest Ltd.	1,200	2499	6,098	28.30%	Own funds
06.11.2019	KLM Axiva Finvest Ltd.	1,200	999	7,097	32.94%	Own funds
08.11.2019	KLM Axiva Finvest Ltd.	1,200	2500	9,597	44.55%	Own funds
15.11.2019	KLM Axiva Finvest Ltd.	1,200	1000	10,597	49.19%	Own funds
18.11.2019	KLM Axiva Finvest Ltd.	1,200	1000	11,597	53.83%	Own funds
20.11.2019	KLM Axiva Finvest Ltd.	1,200	200	11,797	54.76%	Own funds
20.11.2019	KLM Axiva Finvest Ltd.	1,200	500	12,297	57.08%	Own funds
26.11.2019	KLM Axiva Finvest Ltd.	1,000	300	12,597	58.47%	Own funds
29.11.2019	KLM Axiva Finvest Ltd.	1,200	2499	15,096	70.07%	Own funds
29.11.2019	KLM Axiva Finvest Ltd.	1,000	2499	17,595	81.67%	Own funds
10.12.2019	KLM Axiva Finvest Ltd.	1,000	200	17,795	82.60%	Own funds
13.12.2019	KLM Axiva Finvest Ltd.	1,004	500	18,295	84.92%	Own funds
13.12.2019	KLM Axiva Finvest Ltd.	1,200	500	18,795	87.24%	Own funds
18.12.2019	KLM Axiva Finvest Ltd.	1,200	249	19,044	88.40%	Own funds
20.12.2019	KLM Axiva Finvest Ltd.	1,000	2500	21,544	100.00%	Own funds
Total				21,544	100.00%	

15. The Board of the Company on November 14, 2019 had approved a proposal to merge KMLM Financial Services Limited with the Company. Whereas, KMLM Financial Services Limited *vide* its board resolution dated December 26, 2019 had approved the proposal to merge with our Company. Subsequently, our Company, after acquiring 100% shareholding in KMLM Financial Services Limited and making KMLM Financial Service its wholly owned subsidiary, has initiated the process of fast track merger under the relevant provisions of Companies Act, 2013 and the rules thereunder, to merge KMLM Financial Services Limited with itself. Our Company therefore has filed the draft scheme of arrangement along with other statutory forms under the Companies Act, 2013 and rules thereunder, with the ROC, Telangana at Hyderabad, for inviting objections on the proposed merger of KMLM Financial Services Limited with our Company. The RBI *vide* letter dated February 20, 2020 has raised certain objections on the proposed merger between our Company and KMLM Financial Services Limited.

Type of Event	Proposed merger of KMLM Financial Services Limited with KLM Axiva Finvest Limited.
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Date of Announcement	November 14, 2019
Date of Completion	-
Details	For important terms of the draft scheme of arrangement between KLM Axiva Finvest Limited and KMLM Financial Services Limited, please see “ <i>History And Certain Other Corporate Matters</i> ” at page 115 of this Prospectus.

16. 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.
17. None of the Equity Shares held by the Promoters are pledged or encumbered otherwise.
18. Our Company does not have any employee stock option scheme

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

The Board of Directors
KLM Axiva Finvest Limited,
4th Floor, Door No.1871A24,
VM Plaza, Palarivattom,
Ernakulam – 682025

Dear Sirs,

Sub: Statement of possible Tax Benefits under Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, available to Debenture Holders of KLM Axiva Finvest Limited (“Company”) in connection with proposed issue of Non- Convertible Debentures (“Issue”)

We refer to the proposed Issue by **KLM Axiva Finvest Limited** (the “Company”) and enclose the Statement of possible tax benefits available to the debenture holders under the Income-tax Act, 1961 (the “Statement”) showing the current position of taxation applicable to the debenture holders as per the provisions of the Income-tax Act, 1961 (the “Act”) and Income tax Rules, 1962 including amendments made by Finance Act 2020 as applicable for the financial year 2020-21. Several of these benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence the ability of the debenture holders to derive these direct tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Statement are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to the debenture holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each debenture holder is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. We are neither suggesting nor are we advising the debenture holders to invest money based on this statement.

We do not express any opinion or provide any assurance as to whether:

- the debenture holders will continue to obtain these benefits in similar manner in future;
- the conditions prescribed for availing the benefits have been / would be met with; and
- the revenue authorities/courts will concur with the views expressed herein.

This statement is provided solely for the purpose of assisting the Company in discharging its responsibilities under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended.

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its debenture holders in the Offer Document for the Issue which the Company intends to file to the BSE Limited, the Securities and Exchange Board of India, the relevant Registrar of Companies in India and any other regulatory authorities as required under the applicable laws, in connection with the Issue provided that the below statement of limitation is included in the Offer Documents.

Limitations

Our views expressed in the Statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its reasonable interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the debenture holders who may or may not invest in the Issue relying on the statement.

Yours Faithfully,

For Balan & Co.,
Chartered Accountants
Firm Registration Number: 000340S

P. Mohandas FCA

Partner

Membership No: 021262

UDIN No: 20021262AAAAHN2265

Place: **Aluva**

Date: **26.05.2020**

ANNEXURE

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS

Under the Income-tax Act, 1961 ("I.T. Act")

A. Tax benefits available to the Resident Debenture Holders

1. Interest on debentures received by resident debenture holders would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. Income tax is deductible at source at the rate of 10%¹ on interest on debentures, payable to resident debenture holders at the time of credit/ payment as per the provisions of Section 193 of the I.T. Act. However, no income tax is deductible at source in the following situations:
 - a. On any security issued by a company in a dematerialized form and is listed on recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made there under.
 - b. In case the payment of interest on debentures to a resident individual or a Hindu Undivided Family ('HUF'), does not or is not likely to exceed ₹5,000 in the aggregate during the Financial Year and the interest is paid by an account payee cheque.
 - c. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture Holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the I.T. Act; and that certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest.
 - d. (i) When the resident Debenture Holder with Permanent Account Number ('PAN') (not being accompany or a firm) submits a declaration as per the provisions of section 197A(1A) of the I.T. Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However under section 197A(1B) of the I.T. Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the amount of any income of the nature referred to in section 197A(1) or 197A(1A), as the case may be, or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income-tax. To illustrate, as on 01.04.2020 –
 - the maximum amount of income not chargeable to tax in case of individuals (other than senior citizens and super senior citizens) and HUFs is ₹2,50,000;
 - in the case of every individual being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the Financial year (Senior Citizen) is ₹3,00,000; and
 - in the case of every individual being a resident in India, who is of the age of 80 years or more at any time during the Financial year (Super Senior Citizen) is ₹5,00,000 for Financial Year 2020-21.

Further, section 87A provides a rebate of 100 percent of income-tax or an amount of ₹12,500 whichever is less to a resident individual whose total income does not exceed ₹5,00,000.

Alternatively, where an individual or a HUF exercises the option to be assessed to tax under the provisions of section 115BAC of the I.T. Act inserted by Finance Act 2020, the maximum amount of income not chargeable to tax is ₹2,50,000. The rebate under section 87A can be availed if the total income does not exceed ₹5,00,000.

¹ The Ministry of Finance vide its press release dated 13th May, 2020 had announced a reduced rate for deduction of tax at source. Accordingly, the TDS rate under Section 193 of Income Act is reduced to 7.5% for the period from 14th May, 2020 to 31st March, 2021.

- (ii) Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the I.T. Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on total income of the person is NIL.
- (iii) In all other situations, tax would be deducted at source as per prevailing provisions of the I.T. Act. Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company before the prescribed date of closure of books for payment of debenture interest without any tax withholding.
2. The rate at which tax shall be deducted at source while paying interest to a resident debenture-holder shall not be increased by surcharge and health and education cess ('cess').
3. Capital gains and other provisions
- a. As per section 2(29A) read with section 2(42A) of the I.T. Act, a listed debenture is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer. In all other cases such as unlisted Debentures, it is 36 months immediately preceding the date of its transfer.
 - b. As per section 112 of the I.T. Act, capital gains arising on the transfer of long term capital assets being listed Debentures are subject to tax at the rate of 10% [plus applicable surcharge and Health and Education Cess ("cess")] of capital gains calculated without indexation of the cost of acquisition. The capital gains shall be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the Debentures from the sale consideration.
 - c. In case of an individual or HUF, being a resident, where the total income as reduced by such long –term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate mentioned above.
 - d. As per section 2(42A) of the I.T. Act, a listed debenture is treated as a short term capital asset if the same is held for not more than 12 months immediately preceding the date of its transfer. Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act. The provisions relating to maximum amount not chargeable to tax described at Para c above would also apply to such short term capital gains.
 - e. Surcharge and Health and education cess
 - Surcharge is levied on individuals, HUF, association of persons, body of individuals and artificial juridical person -
 - at the rate of 10% on tax where total income (including the income by way of dividend or income under the provisions of section 111A and section 112A of the I.T. Act) exceeds ₹50,00,000 but does not exceed ₹1,00,00,000;
 - at the rate of 15% on tax where the total income (including the income by way of dividend or income under the provisions of section 111A and section 112A of the I.T. Act) exceeds ₹1,00,00,000 but does not exceed ₹2,00,00,000;
 - at the rate of 25% of tax where the total income (excluding the income by way of dividend or income under the provisions of section 111A and section 112A of the Income-tax Act) exceeds ₹2,00,00,000 but does not exceed ₹5,00,00,000;
 - at the rate of 37% of tax where the total income (excluding the income by way of dividend or income under the provisions of section 111A and section 112A of the Income-tax Act) exceeds ₹5,00,00,000; and
 - at the rate of 15% of tax where the total income (including the income by way of dividend or income under the provisions of section 111A and section 112A) exceeds ₹2,00,00,000 but is not covered under (iii) and (iv) above.

- Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds ₹1,00,00,000.
 - Surcharge is levied on domestic companies (other than companies availing benefit under section 115BAA and section 115BAB of the I.T. Act) at the rate of 7% on tax where the income exceeds ₹1,00,00,000 but does not exceed ₹10,00,00,000 and at the rate of 12% on tax where the income exceeds ₹10,00,00,000.
 - Surcharge is levied on domestic companies availing benefit under section 115BAA and section 115BAB of the I.T. Act at the rate of 10%.
 - Surcharge is levied on every company other than domestic company at the rate of 2% on tax where the income exceeds ₹1,00,00,000 but does not exceed ₹10,00,00,000 and at the rate of 5% on tax where the income exceeds ₹10,00,00,000 .
 - Health and Education Cess is to be applied at 4% on aggregate of base tax and surcharge.
- f. As per Section 74 of the I.T. Act, short-term capital loss on debentures suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains. Long-term capital loss on debentures suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.
- g. In case debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising therefrom are generally treated as capital gains or business income as the case may be depending whether the same is held as Stock in trade or investment. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterization and hold such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset / stock in trade.
- h. Interest on application money and interest on refund application would be subject to tax at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act and such tax would need to be withheld at the time of credit/payment as per the provisions of Section 194A of the I.T. Act

B. Tax benefits available to the Non-Resident Debenture Holders

1. A non-resident Indian has an option to be governed by Chapter XII -A of the I.T. Act, subject to the provisions contained therein which are given in brief as under:
 - a. As per section 115C(e) of the Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.
 - b. As per section 115E of the I.T. Act, interest income from debentures acquired or purchased with or subscribed to in convertible foreign exchange will be taxable at 20%, whereas, long term capital gains on transfer of such debentures will be taxable at 10% of such capital gains without indexation of cost of acquisition. Short-term capital gains will be taxable at the normal rates of tax in accordance with and subject to the provisions contained therein.
 - c. As per section 115F of the I.T. Act, long term capital gains arising to a non-resident Indian from transfer of debentures acquired or purchased with or subscribed to in convertible foreign exchange will be exempt from capital gain tax to the extent the net consideration is invested within six months after the date of transfer of the debentures in any specified asset or in any saving certificates referred to in section 10(4B) of the I.T. Act in accordance with and subject to the provisions contained therein.

The exemption shall be as under:

- Where the cost of the new asset is equal to or higher than the net consideration received from sale of the debentures, the entire amount of capital gains shall not be chargeable to tax;
- Where the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the new asset bears to the net consideration shall not be chargeable to tax.

The abovementioned tax benefits shall be available only where the new asset is held for a minimum period of 3 years from the date of its purchase. If the new assets are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the new assets are transferred or converted into money.

- d. As per section 115G of the I.T. Act, it shall not be necessary for a non-resident Indian to file a return of income under section 139(1) of the I.T. Act, if his total income consists only of investment income as defined under section 115C and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the I.T. Act in accordance with and subject to the provisions contained therein.
 - e. As per section 115H of the I.T. Act, where a non-resident Indian becomes assessable as resident in India in any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with return of income under section 139 for the assessment year for which he is assessable as a resident, to the effect that the provisions of Chapter XII -A shall continue to apply to him in relation to the investment income (other than on shares in an Indian Company) derived from any foreign exchange assets in accordance with and subject to the provisions contained therein. On doing so, the provisions of Chapter XII-A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
2. In accordance with and subject to the provisions of section 115-I of the I.T. Act, a non-resident Indian may opt not to be governed by the provisions of Chapter XII -A of the I.T. Act. In that case,
 - Long term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.
 - Investment income and Short-term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxed at the normal rates of tax in accordance with and subject to the provisions of the I.T. Act
 3. Under Section 195 of the I.T. Act, the applicable rate of tax deduction at source is 20% on investment income and 10% on any long-term capital gains as per section 115E of the I.T. Act, and at the normal rates for Short Term Capital Gains if the payee debenture holder is a non-resident Indian. The tax rates shall be increased by applicable surcharge and cess.
 4. As per Section 74 of the I.T. Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.
 5. The rate at which tax is deducted shall be increased by a surcharge as under:
 - In the case of non-resident Indian surcharge at the rate of 10% of such tax where the income or the aggregate of such income (including the income by way of dividend or income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds ₹50,00,000 but not exceeding ₹1,00,00,000.
 - 15% of such tax where the income or the aggregate of such income (including the income by way of

- dividend or income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds ₹1,00,00,000 but not exceeding ₹2,00,00,000.
- 25 % of such tax where the income or the aggregate of such income (excluding the income by way of dividend or income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds ₹2,00,00,000 but not exceeding ₹5,00,00,000.
 - 37% of such tax where the income or the aggregate of such income (excluding the income by way of dividend or income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds ₹5,00,00,000 and
 - 15% of such tax where the income or the aggregate of such income (including the income by way of dividend or income under the provisions of sections 111A and 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds ₹2,00,00,000 but is not covered under sub-clauses iii and iv.
6. In case of foreign companies, where the income paid or likely to be paid exceeds ₹1,00,00,000 but does not exceed ₹10,00,00,000 a surcharge of 2% of such tax liability is payable and when such income paid or likely to be paid exceeds ₹10,00,00,000, surcharge at 5% of such tax is payable.
 7. The rate at which tax is deducted shall further be increased by cess of 4%. Where surcharge is not applicable, the rate of cess shall be added directly to the rate at which tax shall be deducted. Where surcharge is applicable, the cess shall be added to the rate of tax arrived at after considering the surcharge rate.
 8. As per section 90(2) of the I.T. Act read with the Circular no. 728 dated 30 October 1995 issued by the Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the Assessee. However, submission of tax residency certificate (“TRC”) is a mandatory condition for availing benefits under any DTAA. If the TRC does not contain the prescribed particulars, a self - declaration in Form 10F would need to be provided by the Assessee along with TRC.
 9. Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Debenture Holder should furnish a certificate under section 195(2) & 195(3) of the I.T. Act, from the Assessing Officer before the prescribed date of closure of books for payment of debenture interest. However, an application for the issuance of such certificate would not be entertained in the absence of PAN as per the provisions of section 206AA.
 10. Where, debentures are held as stock in trade, the income on transfer of debentures would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act. Further, where the debentures are sold by the Debenture Holder(s) before maturity, the gains arising there from are generally treated as capital gains or business income as the case may be. However, there is an exposure that the Indian Revenue Authorities (especially at lower level) may seek to challenge the said characterization (especially considering the provisions explained in Para V below) and hold the such gains/income as interest income in the hands of such Debenture Holder(s). Further, cumulative or regular returns on debentures held till maturity would generally be taxable as interest income taxable under the head Income from other sources where debentures are held as investments or business income where debentures are held as trading asset /stock in trade.

C. Tax benefits available to the Foreign Institutional Investors (“FIIs / FPIs”)

1. As per Section 2(14) of the I.T. Act, any securities held by FIIs / FPIs which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, shall be treated as capital assets. Accordingly, any gains arising from transfer of such securities shall be chargeable to tax in the hands of FIIs / FPIs as capital gains.
2. In accordance with and subject to the provisions of section 115AD of the I.T. Act, long term capital gains on transfer of debentures by FIIs / FPIs are taxable at 10% (plus applicable surcharge and cess) and short-term capital gains are taxable at 30% (plus applicable surcharge and cess). The benefit of cost indexation will not be available. Further, benefit of provisions of the first proviso of section 48 of the I.T. Act will not apply.
3. The Finance Act, 2013 (by way of insertion of a new section 194LD in the I.T. Act) provides for lower rate of withholding tax at the rate of 5% on payment by way of interest paid by an Indian company to FIIs/FPIs and Qualified Foreign Investor in respect of rupee denominated bond of an Indian company between June 1,

2013 and July 1, 2023 provided such rate does not exceed the rate as may be notified by the Government.

4. In accordance with and subject to the provisions of section 196D(1) of the I.T. Act, the interest income received by the FII/FPI shall be subject to withholding tax @ 20% (plus surcharge and cess). Further, as per section 196D (2) of the I.T. Act, no tax shall be deducted at source on capital gains arising on the transfer of debentures by FIIs/FPIs.
5. The CBDT has issued a Notification No. 9 dated 22 January 2014 which provides that Foreign Portfolio Investors (FPI) registered under SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be treated as FII for the purpose of Section 115AD of the I.T. Act.

D. Tax benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

Further, as per the provisions of section 196 of the I.T. Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the I.T. Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

E. General Anti-Avoidance Rule ('GAAR')

In terms of Chapter XA of the I.T. Act, General Anti-Avoidance Rule may be invoked notwithstanding anything contained in the I.T. Act. By this Rule, any arrangement entered into by an assessee may be declared to be impermissible avoidance arrangement as defined in that Chapter and the consequence would be inter-alia denial of tax benefit. Applicable w.e.f 1-04-2017, the GAAR provisions can be said to be not applicable in certain circumstances viz. the main purpose of arrangement is not to obtain a tax benefit etc. including circumstances enumerated in CBDT Notification No. 68 75/2013 dated 23 September 2013.

F. Exemption under section 54E and section 54F of the I.T. Act

1. Section 54E of the I.T. Act provides that any long-term capital gains on transfer of a long term capital asset, including debentures, (hereinafter referred to as 'original asset') shall be exempt from capital gain tax to the extent the net consideration is invested, within six months after the date of transfer of the original asset, in any specified assets such as government saving certificates, rural development bonds, etc., in accordance with and subject to the provisions contained therein. The exemption shall be as under:
 - Where the cost of the new asset is equal to or higher than the net consideration received from sale of the debentures, the entire amount of capital gains shall not be chargeable to tax;
 - Where the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the new asset bears to the net consideration shall not be chargeable to tax.

The abovementioned tax benefits shall be available only where the new asset is held for a minimum period of 3 years from the date of its purchase. Where the new asset is transferred within a period of 3 years from its date of purchase, the capital gain arising from transfer of the original asset claimed as exempt shall be deemed to be capital gains chargeable to tax in the year in which the new asset is transfer

2. As per the provisions of section 54F of the I.T. Act, any long-term capital gains on transfer of a long term capital asset (not being residential house) arising to a debenture holder who is an individual or Hindu Undivided Family, is exempt from tax if the entire net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the condition that the debenture holder does not own more than one residential house at the time of such transfer. If the residential house in which the

investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the debenture holder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

G. Requirement to furnish PAN under the I.T. Act

1. Section 139A(5A) of the I.T. Act requires every person receiving any sum or income or amount from which tax has been deducted under Chapter XVII-B of the I.T. Act to furnish his PAN to the person responsible for deducting such tax.
2. Section 139A(6A) of the I.T. Act requires every person entering into certain transactions, as may be prescribed, to quote his PAN or Aadhar number, in the documents pertaining to such transactions and also authenticate such PAN or Aadhar number, in the manner prescribed.
3. Section 206AA of the I.T. Act requires every person entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVIIB (“deductee”) to furnish his PAN to the deductor, failing which tax shall be deducted at the higher of the following rates:
 - i. at the rate specified in the relevant provision of the I.T. Act; or
 - ii. at the rate or rates in force; or
 - iii. at the rate of twenty per cent.

However, new rule 37BC of the Income Tax Rules provides that the provisions of section 206AA of the Act shall not apply on payments made to non-resident deductee who do not have PAN in India. The non-resident deductee in this regard, shall be required to furnish few prescribed details inter alia TRC and Tax Identification Number (TIN).

A declaration under Section 197A(1) or 197A(1A) or 197A(1C) shall not be valid unless the person furnishes his PAN in such declaration and the deductor is required to deduct tax as per Para (a) above in such a case.

Where a wrong PAN is provided, it will be regarded as non-furnishing of PAN and Para (a) above will apply apart from penal consequences.

H. Taxability of Gifts received for nil or inadequate consideration

As per section 56(2)(x) of the I.T. Act, where any person receives debentures from any person on or after April 01, 2017:

- (a) without consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such debentures; or
 - (b) for a consideration which is less than the aggregate fair market value of the debenture by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such debentures as exceeds such consideration;
- shall be taxable as the income of the recipient at the normal rates of tax. The above is subject to few exceptions as stated in section 56(2)(x) of the I.T. Act.

NOTES:

1. The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debentures/bonds.
2. The above statement covers only certain relevant benefits under the Income-tax Act, 1961 and does not cover benefits under any other law.
3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2021-22.
4. Further, several of these benefits are dependent on the Debenture Holder fulfilling the conditions prescribed

under the relevant provisions.

5. This statement is intended only to provide general information to the Debenture Holder(s) and is neither
 - a. designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax
 - b. consequences, each Debenture Holder is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its holding in the debentures of the Company.
6. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.
7. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the nonresident has fiscal domicile.
8. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty and applicable domestic law.
9. No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

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 ₹ 10,000 lakhs with an option to retain over-subscription up to ₹ 2,500 lakhs, aggregating to a total of ₹ 12,500 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		Upto 12,500
2.	(less) Issue related expenses		128.25
3.	Net Proceeds		12,371.75

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 Debt Regulations.*

For further details of our Company’s outstanding indebtedness, see “Financial Indebtedness” on page 139.

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 repay 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.

Monitoring of Utilisation of Funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI Debt Regulations. The Board shall monitor the utilisation of the proceeds of the Issue. For the relevant Financial Years commencing from Fiscal 2020-21, 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, 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, legal counsel, Debenture Trustee, etc.)	71.00	0.57
Advertising and Marketing Expenses	42.00	0.34
Printing, Stationery and Distribution	5.00	0.04
Other Miscellaneous Expenses	10.25	0.08
Total	128.25	1.03

*Assuming the Issue is fully subscribed, and our Company retains oversubscription up to ₹2,500 lakhs.

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 ₹ 10.00 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

Other Confirmation

In accordance with the SEBI Debt Regulations, our Company will not utilise the proceeds of the Issue for providing loans to or for acquisitions of shares of any person who is a part of the same group as our Company or who is under the same management of our Company.

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

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 statistics disclosed in this section are extracted from an industry report titled “Industry Report on gold loans, low-ticket MSME loans, personal loans and microfinance loans”, dated March, 2020, 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 16. 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.

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Gross domestic product (GDP): Review and outlook

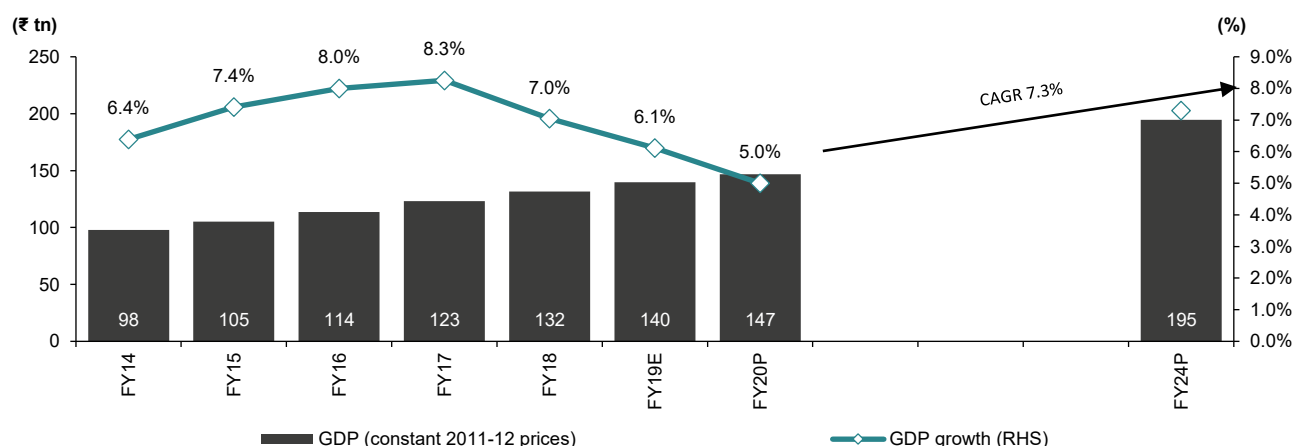
GDP growth to grow at a faster pace over the next five years

From fiscal 2014 until fiscal 2019, the key drivers of real GDP growth were private consumption and investment. Private consumption growth was bolstered by low inflation, benign interest rates and revision in salaries of government **employees** as per Pay Commission recommendations. The other side of the coin i.e. investments saw a gradual pick-up in the last few years but most of it has been led by government spending either through its budgetary resources or by nudging public sector enterprises to take on capital expenditure. However, private sector investment stayed in the lull as low capacity utilisation in the manufacturing sector and high leverage in the infrastructure sector deterred corporates from making fresh investments. Exports, which had briefly picked up in 2017 and the first half of 2018 with recovering global growth, slowed since the second half of 2018, as rising US-China trade tensions slowed global growth.

In fiscal 2019, growth was higher in the first half, while in the second half, especially in the last quarter the growth was dragged by sharp slowdown in fixed investment followed by private consumption and export growth. However the higher government consumption and slow import growth provided support. This brought the overall GDP growth estimate to 6.8% lower by 20 basis points than the earlier estimate by Central Statistical Organisation.

In the first quarter of fiscal 2020, GDP growth of 5% – the slowest in 25 quarters – corroborates that India's economic slowdown is deeper and more broad-based than suspected. Slack in domestic consumption and slump in manufacturing has arrested growth. However, CRISIL Research expects a pick-up in growth from the second half with monetary policy, improved transmission of rate cuts and the government's minimum income support scheme to farmers to feed consumption and drive the economy. CRISIL expects GDP growth to be 5.0% on-year in fiscal 2020.

GDP to grow at a rate of 6.3% in fiscal 2020 and expected to grow at a CAGR of 7.3% till fiscal 2024



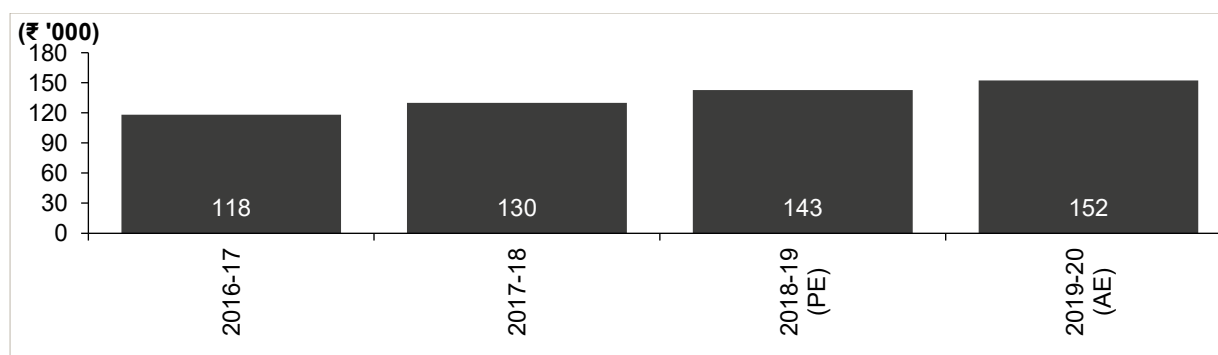
Note: E-Provisional Estimates, P-Projected,

Source: CSO (Central Statistical Organisation), IMF, CRISIL Research

According to government estimates, in fiscal 2020 agriculture is expected to grow at 2.8% on-year vs a growth of 2.9% in fiscal 2019, manufacturing at 2.0% vs 6.9%, trade, hotels, restaurants, transport and communication services at 5.9% vs 6.9%, construction at 3.2% vs 8.7% and electricity and other utilities at 5.4% vs 7.0% in fiscal 2019. This is expected to pare GVA growth down to ~4.9% in fiscal 2020 to 6.6% in fiscal 2019. On the demand-side, private consumption growth is expected to decelerate to 5.8% on-year in fiscal 2020 as compared to a growth of 8.1% on-year in fiscal 2019. In effect, GDP growth is expected to slide 110 basis points to 5.0% in the fiscal 2020, from 6.1% in fiscal 2019.

In the long term, growth will be driven by improving macroeconomic environment (softer interest rate and stable inflation), urbanisation, rising middle class, and key structural factors like business-friendly government reforms including GST (goods and services tax) and IBC (Insolvency and Bankruptcy code), 2016. The International Monetary Fund projects a 7.3% CAGR for the Indian economy over the next five years. Growth will be higher than many emerging economies, such as Brazil, Russia, and China.

Nominal per capita GDP



Source: CSO, CRISIL Research

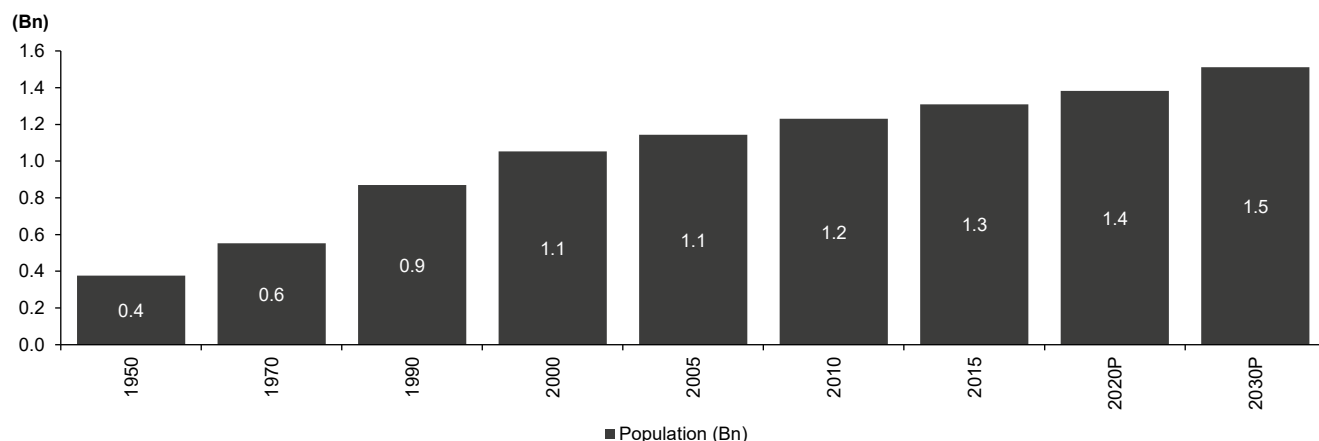
Note: PE: Provisional estimates as per CSO

Key growth drivers for Indian economy

India has the second-largest population in the world

As per Census 2011, India's population was about 1.2 billion, and comprised nearly 246 million households. The population, which grew nearly 18% between 2001 and 2011, is expected to increase about 11% between 2011 and 2025, to 1.4 billion.

India's population growth trajectory

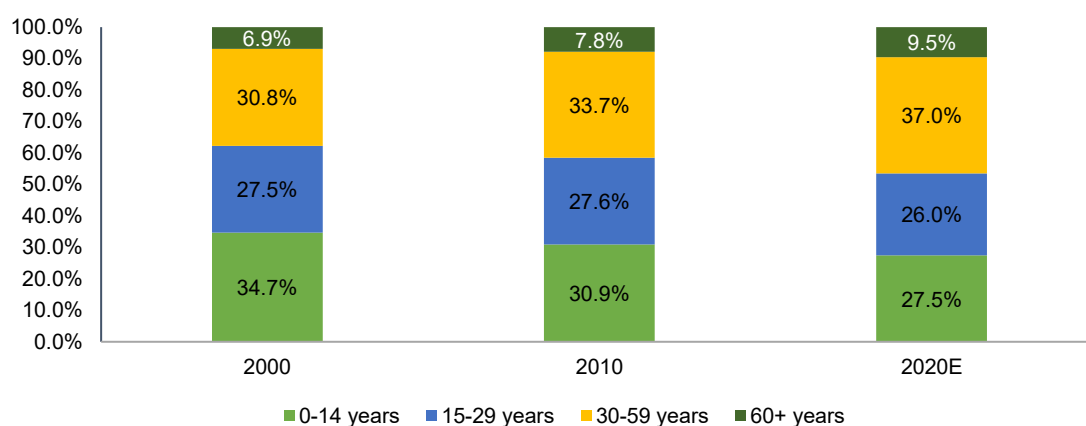


Source: United Nations Department of Economic and Social affairs, CRISIL Research

Favourable demographics

Currently, India is also one of the nations with the highest young population, with a median age of 28 years. 90% of Indians will still be below the age of 60 by calendar year 2020. CRISIL Research estimates that 63% of this demographic will be between 15-59 years. Comparatively, the US, China, and Brazil had 74%, 62% and 78% of their population below the age of 60 (as of calendar year 2012). 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 dividend (share of different age groups in India's population)

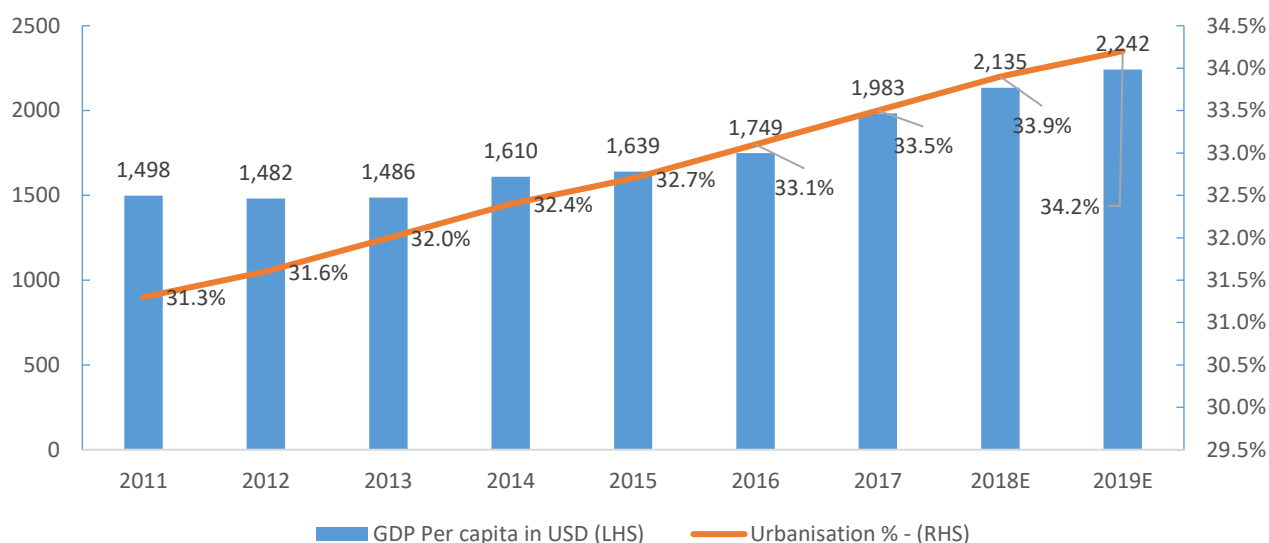


Source: United Nations Department of Economic and Social affairs, CRISIL Research

Rise in urbanisation

The share of urban population rose steadily from 31% in 2011 to an estimated ~34% in 2019. CRISIL Research expects the pace of urbanisation to accelerate over the next five years, which will aid the rise in per capita GDP, as also suggested during the previous five years. Increasing urbanisation will enhance financial literacy and quality of living.

Trend in urbanisation



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

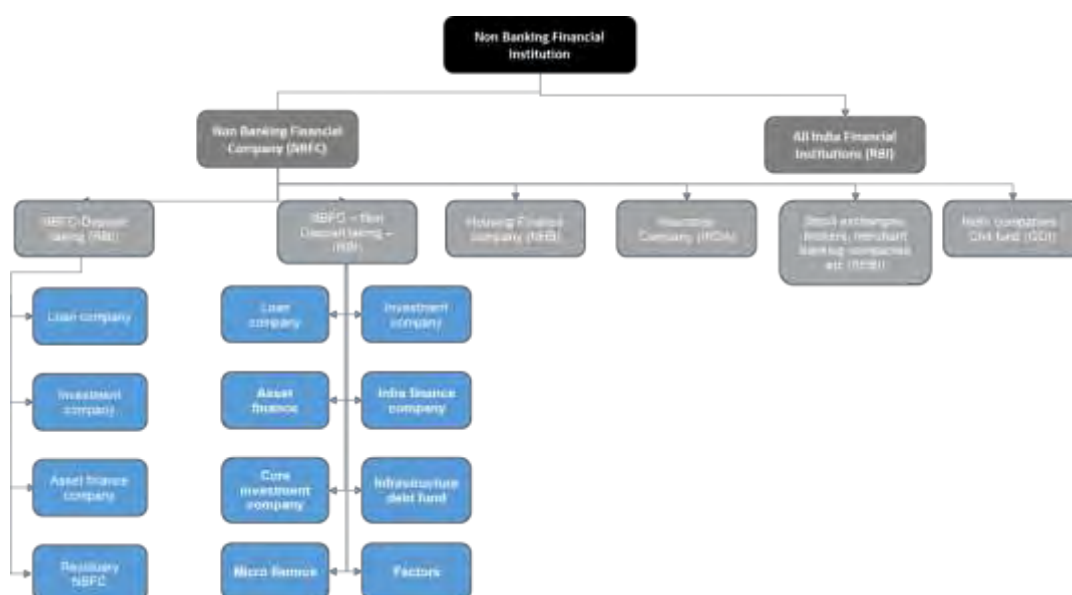
Faster growth in demand for financial products from semi-urban, rural areas

With increasing financial literacy, mobile penetration, awareness and the Prime Minister's Jan Dhan Yojana bank accounts (the scheme aimed at bringing the unbanked under the formal banking system) there has been a rise in the participation of individuals from non-metro cities. CRISIL Research expects technology to progressively reduce the cost of reaching out to smaller markets.

Non-Banking Financial Institutions

Structure of Non-banking financial institutions in India

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



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

Source: RBI, CRISIL Research

NBFCs: an important part of the credit system

Financing needs in India have risen in sync with the notable growth recorded by the economy over the past decade. Non-banking financial companies (NBFCs) have played a major role in meeting this need, complementing banks and other financial institutions.

NBFCs help fill gaps in the availability of financial services with respect to products as well as customer and geographic segments. A strong linkage at the grassroots level makes them a critical cog in the financial machine. They cater to the unbanked masses in rural and semi-urban reaches and lend to the informal sector and people without credit histories, thereby enabling the government and regulators to realise the mission of financial inclusion. As of March 2019, they accounted for around ~20% of the overall systemic credit.

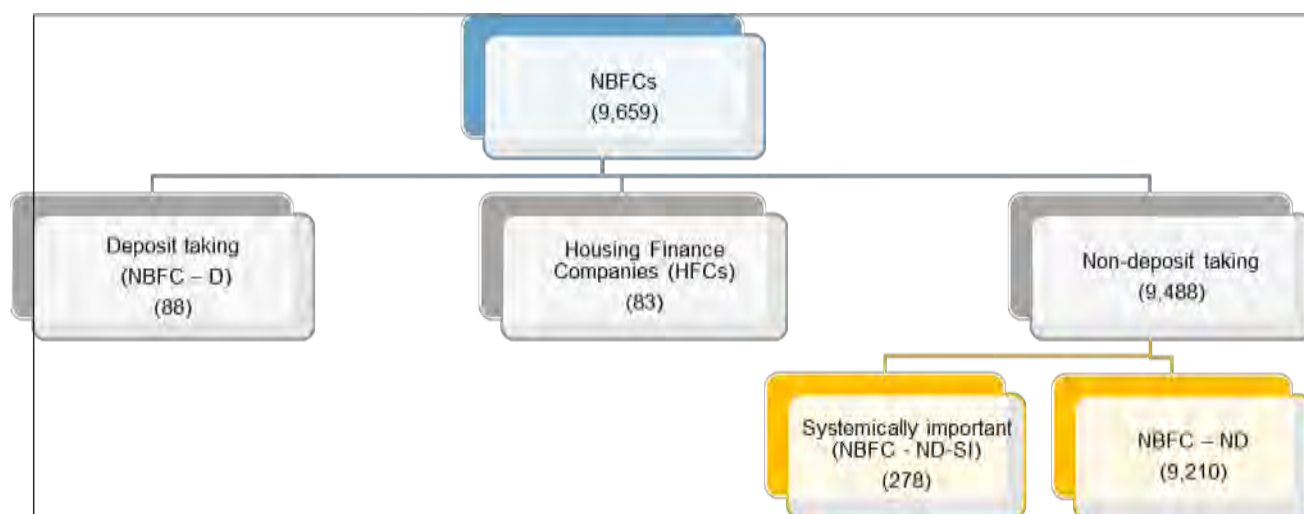
Classification of NBFCs

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

Liabilities-based classification

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

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



Note: Figures in brackets represent number of entities registered with RBI as of 31st October 2019.

Source: RBI, CRISIL Research

Activity based classification

As per RBI circular dated 22 February 2019, it 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) with the below definition:

“Investment and Credit Company - (NBFC-ICC)” means any company which is a financial institution carrying on as its principal business - asset finance, the providing of finance whether by making loans or advances or otherwise for any activity other than its own and the acquisition of securities; and is not any other category of NBFC as defined by RBI in any of its Master Directions

1. **Asset Finance Company (AFC):** Asset finance company (AFC) is a financial institution carrying on as its principal business, financing of physical assets supporting productive/economic activity such as automobiles, tractors, lathe machines, generator sets, earth-moving and material-handling equipment, and general purpose

industrial machines. An AFC's principal business is financing physical assets to support economic activity; income arising therefrom is not less than 60% of its total income. Its assets from financing physical assets amount to not less than 60% of its total assets.

2. **Investment Company (IC):** Investment Company is a financial institution carrying on acquisition of securities as its principal business.
3. **Loan Company (LC):** Loan Company means a financial institution carrying on as its principal business, providing of finance, whether by making loans or advances or otherwise for any activity other than its own - does not include an AFC.
4. **Infrastructure Finance Company (IFC):** Infrastructure finance company (IFC) is a non-banking finance company, which deploys at least 75% of its total assets in infrastructure loans, and has minimum net owned funds of ₹300 crore, minimum credit rating of 'A' or equivalent and 15% CRAR.
5. **Systemically Important Core Investment Company (CIC-ND-SI):** CIC-ND-SI is an NBFC in the business of acquisition of shares and securities and satisfying following conditions:
 - a. Holds not less than 90% of its total assets in the form of investment 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 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 sale for dilution or disinvestment.
 - d. Does not carry on any other financial activity referred to in Section 45I(c) and 45I(f) of RBI Act, 1934, except investment in bank deposits, money market instruments, government securities, loans to and investments in debt issuances of group companies or guarantees issued on behalf of group companies.
 - e. Asset size is ₹500 crore or above.
 - f. Accepts public funds.
6. **Infrastructure Debt Fund: Non- Banking Financial Company (IDF-NBFC):** IDF-NBFC is a company registered as NBFC to facilitate flow of long-term debt into infrastructure projects. IDF-NBFC raises resources through issue of rupee or dollar-denominated bonds of minimum five-year maturity. Only IFCs can sponsor IDF-NBFCs.
7. **Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI):** 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. NBFC-MFI can disburse loans to borrowers with rural household annual income not exceeding ₹100,000 or with urban and semi-urban household income not exceeding ₹1,60,000.
 - b. Loan amount does not exceed ₹50,000 in the first cycle and ₹1,00,000 in subsequent cycles.
 - c. Total indebtedness of the borrower does not exceed ₹1,00,000.
 - d. Loan tenure to not be less than 24 months for loan amount in excess of ₹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 borrower's choice.
8. **Non-Banking Financial Company – Factors (NBFC-Factors):** 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 factoring business should not be less than 50% of its gross income.
9. **Mortgage Guarantee Companies (MGC):** MGC are financial institutions for which at least 90 per cent of the business turnover is mortgage guarantee business or at least 90 per cent of the gross income is from mortgage guarantee business and net owned fund is ₹100 crore.
10. **NBFC- Non-Operative Financial Holding Company (NOFHC):** NOFHC is a financial institution through which promoter / promoter groups will be permitted to set up a new bank. It's a wholly-owned Non-Operative

Financial Holding Company (NOFHC) which will hold the bank as well as all other financial services companies regulated by RBI or other financial sector regulators, to the extent permissible under the applicable regulatory prescriptions.

Gold loans

Regulatory tweaks restore shine for NBFCs

Gold loans are typically small ticket, short duration, convenient and instant credit. The unrestrained growth in the non-banking financial companies' (NBFCs') gold loan offtake was derailed by tighter regulatory environment between fiscal 2012 and fiscal 2014, and they lost considerable ground to banks and the unorganised sector. However, in the long term, the intervention strengthened the sector's ability to withstand price risk, improve customer service and standardise processes related to security valuation. It compelled NBFCs to reconsider their strategies. The loan to value (LTV) ratio was also reduced, thereby de-risking the business. There was focus on regular, monthly collection of interest, to preserve the lending margin against the backdrop of volatile gold prices.

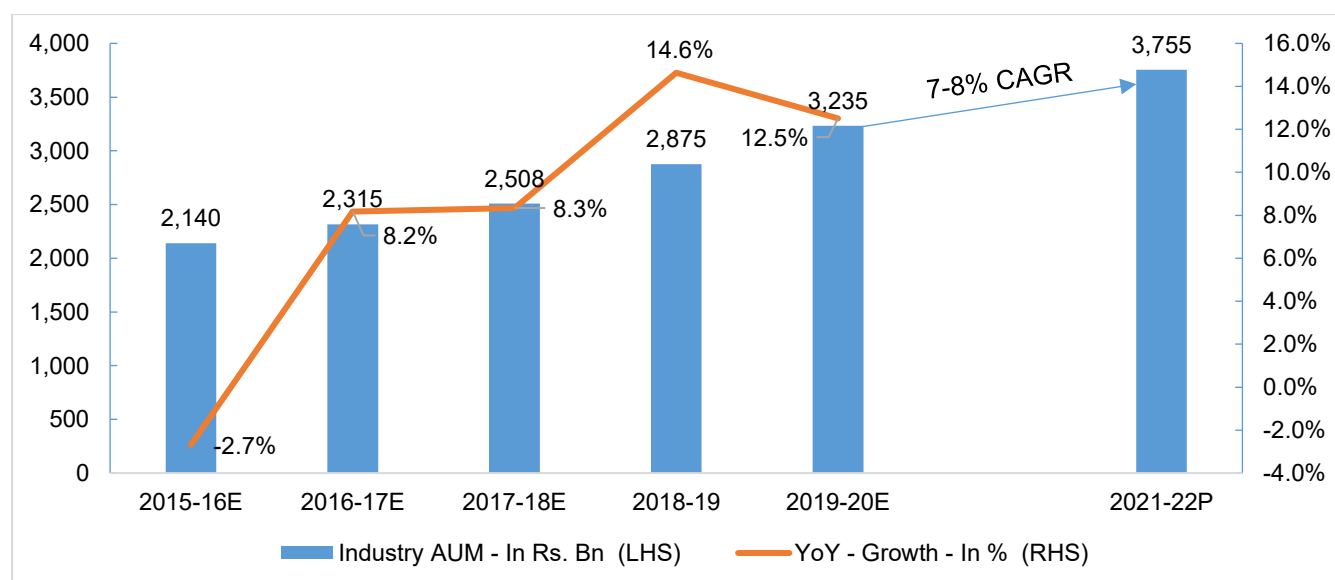
The NBFC sector saw some stability in fiscal 2015. The Reserve Bank of India (RBI) had raised the permissible LTV ratio up to 75% in January 2014, from 60% earlier. Banks were also asked to cap the LTV ratio at 75% and standardise the procedures for valuing collateral. As of March 2018 NBFCs offer LTVs in the range of 65-75% with a leading player having a weighted average LTV of 67% for the fiscal. The LTV offered is based on the tenure of loan, interest charged and sensitivity of the customer to the LTV.

As of March, 2019 industry AUM grew ~14.6% YoY to reach Rs 2.9 trillion on account of increased focus of players on diversifying their regional concentration, aggressive marketing, strong growth in non-southern regions and rise in gold prices by ~6% in fiscal 2019.

The gold loan market is expected to be at ~Rs 3.2 trillion by end of fiscal 2020 and is expected to log a compound annual growth rate (CAGR) of 7-8% over the next two years and cross Rs 3.7 trillion by fiscal 2022.

Stable demand and initiatives to increase awareness are expected to help the industry grow moderately despite geographic concentration, slowing pace of growth from the north, west and east regions, and low penetration gains.

Growth in gold loan AUMs of organized lenders



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

Banks growth driving industry growth

The regulatory changes also reflected in the organised sector's AUMs. A 3% fall in gold price along with RBI's restrictions in fiscal 2014 led to decrease in gold loan AUM growth to a marginal 2% from 28% in fiscal 2013;

the AUM growth was stunted mainly on account of the steep fall in NBFC AUMs by 18%. However, despite a 6% decline in gold prices in fiscal 2015, gold loan AUMs grew 3% and NBFC AUMs recovered 9%, driven by greater demand. This trend has continued in fiscal 2016 too: despite an average decline of 3% in gold prices, NBFC AUMs are estimated to have grown 4%. Industry AUMs, on the other hand, has recorded a 3% decline. Aided by a good monsoon and recovery in gold prices (by 12%) in fiscal 17 the gold loan industry received a much needed boost and the industry AUMs grew by a healthy 8% and NBFC AUMs reached the mark of 13% growth.

Overall Industry AUM grew by 8.3% and 14.6% in fiscal 2018 and fiscal 2019 respectively and is expected to grow by 12.5% by the end of fiscal 2020.

We expect NBFC AUMs to grow at a marginally higher rate by 10-11% CAGR over 2 years till fiscal 2022 which will be supported mainly by rise in the stock of gold pledged and gold prices.

Non-traditional regions will contribute to growth, aided by players' marketing efforts. At the same time, players' ability to leverage technology and improve their online gold disbursements could help. Along with these drivers, a favourable economic scenario will also drive up funding needs of small businesses, and hence increase demand for gold loans.

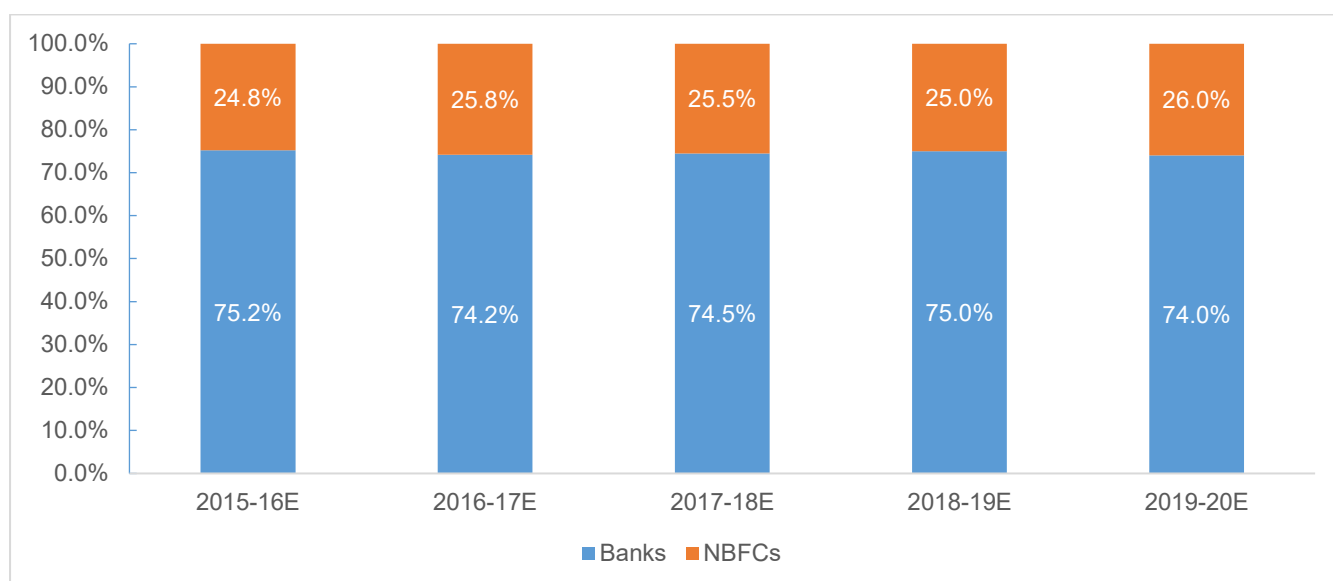
Specialized gold loan NBFCs have carved a niche space for themselves

Specialized gold loan NBFCs have witnessed exceptional growth amongst organized players. This growth is driven by aggressive expansion of branches, heavy spend on marketing and rapid acquisition of customers. NBFCs and banks approach the gold loan market differently, reflected in their interest rates, ticket sizes and loan tenures. NBFCs focus more single-mindedly on the gold loans business and have, accordingly, built their service offerings by investing significantly in manpower, systems, processes and branch expansion. This has helped them attract and serve more customers. Some of their advantages are:

- Less documentation enabling faster turnaround
- Adequate systems to ensure quick disbursements. For example, NBFCs have dedicated personnel to value the gold jewels at the branches.
- Flexible repayment options, wherein the borrower can pay both the interest and principal at closure of the loan.
- Greater accessibility due to better penetration, ability to serve non-bankable customers.

Single product focus on gold loans enabling them to develop strong appraisal and valuation expertise, resulting in faster and better customer service. Banks, on the other hand, have a more vigilant approach. They view gold loans as a safer means to meet their priority sector lending targets, especially agricultural loans. Even in the case of non-agricultural gold loans, they mostly target the organised segment or their existing customers as they are unable to offer flexible and rapid disbursements. It is only a few south-based banks - Indian Overseas Bank, Indian Bank and South Indian Bank - which have a higher share in non-agricultural gold loan disbursements, given the region's proclivity for gold loans. For the above discussed reasons, NBFCs are preferred by customers over banks, and specialised NBFCs enjoy higher profitability. However, competitive intensity for specialised gold loan NBFCs have increased with increased retail focus of banks.

Movement in market share of NBFCs vis-a-vis banks



Note: 1) E - estimated, 2) Includes agriculture lending by banks with gold as collateral

Source: Company reports, CRISIL Research estimates

The gold loan market will continue to be attractive

The factors contributing to the attractiveness of gold loans are:

- Strong collateral, higher interest rate, lower cost, better return on investment
- Product diversification that compensates for lower offtake of auto, home loans
- Scope for cross-selling opportunities in future, including other gold-based products
- Opportunity to capture under-penetrated, untapped markets
- For these reasons, even SFBs have entered the gold loan market and are expected to increase competition in the coming years

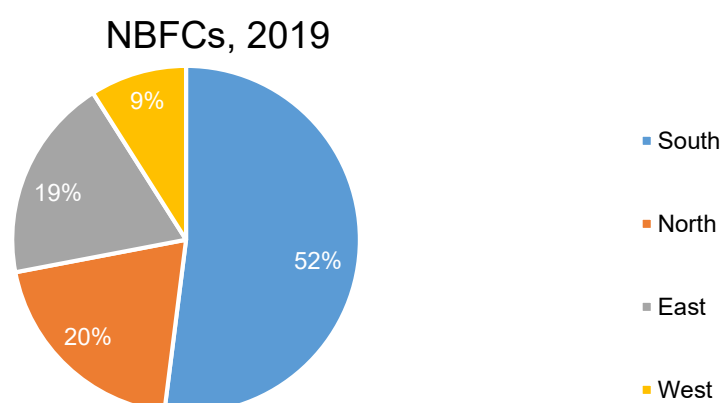
South remains key market; even as other regions emerge

Demand for gold is skewed towards the southern states, as households here account for the largest share of accumulated gold stock in the form of ornaments, coins, bars, etc. Moreover, holders in the south are more open to pledging gold to raise funds than people in other regions.

Even going forward, south India will continue to dominate overall gold loan demand. However, non-south regions are likely to emerge as growth centres, driven by changing consumer perceptions about gold loans on account of increasing awareness coupled with rising funding requirements and attempts by NBFCs to expand in certain pockets of northern and western India.

However, NBFCs will still have to contend with public sentiment against pledging gold and the distrust for financiers, as they look to expand beyond the south.

South accounts for major share of NBFC AUMs

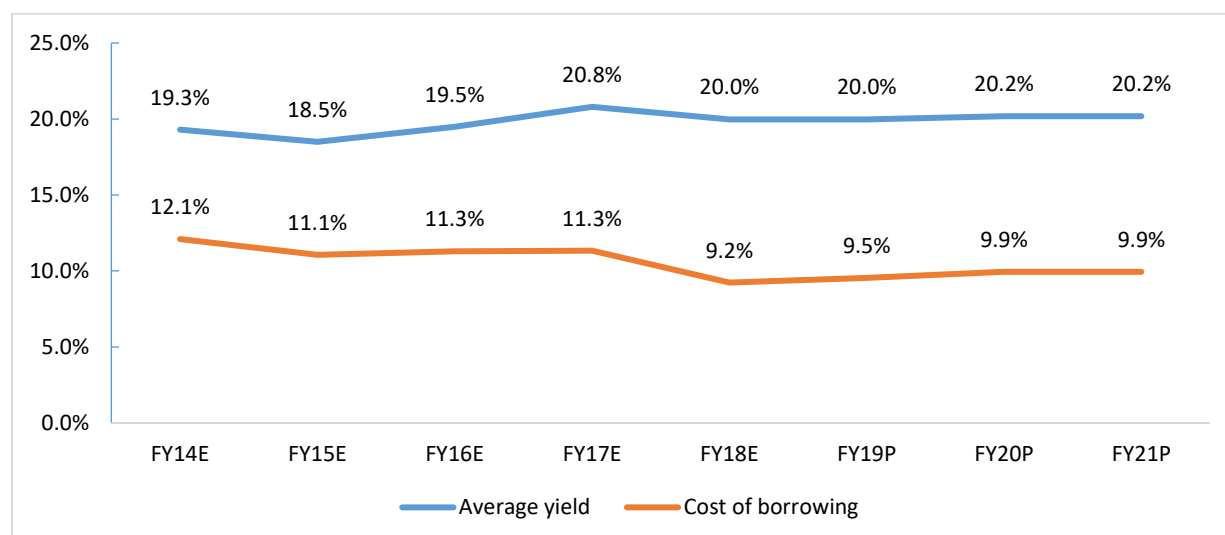


Source: Company reports, CRISIL Research

Profitability for non-banks to decline going forward

Profitability of NBFCs has bounced back after declining in the aftermath of tighter RBI regulations. There has been a steady decline in the cost of funds for NBFCs from 2012-13. Cost of funds declined due to reduction in lending rates by banks, which are the source of nearly half of NBFC borrowings. Profitability improved sharply in 2016-17, as increased business per branch improved the cost/income ratio. Demonetisation did affect profitability marginally but gold loan NBFCs limited the problem by offering alternative payment options to their customers till cash availability stabilised. The incremental cost of borrowing came down significantly. Profitability for NBFCs declined in fiscal 2019 as compared to fiscal 2018, on account of contraction in NIMs and reduction in fee income.

Spreads for NBFCs



Source: Company reports, CRISIL Research

CRISIL Research expects the Profitability for non-banks to contract as competition is expected to increase on account of geographic concentration and limited scope for growth.

Opex expected to remain elevated as players are expanding their branches and increasing their marketing expenses.

Credit cost expected for NBFCs increased significantly over the years as players have migrated as per the new NPA recognition norms. CRISIL Research expect, the credit cost to reduce marginally going forward.

Profitability of gold loan NBFCs

	2013-14E	2014-15E	2015-16E	2016-17E	2017-18E	2018-19E
NII / ATA	8.4%	8.6%	9.3%	10.6%	11.7%	11.4%
Fee income	0.2%	0.2%	0.2%	0.3%	0.5%	0.3%
Opex	5.2%	5.5%	5.4%	5.3%	5.2%	5.3%
Credit Cost	0.3%	0.2%	0.5%	0.8%	1.1%	1.1%
Taxes	1.0%	1.0%	1.2%	1.6%	2.0%	1.8%
Post tax RoA	2.06%	2.08%	2.38%	3.25%	3.97%	3.61%

Note: Profitability is based on Assets

Source: Company reports, CRISIL Research

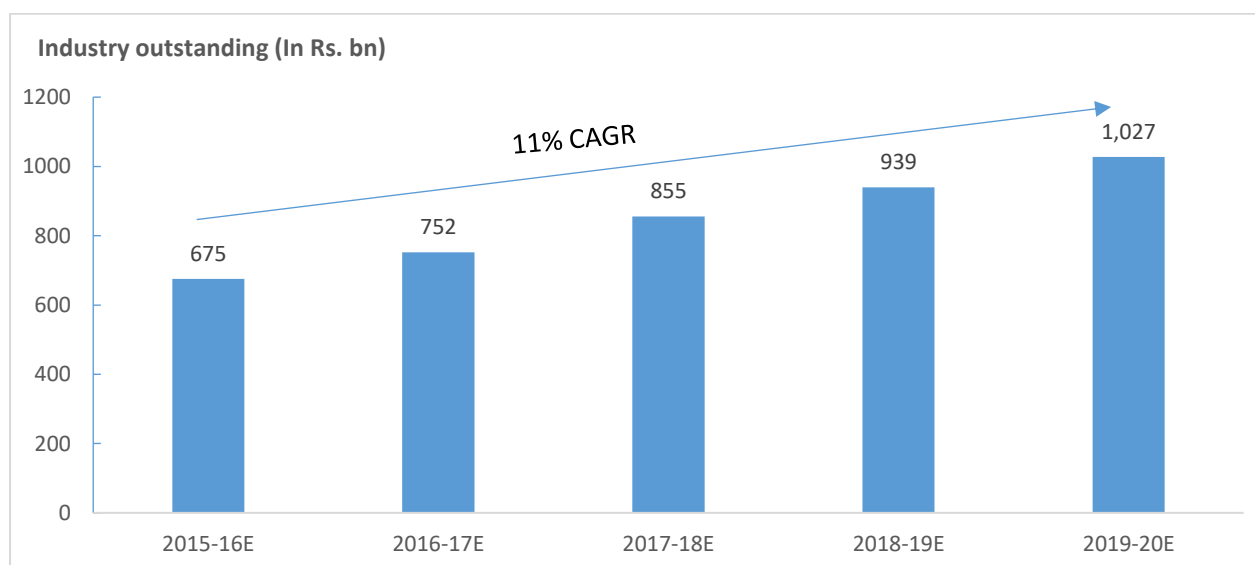
Low-ticket secured MSME loans

NBFCs driving growth in the segment

Since fiscal 14, overall MSME (micro, small and medium enterprises) credit growth has been consistently slowing down due to mounting concerns over asset quality and capital issues among public sector banks (PSBs). MSME lending revived in the first half of fiscal 2017 as demand rose, due to an increase in consumer spending, but growth was hit in the second half due to demonetisation. MSMEs were largely affected, as their cash dealings stopped. This affected the MSME credit growth of NBFCs (non-banking financial companies) too.

Low-ticket (ticket size <= Rs 10 lakh), secured MSME loans, including loans against property (LAP), have grown at a CAGR of ~12% between fiscals 2016 and 2019 to Rs. 939 billion with the entry of newer players in the space and players strong focus on expanding into smaller. This segment is expected to reach ~Rs 1 trillion by the end of fiscal 2020, growing at a CAGR of ~11% from fiscal 2016 to fiscal 2020.

Growth and size of low-ticket secured MSME finance



Note: 1)- Above data includes secured MSME and lap portfolio (ticket size less than Rs. 10 Lakhs) for Banks and NBFCs

Source: RBI, Industry, CRISIL Research

Projected growth

CRISIL Research expects low ticket size secured MSME credit to grow at a CAGR of 15-18% over next 5 years. NBFCs credit is expected to grow significantly faster than that of banks. SFBs are expected to increase the competitive intensity of the segment, as they try to gain market share in MSME lending. Systems and process innovation, increasing online presence, and growing usage of analytics to analyse the creditworthiness of the customers will also support the growth.

Government initiatives

GST to boost demand in MSME lending

CRISIL Research expects transparency in MSME operations to improve, as compliance with GST will compel them to record their transactions. This will improve the quality of their books of accounts, thus boosting their credit worthiness. For financial institutions, this will ease the credit appraisal process and lower credit risk. Due to improvement in the quality of books of accounts, financial institutions will be able to lend to MSMEs in the unorganised sector, which were previously unable to get credit as books of accounts were not maintained properly or not maintained at all. This will open up previously untapped credit demand for financial institutions, leading to robust expansion of the MSME credit market.

Credit Guarantee Fund Scheme extended to cover NBFCs

One of the major reasons why MSMEs are credit-starved is the insistence by banks or financial institutions to provide collateral against loans. Collaterals are not easily available with such enterprises, leading to high risk perception and higher interest rates for them. In order to address this issue, the government launched the Credit Guarantee Fund Scheme, to make collateral-free credit available to micro and small enterprises. In January 2017, the scheme was extended to cover systemically important NBFCs as well. Key eligibility criteria for this scheme are: 1) the NBFC should have made profit for three preceding fiscal years at the time of enrolment; and 2) it should have long-term credit rating of at least BBB. There are a few other performance-related parameters too. Overall limit under the scheme has also been enhanced to Rs 20 million.

Lower tax rates to boost MSME lending

Cut in corporate tax rates for MSMEs will boost the investment in the segment. MSMEs and retail borrowers should witness higher credit flow, as large corporates tap the bond market to meet the 25% target. Government support in the form of capital allocation, interest subsidy and tax rate cut will boost credit demand from the MSME segment.

Government initiatives addressing structural issues in MSME lending

Some of the structural issues plaguing MSME lending have seen a gradual work from the government perspective. Pradhan Mantri MUDRA Yojana and licences for trade receivables discounting system (TReDS) are some of the initiatives launched by the government to solve these structural issues. The RBI has also proposed to introduce NBFC-account aggregators, which has the potential to transform the MSME finance space by providing detailed granular insights into customer financial assets or borrowing history.

Recent government initiatives for boosting MSMEs

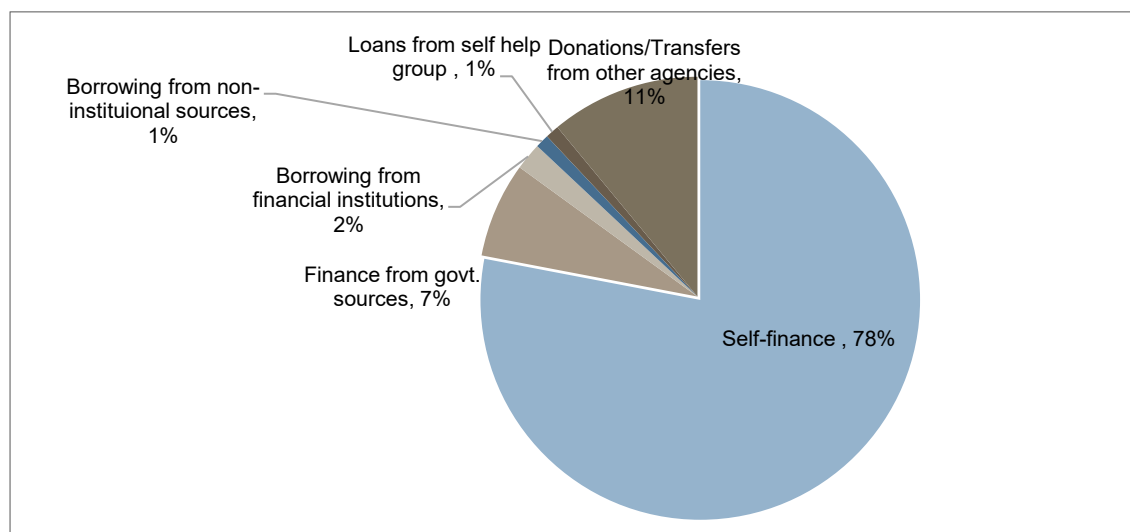
The government has taken many initiatives to support the growth of MSMEs in India and improve the flow of credit. Some of the initiatives are:

- Udyog Aadhaar memorandum: Paperless and online registration process for MSMEs with an aim to promote ease of doing business. It aims to increase coverage of MSMEs to avail benefits of various schemes of central/state governments
- Stand-up India: It facilitates bank loans between Rs 10 lakh and Rs 1 crore to at least one scheduled caste or scheduled tribe borrower and at least one woman borrower per bank branch for setting up a greenfield enterprise
- Make in India: Launched with an intention to make India a global manufacturing hub, which in turn will provide employment to numerous youths in the country
- GST: Formalisation of MSME with GST gives lenders granular information about the entity for credit assessment and risk management. API access to GSTIN database to lenders aids in more efficient underwriting of MSMEs
- Mudra loans: To fulfil funding requirement of MSMEs who were earlier left out by financial institutions. Credit guarantee support also offered to financiers
- 59 minute loan: Online marketplace that provides in-principle approval to MSME loans up to Rs 1 crore in 59 minutes. Uses advanced algorithms to analyse data from multiple data points such as GST returns and banking, without human intervention
- UPI 2.0: Real-time system for seamless money transfer from account. Enhances trust in digital transactions for customers as well as merchants. Has features such as linking to overdraft account and invoice in the inbox
- TReDS: Institutional mechanism to facilitate financing of trade receivables of MSMEs from corporates and other buyers through multiple financiers. Provides better price recovery and reduces working capital need of MSMEs

Growth drivers

Low credit penetration

India has around 60 million MSMEs, but only ~10% had access to finance, as of fiscal 2019, from organised lenders. High risk perception and the prohibitive cost of delivering services physically have constrained traditional institutions' ability to provide credit to underserved or unserved MSMEs historically. They are either self-financed or take credit from the unorganised sector. This untapped market offers huge growth potential for financial institutions. Breakdown of sources of funds for MSMEs is as follows:



Source: Sources of finance for MSMEs (6th Economic Census, 2013)

Improvement in economic scenario to boost funding needs of small businesses

MSME credit is largely extended to self-employed borrowers running small businesses, which mainly utilise funds for purchase of assets and expansion, and as working capital. CRISIL Research expects their demand for funds to grow, along with the economic growth, resulting in increased disbursements.

Lower competition prompts players to eye smaller cities

Competition in metros and Tier I cities is intense as all major players vie for market share. However, Tier II and III cities and smaller towns still remain under-banked or unbanked and are aggressively being tapped by NBFCs and SFBs. NBFCs stand a good chance to gain market share here given their ability to customise products, higher flexibility and better services.

Stable real estate prices a positive for LAP

Demand for LAP has a direct correlation to property prices and the real estate market. Stable property prices in Tier I and metro cities will support growth of the LAP market.

Competitive scenario – NBFCs' share increasing

With private banks and NBFCs increasing their presence in tier-II and remote areas, they are capturing the market share from PSBs. PSBs' credit growth has also weakened due to mounting bad debts. Since the size of loans are small, PSBs find the ratio of returns to cost of processing and cost of recovery less attractive. Additionally, private banks and NBFCs have now become more aggressive in terms of turnaround time for sanctioning and disbursement of loans, which is also pushing borrowers to these players. For an NBFC, it usually takes 1-2 weeks to sanction a loan and only 3-4 days to disburse the loan, while it takes 3-4 weeks to sanction a loan and another 1-2 weeks for disbursements in private banks. However, for a PSB, the turnaround time is usually 6-7 weeks for sanctioning the loan and another 2-3 weeks for disbursement.

With better data availability and refinement in credit assessment processes, private banks, SFBs and NBFCs have turned more aggressive in lending to this segment.

While banks still dominate working capital loans, NBFCs have managed to capture a share of asset-backed/hypothecated term loans and working capital loans over the past couple of years. SFBs are also targeting the micro and small segments of borrowers and directly competing with NBFCs.

The intense competition from SFBs notwithstanding, we expect NBFCs to gain market share as they provide customised loan offerings and credit assessment, which would help them to offer loans to unbanked and unorganised SMEs in smaller cities at lower interest rates compared with unorganised lenders.

Customers demand convenience and ease of finance

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

Entry of SFBs have increased competitive intensity

As the RBI has mandated that 50% of the loan portfolio of SFBs should be below Rs 25 lakh, they are going to increasingly target the micro and small segments of borrowers.

Market trends

Demand for unsecured credit on the rise

About 75-80% of the MSME lending by non-banks is secured. The security is majorly provided through primary collateral, such as plant, machinery and current assets. To add another layer of security, secondary collateral is also collected in the form of immovable assets.

Unsecured loans have also become a focus area for some NBFCs. Since property prices have not increased over the past few years, the ability of borrowers to offer higher collateral has declined. Hence, many NBFCs are offering their existing secured borrowers an unsecured line of credit. A few NBFCs provide unsecured loans as a bridge finance for clients who are securing loans from banks but have an urgent requirement to fulfil, due to which they cannot wait until the loan is sanctioned. A few aggressive NBFCs focus heavily on unsecured loans to increase yields and improve profitability.

Online channel leads to a rise in sourcing of unsecured loans

NBFCs have started giving small-ticket unsecured loans from the digital platforms. Generally the average ticket size of the loans through online channels is Rs 15 lakh. The digital platform is very efficient in terms of documentation and turnaround time. This helps the NBFCs attract customers and broaden their customer base at a fast pace. The share of unsecured loans in NBFCs' MSME portfolios is expected to rise in the coming years, as new customers increasingly demand unsecured loans.

Lending dynamics in unsecured loans

Banks and NBFCs are cautious about unsecured loans to MSMEs. These loans are taken by MSMEs to meet urgent business requirements and for meeting the working capital. Lenders give unsecured loans for short tenures, generally 2-4 years, and demand a higher rate of interest compared with secured loans. Some financial institutions make it mandatory to have a co-applicant for an unsecured loan. Financial institutions also make sure about the credit profile of MSMEs and carry out a stability/vintage check of firms. Financial institutions generally prefer to give unsecured loans to the existing customers.

End-use varies among NBFCs and banks

Due to regulatory restrictions, NBFCs are not able to provide working capital loans to MSMEs. Hence, 100% of their portfolio is in the form of term loans. However, as per our industry interactions, though loans are taken in the form of term loans, end-use of the funds is primarily to fulfil working capital requirements. However, no such restriction exists for banks, as a result of which 75-80% of the loans are working capital loans, and the remaining are term loans for large banks.

Average ticket size

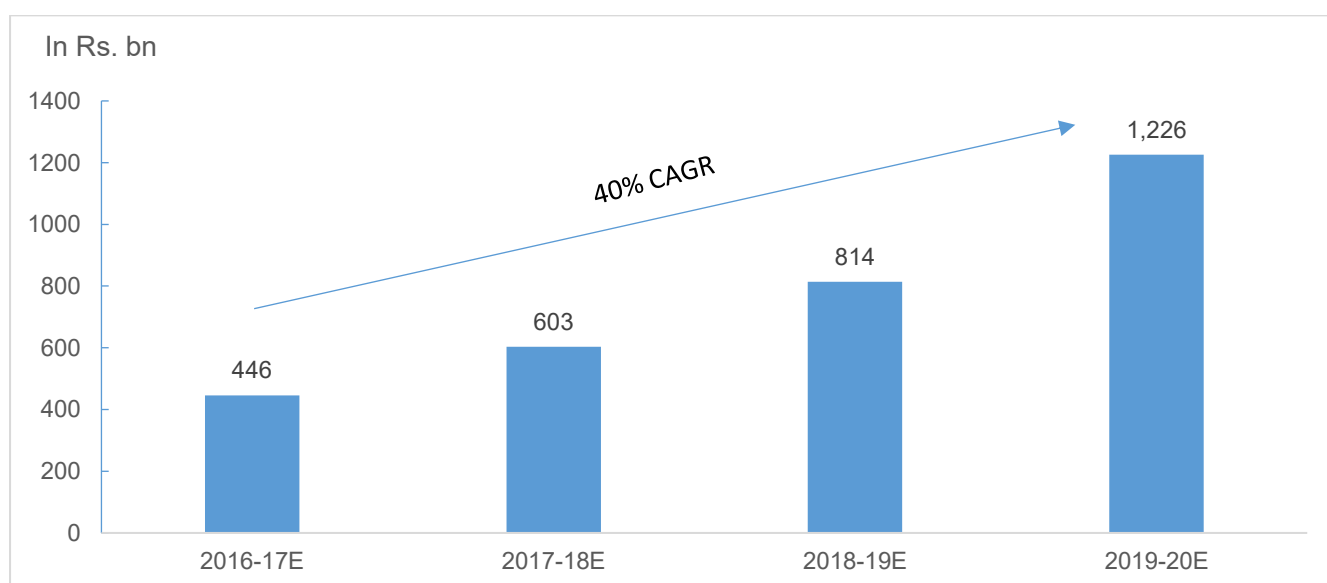
The estimated average ticket size for an MSME loan for NBFCs is typically Rs 6-7 million, as of fiscal 2017, but some NBFCs have an average ticket size of above Rs 10 million. Further, the average ticket size has been stable over the past 2-3 years as NBFCs are giving lower ticket size loans to new clients, who form a large part of the incremental lending, and higher ticket size loans of around Rs 20 million to existing clients and large players, which have an established repayment history and strong business profile. For mid and small-sized players, loans of ticket size Rs 1-1.5 million are also offered. SFBs have entered the MSME segment.

Personal loans

Personal loans are collateral free loans to meet the personal needs of an individual. They are sanctioned on the basis of the borrower's credit score, social credentials and income. While the risk here is high for the lender, the high rate of interest compensates for the risk. The personal Loan market witnessed a sharp slowdown and was marked with high defaults during fiscal 2008 but after that it has seen significant growth in the past few years. Earlier, personal loans were generally viewed to be loans taken mostly for emergency purposes, such as marriages, medical or some pending home improvement expenses. Over the last five years, personal loans have become quite common and are being increasingly sought for fulfilling customer aspirations of dream vacations, leisure and entertainment as well as for acquiring latest gadgets.

The personal loans market grew significantly faster than the overall system credit and system retail loan segment in India over the past couple of years, driven by strong macroeconomic environment, increasing formalisation of the economy, higher-spending habits, low rates, ease in availability of credit and further supported by adoption of technology in credit appraisal. The market size of personal loan segment (including lending by banks and NBFCs) of ticket size less than Rs. 2 Lakhs is estimated to be Rs 814 billion as of March 2019. The market has grown at a compounded annual growth rate (CAGR) of 30-35% between fiscals 2017 and 2019. The market is estimated to reach Rs 1,226 billion by end of fiscal 2020.

Personal Loan segment industry size



Source: Company reports, Industry, CRISIL Research estimates

Competitive scenario

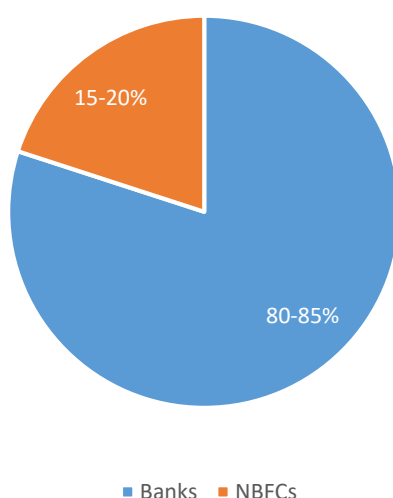
The personal loan segment has become highly competitive over the past couple of years with both banks and NBFCs getting aggressive in this segment, which offers good risk-reward potential. NBFCs have grown much faster than banks over past few years, partly supported by low base and the advent of new players in this segment. Large NBFCs focus on individuals with a good repayment capability (mostly salaried customers). However, there are many small NBFCs, which are present in semi-urban and rural areas and lend small ticket-sized personal loans to customers with low or no credit score and charge relatively high interest rates to compensate for the risk. NBFCs account for 15-20% market share in the personal loan segment (ticket size less than Rs. 2 Lakhs) in India as of

March 2019. Banks too have increased their focus on personal loan segment amid slowdown in corporate loan demand, with private banks relatively more aggressive than public sector banks. Most PSU banks lend only to their existing customers, who have some kind of relationships with them, whereas private banks leveraging their digital platforms also try to scout for new customers with a strong repayment capability.

Key success factors in the personal loan market are:

- Turnaround time - This is the most important parameter for any customer. Disbursements in the best case happen within a few hours of application. However, on average, it takes 1-3 days to disburse the loan
- Digital and technology platform – Most salaried individuals and new generation individuals are tech savvy and prefer a digital platform where there is no requirement of paper work or visit to the branch
- Interest rates – It mainly depends on the customer profile and their underlying credit score
- Existing customer base – Players cross selling to their existing customers to maintain asset quality

Banks constitute more than 80-85% of the personal loan segment (March 2019E)



Source: Company reports, Industry, CRISIL Research

Peer-to-peer lenders, who have started their business in the past few years, also compete in this segment by playing the role of intermediary and connecting lenders (both individuals and institutional players) and borrowers, who are usually netizens. They operate as a digital finance organisation and the majority of their checks happen through digital footprint with very little or zero paper work. Their loan book, which is currently minuscule compared with the industry, is growing at a very fast pace and can be a potential threat to traditional lenders in the long term.

Customer profile

According to CRISIL Research, more than 80% of the customers in this segment are salaried and this could be explained by the fact that financial institutions have a better sense on the creditworthiness of the salaried customers, as they are able to track and analyse monthly balances, spending on credit and debit cards linked to their salaried accounts. Self-employed personnel are perceived to be more risky customers, due to their uncertain nature of job and unknown factor of creditworthiness, hence they form a smaller chunk of the total segment. Within self-employed segment, the self-employed professionals form a larger pie (for example, CAs, lawyers, doctors and professionals running their own practice).

Personal loan features/characteristics

Interest rate

- Interest rate depends on the repayment capability of the customer
- Average interest rates ranges between 12-14% for salaried customer
- For self employed customer with no or low credit score, rates can go more than 20%

Processing fees

- Average processing fees is between 1-3%

Foreclosure charges

- Most of the players charge 2-4% charge if the loan is prepayed or foreclosed after one year
- In most of the cases, this charge is higher if the loan is closed within one year

Ticket size

- Average personal loan ticket size is Rs 3-4 lakhs
- Personal loans ticket size in urban areas is much higher compared to semi-urban and rural areas

Tenure

- Typical tenure for personal loans ranges between 2-5 years
- However for very small ticket size loans, tenure can less than 1 year

Turnaround time

- It usually takes 1-4 days to disburse a loan
- Disbursement can happen within a day for certain customers who already have relationship with the lender

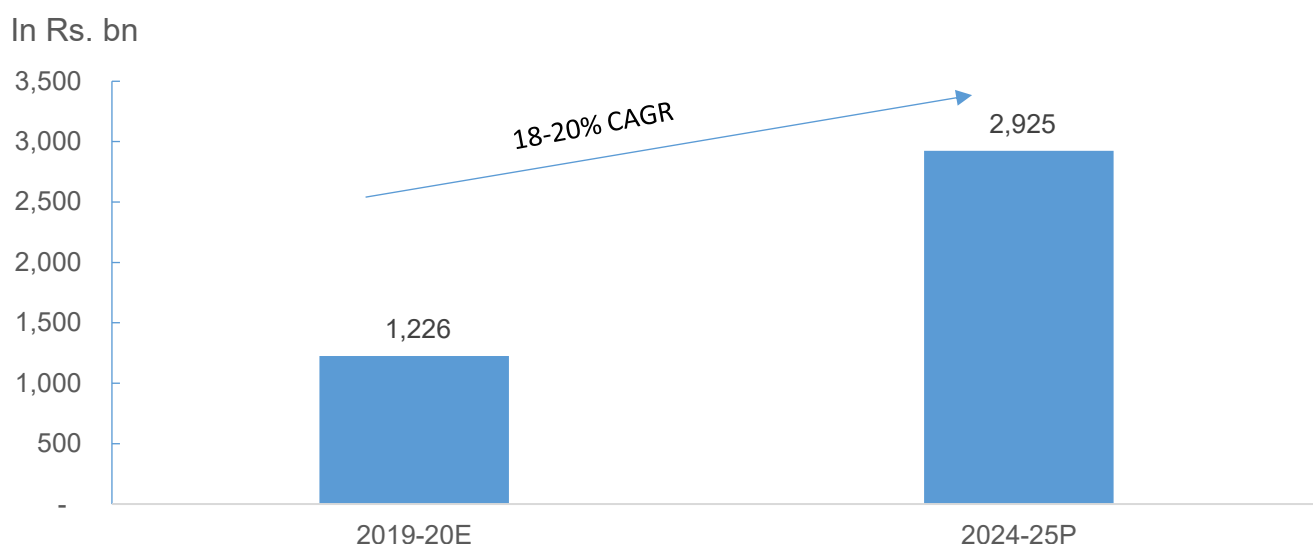
Sourcing strategy

- Digital medium (online and pre – approved route), Branch walkins and cross-sell and DSAs are the ways of acquiring customers
- Digital medium is increasingly gaining momentum

Source: CRISIL Research

Personal loan segment to continue to grow at a strong pace in the medium term

CRISIL Research expects the growth momentum in the personal loans segment to continue in the medium term mainly driven by change in lifestyle and spending habits of consumers and increase in product awareness and availability of credit. We expect the personal loan market (less than Rs. 2 Lakhs ticket size) to grow by 18-20% CAGR over the next five years and reach Rs 2.9 trillion by fiscal 2025.



Source: Industry, company reports, CRISIL Research estimates

Growth drivers

Tech enhancements enables in reduction of TAT

Players are enhancing their tech ability to offer customised products as per the need of customers in lesser time.

Increased focus on untapped regions

Players are aggressively expanding their reach in tier -2 and tier -3 cities in order to tap the areas which are largely untapped.

Change in lifestyle and spending habit

Favourable demographics, rise in income, higher spending habit coupled with change in mindset to satisfy needs by availing credit augurs well for the personal loan market.

Increasing push by financial institutions

With the slowdown in corporate loans, financial institutions are aggressively pushing for personal and other retail loans as it they offer a good risk reward ratio.

Increase in availability of credit score

A consistent increase in the availability of information about profiles and track record of retail borrowers gives confidence to the financial institutions while lending.

Rationalisation of interest rates

Money lenders offer personal loans at exorbitant rates. A decrease in interest rate cycle and rationalisation of personal loan rates over the past few years will favour borrowers to choose formal lenders over money lenders.

Faster approval process

Personal loans get approved faster since there is no requirement of collateral. Digitisation has further increased the speed of the whole process. Many lenders also offer pre-approved personal loans to salaried individuals who have savings account with them which depends on the individual's salary, credit score and spending habits.

Key risks

The major risk while lending personal loans are that they are not secured and in the event of default there is no collateral to recover the money. Other major threat to the traditional lenders are the emergence of P2P lenders and fintech companies.

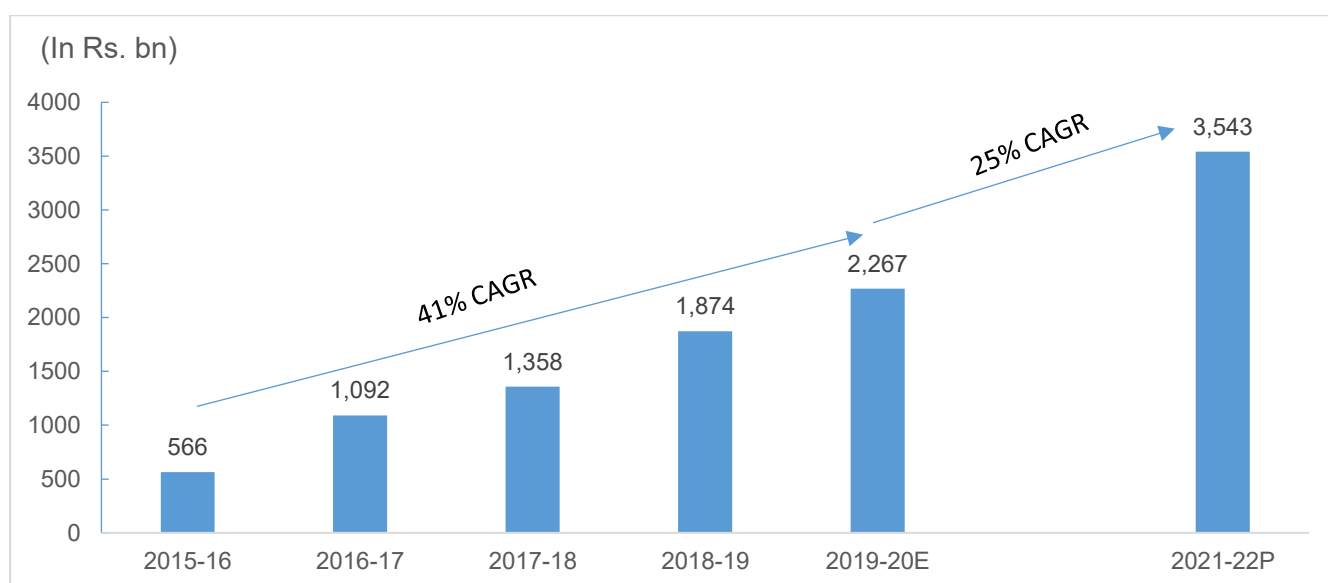
Microfinance loans

Rising penetration to help industry grow at a ~25% CAGR in the next two years

As at the end of March 2019, the micro finance industry has a total gross loan portfolio of ~ Rs. 1.9 trillion. It grew by 38% annually over the same period the previous year. The industry is estimated to reach ~ Rs. 2.3 trillion by the end of fiscal 2020.

According to MFIN, as of 30th September 2019, the number of micro finance accounts stood at 9.79 Cr growing at ~32% from last year (September 2018) when they were 7.43 Cr. The domestic microfinance industry has a huge opportunity to capture share from unorganised players, by growing their portfolio and covering areas that are least penetrated.

Growth in client base and average ticket size to drive MFI loan portfolio



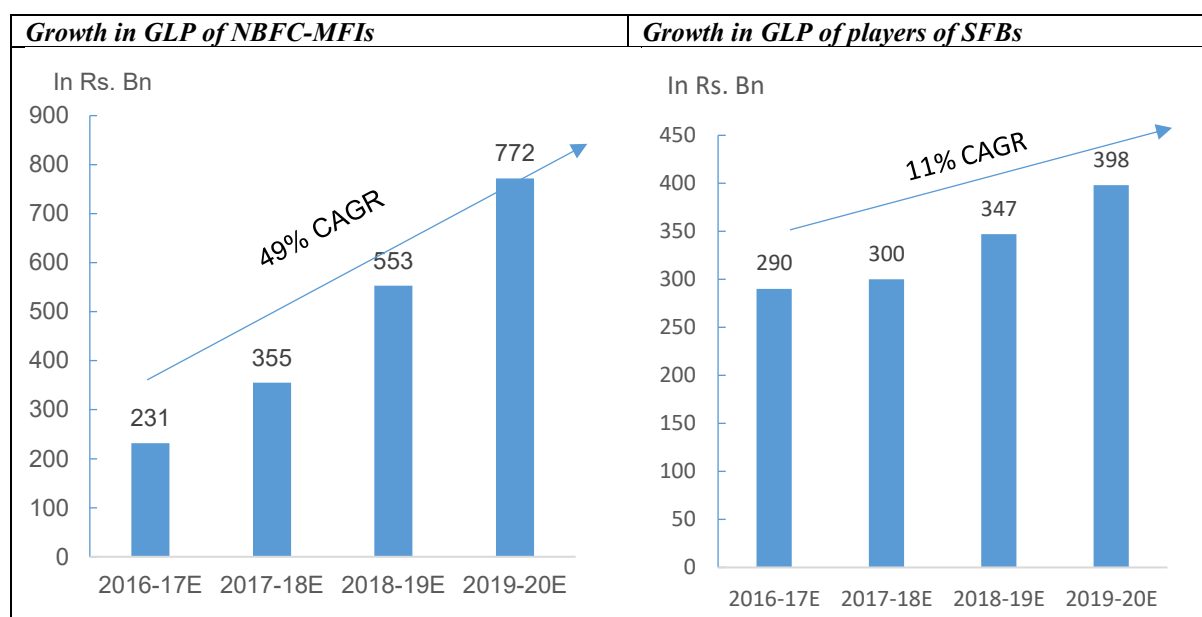
Source: Bharat Microfinance, MFIN, CRISIL Research

We expect the MFI loan portfolio to grow at a ~25% CAGR from fiscal 2020 to fiscal 2022, much lower compared with the past three years as rural areas in well-penetrated states mature and the focus of some top players, converting into SFBs, shifts towards selling other banking products. The growth forecast is calculated excluding the impact of any external factors that may hinder the growth of micro finance NBFCs. The future GLP growth of microfinance NBFCs is also contingent on the availability of adequate capital.

Factors that will define the success in future are:

- Ability to attract funds and maintain healthy capital position
- Strong promoters who have witnessed various business cycles and successfully tackled events
- Loan recovery and control aging of NPAs
- Geographic diversification
- Adoption of technology to improve efficiency and lower costs
- Ability to manage local stakeholders

NBFC-MFIs to grow faster than SFBs



Note: 1) Above industry sizing only includes Small Finance Banks (SFBs). 2)-For Jana SFB, Utkarsh SFB and Suryoday SFB advances are considered 3) – For NBFC-MFIs industry sizing excludes BFIL.

Source: MFIN, CRISIL Research

Players without an SFB licence, have grown at 45% CAGR in the last four years (fiscal 2015 to fiscal 2019), relatively faster than 31% (four-year CAGR) growth of players with an SFB licence, as the latter are trying to diversify their portfolio beyond microfinance loans. We expect players with an SFB licence to grow at a rate of ~13.5-15.5% CAGR over next two years, compared with a ~33-35% CAGR for NBFC-MFIs. SFBs licensees are required to adhere to stricter norms and compliance, which would impact their growth in the initial years of their conversion. Limited or no exposure towards managing the liability side of the business would also be a challenge for SFBs licensees.

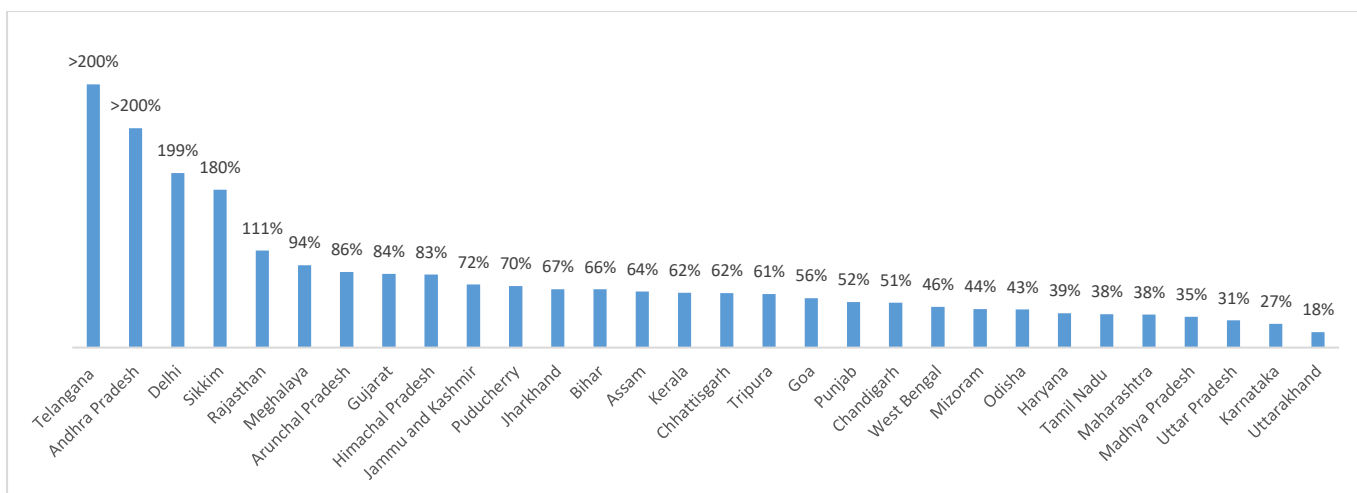
MFIs expanding aggressively, tapping newer states and districts to widen client base

Many MFIs have started exploring newer states and are opening new branches in untapped districts, which is increasing overall penetration. Because of aggressive expansion plans of some big players, we expect the penetration to deepen further. Also, we expect number of players in states/union territories (UTs) to increase. The number of states/UTs catered to by NBFC-MFIs (including SFBs) has also risen from 27 in fiscal 2013 to 36 in fiscal 2019.

Among the top 10 states, Rajasthan has registered highest increase of 75% in number of branches in fiscal 2019 followed by West Bengal with 70% growth. States such as Goa, Sikkim, Meghalaya, Arunachal Pradesh, Jammu and Kashmir (J&K), Mizoram, and Nagaland are relatively under-penetrated. Some MFIs have begun operations in these states, furthering financial inclusion.

Due to an increase in the number of branches, penetration has gone up significantly, resulting in extraordinary growth in gross loan portfolio in some states; many other states have also registered significant growth compared with the last year.

Gross loan portfolio y-o-y growth in as of September 2019 is highest for Telangana

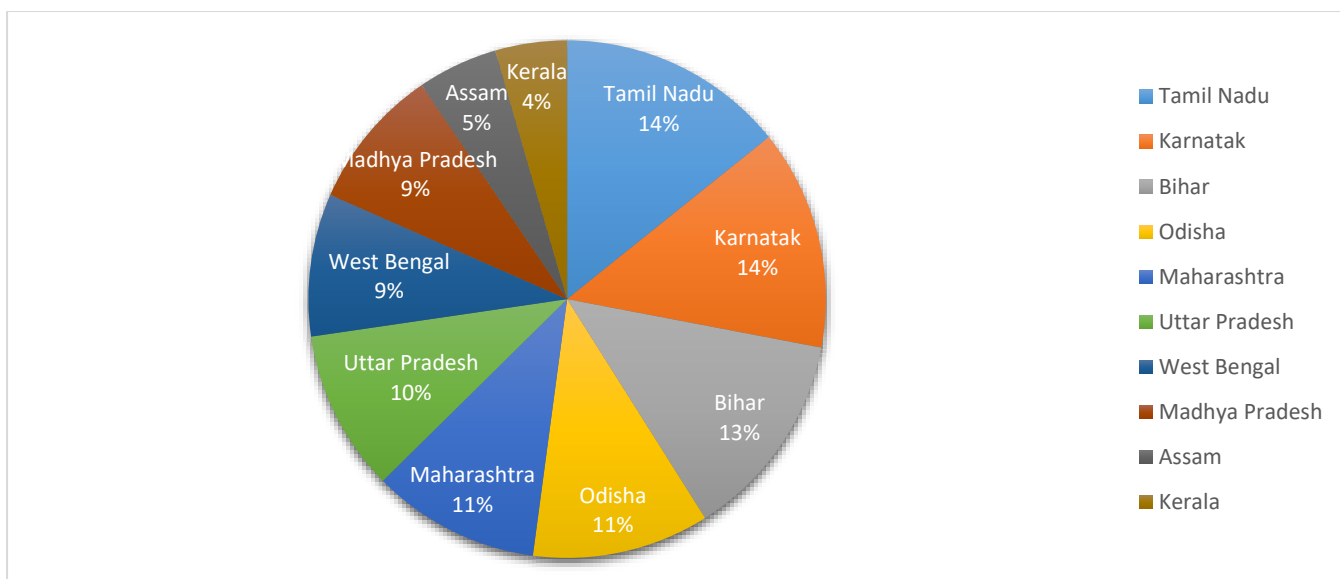


Note: State wise GLP growth in September 2019 over September 2018

Source: MFIN, CRISIL Research

States like Telangana, Andhra Pradesh, Delhi, Sikkim and Rajasthan have registered an extraordinary growth on account of relatively smaller base and increased focus of players in these states. The high growth in both number of branches and number of clients has also increased the overall gross loan portfolio in each state.

Top 10 states with 82% market share in as of September 2019



Source: MFIN, CRISIL Research

The top 10 states have seen ~44% growth from last year due to high presence of MFI players and focus of some top players in these states on increasing penetration and higher ticket sizes. About 84% of the gross loan portfolio is concentrated in top 10 states with Karnataka (14%), Bihar (14%), Odisha (13%), Maharashtra (11%) and Uttar Pradesh (11%) recording highest shares.

Competitive dynamics

NBFC MFIs have grown the fastest in the MFI industry

There are multiple players in the microfinance industry with varied organisational structures. Loans in the microfinance sector are provided by banks, NBFCs-MFIs, other NBFCs, and non-profit organisations. Banks provide loans under the self-help group model, however they also give microfinance loans directly or through business correspondents in order to meet their priority sector lending targets.

MFIs continue to gain market share compared to the bank-SHG linkage programme

Banks have a strong presence in the microfinance industry, directly as well as indirectly. While lending to borrowers, MFIs focus on the joint lending group (JLG) model as it is easier to form such groups, whereas banks have a dominant presence in the self-help group (SHG) model through their self-help group–bank linkage programme (SHG-BLP).

The total credit outstanding under SHG-BLP as of March 2019 was Rs 892 billion which signifies a growth of ~18% over FY18. Although, outstanding loans under SHG-BLP have grown significantly, growth is relatively low compared with NBFC-MFIs (including SFBs).

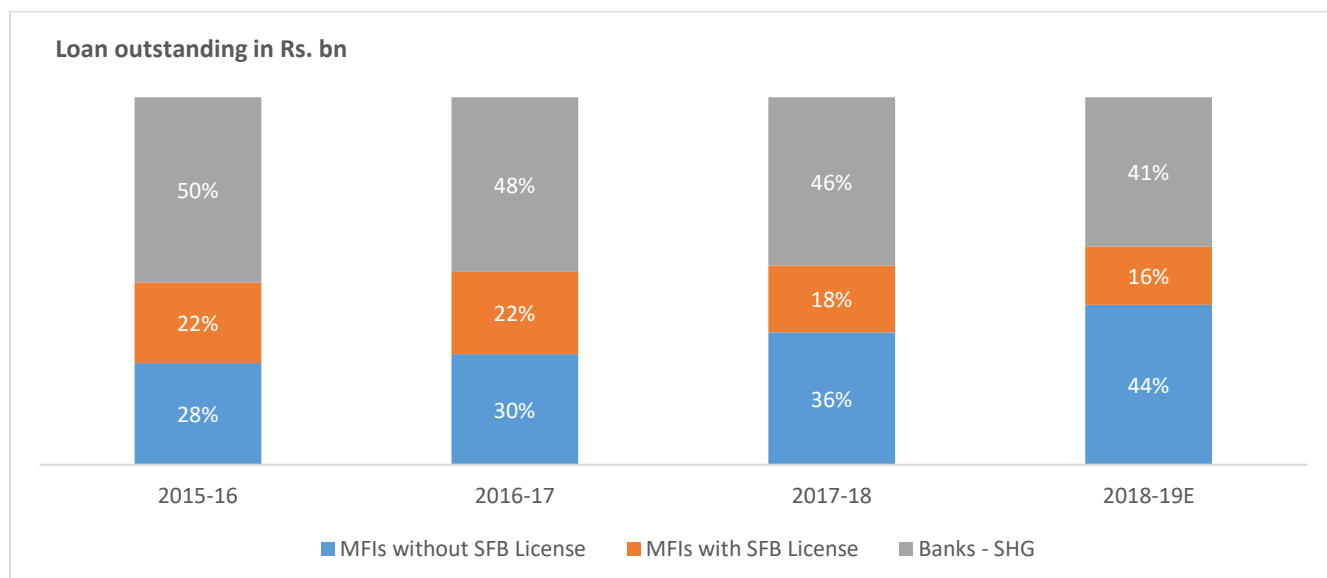
Bank SHG	FY16	FY17	FY18	FY19E
Loan outstanding to SHGs (Rs billion)	571	616	756	892
Loan outstanding growth %	10.90%	7.80%	22.80%	18.00%
Average loan outstanding	1,22,242	1,27,016	1,50,584	1,77,689
MFIs^	FY16E	FY17E	FY18E	FY19E
Gross loan outstanding (Rs billion)	563	680	894	1,302
Gross loan outstanding growth %	68.06%	20.78%	31.47%	45.64%
Average loan amount outstanding per client	17,807	18,964	19,009	20,084

Note: MFI numbers are excluding Bandhan and including small finance banks; E: Estimated;

Source: National Bank for Agriculture & Rural Development (NABARD), Bharat Microfinance, MFIN, CRISIL Research

MFIs increased their market share from 39% to 59% between fiscals 2015 and 2019, following greater regulatory clarity and demand for loans from states, other than Andhra Pradesh. The growth rate of MFIs is expected to remain higher, which will increase their market share in next two fiscals.

Share of GLP of NBFCs versus banks



Note: Share in total GLP of MFIs and Bank-SHG; NBFC data including players with SFB licence and NBFC-MFIs; Banks data is only for bank SHG

Source: NABARD, Bharat Microfinance, MFIN, CRISIL Research

Growth drivers in microfinance industry

Huge potential market, sustainable model - growth drivers for MFIs

Within the large suite of products and services under financial inclusion, microfinance institutions have a major role to play in the provision of credit. The sheer size of the market (in terms of financially-excluded households), a business model that offers sustainable credit to the poor at affordable rates and a repayment cycle spread over a longer duration, have been key growth drivers for MFIs operating in India.

- **Huge unbanked population and low finance penetration in the country:** Given the sheer size of the Indian population and considering that a large section still lacks access to formal banking services, driving financial inclusion has always been a key priority for the government. The banking system and 'priority sector' lending have been the most explored channels to bring majority of the population under the ambit of formal credit institutions.

The global average of adult population with an account (at a bank, financial institution or with mobile money providers) is about 62%. India is far behind at about 53%. However, its average is above that of South Asia, which is relatively low at about 46% due to poor financial inclusion, especially in some of India's neighbours. As per the global Findex database (2014), 21% of the world's unbanked adults are from India, constituting almost 420 million unbanked adults. This is the highest in the world, much higher than China's 240 million unbanked adults, considering the total global unbanked population as 2 billion.

- **Key government initiatives:** The government is taking a number of initiatives to improve the financial inclusion in the country by supporting the microfinance institutions in various ways. Pradhan Mantri Jan Dhan Yojana (PMJDY) and Pradhan Mantri Mudra Yojana (PMMY) are the two key schemes in this regard.
- **Adoption of new technologies and digitisation:** Digitalisation has impacted almost all aspects of the financial services industry. However, it is far more critical for the MFI industry since lower operating costs can result in higher financial inclusion and increased benefits for customers. The use of technology has helped MFIs grow at a fast pace, improve efficiency, lower the usage of cash, lower turnaround time, develop new products, provide better service to customers and use analytics for portfolio monitoring and credit appraisal. Further development in the area of digitisation will help in expanding the reach of MFIs.
- **Diversified products and services:** Up until now, the offerings of microfinance institutions were limited, but companies in the market are rapidly expanding their portfolios by joining up with pension, remittance, and insurance providers to cross-sell products. This allows MFIs to market themselves as a one-stop solution for the financial requirements and catering to a wider range of clients along with better stickiness in the market. A wider range of product offerings by companies will help them in attracting more and more customers and it will act as a key growth factor for them.
- **Group lending model helps MFIs widen the reach to low-income households:** Even as banks have been the traditional source of funds, constraints in the form of varying income levels, absence of collateral and significant fixed operational cost in proportion to small-ticket loans have limited their geographical and demographic reach. To effectively tackle issues faced by conventional bank lending models, MFIs adopted an alternative operating mechanism in the form of group lending models, such as JLGs and SHGs. These models are based on certain common principles, such as identifying individuals with similar credit requirements and using peer pressure to curb delinquencies.

Furthermore, in comparison with banks, MFIs are able to charge higher interest rates to cover the financing and operational costs, and yet maintain sustainable profit margin. In a nutshell, MFIs have been able to provide a viable alternative mechanism to drive the financial inclusion agenda

OUR BUSINESS

In this section, any reference to “we”, “us” or “our” refers to KLM Axiva Finvest Limited. Unless stated otherwise, the financial data in this section is as per our reformatting financial statements prepared in accordance with Indian GAAP and Limited Review Financial Statements prepared in accordance with Ind AS set forth elsewhere in this Prospectus.

The following information should be read together with the more detailed financial and other information included in this Prospectus, including the information contained in the chapter titled “Risk Factors” and “Industry Overview” beginning on pages 16 and 75.

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 March 31, 2020, we operate through 174 branches across four states namely Kerala, Karnataka, Tamil Nadu and Telangana managed through our corporate office located at Kochi.

As of September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017, our AUM was ₹ 40,700.41 lakh, ₹ 37,383.27 lakh, ₹ 19,423.29 lakh and ₹ 9,135.68 lakhs, respectively. Our AUM increased at a CAGR of 102.29% from ₹ 9,135.68 lakhs as of March 31, 2017 to ₹ 37,383.27 lakhs as of March 31, 2019.

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 up to ₹ 100 Lakhs 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 September 30, 2019 and March 31, 2019, we had an aggregate principal balance of ₹ 17,450.63 lakhs and ₹ 14,904.53 lakhs respectively. For the six month period ended September 30, 2019 and financial years ended March 31, 2019, March 31, 2018, and March 31, 2017, our gold loan portfolio yield representing interest income on gold loans as a percentage of average outstanding gold loans, for the same period were 26.87%, 17.90%, 23.83% and 22.09%, respectively, per annum. For the six month period ended September 30, 2019 and financial years ended March 31, 2019, March 31, 2018, and March 31, 2017, income from interest earned on our gold loans constituted 42.80%, 26.82%, 26.03%, and 24.89%, of our total income for the respective years.

Micro, small and medium enterprises loans:

We provide loans up to ₹ 500 Lakhs to micro, small and medium enterprises (“MSME”) customers, which category 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 September 30, 2019 and March 31, 2019, we had an aggregate principal balance of ₹ 13,945.53 lakhs and ₹ 13,586.81 lakhs respectively. For the six month period ended September 30, 2019 and financial years ended March 31, 2019, March 31, 2018, and March 31, 2017, 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 22.33%, 20.43%, 23.73%, and 29.04%, respectively, per annum. For the six month period ended September 30, 2019 and financial years ended March 31, 2019, March

31, 2018 and March 31, 2017, income from interest earned on our MSME loans constituted 30.26%, 31.66%, 32.10% and 28.71%, of our total income for the respective years.

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 September 30, 2019 and March 31, 2019, we had an aggregate principal balance of ₹ 6,454.13 lakhs and ₹ 6,285.06 lakhs respectively. For the six month period ended September 30, 2019 and financial years ended March 31, 2019, March 31, 2018 and March 31, 2017, 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 27.04%, 37.50%, 54.81%, and 86.93%, respectively, per annum. For the six month period ended September 30, 2019 and financial years ended March 31, 2019, March 31, 2018 and March 31, 2017, income from interest earned on our personal loans constituted 16.96%, 29.64%, 37.06%, and 44.00%, of our total income for the respective years.

Microfinance loans:

We also provide micro finance loans to women customers. We provide microfinance loans up to ₹ 0.325 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 September 30, 2019 and March 31, 2019, we had an aggregate principal in our microfinance loan segment of ₹ 2,759.56 lakhs and ₹ 2,511.30 lakhs respectively. For the six month period ended September 30, 2019 and financial years ended March 31, 2019 and March 31, 2018, 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 25.12%, 24.14% and 8.00%, respectively, per annum. For the six month period ended September 30, 2019 and financial years ended March 31, 2019 and March 31, 2018, income from interest earned on our microfinance loans constituted 6.52%, 7.26% and 1.50%, of our total income for the respective years.

Vehicle loans:

We also provide two wheeler loans to women customers. As of September 30, 2019 and March 31, 2019, we had an aggregate principal in our vehicle loan segment of ₹ 90.54 lakhs and ₹ 95.57 lakhs respectively.

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

Particulars	Financial Years (Based on IGAAP)			
	Six month ended September 30, 2019 (Based on IND AS)	2019	2018	2017
Gold Loan	17,450.63	14,904.53	5,575.95	3758.45
MSME	13,945.53	13,586.81	7,594.14	3966.83
Personal Loan	6,454.13	6,285.06	4,519.10	1260.21
Microfinance	2,759.56	2,511.30	1,601.63	0.00
Vehicle Loan	90.55	95.57	132.47	150.18
Total AUM	40,700.41	37,383.27	19,423.29	9,135.68
Gross NPA	4,815.66	1,862.59	854.90	386.58
Gross NPA/AUM%	11.83%	4.98%	4.40%	4.23%
Net NPA	3,302.92	1,671.34	764.47	345.12
Net NPA/AUM%	8.12%	4.47%	3.94%	3.78%
Net worth	6,934.22	6,924.78	4,946.50	4,603.02
Return on net worth %	9.98%^	8.63%	11.50%	4.63%
Revenue from Operations	5,078.68	6,528.72	4,154.72	2,389.23
Profit after Tax	691.72	597.74	568.65	212.98

^not annualised

Our Company's leverage ratio as of September 30, 2019, March 31, 2019, 2018, and 2017 were 5.85, 5.19, 3.59 and 1.36 times respectively. As of September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017,

our total outstanding debt was ₹ 35,359.97 lakhs, ₹ 33,500.73 lakh, ₹ 16,737.55 lakhs and ₹ 5,750.94 lakhs, respectively, and our finance cost was ₹ 2,076.31 lakhs, ₹ 2,998.99 lakh, ₹ 1,152.54 lakhs and ₹ 394.82 lakhs, respectively.

Our AUM in gold loan, MSME loan, and personal loan has increased at a CAGR of 99.14%, 85.07%, and 123.32% from March 31, 2017 to March 31, 2019, respectively.

Key Operational and Financial indicators of our Company

A summary of our key operational and financial indicators for the six month period ended on September 30, 2019 have been derived from Limited Review Financial Statements prepared in accordance with IND AS¹ and for the last three Fiscals 2019, 2018 and 2017, have been derived from Reformatted Financial Information prepared in accordance with IGAAP are as follows:

A summary of our key operational and financial parameters for the six month period ended on September 30, 2019, are as follows:

Parameters	(₹ in lakhs except percentage)
	Six month period ended on September 30, 2019
Equity	6934.22
Total Borrowings of which	
-Debt securities (including interest accrued but excluding unamortized expense of public issues)	11902.71
-Borrowings (other than debt securities)	469.14
-Subordinated Liabilities	22988.12
Property, Plant and Equipment and Other Intangible assets	1704.43
Financial assets ²	41847.58
Non-financial assets ³	2620.66
Cash and cash equivalents including bank balances	2286.32
Financial liabilities ⁴	37418.34
Non-financial liabilities ⁵	115.68
Assets under Management ⁶	40700.41
Contingent Liability	Nil
Interest Income	4903.27
Finance Costs	2076.31
Impairment on financial instruments	44.48
Profit after Tax (PAT)	691.72
Total Comprehensive Income	691.72
Gross NPA as % of Loan assets	11.83%
Net NPA as % of Loan Assets	8.12%
CRAR - Tier I Capital Ratio (%)	15.38%
Leverage Ratio (times)	5.85

Notes:

1. The Company has adopted Ind AS notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, from April 1, 2019 and the effective date of such transition is April 1, 2018. Such transition has been carried out from the erstwhile Accounting Standards notified under the Companies Act. Accordingly, the impact of transition has been recorded in the opening reserves as at April 1, 2018 and the corresponding figures, presented in these results, have been restated/ reclassified. Therefore, the Financial Information on September 30, 2019 is not comparable with previous years Financial Information.

2. Financial assets includes cash and cash equivalents, bank balance other than cash and cash equivalents, loans, investments and other financial assets.

3. Non-Financial assets includes current tax assets, deferred tax assets, property plant and equipment, intangible assets and other non-financial assets

4. Financial liabilities includes debt securities, borrowings (other than debt securities), deposits, subordinated liabilities and other financial liabilities.

5. Non-Financial liabilities include provisions and other non-financial liabilities.

6. “Asset under Management” refers to gross loans including interest receivable without considering impairment.

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

Parameters	Financial Years		
	2019	2018	2017
Net worth	6,924.78	4,946.50	4,603.02
Total Debt	33,500.73	16,737.55	5,750.94
of which			
-Non-Current Maturities of Long Term Borrowing	27,546.66	15,131.61	3,516.24
-Short Term Borrowing	452.66	450.14	-
-Current Maturities of Long Term Borrowing	5,501.40	1,155.80	2,234.70
Net Fixed Assets	1,299.45	678.81	641.57
Non-Current Assets	5,991.98	4,070.80	4,000.82
Cash and Cash Equivalents	2,081.60	1,848.10	621.95
Current Investments	-	-	-
Current Assets	36,592.46	18,865.09	6,897.41
Current Liabilities	7,832.95	2,693.08	2,711.31
Assets Under Management	37,383.27	19,423.29	9,135.68
Off Balance Sheet Assets	-	-	-
Contingent Liabilities	-	-	-
Interest Income	6,528.72	4,154.72	2,389.23
Interest Expense	2,998.99	1,152.54	394.82
Provisioning & Write-offs	123.15	112.22	38.33
PAT	597.74	568.65	212.98
Gross NPA (%)	4.98%	4.40%	4.23%
Net NPA (%)	4.47%	3.94%	3.78%
Tier I Capital Adequacy Ratio (%)	16.67%	23.04%	44.30%
Leverage Ratio (Times)	5.19	3.59	1.36

Debt Equity Ratio

For details of the debt-equity ratio of our Company, see “Capital Structure” beginning on page 45 of this Prospectus.

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 September 30, 2019, March 31, 2019, March 31, 2018 and March 31, 2017, gold loan segment represented 42.88%, 39.87%, 28.71% and 41.14%, MSME loan segment represented 34.26%, 36.34%, 39.10% and 43.42% and personal loans represented 15.86%, 16.81%, 23.27% and 13.79% 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 March 31, 2020, we have had a distribution network of 174 branches spread across Kerala, Karnataka Tamil Nadu and Telangana. 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 March 31, 2020, March 31, 2019 and March 31, 2018 is as given below:

States	As at March 31, 2020	March 31, 2019	March 31, 2018
Kerala	120	83	52
Karnataka	35	28	13
Tamil Nadu	17	8	8
Telangana	2	-	-
Total	174	119	73

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 119.

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 and Tamil Nadu. Our strategy for branch expansion includes further strengthening our presence in South Indian states by providing higher accessibility to customers as well as leveraging our expertise and presence in southern Indian states. As a strategy, we will continue to leverage on the infrastructure provided by entities operating under the ‘KLM’ brand name. We expect that our diverse revenue stream will reduce our dependence on any particular product line thus enabling us to spread and mitigate our risk exposure to any particular industry, business, geography or customer segment. Offering a wide range of products helps us attract more customers thereby increasing our scale of operations. At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base in rural and semi-urban markets where a large portion of the population has limited access to credit either because they do not meet the eligibility requirements of banks or financial institutions, or because credit is not available in a timely manner at reasonable rates of interest, or at all. A typical loan customer expects rapid and accurate appraisals, easy access, quick approval and disbursement. We believe that we meet these criteria when compared to other money lenders, and thus our focus is to expand our loan financing business. At the core of our branch expansion strategy, we expect to penetrate new markets and expand our customer base to include customers who otherwise would rely on the unorganized sector.

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 March 2020, on the “Industry report on gold loans, low-ticket MSME loans, personal loans and microfinance loans”, as of March 2019 Gold Loan industry AUM grew 14.6 % YoY to reach ₹ 2.9 trillion on account of increased focus of players on diversifying their regional concentration, aggressive marketing and stable gold prices. The gold loan market is expected to log a compound annual growth rate (CAGR) of 7-8 % over the next two years and cross ₹ 3.7 trillion by fiscal 2022.

Further, given the sheer size of the Indian population and considering that a large section still lacks access to formal banking services, driving financial inclusion has always been a key priority for the government. The micro finance industry has a total gross loan portfolio of ₹ 1.9 trillion, as at the end of March 2019. It grew by 38% annually over the same period last year. The number of micro finance accounts stood at 9.79 crore growing at 32% from last year when they were 7.43 crore. The domestic microfinance industry has a huge opportunity to capture share from unorganised players, by growing their portfolio and covering areas that are least penetrated. CRISIL expects the MFI loan portfolio to grow at a ~25% CAGR from fiscal 2019 to fiscal 2021, much lower compared with the past three years as rural areas in well-penetrated states mature and the focus of some top players, converting into SFBs, shifts towards selling other banking products.

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 entered into an agreement with L Code, a software company based at Mangalore for implementing an ERP system and the ERP system has been implemented across all branches from February 29, 2020. We believe that the accurate and timely collection of such data gives us the ability to operate our business in a centralized manner and develop better credit procedures and risk management. As we continue to expand our geographic reach and scale of operations, we intend to further develop and invest in our technology to support our growth, improve the quality of our services and achieve superior turnaround time in our operations.

Further strengthen our risk management and loan appraisal

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

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	Six month ended September 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017
Gold loan	17,450.63	14,904.53	5,575.95	3,758.45
MSME loan	13,945.53	13,586.81	7,594.14	3,966.83
Personal loan	6,454.13	6,285.06	4,519.10	1,260.21
Microfinance loan	2,759.56	2,511.30	1,601.63	-

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. For the six month period ended September 30, 2019 and financial years ended March 31, 2019, 2018, and 2017, income from interest earned on our gold Loans constituted 42.80%, 26.82%, 26.03%, and 24.89%, 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 upto 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 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 September 30, 2019 and March 31, 2019, we had aggregate principal balance of ₹ 13,945.53 lakhs and ₹ 13,586.81 lakhs respectively, which represented 34.26% and 36.34% of our total assets under management as at that date.

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 September 30, 2019 and March 31, 2019, the assets under management for personal loans was ₹ 6,454.13 lakhs and ₹ 6,285.06 lakhs respectively, which represented 15.86% and 16.81% of our total assets under management as at that date.

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 ₹ 0.35 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 mid-term 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 September 30, 2019 and March 31, 2019, the assets under management for microfinance loans were ₹ 2,759.56 lakhs and ₹ 2,511.30 lakhs respectively, which represented 6.78% and 6.72 % of our total assets under management as at that date.

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.

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 ticket 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 March 31, 2020 we had 174 branches in the states of Kerala, Karnataka, Tamil Nadu and Telangana. 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 March 31, 2020, March 31, 2019 and March 31, 2018 is as given below:

States	As at March 31, 2020	March 31, 2019	March 31, 2018
Kerala	120	83	52
Karnataka	35	28	13
Tamil Nadu	17	8	8
Telangana	2	-	-
Total	174	119	73

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 six month period ended September 30, 2019 and for the financial years ended March 31, 2019, March 31, 2018, and March 31, 2017, our total advertisement expenditure was ₹135.81 lakhs, ₹495.42 lakhs, ₹267.64 lakhs, and ₹285.35 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.

Asset and Liability Management (“ALM”)

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

Credit Risk

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

Operational Risk

Operational risk is broadly defined as the risk of direct or indirect loss due to the failure of systems, people or processes, or due to certain other external events. We have instituted a series of checks and balances, including an operating manual, and both internal and external audit reviews. Although we disburse loans in a relatively short period of time, we have clearly defined appraisal methods as well as KYC compliance procedures in place to mitigate operational risks. Any loss on account of failure by employees to comply with defined appraisal mechanism is recovered out of their variable incentive. We also have detailed guidelines on movement and security measures of cash or gold. We are in the process of completing the installation of 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.

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 Organisation

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.

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.

Following is the Interest Policy implemented by our Company in order to reduce the risk.

- Interest rate will be quoted only on annualized basis
- The Rate of Interest will be determined after considering cost of debt, operation cost, risk factor, tenure, market liquidity, competition etc.
- Risk Interest rate shall be determined by taking into account the degree of risk involved in in loans under each loan.
- Based on the following factors like value of collateral securities offered by the customers, tenure of the loan, financial position of the customer, credit reports of the customer, stability in earning etc our Company may charge discrete interest rate for different customers.
- The Company may levy penal interest for any delay or default in making payments of any dues besides normal interest and will be mentioned in bold in the loan agreement.
- Any changes in the interest will be applicable only on prospective basis.
- Decision for waiver of any of the charges or interest would normally not be entertained by the Company and it is the sole and absolute discretion of the company to deal with such request.

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 six month period ending September 30, 2019 and the financial years ending on March 31, 2019, March 31, 2018, and March 31, 2017 are as furnished below:

(₹ in lakhs)				
Asset Type	Six month ended September 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017
Standard	35,884.76	35,520.68	18,568.40	8,749.10

Asset Type	Six month ended September 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017
Sub-standard	4,789.46	1,821.17	818.65	362.17
Doubtful	26.19	41.42	36.25	24.40
Loss	-	-	-	-
Gross NPA	4,815.66	1,862.59	854.90	386.58
Total Loans & Advances	40,700.41	37,383.27	19,423.29	9,135.68
Gross NPA % of Total Loans & Advances	11.83%	4.98%	4.40%	4.23%
Less Provisions	1,512.74	191.25	90.42	41.45
Net NPA	3,302.92	1,671.34	764.47	345.13
Net NPA % of Total Loans & Advances	8.12%	4.47%	3.94%	3.78%

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 cut off date within which the repayment of demand or call loan shall be demanded or called up;
- 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;
- The rate of interest which shall be payable on such loans;
- Interest on such loans, as stipulated shall be payable either at monthly or quarterly rests;
- The sanctioning authority shall record specific reasons in writing at the time of sanctioning;
- A cut off date for review of performance of the loan, not exceeding six months commencing from the date of sanction;
- 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.

Leverage Ratio

Our Company became a systemically important non-deposit taking NBFC with effect from March 9, 2020. Prior to that our Company was a non-systemically important non-deposit NBFC and was required to adhere to RBI NSI Master Directions. As per the RBI NSI Master Directions, every non-systemically important non-deposit taking NBFC company including us are subject to leverage ratio requirements. The Company was required to maintain the leverage ratio which shall not be more than 7 at any point of time. Our leverage ratio was 5.85, 5.19, 3.59 and 1.36 times as on September 30, 2019, March 31, 2019, March 31, 2018, and March 31, 2017, respectively.

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 entered into an agreement with L Code, a software company based at Mangalore for implementing an ERP system and the ERP system has been implemented across all branches from February 29, 2020.

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 and subordinate debt as primary source of funding.

Please refer to sections titled “*Financial Statements*” and “*Financial Indebtedness*” on pages 132 and 139.

Credit Rating:

Credit Rating Agency	Instrument	Date	Ratings	Rated amount in ₹ lakhs
CARE Ratings Limited	Proposed Issue of Non-Convertible Debentures	Rating letter dated March 16, 2020 and revalidation letter dated May 22, 2020	“CARE BB+, Stable”	₹ 12,500 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 Subodh Business Centre 408, Malik Chambers, Hyderguda, Hyderabad – 500 029, Telangana, India. Our corporate office is at 4th Floor, Door No.1871A24, VM Plaza, Palarivattom, Ernakulam-682 025, Kerala, India. As at March 31, 2020, we had 174 branches. We enter into lease and/or leave and license agreements in connection with the premises required for our business outlet. All of our branches, registered office and corporate office are located on leased premises.

Intellectual Property



Our corporate logo “” 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’  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 March 31, 2020, we had 634 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 RoC. Our Company also obtained the certificate of commencement of business dated May 6, 1997 from RoC. 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.

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. Axiva Mfin Limited.

Registered office of our Company

The registered office of our Company is located at Subodh Business Centre, 408, Malik Chambers, Hyderguda, Hyderabad – 500029, Telengana.

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 – 500029, Telengana	For effective and efficient business

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 acquired 100% shareholding in KMLM Financial Services Limited on December 20, 2019 and has made KMLM Financial Service Limited its wholly owned subsidiary. Further our Company <i>vide</i> Board resolution dated November 14, 2019 has approved a proposal to merge KMLM Financial Services Limited with the Company and subsequently has filed draft scheme of arrangement and statutory forms under the Companies Act, 2013 and rules thereunder, to initiate the process of fast track merger.
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.

Key Agreements

Share purchase agreement dated March 9, 2013 entered into amongst Varalakshmi Kanapala, Satyanarayana Konapala, Konapala Rajasekhar, Balla Ramalingeswara Rao, Uppu Nagarathnam, 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 the Prospectus, our Company has one wholly owned subsidiary, namely KMLM Financial Services Limited.

i. KMLM Financial Services Limited (“KMLM”)

KMLM was incorporated pursuant to a certificate of incorporation dated November 9, 2011, issued by the Registrar of Companies, Ernakulam, Kerala and Lakshadweep. The registered office of KMLM is situated at 1

Floor, Mathewsons Trade Centre, near J N International Stadium, Kaloor, Ernakulam, Kerala 682017. It is an unlisted public company having its main objects as providing services to businesses such as marketing and sales, business promotion outsourcing, office administration, hiring and placing of personnel for human resources management including recruitment, administration, and workforce management. Our Company acquired 100% shareholding in KMLM Financial Services Limited on December 20, 2019. The equity shares of KMLM Financial Services Limited was acquired by the Company in a staggered manner from November 5, 2019 till December 20, 2019.

Our Company currently owns 100% shareholding in KMLM.

Shareholding pattern as on March 31, 2020:

Sr. No	Name of Shareholder	No. of equity shares held	Percentage of issued equity share capital
1	KLM Axiva Finvest Limited	21544	99.99%
2	Shibu Theckumpurath Varghese	1	Negligible
3	Elen Elu Shibu	1	Negligible
4	Josekutty Xavier	1	Negligible
5	Princy Josekutty	1	Negligible
6	Biji Shibu	1	Negligible
7	Xavier Jose	1	Negligible

Board of Directors:

The Board of Directors of KMLM comprises of the following persons:

1. Reji Kuriakose;
2. Chirakkunnathu Varghese Biju; and
3. George Gijo Kuriape

Important terms of the draft scheme of arrangement between KMLM Financial Services Limited and our Company:

- Objectives/ benefits of the Proposed Scheme
 - Cost saving by rationalization of administrative expenses and operational synergy;
 - Pooling of managerial, technical and financial resources of the companies in order to provide the Transferee with increased competitiveness;
 - Economy of scales, reduction in overheads, operational rationalization, organizational efficiency and optimal utilization of resources;
 - Significant reduction in multiplicity of legal and regulatory compliances which are currently required to be carried out by the Companies;
 - Increased asset base leading to better financial viability thereby safeguarding the interest of creditors of the Companies.
- Since KMLM Financial Services Limited (“**Transferor**”) is a wholly owned subsidiary of KLM Axiva Finvest Limited (“**Transferee**”), there shall be no tangible consideration for this transaction and the entire share capital of Transferor shall be cancelled and extinguished upon the proposed scheme becoming effective.
- Upon the proposed scheme becoming effective, all existing debentures of the Transferee (25,000 NCDs of ₹ 1,000 each) held by the Transferor, shall stand cancelled without any further act or deed.
- The Transferor shall, without any further act or deed, stand dissolved without winding up in accordance with Section 233(8) of the Companies Act, 2013, upon the proposed scheme becoming effective.
- The proposed scheme is conditional upon and subject to compliance with requirement and provisions of sub-clauses (a), (b), (c) and (d) of Section 233 (1) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

- Even after the Scheme becomes effective, the Transferee shall be entitled to operate all bank accounts of the transferor and realize all monies and complete and enforce all pending contracts and transactions of the Transferor in the name of the Transferee as far as may be necessary until the transfer of rights and obligations under the proposed scheme is formally accepted by the concerned parties.

OUR MANAGEMENT

In compliance with the Companies Act, 2013, of our Company require us to have not less than three Directors and not more than fifteen Directors. As on the date of this Prospectus, we have six Directors on the Board which include one Executive Director and five 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 six 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.	Dr. Alexander John Joseph Designation: Non-Executive Chairman (Independent) DIN: 00485766 Nationality: Indian Occupation: Retired IAS Date of appointment/reappointment: February 29, 2016 Term: For a period of five years from September 26, 2016 Address: 507, CMH Road, Indira Nagar Bengaluru, Karnataka- 560 038, India.	81	1. Symphony TV and Entertainments Private Limited; 2. Transaction Analysts (India) Private Limited; 3. JPT Securities Limited; 4. SKIL Infrastructure Limited; 5. SKIL-Himachal Infrastructure and Tourism Limited; 6. Kings Infra Ventures Limited; 7. MFar Constructions Private Limited; 8. KLG Capital Services Limited; and 9. Karanja Logistics Private Limited. 10. Karanja Terminal & Logistics Private Limited
2.	Mr. Shibu Theekumpurath 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: Theekumpurath House, Chelad PO, Kothamangalam, Ernakulam, Kerala – 686 681, India.	55	1. Payyoli Granites Private Limited; 2. KLM Nidhi Limited; and 3. Axiva Mfin Limited.
3.	Mr. Josekutty Xavier Designation: Non-Executive Director DIN: 02073994	60	1. Reliant Credits (India) Limited; 2. KLM Nidhi Limited; 3. Axiva Mfin Limited; and 4. Jyothis Nidhi Limited.

S. No.	Name, designation, DIN, nationality, occupation, date of appointment, term and address	Age (years)	Other Directorships
	Nationality: Indian Occupation: Business Date of appointment/reappointment: December 2, 2014. Designated as Non-Executive Director on October 28, 2019 Term: Re-appointed for a period of 5 years with effect from December 31, 2018 and is liable to retire by rotation Address: Kannattumadam House, K.M.C. 14, 634, opp. St. George HS Kothamangalam P.O., Kerala – 686 691, India		
4.	Ms. 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: Theckempurath House, Chelad P.O, Ernakulam, Kerala – 686 681, India.	50	1. Carbomix Polymers (India) Private Limited; and 2. KLM Tiana Gold & Diamonds Private Limited.
5.	Mr. James Joseph Arambankudyil Designation: Non-Executive Director (Non-Independent) DIN: 06566906 Nationality: Indian Occupation: Business Date of appointment/reappointment: Appointed on May 19, 2013. Reappointed on August 17, 2019 liable to retire by rotation. Term: Liable to retire by rotation Address: Arambankudyil House, Kothamangalam Ernakulam, Kerala- 686 691, India	66	1. Reliant Credits (India) Limited; 2. Aiswarya Nidhi Limited; 3. KLM Tiana Gold & Diamonds Private Limited; 4. KLM Nidhi Limited; and 5. Kothamangalam Nidhi Limited.
6.	Mr. Issac Jacob	35	1. Payyoli Granites Private Limited;

S. No.	Name, designation, DIN, nationality, occupation, date of appointment, term and address	Age (years)	Other Directorships
	Designation: Independent Director		2. Basil Natural Technically Specified Rubber Private Limited;
	DIN: 02078308		3. Peringidamala Estates Private Limited; and
	Nationality: Indian		4. QB Concretes Private Limited.
	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		

Brief Profile of Directors

Dr. Alexander John Joseph: aged 81 years is the Non- Executive (Independent) Chairman of our Company. He is a retired IAS officer and holds a doctorate of philosophy from Karnataka University. He has been associated with our Company since February 29, 2016.

Mr. Shibu Theckumpurath Varghese: aged 55 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, Axiva Mfin Limited and KLM Nidhi Limited. He has over 25 years of experience in finance business. He has been associated with our Company since July 27, 2016.

Mr. Josekutty Xavier: aged 60 years is a Non-Executive Director of our Company. He holds a bachelor's degree in Commerce from University of Kerala. He is also a director in KLM Nidhi Limited Reliant Credits (India) Limited, Axiva Mfin Limited and Jyothis Nidhi Limited. He has served as a director in KLM Fincorp Limited and KMLM Chits India Limited in the past and has a rich experience in finance business. He has been associated with our Company since December 2, 2014.

Ms. Biji Shibu: aged 50 years is our Non-Executive Director. She holds a bachelor's degree in arts from Mahatma Gandhi University. She is serving as a director in Carbomix Polymers (India) Private Limited and KLM Tiana Gold & Diamonds Private Limited. She has a rich experience in finance business and has been associated with our Company since March 9, 2013.

Mr. James Joseph Arambankudyil: aged 66 years is a Non-Executive Director. He has cleared the pre-degree examination from Mar Athanasius College. Prior to joining our Company, he has worked with Ras Al Khaimah Plastic Establishment, U.A.E and Anabeeb Pipes Manufacturing Factories, U.A.E as a sales manager. He has a wide range of experience in the G.R.P industry. He has been associated with our Company since May 19, 2013.

Mr. Issac Jacob: aged 35 years is Independent Director. He holds Bachelor's degree in technology under mechanical branch. He has been associated with our Company since March 17, 2018.

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 have been identified as a 'wilful defaulter' by any financial institution or bank, or a consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI. None of our director's features in any list of defaulters by ECGC or any government/regulatory authority.

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 Chapter V of the SEBI Delisting Regulations.

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.

The remuneration payable to Shibu Theckumpurath Varghese is ₹3,00,000 per month subject to any statutory modifications or re-enactment of the Companies Act, 2013 from time to time or any equivalent statutory re-enactment thereof. Reimbursement of expenses will be provided at actuals and will not be considered as perquisites, Gratuity will be paid as per the rules of the Company and annual increment is restricted to 20% of his total CTC.

Non-Executive Directors

The Board of Directors of our Company in their meeting held on December 26, 2018 has approved payment of sitting fees of ₹1,00,000 and ₹50,000 to Dr. Alexander John Joseph, the Non-Executive (Independent) Chairman, for attending the meetings of the Board and its audit committee respectively.

Except for the Non-Executive (Independent) Chairman, none of the Non-Executive Directors including the Independent Director of our Company have been paid remuneration for the financial year ended March 31, 2019.

Remuneration paid to our Directors

The following table sets forth the remuneration (which includes sitting fees) paid by our Company to our Directors during the financial year ended March 31, 2019:

		(₹ in lakhs)
Name of Directors	Designation	Amount
Josekutty Xavier [#]	Whole Time Director	15.00
Shibu Theckumpurath Varghese	Whole Time Director	30.50
Dr. Alexander John Joseph	Independent Director	1.50
Biji Shibu	Non- Executive Director	Nil
James Joseph Arambankudyil	Non-Executive Director	Nil
Issac Jacob	Independent Director	Nil

[#] Josekutty Xavier has been made a Non-Executive Director of our Company with effect from October 28, 2019

Borrowing Powers of the Board

Pursuant to the resolution passed by the shareholders of our Company at their AGM held on August 17, 2019 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 ₹ 1,500 crores.

Interest of the Directors

All of 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, Biji Shibu, Xavier Josekutty and James Joseph Arambankudyil 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.

Further, Xavier Josekutty may be regarded as interested, in the unsecured loan transaction of ₹700 lakhs advanced by our Company to KLM Fincorp Limited, to the extent of his shareholding in KLM Fincorp Limited.

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 F30.

For further details regarding the interest of our Directors, refer to “*Related Party Transactions*” on page F30.

Our Company’s Directors have not taken any loan from our Company. Further, except as provided in “*Debture holding of Directors*”, none of our Directors hold any debentures/subordinated debt 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.

Except as mentioned below, our Directors or their relatives have not purchased or sold any Equity Shares of our Company in the six month preceding the date of this Prospectus.

Equity Shares

S. No.	Name of the Allottee	Category of the Allottee (Promoter Director, Promoter Group, Director)	Mode of acquisition of securities	Issue Price (In ₹)	Number of equity shares allotted
1.	Biji Shibu	Promoter Director	Preferential Allotment	12.00	2,50,000
2.	Shibu Theckumpurath Varghese	Director	Preferential Allotment	12.00	2,50,000

S. No.	Name of the Allottee	Category of the Allottee (Promoter Director, Promoter Group, Director)	Mode of acquisition of securities	Issue Price (In ₹)	Number of equity shares allotted
3.	Elen Elu Shibu	Promoter group	Preferential Allotment	12.00	2,50,000
4.	Aleyamma Varghese	Promoter group	Preferential Allotment	12.00	1,00,000
Total					8,50,000

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 of Director	Date of change	Reason
Reji Kuriakose	March 13, 2018	Resignation
George Kuriape	March 13, 2018	Resignation
Issac Jacob	March 17, 2018	Appointment as Additional Independent Director

* Change in designation of Directors not considered

Shareholding of Directors, including details of qualification shares held by Directors

As per the provisions of our AOA, Directors are not required to hold any qualification shares. Details of the Equity Shares held in our Company by our Directors, as on 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 (%)
Josekutty Xavier	3,22,500	0.61%
Shibu Theckumpurath Varghese	48,11,200	9.06%
Biji Shibu	31,90,300	6.00%
James Joseph Arambankudyil	10,000	0.01%
Total	83,34,000	15.68%

Key Managerial Personnel

Our Company's Key Managerial Personnel are as follows:

1. **Thanish Dalee**, aged 39 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.
2. **Srikanth G. Menon.**, aged 30 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.

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 reconstituted as on April 3, 2018. It currently comprises of the following directors:

- a. Josekutty Xavier (Chairman)
- b. Dr. Alexander John Joseph
- c. Issac Jacob

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. *Reviewing internal controls and internal audit function with the management/internal auditors;*
2. *Oversight of financial reporting process/disclosures and review of interim & annual financial statements before the Board approval;*
3. *Periodic discussion with the statutory auditors of the company (whether before, during or after the audit) on internal systems, nature and scope of audit, audit observations and areas of concern, if any;*
4. *Review the outcome of internal investigations of material fraud, irregularity and failure of internal system;*
5. *Review financial & risk management policies;*
6. *To look into substantial defaults, if any, in payments to creditors and shareholders;*
7. *In addition to the above, the committee may look into any matter pertaining to finance and accounts areas, as it may deem fit and for this purpose the Audit Committee shall have full access to information contained in the records of the Company and external professional advise, if necessary; and*
8. *to supervise, guide and review the accounting and financial statements, the internal control systems, suggest improvements/changes in financial and accounting policies and practices of the company, ensuring compliance with accounting standards, compliance with stock exchange and legal requirements concerning financial statements as also recommending appointment and removal of external auditor.*

2. Nomination and Remuneration Committee

The Nomination Committee was constituted by a board resolution dated August 14, 2015 and reconstituted as on April 3, 2018. It currently comprises the following Directors:

The Committee currently comprises:

- a. Biji Shibu (Chairman)
- b. Dr. Alexander John Joseph
- 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 January 22, 2017 and it currently comprises:

- a. Shibu Theckumpurath Varghese (Chairman)
- b. Josekutty Xavier
- c. Biji Shibu
- d. James Joseph Arambankudiyil

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 December 26, 2018 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 Rs. 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. *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 it currently comprises:

- a. Josekutty Xavier (Chairman)
- b. Biji Shibu
- c. Shibu Theckumpurath Varghese

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 it currently comprises:

- a. Shibu Theckumpurath Varghese (Chairman)
- b. Josekutty Xavier
- c. James Joseph Arambankudiyil

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 it currently comprises:

- a. Biji Shibu (Chairman)
- b. Josekutty Xavier
- c. James Joseph Arambankudiyil

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. The Debenture Committee comprises of the following persons:

- a. Shibu Theckumpurath Varghese; (Chairman)
- b. Biji Shibu;
- c. James Joseph Arambankudiyil
- d. Josekutty Xavier

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 prospectus, to approve the 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. The CSR Committee comprises of the following persons:

- a. Shibu Theckumpurath Varghese (Chairman);
- b. Biji Shibu;
- c. Dr. Alexander John Joseph

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 PROMOTERS

The Promoters of our Company are Ms. Biji Shibu and Ms. Princy Josekutty and they hold 32,37,300 Equity Shares aggregating to 6.09% of the share capital of our Company.

Profile of our Promoters

1. Ms. Biji Shibu: aged 50 years is our Non-Executive Director. She holds a bachelor's degree in arts from Mahatma Gandhi University. She is serving as a director in Carbomix Polymers (India) Private Limited and KLM Tiana Gold & Diamonds Private Limited. She has a rich experience in finance business and has been associated with our Company since March 9, 2013. She holds 31,90,300 Equity Shares, which constitutes 6% shareholding of our Company.
2. Ms. Princy Josekutty: aged 57 years holds a bachelor's degree in arts from University of Calicut. She is holding office as a director in KLM Prime Nidhi Limited. She has over 10 year experience in finance business. She holds 47,000 Equity Shares, which constitutes 0.09% shareholding of our Company.

Interest of our Promoter in our Company

Except as stated under “*Our Management*” beginning on page 119 and as stated above, to the extent of their shareholding in our Company and to the extent of remuneration received by them in their capacity as Biji Shibhu as Director, our Promoters do not have any other interest in our Company's business. Further, our Promoters 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 Promoters do not propose to subscribe to the Issue and none of our Promoters have any interest in the promotion of the Issue.

Our Promoters 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	31,90,300	31,90,300	6.00%	-	-
2.	Princy Josekutty	47,000	47,000	0.09%	-	-

Set forth below is the build-up of the equity shareholding of our Promoters

1. Biji Shibu

Date of allotment/transfer	No. of Equity Shares	Face value (in ₹)	Issue price (in ₹)	Consideration (Cash/Other than cash)	Nature of allotment/transfer	Sources
March 9, 2013	2,00,300	10	10.00	Cash	Transfer	Own fund
July 3, 2014	80,000	10	11.25	Cash	Preferential Allotment	Own fund
September 18, 2014	80,000	10	11.25	Cash	Preferential Allotment	Own fund
July 16, 2015	80,000	10	11.25	Cash	Preferential Allotment	Own fund
March 27, 2019	25,00,000	10	12.00	Cash	Preferential Allotment	Own fund
January 23, 2020	2,50,000	10	12.00	Cash	Preferential Allotment	Own fund
Total	31,90,300					

2. Princy Josekutty

Date of allotment/transfer	No. of Equity Shares	Face value (in ₹)	Issue price (in ₹)	Consideration (Cash/Other than cash)	Nature of allotment/transfer	Sources
March 9, 2013	47,000	10	10.00	Cash	Transfer	Own fund
Total	47,000					

All the above Equity Shares were fully paid up at the time of allotment or transfer, as the case maybe.

Other Confirmations

None of our Promoters have 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.

None of our Promoters, 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 Chapter V of the SEBI Delisting Regulations.

No violations of securities laws have been committed by our Promoters in the past or no proceedings are currently pending against them.

Our Promoters have 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.

RELATED PARTY TRANSACTION

For details of the related party transactions of our Company during the last five Fiscals, see “*Annexure XIII*” on page F30.

SECTION V - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page No.
1.	Limited Review Financial Results	F1 to F5
2.	Statutory Auditor's examination report on the Reformatted Financial Statements of our Company for the Financial Years ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015	F6 to F8
3.	Reformatted Financial Statements of our Company for the Financial Years ended March 31, 2019, March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015.	F9 to F31



BALAN & CO.

Chartered Accountants

CA P.E.B. Menon
CA P. Mohandas
CA Vishnu Prasad B. Menon

Bank Road, Aluva - 683 101
Phone : 0484-2625371, 2625066

E-mail : balanandco@gmail.com, Website : balanandco.com

REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

The Board of Directors
KLM Axiya Finvest Ltd

Introduction

We have reviewed the accompanying unaudited standalone interim financial statements (referred to u/s 2(40) of the Companies Act 2013, hereinafter referred to as "the financial statements") of **KLM Axiya Finvest Ltd** (hereinafter referred to as "the Company") having its registered office at Subodh Business Center 408, Malik Chambers, Hydergud, Hyderabad-29 for the period ended September 30th, 2019.

The management of the company is responsible for the preparation and fair presentation of this interim financial information in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards, specified under Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Accounts) Rule, 2014, the Companies (Indian Accounting Standards) Amendment Rules, 2019 and all other applicable financial reporting framework. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and design implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standards on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consist of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying unaudited standalone interim financial information does not give a true and fair view of the state of affairs of the entity as at September 30th, 2019, and of its results of operations and its cash flows for the six months period then ended in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014, the Companies (Indian Accounting Standards) Amendment Rules, 2019.



For BALAN & CO.
Chartered Accountants

P. Mohandas
P. Mohandas FCA
(M.No. 21252)
Partner

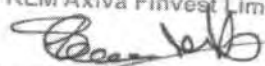
UNAUDITED STATEMENT OF ASSETS AND LIABILITIES

As per Ind AS

Rs. in Crores)

Particulars	31.03.2018	31.03.2019	30.09.2019
ASSETS			
Financial Assets			
Cash and Cash Equivalents	18.45	20.80	22.85
Bank Balance Other than a Above	0.03	0.01	0.01
Loans	192.72	367.00	391.88
Other Financial Assets (to be specified)	1.69	2.83	3.74
Total (A)	212.88	390.64	418.48
Non - Financial Assets			
Deffered Tax Assets (Net)	3.27	4.81	4.98
Property, Plant and Equipment	6.66	12.68	16.74
Other Intangible Assets	0.13	0.31	0.31
Other Non-Financial Assets (to be specified)	2.11	4.21	4.18
Total (B)	12.17	22.02	26.21
Total Assets	225.05	412.66	444.68
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Debt Securities	54.62	140.37	119.03
Borrowings(Other than Debt Securities)	7.20	4.81	4.69
Subordinated Liabilities	105.56	189.10	229.88
Other Financial liabilities(to be specified)	8.34	15.11	20.58
Total (C)	175.71	349.40	374.18
Non - Financial Liabilities			
Current Tax Liabilities (Net)	1.45	-0.09	0.75
Provisions	-	-	-
Other Non-Financial Liabilities(to be specified)	1.33	0.76	0.41
Total (D)	2.78	0.67	1.16
Equity			
Equity Share Capital	39.99	51.49	51.49
Other Equity	6.57	11.10	17.85
Total (E)	46.55	62.60	69.34
Total Liabilities and Equity	225.05	412.66	444.68

For KLM Axiva Finvest Limited



Shibu Theckumpurath Varghese

Wholetime Director

DIN: 02079917



STATEMENT OF FINANCIAL RESULTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019

Particulars	Rs. in Crores)		
	30.09.2018	31.03.2019	30.09.2019
Revenue From Operations			
Interest Income	25.12	63.48	49.03
Other Income	0.75	3.07	1.75
Total Incomes	25.88	66.54	50.79
Expenses			
Finance Costs	11.23	29.99	20.76
Employee benefits expenses	4.39	10.27	7.96
Impairment on Financial Instruments	1.75	4.77	0.44
Depreciation, amortization and impairment	0.83	1.84	1.55
Other expenses	5.63	15.98	11.91
Total Expenses	23.84	62.84	42.62
Profit/(Loss) Before Tax	2.04	3.71	8.16
Current tax	1.17	3.01	1.37
Deferred tax	-0.16	-1.54	-0.12
Profit/(Loss) for the Period	1.03	2.24	6.92
Other Comprehensive Income	-	-	-
Total comprehensive income	1.03	2.24	6.92



For KLM Axiva Finvest Limited

[Signature]
Shri. K. Suresh Kumar
Wholetime Director
DIN: 00111111



Notes:-

1. The above Unaudited financial results are based on unaudited numbers which have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on December 13, 2019. The unaudited financial results has been subjected to limited review by the Statutory Auditor of the Company.
2. The Company has adopted Indian Accounting Standards ('Ind AS') as notified under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules from April 01, 2019. The Financial results together with the results for the comparative reporting period of the company have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS 34- Interim Financial Reporting. The effective date of transition to Ind AS is April 01, 2018 and the same has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules of Companies (Accounts) Rules 2014, guidelines issued by the Reserve Bank of India ('RBI') and other generally accepted accounting principles in India (collectively referred to as "the Previous GAAP")

The impact of the above transition has been recorded in the opening reserves as at April 01, 2018 and the corresponding figures pertaining to comparative previous period as presented in these financial results have been restated/reclassified in order to confirm to current period presentation.

These financial results may require further adjustments, if any, necessitated by guidelines/clarification /directions issued in the future by RBI, Ministry of Corporate Affairs or other regulators, which will be implemented as and when the same are issued/made applicable.

The financial statements have been presented in accordance with format prescribed for Non-Banking Finance Companies under the Companies (Indian Accounting Standards) Rules, 2015 in Division III of Schedule III as per Notification No.G.S.R. 1022(E) dated 11.10.2018, issued by Ministry of Corporate Affairs, Government of India



[Signature]
For and on behalf of the Company
Director

3. Reconciliation of Net Profit and Equity reported under Previous GAAP and IND AS for the half year ended September 30, 2018 and year ended March 31, 2019 respectively (as per requirements of Para 32 of IND AS 101) is as under
(Rs in Crores)

Particulars	30-Sep-18	31-Mar-19
	Profit	Equity
As per IGAAP	2.58	69.25
Earlier period IND AS adjustment	-	-2.91
Recognition of financial assets at amortised cost by application of Effective Interest Rate Method	0.21	-1.81
Expected Credit Loss method (ECL) and related adjustments for Loans & Advances	-1.75	-3.54
Amortisation of NCD issue expenses at Effective Interest Rate	-	0.72
Tax impact on above adjustments	-	0.89
As per IND AS	1.03	62.60

4. 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
5. As permitted under circular no. CIR/IMD/DF1/69/2016 dated August 10, 2016 issue by SEBI, the Company has availed the exemption for submission of IND AS complaint, unaudited financial for the previous year ended March 31, 2019.

For KLM Axiva Finvest Ltd

Shibin Thackamburath Varghese
Wholetime Director
DIN: 020799317

Date: 13.12.2019





BALAN & CO.

Chartered Accountants

CA P.E.B. Menon
CA P. Mohandas
CA Vishnu Prasad B. Menon

Bank Road, Aluva - 683 101

Phone : 0484-2625371, 2625066

E-mail : balanandco@gmail.com, Website : balanandco.com

The Board of Directors,
KLM Axiva Finvest Limited,
Subodh Business Centre 408,
Malik Chambers, Hyderguda,
Hyderabad,
Telangana – 500029

Dear Sirs,

We have examined the attached reformatted standalone financial information of KLM Axiva Finvest Limited, (the “Company”) annexed to this report, which is proposed to be included in the Draft Prospectus/Prospectus of the Company in connection with the proposed issue 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 UPTO ₹2,500 LAKHS AGGREGATING UPTO ₹12,500 LAKHS, HEREINAFTER REFERRED TO AS THE “OVERALL ISSUE SIZE”** in terms of the requirement of Section 26 of the Companies Act, 2013 (“the Act”), Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (“the Regulations”) issued by Securities and Exchange Board of India (SEBI), as amended from time to time in pursuance of Section 11A of the Securities and Exchange Board of India Act, 1992 (the “SEBI Act”) and related clarifications and in terms of our engagement letter dated December 18, 2019. This financial information has been prepared by the Company and is approved by the debenture committee of the Board of Directors of the Company.

The preparation and presentation of the reformatted financial information is the responsibility of the Company’s management. This reformatted financial information is proposed to be included in the Draft Prospectus/Prospectus of the Company in connection with the issue. These reformatted financial information have been regrouped and reclassified in accordance to Schedule III of Companies Act, 2013 (but not restated retrospectively for change in any accounting policy) for the years ended March 31, 2019, 2018, 2017, 2016 and 2015 to be included in the Offer Document of the Company in connection with the issue.

We have examined this financial information taking into consideration the Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India.

1. Reformatted Standalone Financial Statements as per Audited Standalone Financial Statements of the Company

We have examined the following attached statements of the Company:

- a. The “Reformatted Standalone Statement of Assets and Liabilities” as at March 31, 2019, 2018, 2017, 2016 and 2015 (Annexure I) and the schedules forming part thereof (Annexure IV); and
- b. The “Reformatted Standalone Statement of Profits and Losses” for the year ended March 31, 2019, 2018, 2017, 2016 and 2015 (Annexure II) and the schedules forming part thereof (Annexure V); and
- c. The “Reformatted Standalone Statement of Cash Flows” for the year ended March 31, 2019, 2018, 2017, 2016 and 2015 (Annexure III),
together referred to as “Reformatted Standalone Financial Statements”.

The financial statements for the years ended as at March 31st 2019, 2018, 2017, 2016 and 2015 have been approved/ adopted by the Board of Directors and the members of the Company.

We have performed such tests and procedures, which in our opinion were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached Reformatted Financial Information with the Company’s audited financial statements for the year ended March 31, 2019, 2018, 2017, 2016 and 2015 and regrouping and reclassification as per Schedule VI/Schedule III of the ‘Act’ and requirements of ‘SEBI Regulations’.

These Reformatted Standalone Financial Statements have been extracted from the Audited Standalone Financial Statements of the Company after making such adjustments, reclassifications and regroupings as considered appropriate and based on our examination of these Reformatted Standalone Financial Statements, we state that:

- a. These Reformatted Standalone Financial Statements have been presented in “Rupees in lakhs” solely for the convenience of readers;
- b. These Reformatted Standalone Financial Statements have to be read in conjunction with the relevant Significant Accounting Policies and Notes to Financial Statements on the Reformatted Standalone Financial Statements given as per Annexure VI;
- c. The figures of earlier years/periods have been regrouped (but not restated) wherever necessary, to conform to the classification adopted for the Reformatted Standalone Financial Statements;
- d. There are no extra-ordinary items that need to be disclosed separately in the Reformatted Standalone Financial Statements;
- e. These Reformatted Standalone Financial Statements to conform to the requirements of the Schedule III of the Companies Act, 2013.

2. Other Standalone Financial Information of the Company

We have examined the following other Standalone Financial Information of the Company in respect of year ended March 31, 2019, 2018, 2017, 2016 and 2015 proposed to be included in the Draft Prospectus/Prospectus, and annexed to this report:

- a. Significant Accounting Policies (Annexure VI)
- b. Capitalisation Statement (Annexure VII)
- c. Statement of Secured & Unsecured Loans (Annexure VIII)
- d. Statement of Accounting Ratios (Annexure IX)
- e. Statement of Dividends (Annexure X)
- f. Statement of Contingent Liability (Annexure XI)
- g. Statement of Tax Shelter (Annexure XII)

- h. Statement of list of Related Parties & Transaction with them (Annexure XIII A & B)
3. Based on our examination of these Reformatted Standalone Financial Information, we state that in our opinion, the "Reformatted Standalone Financial Statements as per Audited Standalone Financial Statements of the Company" and "Other Standalone Financial Information of the Company" mentioned above for the year ended March 31, 2019, 2018, 2017, 2016 and 2015 have been prepared in accordance with Section 26 of the Act and the Regulations amended by time to time, by SEBI Act.
 4. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.
 5. This report is intended solely for your information and for inclusion in the Draft Prospectus/Prospectus in connection with the proposed issue of NCDs aggregating to **₹12,500 lakhs** and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Balan & Co.,
Chartered Accountants

(FRN 000340 S)



P. Mohandas FCA

Partner

Membership No. 021262

UDIN: 20021262AAAAGC4662

Place: **Aluva**

Date: **16.03.2020**

Annexure - I : Reformatted Summary Statement of Assets and Liabilities

(₹ In Lakhs)

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITIES						
(1) Shareholder's Funds						
(a) Share Capital	1	5,149.32	3,998.88	3,667.90	2,153.06	1,221.33
(b) Reserves and Surplus	2	1,775.46	947.63	935.12	504.05	238.90
(c) Money received against share warrants		-	-	-	-	-
(2) Share application money pending allotment		-	-	-	-	124.30
(3) Non-Current Liabilities						
(a) Long-term borrowings	3	27,546.66	15,131.61	3,516.24	1,467.10	306.20
(b) Deferred tax liabilities (Net)	8	-	-	-	-	-
(c) Other Long term liabilities		-	-	-	-	-
(d) Long term provisions	4	280.05	164.70	67.67	31.36	17.25
(4) Current Liabilities						
(a) Short-term borrowings	5	452.66	450.14	-	-	-
(b) Trade payables		-	-	-	-	-
(c) Other current liabilities	6	7,056.27	1,842.54	2,692.59	21.31	14.07
(d) Short-term provisions	7	324.02	400.41	18.72	78.92	10.71
Total		42,584.44	22,935.89	10,898.23	4,255.80	1,932.76
II. Assets						
(1) Non-current assets						
(a) Fixed assets						
(i) Property, Plant & Equipments	8	1,268.35	666.01	629.21	219.69	93.32
(ii) Intangible assets		31.11	12.79	12.35	13.76	11.82
(iii) Capital work-in-progress		-	-	-	-	-
(iv) Intangible assets under development		-	-	-	-	-
(b) Non-current investments		-	-	-	-	-
(c) Deferred Tax Asset (Net)	9	140.20	74.89	38.06	8.36	5.09
(d) Long term loans and advances - Financing Activities	10	4,271.71	3,149.02	3,197.49	705.97	297.18
(e) Long term loans and advances	11	280.62	168.09	123.71	74.04	23.95
(f) Other non-current assets		-	-	-	-	-
(2) Current assets						
(a) Current investments		-	-	-	-	-
(b) Inventories		-	-	-	-	-
(c) Trade receivables		-	-	-	-	-
(d) Cash and cash equivalents	12	2,081.60	1,848.10	621.95	77.75	613.60
(e) Short-term loans and advances - Financing Activities	10	33,111.56	16,274.28	5,938.19	2,992.53	838.48
(f) Short-term loans and advances	13	731.39	210.66	8.02	3.84	3.96
(g) Other current assets	14	667.91	532.05	329.26	159.86	45.33
Total		42,584.44	22,935.89	10,898.23	4,255.80	1,932.76

The accompanying statement of significant accounting policies and notes to accounts on financial statements are integral part of this statement.

Annexure - II : Reformatted Summary Statement of Profit and Loss

(₹ In Lakhs)

PARTICULARS	NOTE No	For the year ended				
		31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
REVENUE						
Revenue from operations	15	6,528.72	4,154.72	2,389.23	1,077.96	313.88
Other Income	16	306.89	118.46	4.52	3.93	0.33
TOTAL REVENUE		6,835.61	4,273.17	2,393.75	1,081.88	314.21
EXPENSES						
Changes in inventory		-	-	-	-	-
Employee benefit expenses	17	1,026.67	863.07	720.01	331.02	42.80
Financial costs	18	2,998.99	1,152.54	394.82	13.45	11.82
Depreciation and amortization expense		183.74	140.06	106.57	49.44	18.39
Other expenses	19	1,792.77	1,325.25	856.92	426.84	155.76
TOTAL EXPENSES		6,002.16	3,480.93	2,078.32	820.76	228.77
Profit before tax and Extra ordinary Items		833.45	792.25	315.43	261.13	85.44
Extraordinary item:						
Excess Provision for Taxation		-	-	-	-	-
Profit before tax		833.45	792.25	315.43	261.13	85.44
Tax expense:						
(1) Income Tax		301.02	260.43	132.15	100.16	36.71
(2) Deferred Tax		(65.32)	(36.83)	(29.70)	(3.26)	(5.42)
Profit/(Loss) for the period		597.74	568.65	212.98	164.22	54.15

Annexure - III : Reformatted Summary of Cash Flow Statement

(₹ In Lakhs)

	PARTICULARS	For the year ended				
		31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
A	CASH FLOW FROM OPERATING ACTIVITIES :					
	Net profit Before Taxation	833.45	792.25	315.43	261.13	85.44
	<u>Adjustments for:</u>					
	Depreciation	183.74	140.06	106.57	49.44	18.39
	Finance Cost	2,979.88	1,146.19	386.01	12.34	11.06
	Interest on Income Tax	19.11	5.93	8.81	1.11	-
	Provision for Bad debt	7.80	15.19	-	-	-
	Provision for Standard asset	14.53	48.06	19.34	4.37	1.82
	NPA provision	100.82	48.97	16.96	9.74	14.74
	Operating Profit before Working Capital Changes	4,139.33	2,196.64	853.12	338.13	131.45
	(Increase)/Decrease in Loans & Advances - financing activity	(17,959.97)	(10,287.62)	(5,437.17)	(2,562.84)	(860.19)
	(Increase)/Decrease in Short term Loans & Advances	(210.68)	(202.64)	(4.17)	0.12	(3.96)
	(Increase)/Decrease in Current Assets	(135.86)	(202.79)	(169.40)	(114.53)	(37.30)
	(Increase)/Decrease in Inventory	-	-	-	-	-
	Increase/(Decrease) in Short Term Borrowings	2.53	450.14	-	-	-
	Increase/(Decrease) in Other current liabilities	598.13	450.00	2,671.28	7.24	13.51
	Cash flow from extraordinary items	-	-	-	-	-
	Cash from operations	(13,566.52)	(7,596.27)	(2,086.34)	(2,331.87)	(756.51)
	Income Tax Paid	(474.45)	(139.79)	(201.16)	(33.07)	(33.42)
	Net Cash From Operating Activities	(14,040.97)	(7,736.06)	(2,287.50)	(2,364.94)	(789.93)
B	CASH FLOW FROM INVESTING ACTIVITIES :					
	Purchase of Fixed Assets	(771.69)	(169.01)	(509.91)	(170.57)	(102.92)
	Purchase of Intangible Assets	(32.70)	(8.29)	(4.78)	(7.17)	(12.98)
	(Increase)/ Decrease in Deposits Given	(112.53)	(44.39)	(49.67)	(50.09)	(23.95)
	Net Cash From Investing Activities	(916.91)	(221.69)	(564.36)	(227.83)	(139.84)
C	CASH FLOW FROM FINANCING ACTIVITIES:					
	Proceeds from issuance of equity shares	1,150.44	330.98	1,514.85	931.73	791.00
	Share Premium on issue of shares	230.09	49.65	218.09	100.93	114.41
	(Decrease)/ Increase in share application money	-	-	-	(124.30)	113.05
	Proceeds from issue of Debentures	8,647.60	1,078.00	998.00	1,150.90	-
	Debenture application money	-	-	(10.00)	10.00	-
	Proceeds from issuance of Subordinate Debts	8,354.22	9,494.67	1,061.14	-	-
	Proceeds from Long term Borrowings	28.83	-	-	-	280.20
	Repayment of long-term borrowings	-	(306.20)	-	-	-
	Dividend Paid	(239.93)	(263.37)	-	-	-
	Dividend Distribution Tax	-	(53.64)	-	-	-
	Finance Cost	(2,979.88)	(1,146.19)	(386.01)	(12.34)	(11.06)
	Net Cash From Financing Activities	15,191.37	9,183.90	3,396.06	2,056.91	1,287.61
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	233.49	1,226.15	544.20	(535.85)	357.83
	OPENING CASH AND CASH EQUIVALENTS	1,848.10	621.95	77.75	613.60	255.77
	CLOSING CASH AND CASH EQUIVALENTS	2,081.60	1,848.10	621.95	77.75	613.60



Annexure - IV : Notes to Reformatted Summary Statement of Assets and Liabilities

Note - 1

SHARE CAPITAL

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Authorised					
Equity shares of ₹10/- each	6,000.00	4,500.00	4,000.00	3,000.00	1,500.00
Preference shares of ₹1000/- each	-	-	-	-	500.00
Issued, Subscribed & Fully Paid Up					
Equity shares of ₹10/- each	5,149.32	3,998.88	3,667.90	2,153.06	1,221.33
TOTAL	5,149.32	3,998.88	3,667.90	2,153.06	1,221.33

i. Reconciliation statement of shares

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
No: of shares at the beginning of the year	39,988,787	36,679,005	21,530,555	12,213,300	4,303,300
Issued During the year	11,504,441	3,309,782	15,148,450	9,317,255	7,910,000
Bonus Issue	-	-	-	-	-
Less: shares bought back	-	-	-	-	-
Outstanding at the end of the year	51,493,228	39,988,787	36,679,005	21,530,555	12,213,300

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 Shareholders holding more than 5% Shares*

Name of shareholder	No. of Shares Held As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Biji Shibu	2,940,300	-	-	-	-
Aleyamma Varghese	3,656,450	3,656,450	-	1,208,000	708,000
Joby George	-	-	-	-	1,000,000
Jose Sebastian	-	-	-	1,500,000	680,000
Lissy Ittoop	-	-	-	-	720,000
Ittoop K. O.	-	-	-	-	680,000
George Jacob A. K./ Majie George	-	-	-	-	700,000
Baby Mathew	-	-	-	-	760,000
Shibu Theckumpuram	4,561,200	-	-	1,271,200	-

Name of shareholder	Percentage Holding As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Biji Shibu	5.71%	-	-	-	-
Aliyamma Varghese	7.10%	9.14%	-	5.61%	5.80%
Joby George	-	-	-	-	8.19%
Jose Sebastian	-	-	-	6.97%	5.57%
Lissy Ittoop	-	-	-	-	5.90%
Ittoop K. O.	-	-	-	-	5.57%
George Jacob A. K./ Majie George	-	-	-	-	5.73%
Baby Mathew	-	-	-	-	6.22%
Shibu Theckumpuram	8.86%	-	-	5.90%	-



Note - 2

RESERVES & SURPLUS

(₹ In Lakhs)

Reserves and Surplus	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) Security Premium Account:					
As Per last balance sheet	527.39	477.74	259.65	158.73	44.31
(+) Additions during the Year	230.09	49.65	218.09	100.93	114.41
Closing Balance	757.48	527.39	477.74	259.65	158.73
(b) Debenture Redemption Reserve					
Amount as per Last Balance Sheet	-	-	-	-	-
(+) Additions/ transfers during the Year	530.56	-	-	-	-
Closing Balance	530.56	-	-	-	-
(c) Statutory Reserve					
Amount as per Last Balance Sheet	212.99	99.26	56.66	23.82	12.99
(+) Additions/ transfers during the Year	119.55	113.73	42.60	32.84	10.83
Closing Balance	332.54	212.99	99.26	56.66	23.82
(d) General Reserve					
Amount as per Last Balance Sheet	4.08	4.08	4.08	4.08	4.08
(+) Additions/ transfers during the Year	-	-	-	-	-
Closing Balance	4.08	4.08	4.08	4.08	4.08
(e) Surplus					
Balance as per last financial statements	203.17	354.04	183.66	52.28	8.96
(+) Net profit/(net loss) for the current year	597.74	568.65	212.98	164.22	54.15
(-) Transfer to Statutory Reserve	119.55	113.73	42.60	32.84	10.83
(-) Transfer to Debenture Redemption Reserve	530.56	-	-	-	-
(-) Transfer to General Reserve	-	-	-	-	-
(-) Interim dividend on equity shares	-	503.31	-	-	-
(-) Tax on Dividend	-	102.48	-	-	-
(-) Adjustment relating to Fixed Assets	-	-	-	-	0.00
Balance as at the end of the year	150.81	203.17	354.04	183.66	52.28
TOTAL	1,775.46	947.63	935.12	504.05	238.90

Notes:

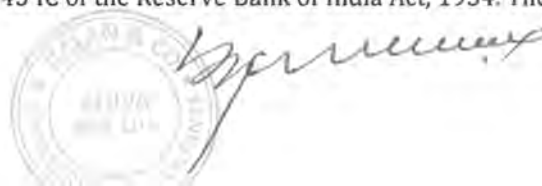
1. Debenture Redemption Reserve

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

b) In respect of the debentures issued through public issue, the Company has created DRR of ₹530.56 Lakhs as at March 31, 2019 (March 31, 2018 / 2017 / 2016/ 2015 - NIL). The Company subsequent to the year ended March 31, 2019 has deposited a sum of ₹514.00 Lakhs (March 31, 2018 / 2017/2016/2015 - NIL) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date net of redemption before April 30, 2019.

2. Statutory Reserve

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



Note - 3

LONG TERM BORROWINGS

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
SECURED					
(a) Non Convertible debentures - Private Placement	2,044.20	4,575.80	2,148.90	1,150.90	-
(b) Non Convertible debentures - Public Issue Listed	6,574.02	-	-	-	-
(c) Debenture application money pending allotment	-	-	-	10.00	-
(d) Term Loans from Banks & financial Institutions - Vehicle Loans	18.41	-	-	-	-
(Secured by hypothecation of respective vehicles and to be repaid in 36 equal monthly instalments. Interest rate varies from 9% to 9.75%)					
UNSECURED	-	-	-	-	-
From Directors	-	-	306.20	306.20	306.20
Subordinate Debts	18,910.03	10,555.81	1,061.14	-	-
TOTAL	27,546.66	15,131.61	3,516.24	1,467.10	306.20

3.1 Secured Non Convertible Debentures - Private Placement

Series wise classification of secured non convertible debentures*

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Non Convertible Debentures 2018 - 19 Series	341.60	-	-	-	-
Non Convertible Debentures 2017 - 18 Series	1,339.70	1,775.10	-	-	-
Non Convertible Debentures 2016 - 17 Series	2,169.30	2,800.70	3,308.20	-	-
Non Convertible Debentures 2015 - 16 Series	258.60	885.80	1,075.40	1,150.90	-
TOTAL	4,109.20	5,461.60	4,383.60	1,150.90	-

Interest wise classification of secured non convertible debentures*

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Non Convertible Debentures - 12.5%	1,586.70	3,516.80	4,277.50	1,150.90	-
Non Convertible Debentures - 12%	2,422.20	1,944.80	106.10	-	-
Non Convertible Debentures - < 12%	100.30	-	-	-	-
TOTAL	4,109.20	5,461.60	4,383.60	1,150.90	-

Maturity wise classification of secured non convertible debentures*

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Non Convertible Debentures - 60 months maturity	2,044.20	2,233.50	966.10	-	-
Non Convertible Debentures - 36 months maturity	2,065.00	3,228.10	3,417.50	1,150.90	-
TOTAL	4,109.20	5,461.60	4,383.60	1,150.90	-

* includes current maturities of secured non convertible debentures.

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

3.2 Secured Non Convertible Debentures - Public Issue Listed

Series wise classification of secured non convertible debentures*

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Non Convertible Debentures 2018 - 19 Series	10,000.00	-	-	-	-
TOTAL	10,000.00	-	-	-	-

Interest wise classification of secured non convertible debentures*

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Non Convertible Debentures > 12%	2,274.99	-	-	-	-
Non Convertible Debentures - 12%	2,752.53	-	-	-	-
Non Convertible Debentures - 11.75%	969.28	-	-	-	-
Non Convertible Debentures - 11.5%	2,323.51	-	-	-	-
Non Convertible Debentures - 11.25%	1,679.69	-	-	-	-
TOTAL	10,000.00	-	-	-	-

Maturity wise classification of secured non convertible debentures*

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Non Convertible Debentures - 72 months maturity	1,424.10	-	-	-	-
Non Convertible Debentures - 60 months maturity	3,101.98	-	-	-	-
Non Convertible Debentures - 36 months maturity	1,285.99	-	-	-	-
Non Convertible Debentures - 24 months maturity	761.95	-	-	-	-
Non Convertible Debentures - 12 months maturity	3,425.98	-	-	-	-
TOTAL	10,000.00	-	-	-	-

* includes current maturities of secured non convertible debentures.

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

3.3 Unsecured Subordinated Debt - Private Placement

Series wise classification of unsecured subordinated debt

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Unsecured Subordinated Debt 2018 - 19 Series	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	1,061.14	-	-
TOTAL	18,910.03	10,555.81	1,061.14	-	-

Interest wise classification of unsecured subordinated debt

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Unsecured Subordinated Debt - >12.5%	1,811.33	1,635.73	72.35	-	-
Unsecured Subordinated Debt - 12.5%	5,182.78	3,120.56	823.83	-	-
Unsecured Subordinated Debt - 12.25%	376.63	-	-	-	-
Unsecured Subordinated Debt - 12%	9,700.08	5,799.52	164.96	-	-
Unsecured Subordinated Debt < 12%	1,839.21	-	-	-	-
TOTAL	18,910.03	10,555.81	1,061.14	-	-

Maturity wise classification of unsecured subordinated debt

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Unsecured Subordinated Debt - 5 to 6 years maturity	2,262.41	1,635.73	823.83	-	-
Unsecured Subordinated Debt - 5 years maturity	16,647.62	8,920.08	237.31	-	-
TOTAL	18,910.03	10,555.81	1,061.14	-	-

Note - 4
LONG TERM PROVISIONS

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) Provision Others:					
Contingent Provision against Standard Assets	88.80	74.27	26.22	6.88	2.51
Contingent Provision for NPA on Gold Loan & Business Loan	111.75	58.31	39.10	23.49	14.67
Contingent Provision for NPA on Vehicle Loan, Personal Loan and Microfinance Loan	79.50	32.11	2.34	1.00	0.07
TOTAL	280.05	164.70	67.67	31.36	17.25

Note - 5
SHORT TERM BORROWINGS

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) Loans repayable on demand ;					
From Banks	-	-	-	-	-
Secured	452.66	450.14	-	-	-
TOTAL	452.66	450.14	-	-	-

1. Nature of Security

(a) Loans repayable on demand from banks

Particulars	Primary	Collateral	Guarantors	Amount outstanding as on 31.03.2019
South Indian Bank Rate of Interest - 12 Month MCLR+1.05%	Books debts/ Recievables	1. EM of vacant land in the name of Josekutty Xavier admeasuring 22.91 cents under Sy No: 1160/6B, 1160/6A ; 31.56 cents under Sy No:1160/6B, 1160/8, 160/7; 20.35 cents under Sy No:1159/9 ; 21.61 cents under Sy No:1159/9 of Kothamangalam Village, Ernakulam District. 2. EM of commercial property admeasuring 3.50 cents in the name of Mr. Shibu T Varghese Sy No : 1023/IIIB/5/49 of Kothamangalam , Ernakulam. 3. EM of residential property in the name of Mrs.Biji Shibu with building and land admeasuring 118.16 cents in SY no:1068/113 of Kothamangalam Village, Ernakulam District.	1. Josekutty Xavier 2. Shibu T Varghese 3. Biji Shibu	₹ 452.66 Lakhs

Note - 6
OTHER CURRENT LIABILITIES

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) Current maturities of long-term debt					
Non Convertible Debentures - Private Placement	2,065.00	885.80	2,234.70	-	-
Non Convertible Debentures - Public Issue Listed	3,425.98	-	-	-	-
Term loans	10.42	270.00	-	-	-
(b) Unpaid dividends	-	1.57	-	-	-
(c) Other payables					
(i) Statutory remittances (Refer note(i) below)	43.59	92.84	37.25	6.04	2.26
(ii) Salaries and Wages Payable	-	-	-	-	-
(iii) Expenses Payable	1,477.14	592.28	238.24	15.27	11.09
(iv) Others	34.14	0.05	182.40	-	0.71
TOTAL	7,056.27	1,842.54	2,692.59	21.31	14.07

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

Note - 7

SHORT TERM PROVISIONS

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) Provision for employee benefits:	-	-	-	-	-
(b) Provision - Others:					
(i) Provision for Income Tax (Net of Advance Tax, TDS and TCS)*	301.02	145.29	18.72	78.92	10.71
(ii) Interim dividend payable	-	239.93	-	-	-
(iii) Provision for bad debts	22.99	15.19	-	-	-
TOTAL	324.02	400.41	18.72	78.92	10.71

* Net of Advance Tax ₹ NIL, TDS ₹ NIL and TCS ₹ NIL as on 31.03.2019; ₹ 1,00,00,000/-, ₹ 15,14,371/- and ₹ NIL as on 31.03.2018; ₹ 1,00,00,000/-, ₹ 13,39,649/- and ₹ 3,439/- as on 31.03.2017; ₹ 20,00,000/-, ₹ 1,24,154/- and NIL as on 31.03.2016 and ₹ 26,00,000/- ₹ NIL and ₹ NIL as on 31.03.2015.

Note - 8

FIXED ASSET

(₹ In Lakhs)

Particulars	GROSS BLOCK AS ON				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
<u>Property, Plant & Equipments</u>					
Land	639.66	291.63	246.51	-	-
Computers and data processing units	134.56	76.94	62.27	28.13	14.40
Electrical Installations and Equipment	104.14	61.65	50.16	24.97	15.58
Furniture and furnishings	627.06	429.75	338.71	193.04	63.17
Office Equipments	187.07	98.37	91.67	33.27	15.69
Motor Vehicles	37.54	-	-	-	-
Total	1,730.02	958.33	789.32	279.41	108.84
<u>Intangible Assets</u>					
Computer Software	67.83	35.13	26.84	22.07	14.90
Total	67.83	35.13	26.84	22.07	14.90
TOTAL	1,797.85	993.47	816.16	301.47	123.73

Particulars	ACCUMULATED DEPRECIATION AS ON				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
<u>Property, Plant & Equipments</u>					
Land	-	-	-	-	-
Computers and data processing units	81.44	52.20	30.40	12.64	3.27
Electrical Installations and Equipment	39.40	24.49	14.22	5.68	1.94
Furniture and furnishings	245.60	156.98	85.67	29.93	7.07
Office Equipments	91.21	58.65	29.81	11.47	3.24
Motor Vehicles	4.03	-	-	-	-
Total	461.68	292.32	160.11	59.72	15.51
<u>Intangible Assets</u>					
Computer Software	36.72	22.34	14.49	8.31	3.07
Total	36.72	22.34	14.49	8.31	3.07
TOTAL	498.40	314.66	174.60	68.03	18.59

Particulars	NET BLOCK AS ON				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
<u>Property, Plant & Equipments</u>					
Land	639.66	291.63	246.51	-	-
Computers and data processing units	53.12	24.73	31.87	15.49	11.13
Electrical Installations and Equipment	64.73	37.16	35.94	19.29	13.64
Furniture and furnishings	381.46	272.77	253.05	163.11	56.10
Office Equipments	95.86	39.72	61.86	21.80	12.45
Motor Vehicles	33.50	-	-	-	-
Total	1,268.35	666.01	629.21	219.69	93.32
<u>Intangible Assets</u>					
Computer Software	31.11	12.79	12.35	13.76	11.82
Total	31.11	12.79	12.35	13.76	11.82
TOTAL	1,299.45	678.81	641.57	233.45	105.15

Note - 9

DEFERRED TAX ASSET/ (LIABILITY)

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Deferred Tax Assets/(Liabilities)					
On difference between book balance and tax balance	58.65	32.48	16.43	3.69	(0.52)
Others	81.55	42.41	21.63	4.67	5.61
Net Deferred Tax Asset/(Liability)	140.20	74.89	38.06	8.36	5.09

Note - 10

LOANS AND ADVANCES - FINANCING ACTIVITIES

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) NON CURRENT					
(i) Secured, considered good					
Gold Loan	-	-	1,315.46	356.45	7.00
Vehicle Loan	5.77	25.64	52.56	29.40	43.66
Personal Loan	429.26	644.42	441.07	255.86	214.52
Business Loan	3,836.68	2,478.96	1,388.39	64.26	32.01
	4,271.71	3,149.02	3,197.49	705.97	297.18
(b) CURRENT					
(i) Secured, considered good					
Gold Loan	14,904.53	5,575.95	2,442.99	1,278.87	583.59
Vehicle Loan	89.79	106.83	97.62	104.24	10.72
Personal Loan	5,855.80	3,874.68	819.14	907.15	216.86
Business Loan	9,750.13	5,115.19	2,578.44	702.27	27.31
(ii) Unsecured, considered good					
Microfinance Loan*	2,511.30	1,601.63	-	-	-
	33,111.56	16,274.28	5,938.19	2,992.53	838.48
TOTAL	37,383.27	19,423.29	9,135.68	3,698.50	1,135.67

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

Note - 11

LONG TERM LOANS AND ADVANCES - OTHERS

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) Security Deposits					
Unsecured, considered good	280.62	168.09	123.71	74.04	23.95
TOTAL	280.62	168.09	123.71	74.04	23.95

Note - 12

CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) Cash in hand	179.80	383.61	172.37	23.87	9.47
(b) Balance with banks					
(i) In Current Accounts	1,799.04	1,152.49	449.57	53.88	604.13
(ii) In Deposit Accounts	101.50	309.00	-	-	-
(iii) In Earmarked Accounts					
- Unpaid dividend accounts	1.26	2.99	-	-	-
TOTAL	2,081.60	1,848.10	621.95	77.75	613.60

Note - 13
SHORT TERM LOANS AND ADVANCES

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) Loans and advances to employees					
Unsecured, considered good	-	-	-	0.19	2.77
(b) Balances with government authorities					
Unsecured, considered good	370.76	26.80	6.57	0.06	-
(c) Other Loans and Advance					
Advances for land	176.22	1.44	1.44	1.44	1.00
Income Tax Advance*	168.51	168.51	-	-	-
Others	15.90	13.91	-	2.15	0.20
TOTAL	731.39	210.66	8.02	3.84	3.96

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

Note - 14
OTHER CURRENT ASSETS

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) Accruals					
Interest accrued on deposits/Securities	1.69	0.63	-	-	-
(b) Others					
Stock of Stationery	0.13	0.13	0.13	0.13	0.13
Interest Receivable	665.64	531.30	316.98	154.10	45.21
Other Receivables	0.46	-	12.16	5.64	-
TOTAL	667.91	532.05	329.26	159.86	45.33

Annexure - V : Notes to Reformatted Summary Statement of Profit and Loss
Note - 15
REVENUE FROM OPERATIONS

(₹ In Lakhs)

Particulars	For the year ended				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) Financing Activities					
Interest on Vehicle Loan	9.51	22.84	52.81	16.51	6.71
Interest on Gold Loan	1,833.19	1,112.36	595.86	238.79	90.96
Interest on Personal Loan	2,025.79	1,583.72	1,053.27	724.96	185.44
Interest on Business Loan	2,163.83	1,371.74	687.29	97.70	30.76
Interest on Micro Finance Loans	496.41	64.06	-	-	-
TOTAL	6,528.72	4,154.72	2,389.23	1,077.96	313.88

Note - 16
OTHER INCOME

(₹ In Lakhs)

Particulars	For the year ended				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) Interest Income					
Interest on FD with Bank	93.71	14.30	-	-	-
Interest on Inter corporate Deposit	-	-	-	-	-
Interest income	0.09	17.82	1.50	-	-
(b) Other non-operating income (net of expenses directly attributable to such income)					
Notice Charge	1.02	0.41	0.04	3.76	0.33
Commission on money transfer	2.44	2.36	2.98	0.12	-
Processing Fee	25.05	31.95	-	-	-
Documentation Charges	90.18	30.32	-	-	-
Social Security Charges	50.99	16.48	-	-	-
Miscellaneous Income	43.41	4.81	-	0.04	-
TOTAL	306.89	118.46	4.52	3.93	0.33

Note - 17

EMPLOYEE BENEFIT EXPENSES

(₹ In Lakhs)

Particulars	For the year ended				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Salaries & Wages	939.97	803.27	676.65	312.01	42.53
Contributions to provident and other funds	86.70	59.80	43.36	19.01	0.27
TOTAL	1,026.67	863.07	720.01	331.02	42.80

Note - 18

FINANCE COST

(₹ In Lakhs)

Particulars	For the year ended				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
(a) Interest expense on :					
(i) Borrowings					
Interest on Bank Loan	49.53	0.43	-	-	-
Interest on Directors Deposits	-	-	-	12.25	11.06
(ii) Others					
Interest on delayed payment of income tax	19.11	5.93	8.81	1.11	0.76
Interest on Subordinate Debt	1,825.68	615.23	44.16	-	-
Interest on Debenture	1,104.66	530.96	341.85	0.09	-
TOTAL	2,998.99	1,152.54	394.82	13.45	11.82

Note - 19

OTHER EXPENSES

(₹ In Lakhs)

Particulars	For the year ended				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Advertisement	495.42	267.64	285.35	116.22	35.20
Audit fee	5.00	3.00	2.36	1.73	1.14
Audit Expenses	1.66	0.37	0.18	-	-
Bad Debt	-	-	-	-	0.18
Meeting Expenses	10.96	4.21	8.53	7.49	0.14
Business Promotion	59.08	20.86	26.97	14.83	4.30
Customer meet expenses	4.60	16.47	4.73	8.72	-
Collection Expenses	12.17	16.28	14.76	7.57	1.91
Canvassing Expenses	-	0.00	0.28	0.61	1.52
Celebration Expense	7.41	3.35	2.21	3.88	0.49
Computer & Software Expenses	17.80	15.63	0.87	1.38	3.74
Crisil rating expenses	5.38	5.00	-	-	-
Corporate social responsibility expenditure	12.98	-	-	-	-
Debenture Trustee Remuneration	4.84	1.10	-	-	-
Discount/Bonus on Prompt Payment	-	-	0.63	8.69	1.89
Donation	-	0.58	0.70	0.25	0.79
Electricity charges & Water charges	34.04	24.29	19.65	12.67	3.54
Inaugural Expense	3.65	3.17	1.30	5.15	2.10
Incentive	235.01	250.73	68.07	10.40	5.73
Insurance charges	7.30	3.94	2.12	1.32	0.83
Bank charges	13.30	4.50	1.71	1.98	0.84
Interest for share money	-	-	-	-	0.56
Interest on EPF	-	0.00	-	-	-
Internet Charge	14.70	10.28	2.38	-	-
Labour Charges	-	-	-	0.38	-
License Fees	-	-	0.06	-	-
Legal Expense	25.74	19.61	7.75	4.48	0.34
Loss on Auction Gold	46.28	49.33	-	-	-
Staff Training Expense	1.38	3.78	1.26	0.69	1.19
Marketing Expenses	10.51	-	-	-	-
Membership Fee	0.72	2.96	0.72	-	-
Miscellaneous Expense	0.27	0.33	0.08	-	0.05
Newspaper & Periodicals	1.40	1.77	0.69	0.41	0.09
Office Expense	49.32	52.68	51.42	26.32	9.46
Postage	8.27	7.22	5.67	2.40	0.81
Printing & Stationery	31.15	15.79	29.56	22.50	15.27
Professional Fee	77.15	66.62	2.83	6.89	1.61

Provision for Bad debt	7.80	15.19	-	-	-
Provision for Standard assets	14.53	48.06	19.34	4.37	1.82
Provision for NPA	100.82	48.97	16.96	9.74	14.74
Public Issue	37.58	-	-	-	-
Diminishment in Value of Gold	-	-	2.02	4.26	-
Rates & Taxes	4.32	12.68	3.70	0.69	0.30
Refreshments	-	-	-	12.38	8.25
Repairs and Maintenance	22.63	13.02	19.81	3.50	1.23
Rent	268.06	218.06	161.21	77.71	14.36
ROC Filing Charge	14.18	6.77	13.17	10.00	10.00
Vat/GST Paid	3.02	0.87	0.83	-	-
Service Tax Paid	-	-	0.96	-	-
Sitting Fees	0.60	1.30	-	-	-
Telephone charges	25.25	21.76	27.81	14.31	3.69
Travelling expenses	79.82	62.56	46.09	22.51	7.66
Vehicle Maintenance	15.43	3.79	1.48	-	-
Water Charges	1.26	0.71	0.67	0.41	-
TOTAL	1,792.77	1,325.25	856.92	426.84	155.76



NOTES TO THE REFORMATTED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a non-systemically important Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. Klm Axiva Finvest Limited is a Public limited company incorporated on 28 April 1997. The Company has received the certificate of registration 09.00006 on 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles (IGAAP) under the historical cost convention as a going concern and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended).

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

Prudential norms: The Company Complies all the material aspect, with the prudential norms relating to the income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the direction issued by the Reserve Bank of India in terms of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions, 2007) as applicable to the company.

2.2. Uses of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period.

Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3. Property, Plant and Equipment

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

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

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

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

2.4. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

2.5. Depreciation and Amortisation

Depreciation on tangible fixed assets is provided using the Written down value Method based on the useful life of the asset and is charged to the Statement of Profit and Loss in the manner prescribed in Schedule II to the Companies Act, 2013.

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

2.6. Impairment

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

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

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

2.7. Revenue recognition

General: Revenue is recognised as earned and accrued when it is reasonably certain that its ultimate collection will be made and the revenue is measureable.

Income from loans:

Interest income from loan transactions is accounted for by applying the interest rate implicit in such contracts.

Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract.

Delayed payment charges, fee based income and interest on trade advances are recognised when they become measurable and when it is not unreasonable to expect their ultimate collection.

Income on business assets classified as Non-performing Assets, is recognized strictly in accordance with the guidelines issued by The Reserve Bank of India for Non-Banking Financial Companies.

Dividend income: Dividend income is recognized when the Company's right to receive dividend is established by the reporting date. Dividend income is recognised when the right to receive payment is established.

Income from investments: Profit earned from sale of securities recognised on trade date basis. The cost of securities is computed on weighted average basis.

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

2.8. Investments

Investments are classified into current and non-current investments. Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as Current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are stated at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. Investment in subsidiary company is stated at cost.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

2.9. Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized. All other borrowing costs are expensed in the period they occur.

2.10. 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)

Post-employment benefits:

1. **Defined contribution plans:** Defined contribution plans are employee state insurance scheme and employee pension scheme all applicable employees and superannuation scheme for eligible employees. The Company's contribution to defined contribution plans are recognised in the Statement of Profit and Loss in the financial year to which they relate.
2. **Defined benefit plans:** Eligible Employees receives benefit from the provident fund, which is a defined benefit plan. Both the employee and company make monthly contribution to provident fund plan equal to a specified percentage of covered employee's salary.
The Company makes specified monthly contributions towards to the government administrated pension fund. The Company has no obligation other than the contribution payable to provident fund authorities.

2.11. Leases

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

2.12. Income taxes

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities using the applicable tax rates and tax laws.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date for any write down, as considered appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.13. Segment Reporting

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

2.14. Cash and Cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.15. Cash Flow Statement

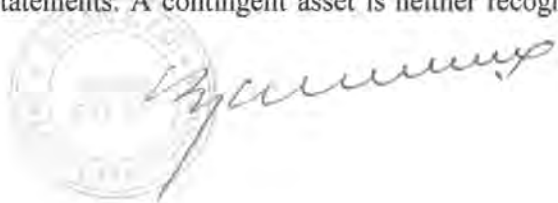
Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

2.16. Earnings per share

The basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.17. Provisions and Contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements

A handwritten signature in dark ink is written over a circular stamp. The stamp contains some text, but it is mostly illegible due to the signature and the quality of the scan. The signature appears to be a cursive name.

Annexure - VII : Capitalisation Statement as at March 31, 2019

(₹ In Lakhs)

Particulars	Pre - Issue	Post - Issue
Long Term Debts (incl. Current maturities of long term debt)	33,048.06	45,548.06
Short Term Debts	452.66	452.66
Total Debts	33,500.73	46,000.73
Shareholders' Funds		
Equity Share Capital	5,149.32	5,149.32
Reserves & Surplus		
Capital Reserve	-	-
Debenture Redemption Reserve	530.56	530.56
Statutory Reserve	332.54	332.54
Share Premium	757.48	757.48
General Reserve	4.08	4.08
Surplus in Profit and Loss A/c	150.81	150.81
Total Shareholders' Funds	6,924.78	6,924.78
Long Term Debts/ Equity	4.77	6.58
Debt/Equity	4.84	6.64

Notes :-

- Short term debts represent debts which are due within 12 months from March 31, 2019.
- Long term debts represent debts other than short term debts, as defined above.
- The pre-issue figures disclosed are based on the Audited Financial Statements of the Company as at March 31, 2019.
- Long Term Debt/Equity = Long Term Debt/ Shareholders Funds
- The Debt Equity ratio post issue is indicative and is on account of the assumed inflow of ₹12,500 Lakhs from the proposed issue.
- The following events happened between 01/04/2019 to 29/02/2020 may have an impact on calculations above made :
 - The Company has allotted 16,35,000 shares of ₹10 each at a premium of ₹2 per share amounting to ₹196.20 lakhs, which has not been considered for the calculation of Pre and Post Issue Debt Equity Ratio.
 - The Company has allotted Secured Non-Convertible Debentures amounting to ₹9,383.38 lakhs through Public Issue, which has not been considered for the calculation of Pre and Post Issue Debt Equity Ratio.
 - The Company has issued Subordinated Debts amounting to ₹9,781.37 lakhs, which has not been considered for the calculation of Pre and Post Issue Debt Equity Ratio.
 - The Company has redeemed publicly placed Secured Non-Convertible Debentures amounting to ₹3,425.98 lakhs, which has not been considered for the calculation of Pre and Post Issue Debt Equity Ratio.
 - The Company has redeemed privately placed Non-Convertible Debentures amounting to ₹2,508.20 lakhs, which has not been considered for the calculation of Pre and Post Issue Debt Equity Ratio.

Annexure - VIII : Statement of Secured Loans and Unsecured Loans**1. Secured Loans****(₹ In Lakhs)**

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
<i>(i) Debentures</i>					
Secured Redeemable Non Convertible Debentures (Private Placement) (For details on interest rate and repayment terms, refer Note 3)	4,109.20	5,461.60	4,383.60	1,160.90	-
Secured Redeemable Non Convertible Debentures (Public Issue Listed) (For details on interest rate and repayment terms, refer Note 3)	10,000.00	-	-	-	-
<i>(ii) Term Loan from Banks & financial institutions</i>					
Loan against Fixed Deposit	-	270.00	-	-	-
Vehicle Loans	28.83	-	-	-	-
<i>(iii) Short Term Loan from Banks</i>					
Cash Credit/Overdraft	452.66	450.14	-	-	-
Total Secured Loans	14,590.70	6,181.74	4,383.60	1,160.90	-

Security**(i) For Secured Redeemable Non Convertible Debentures (Private Placement and Public Issue)**

First ranking pari passu charge with the existing secured creditors on all movable assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future of the Company.

(ii) Term loans from banks are vehicle loans secured by hypothecation of respective vehicles.**(iii) South Indian Bank Overdraft - Sanctioned Limit Rs. 1,000 Lakhs**

South Indian Bank Overdraft is repayable on demand and carries interest @ 12 Month MCLR +1.05%.

Primary Security

Book debts/Receivables

Collateral Security

1. EM of vacant land in the name of Josekutty Xavier admeasuring 22.91 cents under Sy. No: 1160/6B, 1160/6A ; 31.56 cents under Sy. No:1160/6B, 1160/8, 160/7; 20.35 cents under Sy. No:1159/9 ; 21.61 cents under Sy. No:1159/9 of Kothamangalam Village, Ernakulam District.

2. EM of commercial property admeasuring 3.50 cents in the name of Mr. Shibu T Varghese Sy. No: 1023/IIB/5/49 of Kothamangalam Village, Ernakulam District.

3. EM of residential property in the name of Mrs. BijiShibu with building and land admeasuring 118.16 cents in Sy. No: 1068/113 of Kothamangalam Village, Ernakulam District.

2. Unsecured Loans**(₹ In Lakhs)**

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
<i>Long Term</i>					
a. Subordinated Debt	18,910.03	10,555.81	1,061.14	-	-
b. From Directors	-	-	306.20	306.20	306.20
Total Unsecured Loans	18,910.03	10,555.81	1,367.34	306.20	306.20

Annexure - IX : Statement of Accounting Ratios

(₹ In Lakhs except share data)

Particulars	For the year ended				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Earnings Per Share - Basic (Rs.)	1.49	1.46	0.73	0.85	0.71
Earnings Per Share - Diluted (Rs.)	1.49	1.46	0.73	0.85	0.71
Return on Net Worth (%)	8.63%	11.50%	4.63%	6.18%	3.71%
Net Asset Value per Equity Share (Rs.)	13.45	12.37	12.55	12.34	11.96
Weighted Avg. No. of Equity Shares used in calculating Basic EPS	4,01,15,209	3,88,20,083	2,93,59,885	1,92,79,228	75,92,360
Weighted Avg. No. of Equity Shares used in calculating Diluted EPS	4,01,15,209	3,88,20,083	2,93,59,885	1,92,79,228	75,92,360
Total No. of Equity Shares outstanding at the end of the year / period	5,14,93,228	3,99,88,787	3,66,79,005	2,15,30,555	1,22,13,300

Notes:

- The ratios have been computed as below:
Earnings per Share (Basic) = Net Profit/(Loss) as reformatted, attributable to equity shareholders / Weighted average number of equity shares outstanding during the year.
Earnings per Share (Diluted) = Net Profit/(Loss) as reformatted, attributable to potential equity shareholders / Weighted average number of equity shares outstanding during the year.
- Return on Net Worth (%) = Net Profit/(Loss) after tax as reformatted / Net Worth as reformatted.
- Net Assets Value per Equity Share = Net Worth as reformatted / Number of equity shares outstanding at the end of the year.
- Net Worth = Equity Share Capital (+) Reserves and Surplus (excluding Revaluation Reserve)
- Earnings per share calculations are in accordance with Accounting Standard 20 "Earnings Per Share".

Annexure - X : Details of Dividend

(₹ In Lakhs)

Particulars	For the year ended				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
On Equity Shares					
Fully Paid-up Share Capital(Nos.)	5,14,93,228	3,99,88,787	3,66,79,005	2,15,30,555	1,22,13,300
Face Value/Paid up Value (Rs.)	10	10	10	10	10
Equity Share Capital	5,149.32	3,998.88	3,667.90	2,153.06	1,221.33
Final Dividend					
Rate of Dividend	-	-	5%	-	-
Dividend per share	-	-	0.50	-	-
Dividend Distribution Tax	-	-	37.34	-	-
Total dividend	-	-	183.40	-	-
Interim Dividend - I					
Rate of Dividend	-	2%	-	-	-
Dividend per share	-	0.20	-	-	-
Dividend Distribution Tax	-	16.30	-	-	-
Total dividend	-	79.98	-	-	-
Interim Dividend - II					
Rate of Dividend	-	6%	-	-	-
Dividend per share	-	0.60	-	-	-
Dividend Distribution Tax	-	48.84	-	-	-
Total dividend	-	239.93	-	-	-



Annexure - XI : Statement of Contingent Liabilities

(₹ In Lakhs)

Particulars	As at				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Contingent Liability	-	-	-	-	-

Annexure - XII : Statement of Tax Shelter

(₹ In Lakhs)

Particulars	For the year ended				
	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Profits/(Losses) before taxes as per books (A)	833.45	792.25	315.43	261.13	85.44
Income Tax Rates (including surcharge and education cess) applicable (B)	29.12%	27.55%	31.96%	33.06%	32.45%
Tax Expenses (C)	242.70	218.28	100.81	86.34	27.72
Permanent Differences					
Any other disallowances	50.34	12.40	21.49	15.01	11.62
Dividend Income	-	-	-	-	-
Loss on Sale of Fixed Asset	-	-	-	-	-
Other Exempt Income	-	-	-	-	-
Total Permanent Differences (D)	50.34	12.40	21.49	15.01	11.62
Timing Differences					
Provision for NPA and Standard Assets	74.64	65.85	36.30	14.12	16.56
Difference between Tax and book Depreciation or vice versa	75.29	74.71	40.25	12.70	(0.46)
Other Adjustments	-	-	-	-	-
Total Timing Differences (E)	149.93	140.56	76.55	26.81	16.09
Net Adjustments (F) = (D+E)	200.28	152.96	98.04	41.83	27.72
Tax Impact of adjustments (G) = (F) * (B)	58.32	42.14	31.34	13.83	8.99
Taxable Income (H) = (A+F)	1,033.73	945.21	413.47	302.95	113.15
Tax provision based on taxable income (I) = (H * B)	301.02	260.43	132.15	100.16	36.71
Taxable Income at 21.342% - MAT	-	-	-	-	-
Tax provision - MAT (K) = (J*21.342%)	-	-	-	-	-
Total tax provision for current tax (L)	301.02	260.43	132.15	100.16	36.71
Deferred Tax Charges/(Credit) (M)	(65.32)	(36.83)	(29.70)	(3.26)	(5.42)
Tax for Earlier Years (N)	-	-	-	-	-
Total tax expense/(credit) during the year on timing difference (O) = (L+M+N)	235.70	223.60	102.45	96.90	31.29

Notes :

1

The aforesaid Statement of Tax Shelters is based on the Profit/(Losses) as per the "Reformatted Summary Statement of Profit and Losses"

Annexure - XIII - A: Details of the list of Related Parties and Nature of Relationships

A - Key Managerial Personnel (with whom transactions have been taken place during the period)

Sl. No.	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
1.	-	-	Biji Shibu	Biji Shibu	Biji Shibu
2.	-	-	James Joseph Arambankudyil	James Joseph Arambankudyil	James Joseph Arambankudyil
3.	-	-	-	Varghese Maniyattu Jijo	Varghese Maniyattu Jijo
4.	Josekutty Xavier	Josekutty Xavier	Josekutty Xavier	Josekutty Xavier	Josekutty Xavier
5.	Shibu Thekkumpurathu Varghese	Shibu Thekkumpurathu Varghese	Shibu Thekkumpurathu Varghese	-	-
6.	-	Bibin Mavelikunnel Cherian	-	-	-
7.	Thanish Dalee	Thanish Dalee	-	-	-
8.	Srikanth G. Menon	-	-	-	-

B - Relatives of Key Managerial Personnel (with whom transactions have been taken place during the period)

Sl. No.	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
1.	Aleyamma Varghese	Aleyamma Varghese	-	Shibu Thekkumpurathu Varghese	Shibu Thekkumpurathu Varghese
2.	-	Princy Josekutty	-	-	-
3.	Biji Shibu	-	-	-	-

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

Sl. No.	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
1.	KLM Tiana Gold & Diamonds Private Limited	KLM Tiana Gold & Diamonds Private Limited	KLM Fincorp ltd	KLM Fincorp ltd	KLM Fincorp ltd
2.	Payyoli Granites Private Limited	Payyoli Granites Private Limited	KMLM Chits India Ltd.	KMLM Chits India Ltd.	KMLM Chits India Ltd.
3.	KMLM Financial Services Limited	KMLM Financial Services Limited	KMLM Financial Services Limited	KMLM Financial Services Limited	KMLM Financial Services Limited
4.	Axiva Mfin Limited	-	-	-	-

Annexure - XIII - B: Transactions with Related Parties

1. Key Managerial Personnel

(₹ In Lakhs)

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
<i>Transactions during the year</i>					
Deposits accepted	-	-	-	-	300.20
Deposits repaid	-	-	-	-	20.00
Interest paid	-	-	-	12.25	11.06
Remuneration paid	67.26	66.40	19.00	-	-
Shares issue including share premium	300.00	-	-	-	-
<i>Balances outstanding</i>					
Borrowings	-	-	306.20	306.20	306.20

2. Relative of Key Managerial Personnel

(₹ In Lakhs)

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Transactions during the year					
Remuneration paid	-	15.50	-	-	6.00
Shares issue including share premium	300.00	255.30	-	-	-
Balances outstanding	-	-	-	-	-

3. Entities in which KMP/ Relatives of KMP can exercise significant influence

(₹ In Lakhs)

Particulars	31-03-2019	31-03-2018	31-03-2017	31-03-2016	31-03-2015
Transactions during the year	-	-	-	-	-
Balances outstanding	-	-	-	-	-



MATERIAL DEVELOPMENT

There have been no material developments since March 31, 2019 and there haven't 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.

- Our Company has issued and allotted secured, redeemable, non-convertible debentures (NCDs) of face value ₹ 1000 each amounting to ₹ 9,383.38 lakhs in Public Issue II. The NCDs were listed on BSE on October 7, 2019;
- Our Company has issued subordinated debts amounting to ₹ 11,593.34 lakhs upto March 31, 2020;
- Our Company, with effect from March 9, 2020, pursuant to a Board resolution of the Company dated March 9, 2020, has become a systemically important non-deposit taking NBFC as per the RBI SI Master Directions;
- South Indian Bank, Palarivattom branch *vide* sanction letter dated March 9, 2020 has approved the Company's request to enhance the limit of the overdraft facility of our Company from ₹ 450 lakhs to ₹1,000 lakhs. K M L M Chits India Limited has created equitable mortgage over its land admeasuring 19.224 cents with 23079 sq.ft commercial building under survey no. 1267/9-2 with building no. 30/564 located at Kothamangalam taluk in Ernakulam district, Kerala by depositing the title deeds of the land with South Indian Bank on December 13, 2019 and confirming the deposit of title deeds in a letter dated December 16, 2019, for providing security on behalf of the Company;
- Our Company has acquired 100% shareholding in the share capital of KMLM Financial Services Limited on December 20, 2019 and has made KMLM Financial Services Limited its wholly owned subsidiary;
- The Board of our Company on November 14, 2019 has approved the proposal of merging KMLM Financial Services Limited with the Company. Subsequently, our Company, after acquiring 100% shareholding in KMLM Financial Services Limited and making KMLM Financial Service its wholly owned subsidiary, initiated the process of fast track merger under the relevant provisions of Companies Act, 2013 and the rules thereunder, to merge KMLM Financial Services Limited with itself. Our Company has filed the draft scheme of arrangement along with other statutory forms under the Companies Act, 2013 and rules thereunder, with the ROC, Telangana at Hyderabad, for inviting objections on the proposed merger of KMLM Financial Services Limited with itself. The RBI *vide* letter dated February 20, 2020 has raised certain objections on the proposed merger between our Company and KMLM Financial Services Limited;
- Xavier Josekutty ceased to be a Whole-time Director in our Company and has become a Non-Executive Director with effect from October 28, 2019;
- Our Company, on January 23, 2020, has allotted 16,35,000 equity shares of ₹ 10 with a premium of ₹ 2 each in cash, on a preferential allotment basis;
- Our Company has redeemed publicly placed Secured Non-Convertible Debentures amounting to ₹ 3,425.98 lakhs upto March 31, 2020;
- Our Company has redeemed privately placed Non-Convertible Debentures amounting to ₹2,534.90 lakhs upto March 31, 2020; and
- The Board of Directors of our Company in its meeting held on July 19, 2019 and the shareholders of our Company in its meeting held on August 17, 2019 respectively, have approved the following in accordance with Section 180(1)(c) & Section 180(1)(a) of Companies Act, 2013 respectively:
 - a. to borrow money for and on behalf of the Company from time to time as deemed by it to be requisite and proper for the business of the Company, but so that the moneys to be borrowed together with the moneys already borrowed by the Company shall not exceed ₹ 1,500 Crores as per the latest annual audited financial statements, apart from temporary loans obtained from the Company's banker in the ordinary course of business.
 - b. to create charge/provide security for the sum borrowed on such terms and conditions and in such form and manner and with such ranking to priority, as the Board in absolute discretion thinks fit, on the assets of the Company, as may be agreed to between the Company and the Lenders so as to secure the borrowings by the Company, together with interest costs, charges, expenses and all other monies payable by the Company to the concerned Lenders/Institutions, under the respective arrangements entered into/to be entered by the Company and/or Board
- Impact of COVID-19

Please refer the Risk Factor "*Spread of COVID-19 and the consequent nationwide lockdown to impact the Issuer's operations and financial condition*".

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

The reformatted financial statements of the Issuer included in this Prospectus is presented in accordance with Indian GAAP for March 31, 2015 to March 31, 2019, which differs from Indian Accounting Standards (Ind AS) in certain respects. The Ministry of Corporate Affairs (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 50 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 a net worth of 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. Therefore, the Issuer would be subject to this notification.

“Summary of Significant Differences among Indian GAAP and Ind AS”, does not present all differences between Indian GAAP and Ind AS which are relevant to the Issuer. Consequently, there can be no assurance that those are the only differences in the accounting principles that could have a significant impact on the financial information included in this Prospectus. Furthermore, the Issuer has made no attempt to identify or quantify the impact of these differences or any future differences between Indian GAAP and Ind AS which may result from prospective changes in accounting standards. The Issuer has not considered matters of Indian GAAP presentation and disclosures, which also differ from Ind AS. In making an investment decision, investors must rely upon their Prospectus. Potential investors should consult with their own professional advisors for a more thorough understanding of the differences between Indian GAAP and Ind AS and how those differences might affect the financial information included in this Prospectus. The Issuer cannot assure that it has completed a comprehensive analysis of the effect of Ind AS on future financial information or that the application of IND AS will not result in a materially adverse effect on the Issuer’s future financial information.

Summary of Significant Differences among Indian GAAP and IndAS:

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
1.	Presentation of Financial Statements	<u>Other Comprehensive Income:</u> There is no concept of ‘Other Comprehensive Income’ under Indian GAAP <u>Extraordinary items:</u> Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	<u>Other Comprehensive Income:</u> IndAS1 introduces the concept of Other Comprehensive Income (“OCI”). Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in profit or loss as required or permitted by other Ind AS. Such recognition of income and expenses in OCI is primarily governed by the income recognition norms and classification of financial instruments and assets as “Fair Value through OCI.” <u>Extraordinary items:</u> Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
		<u>Change in Accounting Policies</u> Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in the accounting policy has no material effect on the financial statements for the current period but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	<u>Change in Accounting Policies</u> Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
2.	Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	As per Ind AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base. Using the balance sheet approach, there could be additional deferred tax charge/income on account of all Ind AS opening balance sheet adjustments
3.	Property, plant and equipment—reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides depreciation on written down value over the useful lives of the assets as per Schedule II of the Companies Act, 2013	IndAS16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively. IndAS101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under IndAS
4.	Accounting for Employee benefits	Currently, all actuarial gains and losses are recognized immediately in the statement of profit and loss.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re measurements and the change in asset is split between interest income and re measurements. Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re-measurements comprising of actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
			are to be recognized directly in OCI.
5	Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognized only under a legal obligation. Also, discounting of provisions to present value is not permitted	Under IND AS, provisions are recognised for legal as well as constructive obligations. IND AS requires discounting the provisions to present value, if the effect of time value of money is material.
6.	Presentation and classification of Financial Instruments and subsequent measurement	Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost and fair value. Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited. Currently under Indian GAAP, loan processing fees and/or fees of similar nature are recognized upfront in the Statement of Profit and Loss.	Ind AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (FVTPL) or recognized in other comprehensive income (FVOCI). Financial assets include equity and debts investments, security receipts, interest free deposits, loans, trade receivables etc. Assets classified at amortized cost and FVOCI and the related revenue (including processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method. Loan processing fees and/or fees of similar nature would be measured and recognised using the Effective Interest Rate (EIR) method over the period of loan. There are two measurement categories for financial liabilities - FVTPL and amortized cost. Liabilities classified at amortized cost and the related expenses (processing cost & fees) have to be measured using the Effective Interest Rate (EIR) method. Fair value adjustment on transition shall be adjusted against opening retained earnings on the date of transition. Disclosures under Ind AS are extensive.

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
7.	Financial Instruments - Impairment	Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period, which in practice, is based on relevant information like past experience, financial position of the debtor, cash flows of the debtor, guidelines issued by the regulator etc.	The impairment model in Ind AS is based on expected credit losses and it applies equally to debt instruments measured at amortized cost or FVOCI, financing receivables, lease receivables, trade receivables and certain written loan commitments and financial guarantee contracts.
8.	Segment Reporting	Under Indian GAAP there is a requirement to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.	Operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance.
9.	Financial Instruments - Disclosure	Currently there are no detailed disclosure requirements for financial instruments. However, the ICAI has issued an Announcement in December 2005 requiring the following disclosures to be made in respect of derivative instruments in the financial statements: • Category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date; • The purpose, viz., hedging or speculation, for which such derivative instruments have been acquired; and • The foreign currency exposures that are not hedged by a derivative instrument or otherwise.	Requires disclosure of information about the nature and extent of risks arising from financial instruments: • qualitative disclosures about exposures to each type of risk and how those risks are managed; and • quantitative disclosures about exposures to each type of risk, separately for credit risk, liquidity risk and market risk (including sensitivity analysis).
10.	Gain on Derecognition of Financial Assets	There is no concept of 'Derecognition of financial assets' under Indian GAAP	As per Para 3.2.5, When an entity retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), the entity treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met. (a) The entity has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition.

Sl. No.	Particulars	Treatment as per Indian GAAP	Treatment as per Ind-AS
			(b) The entity is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows. (c) The entity has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents (as defined in Ind AS 7 Statement of Cash Flows) during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients. As per Para 3.2.12 On derecognition of a financial asset in its entirety, the difference between: 1.(a) the carrying amount (measured at the date of derecognition) and 2.(b) the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in profit or loss.

FINANCIAL INDEBTEDNESS

As on March 31, 2020, the Company had outstanding secured borrowing of ₹18,556.00 lakhs and unsecured borrowing of ₹30,503.36 lakhs. A summary of all the outstanding secured and unsecured borrowings together with a brief description of certain significant terms of such financing arrangements are as under:

Secured Loan Facilities

Name of the lender and details of documentation	Amount sanctioned (in ₹ lakhs) and details of facility	Amount outstanding as on March 31, 2020 (in ₹ lakhs)#	Security	Repayment date/schedule
South Indian Bank Limited <i>Cash Credit - Working capital</i> Renewal letter dated 09.03.2020	1,000.00	1,005.89	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 I 160/68,1 160/6A in kothamangalam village, kothamangalam taluk in Emakulam dist in the name of Mr.Josekutty Xavier 2. EM of land admesuring 32.57 cents insy,r.no I 1 60/8 and I I 60/7 of Kothamangalrn taluk,KothamangaLn villa3e,Emakutam Dt in the name of Mr.Josekutty Xavier 3. EM of land admeasuring 20.35 cents in sy- _ no I I 59/9 of Kothamangalam Village, Kothamanagalam taluk in Emakulam Dt in the name of Mr.Josekutty Xavier 4. EM of land admeasuring 21.61 cents in sy no I 159/9 of Kothamangalm village, Kothamangalrn taluk in Emakulam DT in the name of Mr.Josekutty Xavier. 5. EM of land admeasuring I 9.224 cents with 23079 sq ft commercial building under, sy iro 126719-2 with bldg no30/564 n Kothamangalam Municipality of Kothamangalam village, Kothamangalam, taluk in Emakulam dt in the name of KMLM Chits India Limited. 6. EM of 8 cents of vacant land in sy no 1 /4A, I/4B,Re Sy No26/2. Edappaly North Village, Kanayannur Taluk, Emakulam taluk in Emakulam Dt in the name of KLM Axiva Finvest Limited	Validity of limits is 12 months
Kotak Mahindra Prime Vehicle loan	33.10	18.41	Hypothecation on vehicle	Repayable in 36 months equate monthly instalments
Total		1,024.30		

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 March 31, 2020 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 ₹1,574.30 lakhs was cumulatively outstanding as on March 31, 2020, the details of which are set forth below:

Debenture Series	Date of Allotment	Coupon (in %)	Amount outstanding as on March 31, 2020 (₹ in lakhs)	Tenor	Redemption Date	Security	Credit Rating
Non-Convertible Debentures 15-16/A	March 8, 2016 to March 31, 2016	12% TO 12.50%	2.20	1 year to 3 years	March 7, 2017 to March 30, 2019	Pari Passu floating charge on the book 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	NA
Non-Convertible Debentures 16-17/A	May 12, 2016 to September 6, 2016	12% TO 12.50%	56.60	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%	173.60	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%	98.10	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%	194.20	1 year to 5 years	April 25, 2018 to June 5, 2022		NA

Debt Series	Date of Allotment	Coupon (in %)	Amount outstanding as on March 31, 2020 (₹ in lakhs)	Tenor	Redemption Date	Security	Credit Rating
Non-Convertible Debentures 17-18/B	June 23, 2017 to August 14, 2017	11% TO 12.50%	580.20	1 year to 5 years	June 22, 2018 to August 13, 2022	any other reason shall be compensated by additional	NA
Non-Convertible Debentures 17-18/C	August 28, 2017 to March 31, 2018	11% TO 12.50%	192.80	1 year to 5 years	August 27, 2018 to March 31, 2023	adequate security of similar nature	NA
Non-Convertible Debentures 18-19/A	April 01, 2018 to August 31, 2018	11.5% TO 12.50%	276.60	1 year to 5 years	March 31, 2019 to August 30, 2023		NA
Total			1,574.30				

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 ₹ 6,574.02 lakhs was outstanding as on March 31, 2020, the details of which are set forth below:

Debt Series	Tenor	Effective Yield Per Annum (in %)	Amount outstanding as on March 31, 2020 (₹ 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%	6,574.02	November 6, 2018	November 5, 2020 to November 5, 2024	10,000.00	The principal amount of the secured NCDs to be issued in terms of this 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	CARE BB ; Outlook Stable

Debtur e Public Issue	Teno r	Effectiv e Yield Per Annum (in %)	Amount outstandin g as on March 31, 2020 (₹ in lakhs)	Date of Allotme nt	Redemptio n Date	Total issue size (princip al amount) (in ₹ lakhs)	Security	Credit Rating
							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, Uthampalya m Taluk, Kombai Village,	

Debtur e Public Issue	Teno r	Effectiv e Yield Per Annum (in %)	Amount outstandin g as on March 31, 2020 (₹ in lakhs)	Date of Allotme nt	Redemptio n Date	Total issue size (princip al amount) (in ₹ lakhs)	Security	Credit Rating
							Malligai Nagar, Plot No.10 in Survey No. 595/1.	

b. Public Issue 2

The Company *vide* public offer, issued secured redeemable non-convertible debentures of which ₹9,383.38 lakhs was outstanding as on March 31, 2020, the details of which are set forth below:

Nature of debenture	Ten ure	Coupo n (in %)	Amounts outstandi ng as on March 31, 2020 (in ₹ lakhs)	Dates of allotme nt	Redemptio n date/schedu le	Total issue size (princip al amount) (in ₹ lakhs)	Security	Credi t ratin g
(Public Issue II) Secured Redeemable Non- Convertible Debentures	400 Day s to 75 Mon ths	11.17 % to 12.40 %	9,383.38	03-Oct- 19	05-Nov-20 to 02-Jan-26	9,383.38	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 and fixed assets,	CAR E BB+; Stabl e

Nature of debenture	Tenure	Coupon (in %)	Amounts outstanding as on March 31, 2020 (in ₹ lakhs)	Dates of allotment	Redemption date/schedule	Total issue size (principal amount) (in ₹ lakhs)	Security	Credit rating
							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 first ranking pari passu charge on the immovable property situated at Plot No. 10 & plot No. 15. Malligai Nagar, Kombai Village, Uthampalaya m Taluk, Theni District, Tamil Nadu	

Unsecured

1. Sub-ordinated debt

The outstanding amount of subordinated debt was ₹ 30,503.36 lakhs as on March 31, 2020, the details of which are set forth below:

Subordinate Debt Series	Tenor	Coupon	Amount outstanding as on March 31, 2020 (₹ in lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)	Credit rating
2016-17/A	5 years	12.00 % to	795.85	April 3,	April 3,	795.85	

Subordinated Debt Series	Tenor	Coupon	Amount outstanding as on March 31, 2020 (₹ in lakhs)	Dates of allotment	Redemption date	Total issue size (principal amount) (in ₹ lakhs)	Credit rating
		12.50%		2016 to December 31, 2016	2021 to August 31, 2022		
2016-17/B	5 years	12.00 % to 12.50%	265.28	January 1, 2017 to March 31, 2017	January 1, 2022- November 30, 2022	265.28	
2017-18/A	5 years	12.00 % to 12.50%	9,494.67	April 1, 2017 to March 31, 2018	April 1, 2022 to October 30, 2023	9,494.67	NA
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%	11,593.34	April 1, 2019 to March 31, 2020	April 1, 2023 to June 30, 2026	11,593.34	
Total			30,503.36				

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.

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. The Company has not issued any corporate guarantee.

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 ₹ 2,500 lakhs, aggregating to a total of ₹ 12,500 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 December 13, 2019.

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 Private 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 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 and first ranking pari passu charge on the immovable property situated at Plot No. 15, Malligai Nagar, Kombai Village, Uthampalayam Taluk, Theni District, Tamil Nadu.
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 ₹ 2,500 lakhs, aggregating to a total of ₹ 12,500 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
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 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 first ranking pari passu charge on the

	immovable property situated at Plot No. 15. Malligai Nagar, Kombai Village, Uthampalayam Taluk, Theni District, Tamil Nadu.
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 registered with SEBI, 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;
- 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 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.

Credit Rating

Rating agency	Instrument	Rating symbol	Date of credit rating rationale letter	Amount rated	Rating Definition
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	CARE Ratings Limited	Non-convertible debentures	CARE BB+; Stable	March 16, 2020 and revalidation letter dated May 22, 2020.	₹ 12,500 lakhs	Moderate risk of default regarding timely servicing of financial obligations.
Issue Size	Public Issue by our Company of NCDs aggregating up to ₹ 10,000 lakhs with an option to retain over-subscription up to ₹ 2,500 lakhs, aggregating to a total of ₹ 12,500 lakhs.					
Pay-in date	Application Date. The entire Application Amount is payable on Application.					
Application Money	The entire Application Amount is payable on submitting the application.					
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 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 Exchanges, 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.					
Issue Schedule	The Issue shall be open from June 2, 2020 to June 25, 2020 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 Prospectus					
Objects of the Issue	Please see “ <i>Objects of the Issue</i> ” on page 72.					
Put/Call Option	None					
Details of the utilization of the proceeds of the Issue	Please see “ <i>Objects of the Issue</i> ” on page 72.					
Coupon rate and redemption premium	Please see “ <i>Issue Structure – Terms and Conditions in connection with the NCDs</i> ” on page 146.					
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	June 2, 2020					
Issue Closing Date	June 25, 2020					
Default interest date	In the event of any default in fulfilment of obligations by our Company under the Secured Debenture Trust Deed, the Default Interest Rate payable to the Applicant shall be as prescribed under the Secured 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					
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					
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 “ <i>Material Contracts and Documents for Inspection</i> ” on page 238.
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 three months of closure of the Issue as per Regulation 15 of SEBI Debt Regulations. Further, in the event our Company fails to execute the Debenture Trust Deed within a period of three months from the Issue Closing Date, 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.
Events of default	Please refer to the chapter titled “ <i>Terms of Issue – Events of Default</i> ” on page 153
Cross Default	Please refer to the chapter titled “ <i>Terms of Issue – Events of Default</i> ” on page 153
Roles and responsibilities of the Debenture Trustee	Please refer to the chapter titled “ <i>Terms of Issue – Debenture Trustees for the Debenture Holders</i> ” on page 153
Settlement Mode	Please refer to the chapter titled “ <i>Terms of Issue - Payment on Redemption</i> ” on page 153
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) 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 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/s in a leading national daily newspaper 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 4(2)(d) of the SEBI Debt 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.

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.

In case of Application Form being submitted in joint names, the Applicants should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form.

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 the Issue.

For further details, please refer to “*Issue Procedure*” on page 167

Terms of the NCDs

Tenure	400 Days	400 Days	18 Months	2 Years	2 Years	3 Years	3 Years	5 Years	5 Years	75 Months
Nature	Secured									
Options	I	II	III	IV	V	VI	VII	VIII	IX	X
Frequency of Interest Payment	Monthly	Cumulative	Cumulative	Monthly	Yearly	Monthly	Yearly	Monthly	Yearly	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*	11.00 %	NA	NA	11.25 %	11.50 %	11.50 %	11.75 %	11.75 %	12.00 %	NA
Coupon Type	Fixed									
Redemption Amount (₹ /NCD) for Debenture Holders*	₹1,000	₹1,123	₹1,179	₹1,000	₹1,000	₹1,000	₹1,000	₹1,000	₹1,000	₹2,000
Effective Yield (%) (per annum)*	11.57 %	11.17%	11.60 %	11.85 %	11.50 %	12.13 %	11.75 %	12.40 %	12.00 %	11.73 %
Put and Call Option	Not applicable									
Deemed Date of Allotment	The date on which the Board or the Debenture Committee approves the Allotment of NCDs. All benefits relating 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, 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	2 Years	3 Years	5 Years
	Option I	Option IV	Option VI	Option VIII
Category I, II and III (%)	11.00%	11.25%	11.50%	11.75%

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 Debenture Holder	Rate of Interest (p.a.)		
	2 Years	3 Years	5 Years
	Option V	Option VII	Option IX
Category I, II and III	11.50%	11.75%	12.00%

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, III and X of the NCDs shall be redeemed as below:

Category of NCD Holder	Redemption Amount (per NCD)		
	400 Days	18 Months	75 Months
	Option II	Option III	Option X
Category I, II and III	₹ 1,123	₹ 1,179	₹ 2,000

Day count convention

Please refer to Annexure I for details pertaining to the cash flows of the Company in accordance with the SEBI circular bearing number CIR/IMD/DF/18/2013 dated October 29, 2013 and SEBI Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

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 amount of face value of NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB. 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 153.

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 167.

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 December 13, 2019. 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 AGM held on August 17, 2019.

Principal Terms & Conditions of this Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI Debt Regulations, the provisions of Companies Act, 2013, the Memorandum of Association and Articles of Association of our Company, the terms of this Prospectus, the 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 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 and first ranking *pari passu* charge on the immovable property situated at Plot No. 15, Malligai Nagar, Kombai Village, Uthampalayam Taluk, Theni District, Tamil Nadu.

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 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. Our Company proposes to complete the execution of the Debenture Trust Deed before finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange and shall utilise the funds only after the stipulated security has been created.

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.

Debenture Redemption Reserve

Pursuant to Regulation 16 of the SEBI Debt 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.

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 Debt 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 unsecured 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 21 days' prior notice for such roll over and in accordance with the SEBI Debt 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 the 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 4(4) of the Debt 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 15 of the SEBI Debt 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.

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 167.

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.

In terms of Regulation 4(2)(d) of the SEBI Debt 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 Debt 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 167.

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/s in a leading national daily newspaper.

Issue Programme

Issue Opening Date	June 2, 2020 [#]
Issue Closing Date	June 25, 2020 [*]

[#]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 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/s in a leading national daily newspaper 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 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 153.

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 Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016.

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 Circular No. CIR/IMD/DF-1/122/2016 dated November 11, 2016 is disclosed at page 244.

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 and II, 18 months from the Deemed Date of Allotment for Option 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, 75 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, II, III, IV, V, VI, VII, VIII, IX and X 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 the 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 163.

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 168.

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 Kerala 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, without the consent of, or intimation to, the NCD Holders or the Debenture Trustee in this connection.

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 within 30 days from the date of Prospectus, 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 IV of SEBI Debt Regulations in compliance with the Regulation 8(1) of SEBI Debt 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 March 24, 2020. 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 Debt 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 2020-21, 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 section applies to all Applicants. Pursuant to the circular (CIR/DDHS/P/121/2018) dated August 16, 2018 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.

Applicants should note that they may submit their Application Forms 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. For further information, please see “- Submission of Completed Application Forms” on page 185.

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 circular no. CIR/IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI (“Debt Application Circular”) as modified by circular (No. CIR/IMD/DF/18/2013) dated October 29, 2013 issued by SEBI and circular no. CIR/DDHS/P/121/2018 dated August 16, 2018 issued by SEBI (“Debt ASBA Circular”). The procedure mentioned in this section is subject to the Stock Exchanges putting in place the necessary systems and infrastructure for implementation of the provisions of the abovementioned circular, including the systems and infrastructure required in relation to Applications made through the Direct Online Application Mechanism and the online payment gateways to be offered by Stock Exchanges and accordingly is subject to any further clarifications, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.

Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility as provided for in the Debt Application Circular have been sought from the Stock Exchange and the Stock Exchange has confirmed that the necessary infrastructure and facilities for the same have not been implemented by the Stock Exchange. Hence, the Direct Online Application facility will not be available for this Issue.

THE DESIGNATED INTERMEDIARIES (OTHER THAN TRADING MEMBERS), SCSBs AND THE 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 RELEVANT 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 India. 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 Circular CIR/DDHS/P/121/2018 dated August 16, 2018.

The information below is given for the benefit of the investors. Our Company and the Lead Manager 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 Members;
- (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 websites 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 websites of the Stock Exchange. Our Company may also provide Application Forms for being downloaded and filled at such websites 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 websites of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

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, 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 registered with SEBI, 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;
- 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 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.

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 and Client 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.

Please note that it is clarified that persons' resident outside India shall not be entitled to participate in the Issue and any Application(s) from such persons are liable to be rejected.

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) Person 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 “ - *Rejection of Applications*” on page 187 for information on rejection of Applications.

Method of Application

In terms of the SEBI circular CIR/DDHS/P/121/2018 dated August 16, 2018, an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only. Applicants are requested to note that in terms of the Debt Application Circular, SEBI has mandated issuers to provide, through a recognised stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility (“**Direct Online Application Mechanism**”). In this regard, SEBI has, through the Debt Application Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. Please note that clarifications and/or confirmations regarding the implementation of the requisite infrastructure and facilities in relation to direct online applications and online payment facility have been sought from the Stock Exchange.

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. Applicants should submit the Application Form only at the Bidding Centers, i.e. to the respective Members of the Syndicate at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centers, 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 <https://www.sebi.gov.in>.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from ASBA Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB with whom the relevant ASBA Accounts are maintained. 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.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager 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 this Issue should be made by Applicants directly to the relevant Stock Exchange.

APPLICATION PROCESS – OPTIONAL MECHANISM

Subject to SEBI, granting a relaxation from the strict enforcement of the SEBI Debt Regulations, read with the Debt ASBA Circular, on account of the COVID-19 pandemic and the lockdown measures imposed by Central and State Governments, an Applicant may be permitted to make an Application in this Issue using an optional mechanism, other than the ASBA mechanism, i.e., make an application using alternative modes of payments such as through cheques, bank draft, net banking, Unified Payments Interface (UPI) or any other non-cash mode mechanism, and for the submission of Applications to either Members of Syndicate/ Trading Members of Stock Exchange or through any other means as may be permitted by SEBI.

PLEASE NOTE THAT AS ON THE DATE OF THIS PROSPECTUS, SEBI HAS NOT PERMITTED ANY RELAXATIONS TO THE APPLICATION PROCESS AND AS PER THE DEBT ASBA CIRCULAR, THE ASBA MECHANISM REMAINS THE SOLE MODE OF APPLYING IN THIS ISSUE.

In the event SEBI permits such relaxations either prior to the Issue Opening Date or during the Issue Period, our Company, in consultation with the Lead Manager, shall issue a public notice, with the details of such relaxations

along with other terms and conditions of the Application process, by way of advertisement(s) in leading national daily newspapers with wide circulation. There can be no assurance, that SEBI will relax the Application process for the Issue, in time for the Applicants to make an Application in this Issue, if at all. The Investors are advised to ensure that Applications in this Issue are made through eligible modes only, failing which the Applications may be liable to be rejected.

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 total assets 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 are 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 including the IRDAI Investment Regulations.

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 Applications 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 (No. 6 of 2009)

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, 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 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. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account.

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 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 websites 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.

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>).

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 and 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. 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 Centers; 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*” on page 37. **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;
- Application Forms must be completed in **BLOCK LETTERS IN ENGLISH**, as per the instructions contained in this Prospectus, the Abridged 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.
- 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. 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 options or across different options. Applicants may apply for one or more options of NCDs Applied for in a single Application Form.
- 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.
- Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta;
- 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;
- 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.
- Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form.
- All Applicants are required to tick the relevant column of “Category of Investor” in the Application Form.
- All Applicants should correctly mention the ASBA Account number 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

The options, 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 and Client ID 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 and PAN mentioned in the Application Form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN 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, 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 the 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 three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

C. Permanent Account Number (PAN)

The Applicant should mention his or her Permanent Account Number (PAN) 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 options of NCDs, subject to a minimum application size as specified in this Prospectus and in multiples 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, Prospectus and applicable law;
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 and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details is mandatory for all Applicants.
5. Ensure that you have mentioned the correct ASBA Account number in the Application Form.
6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder.
7. 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.
8. 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.
9. 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.
10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form.
11. 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 each relevant Stock Exchange, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes.
12. 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.
13. Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground.
14. 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.
15. 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*" on page 37.
16. **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.

17. 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.
18. All Applicants should choose the relevant option in the column “Category of Investor” in the Application Form.
19. Choose and mark the options 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 and PAN 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;
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 Centers;
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 submit more than five Application Forms per ASBA Account.

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 “ - *Rejection of Applications*” on page 187 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 Centers, 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>). 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.

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 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.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the Application to the Designated Intermediaries or to the Designated Branches of the SCSBs. 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.

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 on the basis of the instructions issued in this regard by the Registrar to the respective SCSB 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 <u>physical Application Form</u> , (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 <u>electronic Application Form</u> , to the SCSBs, electronically through internet banking facility, if available.

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 using the on-line facilities of the Stock Exchange. **The Members of Syndicate, our Company and the Registrar to the Issue are 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, or (v) any Applications accepted and uploaded and/or not uploaded by the Trading Members of the Stock Exchange.**

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 options, 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*” on page 37.
- (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
 - Options of NCDs applied for
 - Number of NCDs Applied for in each options 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
 - Options of NCDs applied for

- Number of NCDs Applied for in each options 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 on page 187 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 a duly constituted 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 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;
- (c) Applications not being signed by the sole/joint Applicant(s);
- (d) Investor Category in the Application Form not being ticked;
- (e) 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;
- (f) Applications where a registered address in India is not provided for the non-Individual Applicants;

- (g) 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);
- (h) Minor Applicants (applying through the guardian) without mentioning the PAN of the minor Applicant;
- (i) 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;
- (j) DP ID and Client ID not mentioned in the Application Form;
- (k) GIR number furnished instead of PAN;
- (l) Applications by OCBs;
- (m) Applications for an amount below the minimum application size;
- (n) Submission of more than five ASBA Forms per ASBA Account;
- (o) Applications by persons who are not eligible to acquire NCDs of our Company in terms of applicable laws, rules, regulations, guidelines and approvals;
- (p) Applications under power of attorney or by limited companies, corporate, trust etc. submitted without relevant documents;
- (q) Applications accompanied by Stockinvest/ cheque/ money order/ postal order/ cash;
- (r) 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);
- (s) Applications by persons debarred from accessing capital markets, by SEBI or any other appropriate regulatory authority;
- (t) Application Forms not being signed by the ASBA Account holder, if the account holder is different from the Applicant
- (u) 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;
- (v) 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;
- (w) ASBA Applications not having details of the ASBA Account to be blocked;
- (x) In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN;
- (y) 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;
- (z) 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;
- (aa) Applications for amounts greater than the maximum permissible amount prescribed by the regulations and

applicable law;

- (bb) Authorization to the SCSB for blocking funds in the ASBA Account not provided;
- (cc) Applications by any person outside India;
- (dd) Applications not uploaded on the online platform of the Stock Exchange;
- (ee) Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchange, as applicable;
- (ff) Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, the Prospectus and as per the instructions in the Application Form and this Prospectus;
- (gg) 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;
- (hh) Applications providing an inoperative demat account number;
- (ii) Applications submitted to the Designated Intermediaries other than the Collection Centers or at a Branch of a SCSB which is not a Designated Branch;
- (jj) Applications submitted directly to the Public Issue Bank (except in case the ASBA Account is maintained with the said bank as a SCSB);
- (kk) Investor Category not ticked;
- (ll) In case of cancellation of one or more orders (options) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application;

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 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 exchanges 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 ₹ 2,500 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 in to 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 (five) 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 Exchange website at www.bseindia.com for details in respect of subscription.

(a) 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;
- (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; and
- (iv) The total Allotment under Option I to Option X of the NCDs shall not exceed a value more than ₹ 12,500 lakhs.

(b) 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 will allot 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 and I;
 - (ii) followed by annual interest payment in decreasing order of tenor i.e. Options IX, VII and V; and
 - (iii) followed by payment on maturity options in decreasing order of tenor i.e. Options X, III and II.
- Hence using the above procedure, the order of allotment for the residual NCD (s) will be: Options VIII, VI, IV, I, IX, VII, V, X, III 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 to unblock the funds in the relevant ASBA 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. Therefore instructions will be given to the Designated Intermediaries to indicate Option I NCD as the Applicant's choice of the relevant NCD Option wherein the Applicants have not indicated their choice.

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.

Allotment Advices shall be issued or Application Amount shall be unblocked within 6 (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 of the applicants forthwith.

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

Retail Individual Investors ("RII") can withdraw their Applications until the Issue Closing Date. In case an RII 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, including unblocking of the funds by the SCSB in the ASBA Account.

In case of Applications 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 to unblock of the funds blocked in the ASBA Account at the time of making the Application. In case of Applications 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 finalization of the Basis of Allotment.

Revision of Applications

As per the notice No: 20120831-22 dated August 31, 2012 issued by the BSE, 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(s), by submitting a written request to the Designated Intermediary and the Designated Branch of the SCSBs, as the case may be. 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(s) as per the procedures and requirements prescribed by each relevant 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.

Depository Arrangements

We have made depository arrangements with NSDL and CDSL. Please note that Tripartite Agreements have been executed among 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 NCD 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.
- (viii) The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form only.

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, with a copy to the relevant SCSB, 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, 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, ASBA Account number in which the amount equivalent to the Application Amount was blocked.

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 our Company

Statement by the Board:

- (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; and
- (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 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 Deed. Further, as per Regulation 15 of SEBI Debt Regulations, in the event our Company fails to execute the Debenture Trust Deed within a period of three months from the Issue Closing Date, 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;
- (f) We shall utilize the Issue proceeds only upon execution of the Debenture Trust Deed as stated in this Prospectus and the Prospectus, on receipt of the minimum subscription of 75% of the Base Issue 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) The allotment letter shall be issued or application money shall be unblocked within 6 (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 forthwith

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 on a half-yearly basis;
- (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.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION

Except as described below, there are no outstanding material civil litigations, criminal litigation and taxation related proceedings against our Company and its Board of Directors that may have an adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company as of the date of this Prospectus.

Save as disclosed herein below, there are no:

- *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of our Company during the last five years immediately preceding the year of the issue of this Prospectus and any direction issued by such Ministry or Department or statutory authority;*
- *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 the issuer;*
- *pending proceedings initiated against our Company for economic offences;*
- *default and non-payment of statutory dues etc.*

Further from time to time, we have been and continue to be involved in legal proceedings filed by and/or against us, arising in the ordinary course of our business. These legal proceedings are mostly civil in nature. 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.

The Board of Directors of our Company in their meeting held on July 19, 2019, adopted a threshold for determination of materiality for disclosure of litigations under the Prospectus (“Materiality Policy”). With respect to litigations / disputes/ regulatory actions with impact, the Materiality Policy sets thresholds which are determined on the basis of financial statements of last audited Fiscal. None of the pending civil proceedings by or against our Company involve an amount more than 5% of the profit after tax for the twelve month period ended March 31, 2019 that is ₹ 29.89 lakhs.

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 Kaloar. 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 Lacs in the case of KMLM Chits India Limited, (ii) ₹ 401.64 Lacs in the case of KLM Axiva Finvest Limited, and (iii) ₹ 1385.62 Lacs 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.

It is also pertinent to note that 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. In this regard, KLM Fincorp has made payments of two instalments and KMLM Chits India Limited has also made payments of two instalments as of date.

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 58 such complaints pending before various courts. The total amount involved in such cases is approximately ₹ ₹83.28 lakhs.

Material Civil cases

Cases filed by the Company under Section 9 of the Arbitration and Conciliation Act, 1996

Our Company has filed various applications under section 9 of the Arbitration and Conciliation Act, 1996 before the judicial forum for recovering the loan amount along with interest from the defaulters. As of the date of this Prospectus, there are three hundred and seven (307) such arbitration application pending before various arbitral tribunals. The total amount involved in such cases is approximately ₹ 3741.76 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.

Litigations involving our Group Companies

Litigations against our Group Companies

Payyoli Granites Private Limited

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 (‘PGPL’) 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 PGPL 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 PGPL. Presently the writ petition is pending before the High Court of Kerala at Ernakulam.

Litigations by our Group Companies

NIL

Litigations involving our Promoters

Litigations against our Promoters

Tax proceedings

Biji Shibu

Settlement applications filed by Biji Shibu, Josekutty Xavier and Homeshine Financial Services (“**Applicants**”), before the additional bench of the Income Tax Settlement Commission, Chennai (“**Settlement Commission**”) for the following Assessment Years:

1. For Biji Shibu – Assessment Years 2011 – 2012 to 2016 – 2017;
2. For Josekutty Xavier – Assessment Years 2011 – 2012 to 2016 – 2017; and
3. For Homeshine Financial Services – Assessment Years 2014 – 2015 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 Kaloar. 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 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) ₹ 35.56 lacs for Homeshine Financial Services (ii) ₹ 89.55 lacs for Josekutty Xavier and (iii) ₹ 321.96 lacs for Biji Shibu before the Settlement Commission and the additional tax thereon arrived at by the Applicants exceeds the prescribed threshold limit of tax payable. The Settlement Commission through its order dated February 2, 2018 allowed the settlement applications of Applicants to be proceeded with further and on June 12, 2019, decided that the dividend income was not taxable in the hands of the applicants and ordered the additional income offered by the applicants in the settlement application to be adjusted accordingly to the extent of the dividend income.

Criminal Cases

NIL

Material Civil Cases

NIL

Litigations by our Promoters

NIL

Litigations involving our Directors

Litigation against our Director

Tax Proceedings

Mr. Josekutty Xavier

Except as disclosed in the Tax Proceeding - Litigations against our Promoter under the Chapter “*Outstanding Litigation*” on page 191 of this Prospectus, there are no Tax Proceedings pending involving Josekutty Xavier.

Mr. Shibu Theckumpurath Varghese

Settlement applications dated filed by Shibu Theckumpurath Varghese, Aliyamma Varghese and Homeshine Chits (“Applicants”), before the additional bench of the Income Tax Settlement Commission, Chennai (“Settlement Commission”) for the following Assessment Years:

1. For Shibu Theckumpurath Varghese – Assessment Years 2010 – 2011 to 2016 – 2017;
2. For Aliyamma Varghese – Assessment Years 2011 – 2012 to 2016 – 2017; and
3. For Homeshine Chits – 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) ₹ 35.77 lacs for Homeshine Chits (ii) ₹ 140.63 lacs for Aliyamma Varghese and (iii) ₹ 462.36 lacs for Shibu Theckumpurath Varghese before the Settlement Commission and the additional tax thereon arrived at by the Applicants exceeds the prescribed threshold limit of tax payable. The Settlement Commission through its order dated January 4, 2018 allowed the settlement applications of Applicants to be proceeded with further and on June 12, 2019, decided that the dividend income was not taxable in the hands of the applicants and ordered the additional income offered by the applicants in the settlement application to be adjusted accordingly to the extent of the dividend income.

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 complaint is still pending before the Judicial Magistrate Court, Ernakulam. The matter has been transferred to the District Court, Ernakulam and has been posted for evidence on March 27, 2020.

Material Civil Cases

NIL

Notices received by the Company:

Our Company has received a consumer complaint on July 16, 2018 from Kumbakonam Paraspara Sahaya Nidhi Limited (“Complainant”) through their advocate S. Sheik Ismail in relation to alleged pre – closure of gold loan availed by the Complainant. Our Company vide letter dated July 25, 2018 (“**Reply letter**”) denied all the allegation made by the Complainant and stated that the Company had given sufficient time before auction of gold ornaments pledged for loan. The matter of auction was also published in a Tamil newspaper namely “Dinathanthi” on April 8, 2018 and therefore the Company completed the auction procedure. No further proceedings have been initiated against the Company or any communication has been received the Company after sending of the Reply letter.

Reservations or qualifications or adverse remarks of the auditors of our Company in the last five financial years and the six months period ended September 30, 2019 and of 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:

Period	Summary of Qualifications	Impact on the financial statements and financial position of the Issuer	Corrective steps taken and proposed to be taken
Six months ended September 30, 2019	Nil	-	-
2018-19	In our opinion, the financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Except AS-15 - Employee Benefits.	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 AS-15.
2017-18	In our opinion, the financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, Except AS-15 - Employee Benefits.	The impact of non-adherence could not be ascertained as actuarial valuation was not conducted.	As per the explanation provided, the Company has taken steps to comply with AS-15 and the process is going on.
2016-17	Nil	-	-
2015-16	Nil	-	-
2014-15	Nil	-	-

Details of acts of material frauds committed against our Company in the last five years, if any, and if so, the action taken by our Company

There is no material fraud committed against our Company in the last five Fiscals.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

At the meeting of the Board of Directors of our Company, held on December 13, 2019, the Board approved the Issue of NCDs to the public aggregating up to ₹ 10,000 lakhs Company with an option to retain over-subscription up to ₹ 2,500 lakhs, aggregating to a total of ₹ 12,500 lakhs.

Prohibition by SEBI

Our Company, persons in control of our Company, our Directors and/or our Promoters have 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 Promoters 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 Promoters 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 Promoters, 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 Chapter V of the SEBI Delisting Regulations.

Disclaimer

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION 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 DEBT SECURITIES) REGULATIONS, 2008 IN FORCE FOR THE TIME BEING. 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 MAY 27, 2020, WHICH READS AS FOLLOWS:

- 1. WE CONFIRM THAT NEITHER THE ISSUER NOR ITS PROMOTERS 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 DEBT SECURITIES) REGULATIONS, 2008, 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 (DESIGNATED STOCK EXCHANGE).

Disclaimer Clause of BSE

BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS LETTER DATED MARCH 24, 2020, 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 CARE Ratings

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are no recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's rating do not constitute an audit on the rated entity. CARE has based its ratings/ outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however guarantee the accuracy, adequacy or completeness of any information. Most entities whose bank facilities/ instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/ instruments. CARE or its subsidiaries/ associates may also have other commercial transactions with the entity. In case of partnership/ proprietary concerns, the rating/ outlook assigned by CARE is, *inter-alia*, based on the capital deployed by the partners/ proprietor and the financial strength of the firm at present. The rating/ outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in the partners/ proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

CARE's rating do not factor in any rating related trigger clauses as per the terms of the facility/ instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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's Ratings Division / 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's Ratings Division / 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 Financial Officer; (d) Statutory Auditors; (e) Legal counsel to the Issue; (f) Lead Manager; (g) the Registrar to the Issue; (h) Public Issue Account Banks; (i) Refund Banks; (j) Credit Rating Agency; (k) the Banker to our Company; (l) the Debenture Trustee; and (m) the Syndicate Member to act in their respective capacities, have been obtained and will be filed along with a copy of the 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 the RoC.

Expert Opinion

Except as stated below, our Company has not obtained any expert opinion:

- i. Our Company has received written consent from the the Statutory Auditor, namely M/s. Balan & Co., 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 (a) Limited Review Financial Statements and Limited Review Report dated December 13, 2019 for the six month period ending on September 30, 2019; (b) Reformatted Financial Statements and examination report on Reformatted Financial Statements dated March 16, 2020; (c) Statement of Tax Benefits dated report on the Statement of Tax Benefits dated May 26, 2020. 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 CARE Ratings Limited to include the credit rating rationale letter dated March 16, 2020 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 Depository 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 was filed with the Designated Stock Exchange in terms of Regulation 6 of the SEBI Debt Regulations for dissemination on its website(s).

Filing of this Prospectus

The 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 Debt 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 72.

Reservation

No portion of this Issue has been reserved.

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 and Public Issue II, 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 and Public Issue II, 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 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.

On May 23, 2020, the Board of directors of our Company passed a resolution approving the payment of interim dividend out of the profits of the Company for the financial year ended March 31, 2020. The interim dividend declared to be paid the members of the Company, on the equity shares held by them, is ₹ 1/- per equity share. The record date for payment of interim dividend is May 15, 2020.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Kochi, India.

Commissions and Brokerage on previous issue

An expense of ₹ 0.63 lakhs was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹ 10,000.00 lakhs pursuant to the Public Issue I.

An expense of ₹ 0.89 lakhs was incurred towards commission and brokerage in connection with the public issue of secured non-convertible debentures of face value ₹1,000 each aggregating to ₹ 9,383.38 lakhs pursuant to the Public Issue II.

Details regarding lending out of issue proceeds of Previous Issues

A. Lending Policy

Please see “Our Business - Gold Loan Business” on page 98.

Loans given by the Company

Our Company has not provided any loans/advances to associates, entities/persons relating to Board, senior management or Promoters out of the proceeds of previous issues.

B. Utilisation of Issue Proceeds of the previous Issues by our Company

Public Issue I

(₹ in lakhs)		
Sr. No.	Particulars	Amount utilised from Public Issue I
	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.	Balance with Bank	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

(₹ in lakhs)		
Sr. No.	Particulars	Amount utilised from Public Issue II
	Issue Proceeds	9,383.38
	Utilisation of Issue Proceeds	
1.	Onward Lending	5,528.16
2.	Repayment of interest and principal of existing borrowings	3,405.22
3.	General corporate expenses	450.00
4.	Balance with Bank	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.

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 Promoters out of the proceeds of previous issues.

2. Classification of loans/advances given to according to:

a. Types of loans as on March 31, 2019:

(₹ in lakhs)		
Sr. No.	Type of Loans	Amount
1.	Secured	34,871.97
2.	Unsecured	2,511.30

Total Loans	37,383.27
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b. Sectoral Exposure as on March 31, 2019:

Sr. No.	Segment-wise break-up	Percentage
1	Retail	
A	-Mortgages (home loans and loans against property)	-
B	-Gold loans	39.87%
C	-Vehicle finance	0.26%
D	-MFI	6.72%
E	-M&SME	36.34%
F	-Capital market funding (loans against shares, margin funding)	
G	-Others	16.81%
2	Wholesale	
A	-Infrastructure	-
B	-Real estate (including builder loans)	-
C	-Promoter funding	-
D	-Any other sector (as applicable)	-
E	-Others	-
	Total	100%

c. Denomination of loans outstanding by ticket size as on March 31, 2019*:

Sr. No.	Ticket size**	Percentage
1	Up to ₹2 lakh	32.15%
2	₹2-5 lakh	14.88%
3	₹5-10 lakh	11.58%
4	₹10-25 lakh	9.89%
5	₹25-50 lakh	5.94%
6	₹50 lakh -1 crore	5.10%
7	₹1-5 crore	14.06%
8	₹5-25 crore	6.39%
9	₹25-100 crore	-
10	> ₹100 crore	-
	Total	100%

* Loan to value, 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, 2019*:

Sr. No.	LTV	Percentage
1	Up to 40%	0.28%
2	40-50%	1.26%
3	50-60%	8.12%
4	60-70%	7.27%
5	70-80%	60.05%
6	80-90%	23.01%
7	> 90%	0.00%
	Total	100%

*LTV at the time of origination in respect of gold loans

e. Geographical classification of borrowers as on March 31, 2019:

Sr. No.	Top 3 states	Percentage
1	Kerala	81.67%
2	Karnataka	14.97%
3	Tamil Nadu	3.36%
	Total	100%

f. (i) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2019:

(₹ in lakhs)

Particulars	Amount
Total advances to twenty largest borrowers	6,335.82
Percentage of advances to twenty largest borrowers to total advances to our Company	16.95%

(ii) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2019*:

(₹ in lakhs)

Particulars	Amount	
	Secured	Unsecured
Total exposure to twenty largest borrowers	6,335.82	-
Percentage of exposure to twenty largest borrowers to total exposure to our Company	16.95%	-

*The nature of advances by the Company does not constitute either advances with unutilised limits or non – fund based lending. Hence the total advance is the total exposure

g. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines

(₹ in lakhs)

Movement of gross NPA	
Opening gross NPA	854.90
- Additions during the year	1,007.69
- Reductions during the year	-
Closing balance of gross NPA	1,862.59
Movement of net NPA	
Opening net NPA	764.47
- Additions during the year	906.87
- Reductions during the year	-
Closing balance of net NPA	1,671.34
Movement of provisions for NPA	
Opening balance	90.42
- Provisions made during the year	100.82
- Write-off/write-back of excess provisions	-
Closing balance	191.25

h. Segment-wise gross NPA

Sr.	Segment-wise gross NPA	Gross NPA (%)
1	Retail	
A	-Mortgages (home loans and loans against property)	-
B	-Gold loans	0.24%
C	-Vehicle finance	62.87%
D	-MFI	1.92%

Sr.	Segment-wise gross NPA	Gross NPA (%)
E	-M&SME	7.81%
F	-Capital market funding (loans against shares, margin funding)	-
G	-Others	10.44%
2	Wholesale	
A	-Infrastructure	-
B	-Real estate (including builder loans)	-
C	-Promoter funding	-
D	-Any other sector (as applicable)	-
E	-Others	-
	Total	4.98%

- i. Classification of loans/advances given to associates, entities/person relating to the board, senior management, promoters, others, etc. as on March 31, 2019:

(₹ in lakhs)

Particulars	Amount
Loans to Promoters	-
Other Loans	37,383.27
Total	37,383.27

3. Residual maturity profile of assets and liabilities (in line with the RBI format):

Residual maturity profile of assets and liabilities – ALM return is applicable only for systemically important NBFCs and the Company was non-systemically important non-deposit taking NBFC as on March 31, 2019.

4. Others

LOAN POLICY

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 15 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 ₹ 50,000/- 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 ₹ 25/- 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 ₹ 99999/- 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 five financial years.

Mechanism for redressal of investor grievances

Agreement dated March 13, 2020, 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.

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 Private Limited

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

Tel: +91 40 6716 2222

Fax: +91 40 2343 1551

Email: Klm.ncd@kfintech.com

Investor Grievance Email: einward.ris@kfintech.com

Website: www.kfintech.com

Contact Person: Mr. M Murali Krishna

SEBI Registration Number: INR000000221

CIN: U72400TG2017PTC117649

Compliance Officer of our Company

Srikanth 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:

Mr. Srikanth Menon
KLM Axiva Finvest Limited
4th Floor, Door No. 1871A24, VM Plaza,
Palarivattom, Ernakulam – 682 025
Kerala, India
Telephone: +91 484 4281 125
E-mail: co_secy@klmgroup.in

Change in Auditors of our Company during the last three years

We do not have any change in Auditors of our Company in last three years.

Disclaimer statement from the Issuer

The Issuer accepts no responsibility for statements made other than in this Prospectus issued by our Company in connection with the Issue of the NCDs and anyone placing reliance on any other source of information would be doing so at his / her own risk

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 November 22, 2019, 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 cyclicity 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.

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 Notifications**”) 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.

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 I 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 ₹500,000.
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.

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 make 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 issued 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 (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.

RBI *vide* its circular dated June 7, 2019, laid down the Prudential Framework for Resolution of Stressed Assets whereby prescribing the regulatory approach for resolution of stressed assets inter alia by: (i) early recognition and reporting of default by banks, financial institutions and NBFCs in respect of large borrowers; (ii) Affording complete discretion to lenders with regard to design and implementation of resolution plans, in supersession of earlier resolution schemes (S4A, SDR, 5/25 etc.), subject to the specified timeline and independent credit evaluation; (iii) Laying down a system of disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings; (iv) Withdrawal of asset classification dispensations on restructuring. Future upgrades to be contingent on a meaningful demonstration of satisfactory performance for a reasonable period; and (v) Requiring the mandatory signing of an inter-creditor agreement (ICA) by all lenders, which will provide for a majority decision making criteria

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 FFCs 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. FFCs 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 AMC's 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 AMC's 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.

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 think 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 think 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, think 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 the 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 Stock Exchange until the Issue Closing Date.

Material Contracts

1. Issue Agreement dated March 14, 2020, between the Company and the Lead Manager;
2. Registrar Agreement dated March 13, 2020, between the Company and the Registrar to the Issue;
3. Debenture Trusteeship Agreement dated March 16, 2020 between the Company and Vistra ITCL (India) Limited, the Debenture Trustee;
4. Public Issue Account Agreement dated May 12, 2020 executed by our Company, the Registrar, the Public Issue Account Bank(s) and Lead Manager;
5. Syndicate Agreement May 15, 2020, 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 March 16, 2020 and revalidation letter dated May 22, 2020 from CARE Ratings Limited, granting credit rating to the NCDs, for the proposed non-convertible debenture issue;
6. Copy of the Board Resolution dated December 13, 2019 approving the Issue;
7. Resolution passed by the shareholders of the Company at the Annual General Meeting held on August 17, 2019 approving the overall borrowing limit of Company;
8. Copy of the Debenture Committee resolution dated March 17, 2020 approving the Draft Prospectus;
9. Copy of the Debenture Committee resolution dated May 27, 2020 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;

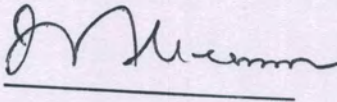
11. Consents of the Directors, Chief Financial Officer, Lead Manager, Debenture Trustee, Syndicate Member, Credit Rating Agency for the Issue, Company Secretary and Compliance Officer, Legal Counsel to the Issue, Public Issue Account Bank, Refund bank, Bankers to the Company and the Registrar to the Issue, to include their names in this Prospectus;
12. The consent of our Statutory Auditors, namely M/s. Balan & Co, Chartered Accountants dated March 16, 2020, for inclusion of their names as the Statutory Auditors and experts;
13. Annual Reports of the Company for last five Financial Years ending March 31, 2015 to March 31, 2019;
14. Reformatted Financial Statements of the Company for the year ending March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018 and March 31, 2019;
15. The examination report of the Statutory Auditors M/s. Balan & Co, Chartered Accountants dated March 16, 2020, in relation to the Reformatted Financial Statements included herein;
16. Statutory Auditor's Limited Review Report of the interim financial information on the Limited Review Financial Statements of the Company dated December 13, 2019 for the six month ended September 30, 2019;
17. A statement of tax benefits dated May 26, 2020, received from M/s. Balan & Co, Chartered Accountants regarding tax benefits available to us and our debenture holders;
18. Due Diligence certificate dated May 27, 2020 filed with SEBI by the Lead Manager; and
19. In-principle listing approval letter dated March 24, 2020 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 applicable provisions of Companies Act, 1956, provisions of the Companies Act, 2013 and other relevant statutes.

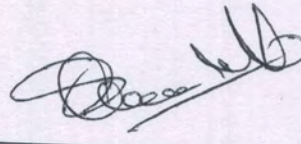
DECLARATION

We, the Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act, 2013, the Companies Act, 1956, and the guidelines issued by the Government of India and/or 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 Debt Securities) Regulations, 2008, have been complied with and no statement made in this Prospectus is contrary to the applicable provisions of the Companies Act, 1956, relevant 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 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.

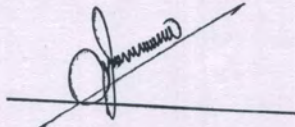
Signed by the Directors of our Company



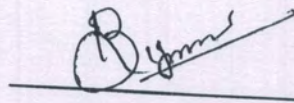
Alexander John Joseph



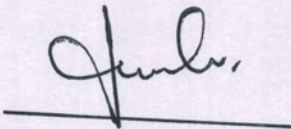
Shibu Theckumpurath Varghese



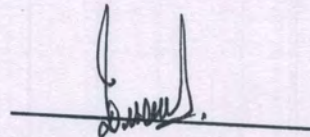
Josekutty Xavier



Biji Shibu



James Joseph Arambankudyil



Issac Jacob

Date: 27.05.2020

Place: Ernakulam

ANNEXURE I - DAY COUNT CONVENTION

For Options I, 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.

Interest on the NCDs shall be computed on an actual/actual basis for the broken period, if any. Consequently, interest shall be computed on a 365 day a year basis on the principal outstanding on the NCDs for Options II, III and X 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)	Wednesday, July 1, 2020		
Options	Option IV	Option V	Option X
Tenure	24 Months	24 Months	75 Months
Coupon (%) for NCD Holders in Category I, II and III	11.25%	11.50%	N.A.
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly	Annual	Cumulative
Day Count Convention	Actual/Actual		

Option IV

Company	KLM Axiva Finvest Limited
Face Value	₹ 1,000
Day and date of Allotment (tentative)	Wednesday, July 1, 2020
Tenure	24 Months
Coupon (%) for NCD Holders in Category I, II and III	11.25%
Frequency of the Interest Payment with specified dates starting from date of allotment	Monthly
Day Count Convention	Actual/Actual

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
1 st coupon	Saturday, August 1, 2020	31	9.55
2 nd coupon	Tuesday, September 1, 2020	31	9.55
3 rd coupon	Thursday, October 1, 2020	30	9.25
4 th coupon	Monday, November 2, 2020	31	9.55
5 th coupon	Tuesday, December 1, 2020	30	9.25
6 th coupon	Friday, January 1, 2021	31	9.55
7 th coupon	Monday, February 1, 2021	31	9.55
8 th coupon	Monday, March 1, 2021	28	8.63
9 th coupon	Friday, April 2, 2021	31	9.55
10 th coupon	Monday, May 3, 2021	30	9.25
11 th coupon	Tuesday, June 1, 2021	31	9.55

Cash flow	Date of interest/redemption payment (2)	No. of days in Coupon/maturity period	Amount (in ₹)
12 th coupon	Thursday, July 1, 2021	30	9.25
13 th coupon	Monday, August 2, 2021	31	9.55
14 th coupon	Wednesday, September 1, 2021	31	9.55
15 th coupon	Friday, October 1, 2021	30	9.25
16 th coupon	Monday, November 1, 2021	31	9.55
17 th coupon	Wednesday, December 1, 2021	30	9.25
18 th coupon	Saturday, January 1, 2022	31	9.55
19 th coupon	Tuesday, February 1, 2022	31	9.55
20 th coupon	Tuesday, March 1, 2022	28	8.63
21 th coupon	Saturday, April 2, 2022	31	9.55
22 th coupon	Monday, May 2, 2022	30	9.25
23 th coupon	Wednesday, June 1, 2022	31	9.55
24 th coupon	Thursday, June 30, 2022	30	9.25
Principal	Thursday, June 30, 2022	-	1,000.00
Maturity value			

Option V

Company	KLM Axiva Finvest Limited
Face Value	₹ 1,000
Day and date of Allotment (tentative)	Wednesday, July 1, 2020
Tenure	24 Months
Coupon (%) for NCD Holders in Category I, II and III	11.50%
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 ₹)
1 st coupon	Thursday, July 1, 2021	365	115.00
2 nd coupon	Thursday, June 30, 2022	365	115.00
Principal	Thursday, June 30, 2022	-	1,000.00
Maturity value			

Option X

Company	KLM Axiva Finvest Limited
Face Value	₹1,000
Day and Date of Allotment (tentative)	Wednesday, July 1, 2020
Tenure	75 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	Wednesday, September 30, 2026	2282	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 circular no. CIR/IMD/DF-1/122/2016, dated November 11, 2016, in order to ensure uniformity for payment of interest/redemption on debt securities, the interest/redemption payment shall be made only on the days when the money market is functioning in Mumbai. Therefore, if the interest payment date falls on a non-Working Day, the coupon payment shall be on the next day, which will be the day on which money market in Mumbai is functioning has been considered as the effective interest payment date. 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 Wednesday, July 1, 2020.
4. The last coupon payment will be paid along with maturity amount at the redemption date.

ANNEXURE II – CREDIT RATING LETTER AND RATIONALE

Please turnover for the rationale

CARE/CRO/RL/2019-20/1864

Mr. C A Thanish Dalee
Chief Financial Officer
KLM Axiva Finvest Limited
4th Floor, VM Plaza,
Civil Line Road,
Palarivattom
Kochi – 682205

March 16, 2020

Confidential

Dear Sir,

Credit rating for proposed Non-Convertible Debenture issue

Please refer to your request for rating of proposed non-convertible debenture (NCD) issue aggregating to Rs.125 crore of your company. The proposed NCDs would have tenure upto 75 months.

2. The following ratings have been assigned by our Rating Committee:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Proposed Non-Convertible Debenture issue	125 (Rs. One hundred and Twenty Five crore only)	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Assigned

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is March 14, 2020).
4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
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6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.
7. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure-2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by March 17, 2020, we will proceed on the basis that you have no any comments to offer.
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument.

In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the aforementioned rating actions in any manner considered appropriate by it, without reference to you.

10. CARE's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
11. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
12. CARE ratings are **not** recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

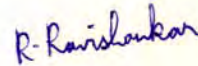
Thanking you,



Thamaraiselvan M
Analyst

thamaraiselvan.m@careratings.com

Yours Faithfully,



Ravi Shankar R
Manager

ravi.s@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

CARE's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Annexure-2
Press Release
KLM Axiva Finvest Limited

Rating

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	15	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Reaffirmed
Total Bank Facilities	15.00 (Rs. Fifteen crore only)		
Non-Convertible Debenture issue - I	66	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Reaffirmed
Non-Convertible Debenture - II	94	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Reaffirmed
Non-Convertible Debenture issue - Proposed	125	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Assigned
Total Debt Instruments	285.00 (Rs. Two hundred and eighty five crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities and debt instruments of KLM Axiva Finvest Limited factors continues to be constrained by regional concentration of the loan portfolio, moderate asset quality, moderate profitability profile with high operating cost, evolving MIS systems and processes, concentrated funding profile, relatively higher exposure to riskier borrower segments and exposure to market risk of the gold jewellery kept as security.

The rating however favorably factors in the experience of the promoter and management team and adequate capitalisation levels supported by subordinated debt. The rating also takes note of the significant improvement in the scale of operations during FY19 (refers to the period April 01 to March 31).

Going forward, the ability of the company to grow its portfolio while improving asset quality, improve profitability by the way of reducing its operating expenses while expanding geographically and improve MIS systems will be the key rating sensitivities.

Rating Sensitivities

Positive Factors

- Improvement in Asset quality and profitability on a sustained basis with improvement in MIS.

Negative Factors

- Further moderation in asset quality.
- Moderation in Profitability and Capital adequacy parameters.
- Inability of the company to improve MIS commensurate with the scale of operations

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications.

Credit Risk Assessment

Key Rating Weaknesses

High Geographical Concentration

KLM has presence in 172 branches currently and Gold loan is offered in all the branches. However, other loan products such as business loans, personal loans and microfinance loans are offered majorly only in Kerala. So portfolio remains concentrated towards Kerala.

Moderate asset quality

GNPA and NNPA ratio (180 DPD) moderated to 4.98% and 4.43% as on March 31, 2019 from 4.40% and 3.94% as on March 31, 2018 respectively. As on December 31, 2019, GNPA and NNPA further moderated to 6.42% and 5.34%. GNPA levels are higher in Business loans (7.81%) and Personal loans (10.44%) whereas it remains low in Gold loans (0.24%) as on March 31, 2019.

With the transition in NPA recognition norms from 180+ DPD to 90+ DPD as on March 31, 2020, the ability of the company to control further moderation in asset quality parameters remains a key monitorable.

Moderate profitability profile with high operating costs

During FY19, KLM reported NIM of 11.12% as against 18.02% during FY18. The drop in NIM is majorly due to drop in yield during FY19 and increase in the borrowings. Operating expenses to average total assets has improved to 8.78% during FY19 from 13.14% during FY18 but still remains higher majorly due to branch expansion. However, ROTA declines to 1.83% during FY19 from 3.37% during FY18.

During 9mFY20, the company reported an operating profit of Rs.5.9 crore on a total income of Rs.70.2 crore. Going forward, if the asset quality levels remains higher with transition from 180 DPD to 90DPD, the profitability is expected to be impacted.

Evolving MIS systems and processes

KLM offers gold loans across all the branches whereas business loans and personal loans are offered only in Kerala. With respect to gold loans, the branch employees have been trained to appraise quality of the gold jewelry provided as security against loan. The branches are provided with secured vaults with dual control keys, CCTV cameras and insurance. The company has an internal audit team consisting of 25 members and the team is head by an experienced personnel. The internal audit is a concurrent activity and ensured that every branch is audited once in a month.

KLM has started using a new software 'PROSPER'. The software implementation is in completion stage and once the software is live, portfolio can be tracked on real time basis.

Concentrated Funding Profile

The resource profile is concentrated towards retails debentures which constitutes around 98.56% of the total outstanding borrowing as on March 31, 2019 and rest is towards the bank borrowings mainly in the form of Cash Credit. The company has raised NCDs for Rs.100 crore during November 2018 and Rs.93.83 crore during October 2019. The borrowings are expected to remain concentrated towards debentures in the medium term.

Relatively higher exposure to riskier borrower segments and inherent risk associated with gold loans

KLM is primarily lending towards the business and personal finance needs of the relatively riskier asset class comprising of low income borrowers in the informal sector. Since this segment is highly susceptible to the impact of economic downturn, asset quality is a key monitorable. The management team's good knowledge on this target customer segment provides comfort.

Key Rating Strengths

Experienced Management team

KLM is led by professionals having significant experience in finance industry. Josekutty Xavier, who is the whole time director, has 35 years of experience in chit fund business, hire purchase loans among others. Shibu Theckumpuram who is also the Whole time director of KLM holds a bachelor's degree in economics has 30 years of experience in financial services.

KLMs board consists of people with vast expertise in various fields and is led by Chairman Mr.Alexander John Joseph who is the former chief secretary of Karnataka Government and former minister of tourism in Government of Karnataka. The day to day operations of the company are handled by the Whole-time directors and ably assisted by the experienced management team.

Adequate Capitalisation Levels

During FY19, KLM raised equity to a tune of Rs.14 crore from the existing shareholders including promoters as well as new shareholders. However, with improvement in the scale of operations, Tier 1 CAR moderated to 16.74% as on March 31, 2019 from 23.04% as on March 31, 2018. Overall gearing stood at 4.96x as on March 31, 2019. As on December 31, 2019, Tier 1 CAR stood at 14.24% with overall gearing stood at 6.31x. During January 2020, the company raised equity of Rs.2 crore through private placement from the promoters and relatives.

Significant improvement in scale of operations

KLM has presence in 4 states and 172 branches of which 118 branches are in Kerala, 35 branches in Karnataka, 17 branches in Tamilnadu and 2 in Telengana. Loan portfolio grew by 92% from Rs.194 crore as on March 31, 2018 to Rs.374 crore as on March 31, 2019. Gold loans grew at 167% in FY19 from Rs.56 crore as on March 31, 2018 to Rs.149 crore as on March 31, 2019. Whereas business loans grew at 79% from Rs.76 crore as on March 31, 2018 to Rs.136 crore as on March 31, 2019 and personal loans grew at 39% from Rs.45 crore as on March 31, 2018 to Rs.63 crore as on March 31, 2019. Loan portfolio further increased to Rs.473 crore as on December 31, 2019.

Industry Outlook and Prospects

The NBFC sector has witnessed superior growth rates in the last three years ended FY18, mainly driven by slowdown in credit flow from the banks as they grapple with asset quality challenges and capital constraints. The NBFC sector has demonstrated asset-class specific expertise with sophisticated credit underwriting methods, increased use of data analytics, multi-channel origination, and faster turnaround times helping them gain market share in both retail and wholesale asset classes. Comfortable capitalization levels and liquidity management continue to provide comfort to the credit profile of NBFCs. The same, however, is being put to test under the prevailing liquidity tightness and changed sentiment towards NFBCs since September 2018.

The sector witnessed a liability-side disruption post default by a large infrastructure lender, leading to sharp increase in spreads and drying up of the short-term commercial paper (CP) market. Mutual funds, who were major investors in CPs of NBFCs, faced redemptions and as a result CP rollovers reduced drastically. NBFCs running a negative asset-liability gap in the shorter time buckets had to react to the situation by dipping into their liquidity reserves and/or resorting to portfolio sales to banks to generate liquidity. While the sector has largely met the debt obligations since September 2018, it will have to live with high cost of borrowing till the credit markets normalize. The changed scenario on the liability front is likely to impact the portfolio growth as well as profitability of the NBFCs in the medium term. NBFCs having presence in the wholesale and real-estate lending space are likely to be impacted more vis-à-vis their retail counterparts. NBFCs will have to adjust their business models in light of the current scenario and re-visit their growth plans. Asset quality, liquidity and profitability will be the key monitorables for the sector going forward.

Liquidity: Adequate

Gold loans and microfinance loans have a tenor of less than 1 year and other loans have tenor of around 2 years. With the portfolio being funded majorly through longer tenure NCDs, the liquidity position is adequate. KLM also has cash & cash equivalent of Rs.22 crore as on December 31, 2019.

Analytical approach: Standalone.

Applicable Criteria

Criteria on assigning 'Outlook' and 'Credit Watch' to Credit Ratings

CARE Policy on Default Recognition

Rating Methodology- Non Banking Finance Companies

Financial ratios - Financial Sector

About the Company

KLM Axiva Invest Limited (KLM) was incorporated on April 28, 1997 and became a NBFC in the same year by registering with the Reserve Bank of India. The Company was initially operated as Needs Finvest Limited. Later the current management took over the company in 2014 and changed the name to KLM Axiva Finvest India Limited. KLM Axiva Finvest is promoted and led by Mr. Shibu Theckumpuram and Mr. Jose Kutty Xavier who have 30 years of experience in lending business.

The company offers products such as gold loans, business loans, personal loans, vehicle loans and Micro Finance loans. Apart from lending, the company also offers foreign exchange services, money transfer and insurance brokerage services.

The company currently has 172 branches across various districts in Kerala, Tamil Nadu, Karnataka and Telangana with Head office located in Ernakulam, Kerala. As on December 31, 2019 the total outstanding portfolio stood at Rs.473 crore of which Gold loans accounted for 44% of loan portfolio outstanding followed by business loans (37%), personal loans (11%) and Microfinance loans (8%).

Brief Financials (Rs. crore)	2018 (A)	2019 (A)
Total Operating Income	42.73	68.36
PAT	5.67	5.96
Interest Coverage (times)	1.69	1.28

Total Assets	228.49	424.15
Net NPA (%)	3.95	4.43
Return on Total Assets (ROTA) (%)	3.37	1.83

Note: A – Audited;

(a) NIM has been calculated as net interest income/average annual total assets;

(b) Ratios have been computed based on average of annual opening and closing balances

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT - Cash Credit	-	-	-	-	15.0	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 1	INE01I507026	6-Nov-18	11.50%	5-Nov-20	5.8	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 1	INE01I507034	6-Nov-18	11.75%	5-Nov-21	7.9	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 1	INE01I507042	6-Nov-18	12.00%	4-Nov-23	22.6	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 1	INE01I507067	6-Nov-18	11.75%	5-Nov-20	1.9	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 1	INE01I507075	6-Nov-18	12.00%	5-Nov-21	5.0	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 1	INE01I507083	6-Nov-18	12.25%	4-Nov-23	8.5	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 1	INE01I507091	6-Nov-18	12.25%	5-Nov-24	14.3	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 2	INE01I507109	03-Oct-19	11.00%	05-Nov-20	18.9	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 2	INE01I507117	03-Oct-19	11.00%	05-Nov-20	13.1	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 2	INE01I507125	03-Oct-19	11.25%	01-Oct-21	6.9	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 2	INE01I507133	03-Oct-19	11.50%	01-Oct-21	5.4	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 2	INE01I507141	03-Oct-19	11.50%	01-Oct-22	14.5	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 2	INE01I507158	03-Oct-19	11.75%	01-Oct-22	3.2	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 2	INE01I507166	03-Oct-19	11.75%	01-Oct-24	19.1	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 2	INE01I507174	03-Oct-19	12.00%	01-Oct-24	2.6	CARE BB+; Stable
Debentures-Non Convertible Debentures Issue - 2	INE01I507182	03-Oct-19	11.42%	01-Jul-23	2.0	CARE BB+; Stable

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures Issue -2	INE01I507190	03-Oct-19	11.73%	02-Jan-26	8.3	CARE BB+; Stable
Debentures-Non Convertible Debentures - Proposed	-	-	-	-	125.0	CARE BB+; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	15.00	CARE BB+; Stable	1)CARE BB+; Stable (04-Apr-19)	-	1)CARE BB; Stable (13-Feb-18)	-
2.	Debentures-Non Convertible Debentures	LT	66.00	CARE BB+; Stable	1)CARE BB+; Stable (04-Apr-19)	-	1)CARE BB; Stable (13-Mar-18)	-
3.	Debentures-Non Convertible Debentures	LT	94.00	CARE BB+; Stable	1)CARE BB+; Stable (24-Jul-19)	-	-	-
4.	Debentures-Non Convertible Debentures	LT	125.00	CARE BB+; Stable	-	-	-	-

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Mradul Mishra

Contact no. – +91-22-6837 4424

Email ID – mradul.mishra@careratings.com

Analyst Contact

P Sudhakar

Contact no. – 044-28501000

Email: p.sudhakar@careratings.com

Relationship Contact

V Pradeep Kumar

Contact no. : 044-2850 1001

Email ID: pradeep.kumar@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

CARE's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CARE/CRO/RL/2020-21/1111

Ms. C A Thanish Dalee
Chief Financial Officer
KLM Axiva Finvest Limited
4th Floor, VM Plaza,
Civil Line Road,
Palarivattom
Kochi-682205

May 22, 2020

Confidential

Dear Sir,

Credit rating for Non-convertible debenture issue

Please refer to our letter no. **CARE/CRO/RL/2019-20/1864** dated March 16, 2020 and your request for revalidation of the rating assigned to the Non-Convertible Debenture issue of your company, for a limit of Rs.125 crore.

2. Our Rating Committee has reviewed the following rating:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Non-Convertible Debenture issue (Proposed)	125.00 (Rs. One hundred and Twenty Five crore only)	CARE BB+; Stable (Double B Plus; Outlook: Stable)	Reaffirmed

- The proposed NCDs would have tenure of upto 75 months.
- Please arrange to get the rating revalidated, in case the proposed issue is not made within six months from the date of this letter.
- Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr.)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Trustee/IPA	Details of top 10 investors
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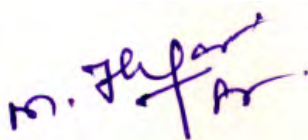
¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
8. CARE's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
9. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
10. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

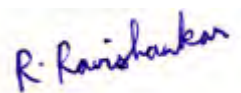
Thanking you,

Yours Faithfully,



Thamaraiselvan M
Analyst

thamaraiselvan.m@careratings.com



Ravi Shankar R
Manager

ravi.s@careratings.com

Encl.: As above

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