



**KLM AXIVA
FINVEST LTD**

പുരോഗതിയുടെ ഭരണവും എല്ലാവർക്കും

ANNUAL REPORT

2017-2018

More Relationships
More Business
More Profit

Icon of growing kerala

www.klmaxiva.com



Chairman's Message

From a humble beginning at 2000, KLM has been in its epic journey to be the pioneers in the field of finance. Unlike other companies we have become the super store of all financial products. With a strong vision based on hard work, open communication and high social responsibility, has transformed KLM to more than a financial institution.

Overall the year 2017-18 has been remarkable regarding our company. We have opened new branches through out Kerala and South India as well.

Introduction of new products, perfect strategy of business and operations has brought in a face lift to KLM. The decision of the board to go for public issue of debentures this year and to enter into equity market by 2020 are the crucial decisions from the part of the company. The fast growth in operation in other states also are our indices to a better performance this year.

Even in the current scenario of recessions and calamities KLM has performed well in business, investments, control of NPA and in all other areas of business.

To be a front runner in the field KLM has to move a lot forward. By the support of share holders and well wishers only we could reach the heights. I request the whole hearted support from every one and also express my sincere thanks to those who had been our back bone all these years.

Thanking you

Dr. Alexander John Joseph
Chairman



Executive Director's Message

Excellence is not simply a word, its an act. Day by day it is being proved in KLM. We have achieved double the targets we set forth to last year. With the help of a proper budgeting and target fixation we begin our 1000 miles journey the day we started this financial year.

With the support of the vibrant director board, share holders and of course our dedicated staff we believe that our limit is the sky. The year ending March 2018 was a remarkable one regarding KLM Axiva. Our business portfolio almost doubled and it is the same with investment also. Company's profit and reserves also showed almost 100% growth . NPA was under control.

After distributing a reasonable dividend to our share holders a substantially good, reserves was also created.

Board of Directors consented to enter into the new field of Micro Finance. It gave a boost to all our prevailing business sectors. Being susceptible to healthy changes is what organisation's need for their long run.

Increase in the Gold Loan portfolio, entering Micro Finance sector, controlled lending of Business loans with more security, has brought more profitability to our basket.

Supporting products like Forex, Money transfer, insurance has attracted more walk-in customers to our branches.

More customer base makes branches more vibrant. Good customer relationship and better service is what is envisaged KLM. With this in mind we have started a training centre for our staff. I am confident, with these changes we will be the pioneers in the field within a short span of time and will become the front runners.

I express my gratitude and thanks to my Chairman, directors, staff and esteemed customers for the confidence bestowed on us.

With Regards

Josekutty Xavier
Executive Director

Board Of Directors



Dr. Alexander John Josph
Chairman cum
Independent Director



Josekutty Xavier
Executive Director

Other Directors

Shibu Theckumpurath Varghese
Whole-Time Director

James Joseph Arambankudiyil
Director

Biji Shibu
Director

Issac Jacob
Independent Director

Vibrant Leadership

Baby Mathew Somatheeram

Adv. Peeyus A Kottam

Adv. Sebastian C Kappan

Dr. George Jacob

Jose Nalpat

Sabu Paul

K.O.Ittoop

Reji Kuriakose

George Kuriape

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CORPORATE INFORMATION

Board of Directors

Dr. Alexander John Joseph, Non-Executive Chairman (Independent)

Mr. Shibu Theckumpurath Varghese, Wholetime Director

Mr. Josekutty Xavier, Wholetime Director

Mrs. Biji Shibu, Non-Executive Director (Non-Independent)

Mr. James Joseph Arambankudyil, Non-Executive Director (Non-Independent)

Mr. Reji Kuriakose, Independent Director (Resigned on 13.03.2018)

Mr. George Kuriape, Independent Director (Resigned on 13.03.2018)

Mr. Issac Jacob , Independent Director (Additional) (Appointed on 17.03.2018)

Chief Finance Officer

Mr. Thanish Dalee (Appointed on 08.08.2017)

Company Secretary

Mr. Bibin M.Cherian (Appointed on 08.08.2017)

Statutory Auditors

Balan&Co. Chartered Accountants

Bank Road, Aluva-683 101

Bankers

Federal Bank

South Indian Bank

State Bank of India

HDFC Bank

Axis Bank

Kerala Gramin Bank

KLM AXIVA FINVEST LIMITED

Regd Off : Subodh Business Centre, 408, Malik chambers

Hyderguda, Hyderabad, Telangana, 500029

Ph : 0484 4281111, 4046766, e-mail : admin@klmgroup.in

CIN: U65910TG1997PLC026983

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the members of KLM Axiva Finvest Limited will be held at the Registered Office of the Company on Monday, the 24th September 2018 at 3.30 PM to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2018 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To confirm and ratify the interim dividend @20 paise and @ 60 paise per equity share paid for the financial year 2017-18.
3. To appoint a Director in place of Mr. Shibu Theckumpurath Varghese (DIN:02079917), who retires by rotation and, being eligible, offer himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in partial modification of the Ordinary Resolution passed at the Annual General Meeting (AGM) held on 30th September, 2014 appointing M/s. Balan & Co., Chartered Accountants, (FRN 000340S), Chartered Accountants, as Statutory Auditors of the Company for a period of five years, subject to ratification at each AGM thereafter and in accordance with the amended Section 139 of the Companies Act, 2013 read with relevant rules made thereunder, the approval of the shareholders be and is hereby accorded to continue the appointment of M/s. Balan & Co. (Firm Regn.No.000340S), Chartered Accountants, Aluva, as statutory auditors of the Company till the conclusion of AGM of the company to be held in the year 2019 at such remuneration plus GST and out-of-pocket expenses as may be mutually agreed between the Board of Directors of the Company and the Auditors."

Special Business

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution: -

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable

provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Issac Jacob (DIN: 02078308), in respect of whom the company has received a notice in writing along with requisite deposit under section 160 of the Companies Act 2013 signifying his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the company to hold the office for a period of 5 years who is not liable to retire by rotation."

By order of the Board
For KLM Axiva Finvest Limited

Shibu Theckumpurath Varghese
Whole time Director
DIN:02079917

Place: Kochi
Date: 24.08.2018

Notes :

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item No.5 of the Notice, is annexed hereto.
2. **A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.** The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. **In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members will be entitled to vote.**
4. **The Notice of the AGM along with the Annual Report 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories,** unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
5. Members/Proxies must bring the original attendance slip sent herewith duly filled in, signed and hand it over at the entrance of the meeting hall.

6. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company.

Statement pursuant to Section 102 (1) of the Companies Act, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No: 5

Mr.Issac Jacob (DIN:02078308), appointed as Additional Director of the company w.e.f. 17.03.2018 holds office up to the date of this Annual General Meeting of the Company and is eligible for appointment.

In terms of Section 160 of the Companies Act, 2013, the Company has received a notice from a Member signifying his intention to propose the candidature of Mr.Issac Jacob for the office of Director.

Further, in terms of Section 149 read with Schedule IV of the Companies Act, 2013, the Board of Directors has reviewed the declaration made by him that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013, and the Board is of opinion that he fulfills the conditions specified in the Companies Act, 2013 and the rules made there under and is independent of the management.

In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period of up to five years.

Accordingly, the Directors recommend the Resolution for the appointment of Mr.Issac Jacob as Independent Director, not liable to retire by rotation, for a period of five years.

The Board recommends the resolution set forth in item No. 5 for Members approval.

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

By order of the Board
For KLM Axiva Finvest Limited

Shibu Theckumpurath Varghese
Whole time Director
DIN:02079917

Place: Kochi
Date: 24.08.2018

DIRECTORS' REPORT

Dear Member,

Your Directors are delighted to present the Twenty First Annual Report along with the audited financial statements for the financial year ended March 31, 2018.

1. FINANCIAL HIGHLIGHTS

(In Rs.)

Particulars	2017-2018	2016-2017
Total Revenue	42,73,17,454	23,93,74,928
Total Expense	34,80,92,588	20,78,32,378
Profit or Loss Before Tax and Extraordinary Items	7,92,24,866	3,15,42,550
Profit or Loss After Tax	5,68,64,698	2,12,97,726

2. STATE OF THE COMPANY'S AFFAIRS

The Company continues to hold the Certificate of Registration granted to the Company by RBI under Section 45-IA of the RBI Act, vide the Certificate of Registration No.B.09.00006, dated 30-12-2007, duly regularized on 26.09.2011. However, the Company is not authorized to accept public deposits and the company should continue to comply with the terms and conditions subject which the Certificate of Registration has been granted.

During the year under review has made progress in its business operation as projected.

3. CHANGE IN NATURE OF BUSINESS, IF ANY

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

4. EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

No material changes or events have occurred since the date of balance sheet that could have any effect on the financial position of the company.

5. RESERVES

Out of the profits generated by the company, the company has transferred Rs.1,13,73,000 to Statutory Reserve.

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

An amount of Rs.1,57,199 was remained unclaimed as on 31.03.2018 which pertains to interim dividend declared on 07.10.2017. The company was not having any unclaimed dividends having maturity more than 7 years, hence the provisions of Section 125 of the Companies Act, 2013 do not apply.

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

During the Financial Year 2017-18, Company has allotted 33,09,782 shares on 03.04.2017, 09.06.2017 and 24.08.2017.

As on date of this report, the Authorised share capital of the Company is Rs. 45,00,00,000/- (Rupees Fourty Five Crore Only) divided into 45,00,000 equity shares of Rs. 10/- each. The total issued, subscribed and paid up share capital of the Company as on the date of the report is Rs. 39,98,87,870/- (Rupees Thirty Nine Crores Ninety Eight Lakhs Eighty Seven Thousand Eight Hundred and Seventy Only) divided into 3,99,88,787 equity shares of Rs. 10/- each.

8. INTERIM DIVIDEND

Interim dividend @ 50 paise and @20 paise per equity share were paid during the financial year 2017-18 on 01.04.2017 and 07.10.2017 respectively.

Additionally Interim dividend of Rs.60 paise per equity share was paid on 04th April 2018.

9. CAPITAL ADEQUACY

Your Company is well capitalized and has a capital adequacy ratio (Capital to risk weighted asset ratio- CRAR) of 23.04% as on March 31, 2018. This is as against the minimum regulatory requirement of 15 % for non-deposit accepting NBFCs.

10. DISCLOSURE REGARDING ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS

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

11. DISCLOSURE REGARDING ISSUE OF EMPLOYEE STOCK OPTIONS

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

12. DISCLOSURE REGARDING ISSUE OF SWEAT EQUITY SHARES

The Company has not issued any sweat equity shares during the financial year.

13. DIRECTORS

The Board of Directors of the Company is duly constituted and the present structure as on the date of this report is as follows:

Sl. No.	Name	Designation	Date of Appointment	DIN	Category- Independent / Non Independent	Executive / Non Executive
1.	Dr. Alexander John Joseph	Chairman and Director	29.02.2016	00485766	Independent	Non Executive
2.	Mr. Josekutty Xavier	*Whole-time Director	02.12.2014	02073994	Non Independent	Executive
3.	Mr. Shibu Thekumpurath Varghese	Whole-time director	27.07.2016	02079917	Non Independent	Executive
4.	Mrs. Biji Shibu	Director	09.03.2013	06484566	Non Independent	Non Executive
5.	Mr. James Joseph Arambankudyil	Director	19.05.2013	06566906	Non Independent	Non Executive
6.	Mr. Issac Jacob	**Additional Director	17.03.2018	02078308	Independent	Non Executive

*Designation changed from Managing Director to Whole time Director on 08.08.2017.

**Appointed as Additional Independent Director as on 17.03.2018.

In accordance with provisions of the Companies Act, 2013, Mr. Shibu Thekumpurathu Varghese (DIN - 02073994) is liable to retire by rotation.

Mr. George Kuriape (DIN: 02417701) and Mr. Reji Kuriakose (DIN: 02168260), Directors of the Company resigned from the Board on 13.03.2018.

14. THE DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

Sl. No.	DIN/PAN	Name	Designation	Date of Appointment	Date of Resignation
1.	02417701	George Kuriape	Independent Director	14.08.2015	13.03.2018
2.	02168260	Reji Kuriakose	Independent Director	14.08.2015	13.03.2018
3.	02078308	Issac Jacob	Additional Independent Director	17.03.2018	
4.	AMAPD3042K	Thanish Dalee	Chief Financial officer	08.08.2017	
5.	AVBPP9579P	Bibin M.Chерian	Company Secretary	08.08.2017	

15. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board met 14 times on 01.04.2017, 04.04.2017, 06.06.2017, 09.06.2017, 29.06.2017, 09.07.2017, 08.08.2017, 14.08.2017, 24.08.2017, 28.09.2017, 07.10.2017, 15.11.2017, 12.01.2018 and 10.03.2018 during the financial year. The intervening gap between two meetings was within the period prescribed by the Companies Act, 2013. Details meeting attended by each director are as follows;

SI No	Name of director	No of meetings Attended
1	Dr. Alexander John Joseph	2
2	Mr. Josekutty Xavier	14
3	Mr. Shibu Theckumpurath Varghese	14
4	Mrs .Biji Shibu	14
5	Mr. James Joseph Arambankudyil	14
6	Mr. George Kuriape	11
7	Mr. Reji Kuriakose	4
8	Mr. Issac Jacob	-

16. 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) Mr. Josekutty Xavier
- b) Dr. Alexander John Joseph
- c) Mr. Issac Jacob

17. 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:

- a) Mrs. Biji Shibu
- b) Dr. Alexander John Joseph
- c) Mr. Issac Jacob

18. ASSET LIABILITY MANAGEMENT COMMITTEE

The Asset Liability Management Committee was constituted by a Board Resolution dated November 15, 2017 and it currently comprises:

- a) Mr. Josekutty Xavier
- b) Mrs. Biji Shibu
- c) Mr. Shibu Theckumpurath Varghese

19. RISK MANAGEMENT COMMITTEE

The Risk Management Committee was constituted by a Board Resolution dated November 15, 2017 and it currently comprises:

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

20. STAKEHOLDERS 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) Mrs. Biji Shibu
- b) Mr. Josekutty Xavier
- c) Mr. James Joseph Arambankudiyil

21. 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) Mr. Shibu Theckumpurath Varghese
- b) Mrs. Biji Shibu
- c) Mr. James Joseph Arambankudiyil
- d) Mr. Josekutty Xavier

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

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

23. DISCLOSURE ON REAPPOINTMENT OF INDEPENDENT DIRECTOR

Pursuant to Section 149(7) of the Companies Act, 2013, the Company has received declarations from Dr. Alexander John Joseph, Mr. Reji Kuriakose and Mr. George Kuriape, and Mr. Issac

Jacob Independent Directors confirming that they meet the criteria of independence as specified in Section 149(6) of the Act.

24. SUBSIDIARIES/JOINT VENTURE/ASSOCIATE COMPANY

The Company has no subsidiary/joint venture/associate company and hence consolidation and applicable provision under the Companies Act, 2013, and Rules made thereunder are not applicable to the Company.

25. MATERIAL CHANGES AND COMMITMENTS, AFFECTING FINANCIAL POSITION OF THE COMPANY, OCCURRING AFTER BALANCE SHEET DATE

No material changes or events have occurred since the date of the Balance Sheet that could have any effect on the financial position of the Company.

26. RAISING OF ADDITIONAL CAPITAL

During the year your company raised funds through private placement of Equity shares, and Secured Non-Convertible Debentures. The company has also raised fund through issue of Subordinated debt and bank loan. The company has not issued shares with differential rights, sweat equity, ESOS etc. Further, the Company has not bought back any securities during the year under review.

27. ISSUE OF SECURED NON-CONVERTIBLE DEBENTURES

The company has issued Secured, Redeemable, Non-Convertible Debentures [NCD] during the financial year under review with maturity period ranging from 12 months to 60 months and the issue of such debentures is in compliance with provisions issued by Reserve Bank of India including the revised guidelines issued vide Notification No. DNBR. (PD) 006 /GM (MSG)-2015 dated February 20, 2015. Further the assets of the company which are available by way of security are sufficient to discharge the claims of debenture holders as when become due.

28. ISSUE OF UNSECURED SUBORDINATED DEBT

The company has issued subordinated instruments which are unsecured, subordinated to the claims of other creditors with a minimum maturity of over 5 years. Subordinated Debt Instruments are considered as Tier II Capital.

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

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

30. RISK MANAGEMENT

The Company is engaged in the business of Finance. Your Board is constantly trying to mitigate the risks involved by periodically reviewing the risk involved.

31. CREDIT RATING

The Company has complied with all the regulatory provisions of the Reserve Bank of India applicable to Non-Banking Financial Companies as on March 31, 2018. The Company has obtained CARE BB; stable rating for bank facilities.

32. FAIR PRACTICES CODE

The Company has framed Fair Practices Code as per the latest guidelines issued by Reserve Bank of India in this regard.

33. SECRETARIAL STANDARDS OF ICSI

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) which came into effect from 1 July 2015.

34. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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

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

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

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

36. DEPOSITS

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

37. EXTRACT OF ANNUAL RETURN

Pursuant to Sections 92(3) and 134(3)(a) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return in Form No MGT-9 is enclosed as Annexure I to the Report.

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

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

39. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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

40. PARTICULARS OF RELATED PARTY TRANSACTION

There was no related party transaction during the year under review.

41. PARTICULARS OF EMPLOYEES

During the year under review, no employee of the Company was in receipt of remuneration requiring disclosure under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

42. STATUTORY AUDITORS

The shareholders, at the Annual General Meeting held on 30th September 2014 have appointed M/s. Balan & Co., (FRN 000340S), Chartered Accountants, Aluva as Statutory Auditors for a term of five financial years from 2014-15 to 2018-19, who will hold office up to the conclusion of the 22nd AGM to be held in the year 2019, subject to ratification of appointment by the shareholders at every AGM. However as per the companies (Amendment) Act, 2017 the requirement of ratification has been done away with, with effect from 7th May, 2018. Hence the necessary resolution for modifying the resolution passed at the Annual General Meeting held on 30th September, 2014 will be placed at the ensuing AGM for approval of the shareholders. M/s. Balan & Co., (FRN 000340S), Chartered Accountants, Aluva, the present auditors of the company have furnished necessary certificate in terms of Second and Third proviso Section 139(1) of the Companies Act, 2013 read with Rule 4 of the Companies (Audit & Auditors) Rules, 2014.

43. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- a. In the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. The Directors have prepared the annual accounts on a going concern basis.
- e. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

44. ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Mr. Josekutty Xavier
Whole-time Director
DIN: 02073994

Mr. Shibu Theckumpurath Varghese
Whole-time Director
DIN: 02079917

Place: Kochi

Date: 24.08.2018

ANNEXURE I
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1	CIN	U65910TG1997PLC026983
2	Registration Date	28/04/1997
3	Name of the Company	KLM Axiva Finvest Limited
4	Category/Sub-category of the Company	Company limited by Shares Non-govt company
5	Address of the Registered office & contact details	Subodh Business Centre, 408, Malik Chambers, Hyderguda, Hyderabad, Telangana, 500029 admindvn@klmgroun.in
6	Whether listed company	Unlisted
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Non Banking Financial Services (Lending)	649	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
NIL					

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF		487,300	487,300	1.33%		487,300	487,300	1.22%	0.00%
b) Central Govt			-	0.00%			-	0.00%	0.00%
c) State Govt(s)			-	0.00%			-	0.00%	0.00%
d) Bodies Corp.			-	0.00%			-	0.00%	0.00%
e) Banks / FI			-	0.00%			-	0.00%	0.00%
f) Any other			-	0.00%			-	0.00%	0.00%
Sub Total (A) (1)	-	487,300	487,300	1.33%	-	487,300	487,300	1.22%	0.00%
(2) Foreign									
a) NRI Individuals			-	0.00%			-	0.00%	0.00%
b) Other Individuals			-	0.00%			-	0.00%	0.00%
c) Bodies Corp.			-	0.00%			-	0.00%	0.00%
d) Any other			-	0.00%			-	0.00%	0.00%
Sub Total (A) (2)	-	-	-	0.00%	-	-	-	0.00%	0.00%
TOTAL (A)	-	487,300	487,300	1.33%	-	487,300	487,300	1.22%	0.00%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds			-	0.00%			-	0.00%	0.00%
b) Banks / FI			-	0.00%			-	0.00%	0.00%
c) Central Govt			-	0.00%			-	0.00%	0.00%
d) State Govt(s)			-	0.00%			-	0.00%	0.00%
e) Venture Capital Funds			-	0.00%			-	0.00%	0.00%
f) Insurance Companies			-	0.00%			-	0.00%	0.00%
g) FIIs			-	0.00%			-	0.00%	0.00%

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds			-	0.00%			-	0.00%	0.00%
i) Others (specify)			-	0.00%			-	0.00%	0.00%
Sub-total (B)(1):-	-	-	-	0.00%	-	-	-	0.00%	0.00%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian			-	0.00%			-	0.00%	0.00%
ii) Overseas			-	0.00%			-	0.00%	0.00%
b) Individuals									
i) Individual share holders holding nominal share capital upto Rs. 1 lakh		-	-	0.00%		20,000	20,000	0.05%	0.05%
ii) Individual share holders holding nominal share capital in excess of Rs 1 lakh		36,191,705	36,191,705	98.67%		39,481,487	39,481,487	98.73%	9.09%
c) Others (specify)									
Non Resident Indians			-	0.00%			-	0.00%	0.00%
Overseas									
Corporate Bodies			-	0.00%			-	0.00%	0.00%
Foreign Nationals			-	0.00%			-	0.00%	0.00%
Clearing Members			-	0.00%			-	0.00%	0.00%
Trusts			-	0.00%			-	0.00%	0.00%
Foreign Bodies - D R			-	0.00%			-	0.00%	0.00%
Sub-total (B)(2):-	-	36,191,705	36,191,705	98.67%	-	39,501,487	39,501,487	98.78%	9.15%
Total Public (B)	-	36,191,705	36,191,705	98.67%	-	39,501,487	39,501,487	98.78%	9.15%
C. Shares held by Custodian for GDRs & ADRs				0.00%				0.00%	0.00%
Grand Total (A+B+C)	-	36,679,005	36,679,005	100%	-	39,988,787	39,988,787	100%	9.15%

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year [As on 31-March-2017]			Shareholding at the end of the year [As on 31-March-2018]			% Change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Princy Josekutty	47,000	0.13		47,000	0.12%		0.00%
2	Biji Shibu	440,300	1.20		440,300	1.10%		0.00%

**The promoters are reclassified in line with the requirements of SEBI (ICDR) Regulations

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Princy Josekutty						
	At the beginning of the year			47,000	0.13%	47,000	0.12%
	Changes during the year						
	At the end of the year					47,000	0.12%
2	Biji Shibu						
	At the beginning of the year			440,300	1.20%	440,300	1.10%
	Changes during the year						
	At the end of the year					440,300	1.10%

(iv) Shareholding Pattern of top ten Shareholders

SN	For each of the Top 10 Shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Aleyamma Varghese						
	At the beginning of the year			1,576,450	4.30%	1,576,450	3.94%

SN	For each of the Top 10 Shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	Changes during the year	24.08.2017	Allot	1,970,000	5.37%	3,546,450	8.87%
	Changes during the year	09.06.2017	Allot	250,000	0.68%	3,796,450	9.49%
	Changes during the year	17.04.2017	Transfer	(140,000)	-0.38%	3,656,450	9.14%
	At the end of the year					3,656,450	9.14%
2 Shibu Theckumpurath Varghese							
	At the beginning of the year			1,271,200	3.47%	1,271,200	3.18%
	Changes during the year	17.04.2017	Transfer	370,000	1.01%	1,641,200	4.10%
	Changes during the year	23.07.2017	Transfer	320,000	0.87%	1,961,200	4.90%
	At the end of the year					1,961,200	4.90%
3 Jose Sebastian Nalpat							
	At the beginning of the year			1,500,000	4.09%	1,500,000	3.75%
	Changes during the year						
	At the end of the year					1,500,000	3.75%
4 Baby Mathew							
	At the beginning of the year			1,500,000	4.09%	1,500,000	3.75%
	Changes during the year						
	At the end of the year					1,500,000	3.75%
5 Joby George							
	At the beginning of the year			1,000,000	2.73%	1,000,000	2.50%
	Changes during the year						
	At the end of the year					1,000,000	2.50%

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
6 George Jacob A K/Majie George							
	At the beginning of the year			900,000	2.45%	900,000	2.25%
	Changes during the year						
	At the end of the year					900,000	2.25%
7 Lissy Ittoop							
	At the beginning of the year			720,000	1.96%	720,000	1.80%
	Changes during the year						
	At the end of the year					720,000	1.80%
8 Ittoop K O							
	At the beginning of the year			680,000	1.85%	680,000	1.70%
	Changes during the year						
	At the end of the year					680,000	1.70%
9 Bindu Peeyus							
	At the beginning of the year			572,000	1.56%	572,000	1.43%
	Changes during the year						
	At the end of the year					572,000	1.43%
10 Sabu Paul							
	At the beginning of the year			450,000	1.23%	450,000	1.13%
	Changes during the year						-
	At the end of the year					450,000	1.13%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1 Alexander John Joseph							
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%
2 Josekutty Xavier							
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year	01.02.2018	Transfer	200,000	0.55%	200,000	0.50%
	Changes during the year	01.02.2018	Transfer	122,500	0.33%	322,500	0.81%
	At the end of the year					322,500	0.81%
3 Reji Kuriakose [Resigned from the Board on 13.03.2018]							
	At the beginning of the year			350,000	0.95%	350,000	0.88%
	Changes during the year				0.00%	-	0.00%
	At the end of the year					350,000	0.88%
4 George Kuriape [Resigned from the Board on 13.03.2018]							
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%
5 Biji Shibu							
	At the beginning of the year			440,300	1.20%	440,300	1.10%
	Changes during the year						
	At the end of the year					440,300	1.10%

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Share holding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
6 Shibu Theckumpurath Varghese							
	At the beginning of the year			1,271,200	3.47%	1,271,200	3.18%
	Changes during the year	17.04.2017	Transfer	370,000	1.01.%	1,641,200	4.10%
	Changes during the year	23.07.2017	Transfer	320,000	0.87%	1,961,200	4.90%
	At the end of the year					1,961,200	4.90%
7 James Joseph Arambankudyil							
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year	01.02.2018	Transfer	10,000	0.03%	10,000	0.03%
	At the end of the year					10,000	0.03%
8 Bibin M. Cherian (Company Secretary)							
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%
9 Thanish Dalee (Chief Financial Officer)							
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.
(Amt. in Rs.Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	4,383.60	1,367.34	-	5,750.94
ii) Interest due but not paid	194.76	40.68	-	235.43
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4,578.36	1,408.02	-	5,986.37
Change in Indebtedness during the financial year				
* Addition	1,792.66	9,845.81	-	11,638.47
* Reduction	-	(306.20)	-	(306.20)
Net Change	1,792.66	9,539.61	-	11,332.27
Indebtedness at the end of the financial year				
i) Principal Amount	6,181.74	10,555.81	-	16,737.55
ii) Interest due but not paid	189.28	391.82	-	581.10
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	6,371.02	10,947.63	-	17,318.65

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL - NIL

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
	Name	Josekutty Xavier	Shibu Theckumpurath Varghese	(In Rs.)
	Designation	Whole-time Director	Whole-time Director	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,700,000.00	3,000,000.00	4,700,000.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	1,700,000.00	3,000,000.00	4,700,000.00
	Ceiling as per the Act			

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount (Rs/Lac)
		Alexander John Joseph	Reji Kuriakose	George Kuriape	Issac Jacob	
1	Independent Directors					
	Fee for attending board committee meetings	-	-	-	-	
	Commission	-	-	-	-	
	Others, please specify	-	-	-	-	
	Total (1) -	-	-	-	-	
2	Other Non-Executive Directors	Biji Shibu	James Joseph Arambankudyil	-	-	
	Fee for attending board committee meetings	-	-	-	-	
	Commission	-	-	-	-	
	Others, please specify	-	-	-	-	
	Total (2) -	-	-	-	-	
	Total (B) = (1+2)	-	-	-	-	
	Total Managerial Remuneration	-	-	-	-	
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: **NIL**

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs/Lac)
		Name			
	Designation	CEO	*CFO	*CS	
1	Gross salary	-	1,160,000.00	505,439.00	1,665,439.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	-	-	-

*Appointed as KMP on 08.08.2017

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NIL

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

For and on behalf of the Board of Directors

Mr. Josekutty Xavier
 Wholetime Director
 DIN: 02073994

Mr. Shibu Theckumpurath Varghese
 Wholetime Director
 DIN: 02079917

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

(Formerly known as NEEDS FINVEST LIMITED)

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. **KLM Axiva Finvest Limited, Secunderabad** ("the Company") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also 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 the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its Profit/Loss and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. in our opinion, the aforesaid 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.*

- e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

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

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

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

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

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

For and on behalf of

Balan & Co.
Chartered Accountants
(FRN 000340S)

P.Mohandas, FCA
Partner(M.No.021262)
24.08.2018

“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2018:

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

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

(c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company;
- 2) In our opinion and according to the information and explanations given to us, the nature of the Company’s business is such that it is not required to hold any inventories.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The company has not accepted any public deposit from the public within the meaning of section 73 to 76 of the companies Act, 2013 and the Rules framed there under to the extent notified
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.

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

account of any dispute.

8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions or debenture holders.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has complied with the requirements of section 42 of the Companies Act, 2013 and the amount raised by preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review have been used for the purposes for which the funds were raised.

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

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

For and on behalf of

Balan & Co.
Chartered Accountants
(FRN 000340S)

P. Mohandas, FCA
Partner (M.No.021262)
24.08.2018

KLM AXIVA FINVEST LIMITED

“Annexure B” to the Independent Auditor’s Report of even date on the Financial Statements of KLM AxivaFinvest Limited, Secunderabad(Formerly known as NEEDS FINVEST LIMITED) Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **KLM AxivaFinvest Limited** (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of

Balan & Co.

Chartered Accountants

(FRN 000340S)

P. Mohandas, FCA

Partner (M.No.021262)

24.08.2018

Balance Sheet as at 31st March, 2018

PARTICULARS	Note no:	31.03.2018 Rs.	31.03.2017 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	399,887,870	366,790,050
(b) Reserves and Surplus	4	94,762,520	93,511,648
(2) Share application money pending allotment			
(3) Non-Current Liabilities			
(a) Long-term borrowings	5	1,513,161,000	575,094,000
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities		-	-
(d) Long term provisions	6	16,469,525	6,766,596
(4) Current Liabilities			
(a) Short-term borrowings	7	45,013,562	-
(b) Trade payables		-	-
(c) Other current liabilities	8	184,253,744	45,789,034
(d) Short-term provisions	9	40,041,183	1,871,786
Total		2,293,589,404	1,089,823,114
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	66,601,221	62,921,498
(ii) Intangible assets		1,279,434	1,235,114
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred Tax Asset (Net)	11	7,488,620	3,805,890
(d) Long term loans and advances- Financing Activity	12	314,901,554	319,748,626
(e) Long term loans and advances	13	16,809,307	12,370,524
(f) Other non-current assets		-	-
(2) Current assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and cash equivalents	14	184,810,326	62,194,867
(e) Short-term loans and advances - Financing Activity	12	1,627,427,750	593,818,877
(f) Short-term loans and advances	15	21,065,952	801,692
(g) Other current assets	16	53,205,240	32,926,026
Total		2,293,589,404	1,089,823,114
<i>Notes are an integral part of the financial statements</i>			

For and on behalf of the Board of Directors

As per our report of even date attached

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

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

Place: Aluva
24.08.2018

Josekutty Xavier
Whole-time Director

Shibu Theckumpurath Varghese
Whole-time Director

Thanish Dalee
Chief Financial Officer

Bibin M. Cherian
Company Secretary

Place: Ernakulam
24.08.2018

Profit and Loss statement for the year ended 31st March, 2018

PARTICULARS	Note no:	31.03.2018 Rs.	31.03.2017 Rs.
INCOME			
Revenue from operations	17	415,471,725	238,922,710
Other Income	18	11,845,728	452,218
TOTAL REVENUE		427,317,454	239,374,928
EXPENSES			
Employee benefit expenses	19	86,306,625	72,000,929
Financial costs	20	115,254,465	39,482,277
Depreciation and amortization expense	21	14,006,261	10,657,146
Other expenses	22	132,525,238	85,692,027
TOTAL EXPENSES		348,092,588	207,832,378
Profit before tax		79,224,866	31,542,550
Tax expense:			
(1) Income Tax		26,042,898	13,214,874
(2) Deferred Tax		(3,682,730)	(2,970,050)
		22,360,168	10,244,824
Profit/(Loss) for the period		56,864,698	21,297,726
Earnings Per Equity Share (Basic and Diluted)	23	1.46	0.73
Weighted Average Number of Shares			
<i>Notes are an integral part of the financial statements</i>			

As per our report of even date attached

For and on behalf of the Board of Directors

For **Balan & Co.**Chartered Accountants
(FRN 000340 S)**P. Mohandas, FCA**
Partner (M. No. 021262)Place: Aluva
24.08.2018**Josekutty Xavier**
*Whole-time Director***Shibu Theckumpurath Varghese**
*Whole-time Director***Thanish Dalee**
*Chief Financial Officer***Bibin M. Cherian**
*Company Secretary*Place: Ernakulam
24.08.2018

Cash Flow Statement for the Period ended 31st March 2018
In terms of AS - 3 on Cash Flow Statement under Indirect Method

	PARTICULARS	31.03.2018		31.03.2017	
		Rs.	Rs.	Rs.	Rs.
A.	CASH FLOW FROM OPERATING ACTIVITIES:				
	Net profit Before Taxation	79,224,866		31,542,550	
	Adjustments for:				
	Depreciation	14,006,261		10,657,146	
	Finance cost	114,618,517		38,601,187	
	Interest on Income Tax	592,540		881,090	
	Provision for Bad debt	1,519,384		-	
	Provision for Standard asset	4,805,539		1,933,948	
	NPA provision	4,897,390		1,696,293	
	Operating Profit before Working Capital Changes	219,664,496		85,312,213	
	(Increase)/Decrease in Loans & Advances - financing activity	(1,028,761,801)		(543,717,076)	
	(Increase)/Decrease in Short term Loans & Advances	(20,264,260)		(417,312)	
	(Increase)/Decrease in Long term Loans & Advances	-			
	(Increase)/Decrease in Current Assets	(20,279,214)		(16,939,540)	
	Increase/(Decrease) in Short Term Borrowings	45,013,562			
	Increase/(Decrease) in Other current liabilities	45,000,243		267,128,199	
	Cash from operations	(759,626,974)		(208,633,516)	
	Income Tax Paid	(13,978,697)		(20,116,482)	
	Net Cash From Operating Activities		(773,605,671)		(228,749,998)
B	CASH FLOW FROM INVESTINGACTIVITIES:				
	Purchase of Fixed Assets	(16,901,429)		(50,991,289)	
	Purchase of Intangible Assets	(828,875)		(477,867)	
	(Increase)/ Decrease in Deposits	(4,438,783)		(4,966,824)	
	Net Cash From Investing Activities		(22,169,087)		(56,435,980)
C	CASH FLOW FROM FINANCING ACTIVITIES:				
	Proceeds from issuance of equity shares	33,097,820		151,484,500	
	Share Premium on issue of shares	4,964,673		21,808,688	
	Proceeds from issue of Debentures	107,800,000		98,800,000	
	Proceeds from issue of Subordinate debts	949,467,000		106,114,000	
	Repayment of long-term borrowings	(30,620,000)		-	
	Divident Paid	(26,337,260)		-	
	Divident Distribution Tax	(5,363,500)		-	
	Finance cost	(114,618,517)		(38,601,187)	
	Net Cash From Financing Activities		918,390,216		339,606,00
	NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		122,615,458		54,420,024
	OPENING CASH AND CASHEQVALENTS		62,194,867		7,774,843
	CLOSING CASH AND CASHEQVALENTS		184,810,325		62,194,867

As per our report of even date attached

For and on behalf of the Board of Directors

For **Balan & Co.**
Chartered Accountants
(FRN 000340 S)
Whole-time Director

P. Mohandas, FCA
Partner (M.No.21262)

Place: Aluva
24.8.2018

Josekutty Xavier
Whole-time Director

Shibu Theckumpurath Varghese

Thanish Dalee
Chief Financial Officer

Bibin M. Cherian
Company Secretary

Place: Ernakulam
24.8.2018

Notes to the Financial statements for the year ended March 31, 2018

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. KLMAXivaFinvest Limited is a Public limited company incorporated on 28 April 1997. The Company has received the certificate of registration B.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. 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 of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Examples of such estimates include provisions for doubtful receivables, employee benefits, provision for income taxes, the useful lives of depreciable fixed assets and provision for impairment. Although these estimates are based upon management's best knowledge of current events and actions, future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognised in the period in which the results are known / materialise

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

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

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

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

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

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

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

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.

2.9. 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)

i. Provident Fund

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

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

2.10. 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.

2.11. Income taxes

Income tax comprises current and deferred income tax. Income tax expense is recognised in statement of profit and loss except to the extent that it relates to an item recognised directly in equity in which case it is recognised in other comprehensive income. Current income tax for current year and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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

2.12. 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.

2.13. Cash and Cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, term deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

2.14. Provisions and Contingent liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Notes on Financial Statements for the year ended 31st March 2018

Note - 3

SHARE CAPITAL

Particulars	31 st March 2018	31 st March 2017
Authorised 4,50,00,000 (March 31, 2017: 4,00,00,000) Equity Shares of Rs. 10 each	450,000,000	400,000,000
Issued, Subscribed & Fully Paid Up 3,99,88,787 (March 31, 2017: 3,66,79,005) Equity Shares of Rs. 10 each	399,887,870	366,790,050
TOTAL	399,887,870	366,790,050

i. Reconciliation statement of shares

Particulars	31st March, 2018		31st March, 2017	
	No .	Amount	No .	Amount
No: of shares at the beginning of the year	36,679,005	366,790,050	21,530,555	215,305,550
Shares Issued during the Year	3,309,782	33,097,820	15,148,450	151,484,500
Bonus Issue	-	-	-	-
Less: shares bought back	-	-	-	-
Outstanding at the end of the year	39,988,787	399,887,870	36,679,005	366,790,050

ii. Terms / Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.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	31st March, 2018		31st March, 2017	
	No: of shares	% of Holding	No: of shares	% of Holding
Equity shares of Rs.10 each fully paid Aleyamma Varghese	3,656,450	9.14%	1,576,450	4.30%

Note - 4

RESERVES & SURPLUS

Reserves & Surplus	31st March, 2018	31st March, 2017
(a) Statutory Reserve		
Amount as per Last Balance Sheet	9,925,500	5,665,500
(+) Additions/ transfers during the Year	11,373,000	4,260,000
Closing Balance	21,298,500	9,925,500
(b) Share Premium Account		
As Per last balance sheet	47,774,007	25,965,319
(+) Additions during the Year	4,964,673	21,808,688
Closing Balance	52,738,680	47,774,007

(c) General Reserve		
Amount as per Last Balance Sheet	408,000	408,000
(+) Additions/ transfers during the Year	-	-
Closing Balance	408,000	408,000
(d) Surplus		
Balance as per last financial statements	35,404,141	18,366,416
(+) Net profit/(net loss) for the current year	56,864,698	21,297,726
(-) Transfer to Statutory Reserve	11,373,000	4,260,000
(-) Transfer to General Reserve	-	-
(-) Interim Dividend on equity shares	50,330,532	-
(-) Tax on Dividend	10,247,967	-
Balance as at the end of the year	20,317,340	35,404,141
TOTAL	94,762,520	93,511,648

Note - 5

LONG TERM BORROWINGS

Particulars	31st March, 2018	31st March, 2017
SECURED		
Non Convertible debentures	457,580,000	438,360,000
UNSECURED		
From Directors	-	30,620,000
Subordinate Debts	1,055,581,000	106,114,000
TOTAL	1,513,161,000	575,094,000

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

5.1 Secured Non Convertible Debentures - Private Placement

*Series wise classification of secured non convertible debentures**

Particulars	31st March, 2018	31st March, 2017
<i>Non Convertible Debentures 2017 - 18 Series</i>	177,510,000	-
<i>Non Convertible Debentures 2016 - 17 Series</i>	280,070,000	330,820,000
<i>Non Convertible Debentures 2015 - 16 Series</i>		
<i>Non - current portion</i>	-	107,540,000
<i>Current portion</i>	88,580,000	-
TOTAL	546,160,000	438,360,000

*Interest wise classification of secured non convertible debentures**

Particulars	31st March, 2018	31st March, 2017
<i>Non Convertible Debentures - 12.5%</i>	351,680,000	427,750,000
<i>Non Convertible Debentures - 12%</i>	194,480,000	10,610,000
TOTAL	546,160,000	438,360,000

*Maturity wise classification of secured non convertible debentures**

Particulars	31st March, 2018	31st March, 2017
<i>Non Convertible Debentures - 36 months maturity</i>	322,810,000	341,750,000
<i>Non Convertible Debentures - 60 months maturity</i>	223,350,000	96,610,000
TOTAL	546,160,000	438,360,000

* includes current maturities of secured non convertible debentures.

5.2 Unsecured Subordinated Debt - Private Placement

Series wise classification of unsecured subordinated debt*

Particulars	31st March, 2018	31st March, 2017
Unsecured Subordinated Debt 2016 - 17 Series	106,114,000	106,114,000
Unsecured Subordinated Debt 2017 - 18 Series	949,467,000	-
TOTAL	1,055,581,000	106,114,000

Interest wise classification of unsecured subordinated debt

Particulars	March, 2018	31st March, 2017
Unsecured Subordinated Debt - 12%	579,952,000	106,114,000
Unsecured Subordinated Debt - 12.5%	312,056,000	-
Unsecured Subordinated Debt - >12.5%	163,573,000	-
TOTAL	1,055,581,000	106,114,000

Maturity wise classification of unsecured subordinated debt

Particulars	31st March, 2018	31st March, 2017
Unsecured Subordinated Debt - 5 years maturity	892,008,000	106,114,000
Unsecured Subordinated Debt - 5 to 6 years maturity	163,573,000	-
TOTAL	1,055,581,000	106,114,000

Note - 6

LONG TERM PROVISIONS

Particulars	31st March, 2018	31st March, 2017
(a) Provision Others:		
Contingent Provision against Standard Assets	7,427,359	2,621,820
Contingent Provision for NPA on Gold Loan & Business Loan	5,830,686	3,910,350
Contingent Provision for NPA on Hire Purchase & Personal Loan	3,211,480	234,427
TOTAL	16,469,525	6,766,596

Note - 7

SHORT TERM BORROWINGS

Particulars	31st March, 2018	31st March, 2017
(a) Loans repayable on demand :		
From Banks		
Secured	45,013,562	-
TOTAL	45,013,562	-

1. Nature of Security

(a) Loans repayable on demand from banks

Particulars	Primary	Collateral	Guarantors
South Indian Bank	Books debts/Receivables	<p>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.</p> <p>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 , Ernakulam.</p> <p>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.</p>	<p>1. Josekutty Xavier</p> <p>2. Shibu T Varghese</p> <p>3. Biji Shibu</p>

Note - 8**OTHER CURRENT LIABILITIES**

Particulars	31st March, 2018	31st March, 2017
(a) Current maturities of long-term debt		
(i) Term Loan	27,000,000	-
(ii) Debentures	88,580,000	-
(b) Unclaimed Dividend	157,199	-
(c) Other payables		
(i) Statutory remittances (Refer note(i) below)	9,284,082	3,724,935
(ii) Expenses Payable	59,227,662	23,824,099
(iii) Others	4,801	18,240,000
TOTAL	184,253,744	45,789,034

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

Note - 9**SHORT TERM PROVISIONS**

Particulars	31st March, 2018	31st March, 2017
(a) Provision for employee benefits:	-	-
(b) Provision - Others:		
(i) Provision for Income Tax (Refer note(i) below)	14,528,527	1,871,786
(ii) Interim Dividend Payable	23,993,272	-
(iii) Provision for bad debts	1,519,384	-
TOTAL	40,041,183	1,871,786

(i) Net of Advance Tax Rs. 1,00,00,000/-; TDS Rs. 15,14,371/-. PY Advance Tax Rs. 1,00,00,000/- and TDS Rs. 13,43,088/-.

Note - 11**DEFERRED TAX (LIABILITY) / ASSET**

Particulars	31st March, 2018	31st March, 2017
Deferred Tax Assets/(Liabilities)		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	3,247,720	1,643,290
Deferred Tax Assets		
Others	4,240,900	2,162,600
Net Deffered Tax (Liability) / Asset	7,488,620	3,805,890

Note - 12**LOANS AND ADVANCES - FINANCING ACTIVITIES***

Particulars	31st March, 2018	31st March, 2017
(a) NON CURRENT		
(i) Secured, considered good		
Gold Loan	-	131,545,807
Vehicle Loan	2,563,834	5,256,362
Personal Loan	64,441,992	44,107,348
Business Loan	247,895,728	138,839,109
	314,901,554	319,748,626
(b) CURRENT		
(i) Secured, considered good		
Gold Loan	557,595,213	244,299,356

Particulars	31st March, 2018	31st March, 2017
Vehicle Loan	10,683,287	9,761,816
Personal Loan	387,467,670	81,913,645
Business Loan	511,518,510	257,844,059
	1,467,264,680	593,818,877
(ii) Unsecured, considered good		
Microfinance Loan	160,163,070	-
TOTAL	1,942,329,304	913,567,503

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

Note - 13

LOANS AND ADVANCES - OTHERS

Particulars	31st March, 2018	31st March, 2017
(a) Security Deposits		
Unsecured, considered good	16,809,307	12,370,524
TOTAL	16,809,307	12,370,524

Note - 14

CASH AND BANK BALANCES

Particulars	31st March, 2018	31st March, 2017
(a) Cash in hand	38,361,452	17,237,370
(b) Balance with banks		
(i) In Current Accounts	115,249,420	44,957,497
(ii) In Deposit Accounts	30,900,000	-
(iii) In Earmarked Accounts		
- Unpaid dividend accounts	299,454	-
TOTAL	184,810,326	62,194,867

Note - 15

SHORT TERM LOANS AND ADVANCES

Particulars	31st March, 2018	31st March, 2017
(a) Loans and advances to related parties	-	-
(b) Other Loans and Advance		
Unsecured, considered good		
(i) Balances with government authorities		
Income Tax Advance*	16,850,500	-
GST receivable	2,679,922	
(ii) Advances for land	144,230	144,230
(iii) Others	1,391,300	657,462
TOTAL	21,065,952	801,692

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

Note - 16

OTHER CURRENT ASSETS

Particulars	31st March, 2018	31st March, 2017
(a) Accruals		
Interest accrued on deposits/Securities	63,151	-
(b) Others		
Stock of Stationery	12,500	12,500
Interest Receivable on loans	53,129,589	31,697,556
Other Receivables	-	1,215,970
TOTAL	53,205,240	32,926,026

Note - 17**REVENUE FROM OPERATIONS**

Particulars	31st March, 2018	31st March, 2017
(a) Financing Activities		
Interest on Vehicle Loan	2,284,351	5,280,900
Interest on Gold Loan	111,235,521	59,585,848
Interest on Personal Loan	158,371,899	105,327,174
Interest on Business Loan	137,174,155	68,728,788
Interest on Micro Finance Loans	6,405,800	-
TOTAL	415,471,725	238,922,710

Note - 18**OTHER INCOME**

Particulars	31st March, 2018	31st March, 2017
(a) Interest Income	1,781,948	150,189
(b) Interest on FD	1,430,132	-
(c) Other non-operating income (net of expenses directly attributable to such income) Notice Charge	41,045	4,125
Commision on money transfer	236,439	297,904
Processing Fee	3,194,904	-
Documentation Charges	3,032,251	-
Social Security Charges	1,647,800	-
Miscellaneous Income	481,209	-
TOTAL	11,845,728	452,218

Note - 19**EMPLOYEE BENEFIT EXPENSES**

Particulars	31st March, 2018	31st March, 2017
Salaries & Wages	80,327,096	67,664,866
Contributions to provident and other funds	5,979,529	4,336,063
TOTAL	86,306,625	72,000,929

Note - 20**FINANCE COST**

Particulars	31st March, 2018	31st March, 2017
(a) Interest expense on :		
(i) Borrowings		
Interest on Bank Loan	43,408	-
(ii) Others		
Interest on delayed payment of income tax	592,540	881,090
Interest on Bond	61,522,885	4,416,210
Interest on Debenture	53,095,632	34,184,977
TOTAL	115,254,465	39,482,277

Note - 21**DEPRECIATION AND AMORTISATION EXPENSES**

Particulars	31st March, 2018	31st March, 2017
Depreciation	13,221,705	10,038,365
Amortisation	784,555	618,780
TOTAL	14,006,261	10,657,146

Note - 22**OTHER EXPENSES**

Particulars	31st March, 2018	31st March, 2017
Advertisement	26,763,509	28,534,869
Audit Expenses	36,820	17,650
Audit Fee	300,000	236,000
Bank Charges	450,337	171,429
Business Promotion	2,086,357	2,696,750
Canvassing Expenses	150	28,200
Celebration Expense	335,429	221,463
Collection Expenses	1,628,415	1,476,279
Computer & Software Expenses	1,562,836	86,827
Crisil rating expenses	500,000	-
Customer Meet expenses	1,647,437	472,678
Debenture Trustee Remuneration	110,000	-
Diminishment in Value of Gold	-	202,431
Donation	58,230	69,771
Electricity Charges	2,429,242	1,964,840
Inaugural Expense	317,084	130,447
Incentive	25,073,379	6,807,359
Insurance Charges	394,499	212,417
Interest on EPF	273	-
Internet Charges	1,027,685	238,285
Legal Expense	1,961,154	774,813
License Fees	-	6,000
Loss on Auction Gold	4,932,602	-
Meeting Expenses	420,538	853,477
Membership Fee	296,088	72,114
Miscellaneous Expense	32,816	7,908
Newspaper & Periodicals	177,175	69,401
Office Expense	5,268,326	5,141,586
Postage	722,233	567,300
Printing & Stationery	1,578,537	2,955,551
Professional Fee	6,662,212	283,369
Prompt payment Bonus	-	63,000
Provision for Bad debt	1,519,384	-
Provision for Standard assets	4,805,539	1,933,948
Provison for NPA	4,897,390	1,696,293
Rates & Taxes	1,268,081	370,359
Rent	21,806,271	16,121,373
Repairs and Maintenance	1,044,878	1,980,719
Repairs and Maintenance-Building	256,851	-
ROC Filing Charge	676,621	1,316,841
Service Tax Paid	-	95,543
Sitting Fees	130,000	-
Staff Training Expense	378,446	126,325
Telephone charges	2,175,542	2,781,048
Travelling expenses	6,255,876	4,609,487
Vat/GST Paid	86,975	83,014
Vehicle Maintenance	378,542	147,650
Water Charges	71,481	67,214
TOTAL	132,525,238	85,692,027

Note - 22.1

Payment to the auditors comprises :	31st March, 2018	31st March, 2017
As auditors - statutory audit	200,000	153,400
For taxation matters	100,000	82,600
TOTAL	300,000	236,000

Note - 23**EARNINGS PER SHARE (Basic & Diluted)**

Particulars	31st March, 2018	31st March, 2017
Profit after tax	56,864,698	21,297,726
Weighted average number of shares used as denominator for calculating basic and diluted earning per share	38,820,083	29,359,885
Nominal value of shares (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	1.46	0.73

Note - 24**RELATED PARTY TRANSACTIONS**

Details of Related Parties :

Description of Relationship	Names of Related Parties
Key Management Personnel	Josekutty Xavier Shibu Theckumpurath Varghese Bibin M. Cherian (CS) Thanish Dalee (CFO)
Relatives of Key Management Personnel	Princy Josekutty (Spouse of WTD) Aleyamma Varghese (Mother of WTD)
Entities in which KMP / Relatives of KMP can exercise significant influence Payyoli Granites Private Limited	KLM Tiana Gold & Diamonds Private Limited KMLM Financial services Ltd

The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the auditors. Details of Related Party Transactions :

Particulars	KMP	Entities in which KMP/Relatives of KMP can exercise significant influence	Relatives of KMP	Total
Remuneration Paid	6,640,439 (1,900,000)	- -	1,550,000 -	8,190,439 (1,900,000)
Share issue including share premium	-	-	25,530,000	25,530,000

Note: Figures in Brackets relates to the previous year

* Previous years figures have been regrouped wherever necessary to confirm to this years classification/presentation.

As per our report of even date attached

For and on behalf of the Board of Directors

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

Josekutty Xavier
Whole-time Director

Shibu Theckumpurath Varghese
Whole-time Director

Thanish Dalee
Chief Financial Officer

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

Bibin M. Cherian,
Company Secretary

Place: Aluva
24.8.2018

Place: Ernakulam
24.8.2018

Note - 10 Fixed Asset Schedule

Notes on Financial Statements for the period ended 31 St March, 2018

Particulars	Gross Block			Acc Depreciation			Net Block		
	As on 01/04/2017	Additions	Deletions	As on 31/03/2018	As on 01/04/2017	Additions	Deletions	As on 31/03/2018	As on 31/03/2017
Property Plant & Equipments									
Land - Kumaly	3,389,230	-	-	3,389,230	-	-	-	3,389,230	3,389,230
Land - Puthencruz	3,501,500	-	-	3,501,500	-	-	-	3,501,500	3,501,500
Land - Kuthukkuzhy	17,760,000	-	-	17,760,000	-	-	-	17,760,000	17,760,000
Land - Kanjiramattom	-	4,061,083	-	4,061,083	-	-	-	4,061,083	-
Land - Tamil Nadu	-	451,200	-	451,200	-	-	-	451,200	-
Total	24,650,730	4,512,283	-	29,163,013	-	-	-	29,163,013	24,650,730
Computers and data processing units	6,227,087	1,466,538	-	7,693,625	3,040,467	2,179,873	-	2,473,286	3,186,620
Electrical Installations and Equipment	5,015,983	1,148,855	-	6,164,838	1,422,347	1,026,757	-	3,715,734	3,593,636
Furniture and furnishings	33,871,467	9,103,647	-	42,975,114	8,566,700	7,131,364	-	27,277,049	25,304,766
Office Equipments	9,166,753	670,105	-	9,836,858	2,981,007	2,883,711	-	3,972,140	6,185,746
Total	54,281,289	12,389,146	-	66,670,435	16,010,521	13,221,705	-	37,438,208	38,270,768
Intangible Assets									
Compuer Software	2,684,405	828,875	-	3,513,280	1,449,291	784,555	-	1,279,434	1,235,114
Total	56,965,694	13,218,021	-	70,183,715	17,459,812	14,006,261	-	38,717,642	39,505,882

Dear Sir/Madam

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

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

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

Folio Number	
Email ID	
Mobile Number	
PAN	

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

KLM AXIVA FINVEST LIMITED

[Formerly Needs Finvest Limited]

Regd Off : Subodh Business Centre, 408, Malik chambers
Hyderabad, Telangana, 500029

Ph : 0484 4281111, 4046766, e-mail : admin@klmgroup.in
CIN: U65910TG1997PLC026983

ATTENDANCE SLIP

Folio No.:		Representing no. of Shares:
Attending as Share Holder/ Proxy:		

I hereby record my presence at the 21th Annual General Meeting of the Company to be held at the Registered Office of the Company on Monday, September 24, 2018, at 3.30 P.M. and at any adjournment thereof.

Name of the Share Holder/ Proxy
(IN BLOCK LETTERS)

.....
Signature of the Share Holder/ Proxy

Notes: Please fill the admission slip and hand it over at the entrance of the hall.

KLM AXIVA FINVEST LIMITED

[Formerly Needs Finvest Limited]

Regd Off : Subodh Business Centre, 408, Malik chambers
Hyderabad, Telangana, 500029

Ph : 0484 4281111, 4046766, e-mail : admin@klmgroup.in
CIN: U65910TG1997PLC026983

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s)	
Registered Address	
E-mail ID	
Folio No./ Client ID	

I/ We being the member(s) of, shares of the above named company, hereby appoint:

1 Name	
Address	
E-mail ID	
Signature	

Or failing him

2 Name	
Address	
E-mail ID	
Signature	

Or failing him

3 Name	
Address	
E-mail ID	
Signature	

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on Monday, September 24, 2018, at 3.30 P.M. at the Registered Office and at any adjournment thereof in respect of such resolutions as are indicated below:

KLM AXIVA FINVEST LIMITED

[Formerly Needs Finvest Limited]

Regd Off : Subodh Business Centre, 408, Malik chambers
Hyderabad, Telangana, 500029

Ph : 0484 4281111, 4046766, e-mail : admindvn@klmgroun.in
CIN: U65910TG1997PLC026983

Resl. No	Particulars	Tick
1	To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended March 31, 2018 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.	
2	To confirm and ratify the interim dividend @20 paise and @ 60 paise per equity share paid for the financial year 2017-18.	
3	To appoint a Director in place of Mr.Shibu Theckumpurath Varghese (DIN:02079917), who retires by rotation and, being eligible, seeks re-appointment.	
4	To appoint Auditors and fix their remuneration	
5	To appoint Mr. Issac Jacob (DIN:02078308) as Independent Director.	

Signed this.....day of.....2018.

Affix Re.1/- Revenue Stamp

Signature of Share Holder:

Signature of Proxy holder(s):

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Palakkad Branch inaugurated by Chair Person Mrs. Prameela Sasidharan



Kottayam Regional Office inauguration by Ms. Mamta Mohandas



KLM Axiva Chairman Dr. J. Alexander inaugurating the staff training centre "KLM MANAGEMENT INSTITUTE"



Mr. Shibu Theckumpuram's speech on "CAN SAVE CANCER CARE PROJECT" organised by KLM Axiva and Ente Nadu Kootayma