

## **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

To the Members of KPB Fincare Private Limited

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of M/s KPB Fincare Private Limited, Chennai ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit/loss, and its cash flows for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matter Paragraph**

We draw attention to Note No 2.17(c) to the Statement which describes the impact of the COVID-19 pandemic on the operations and financial position of the company, and the continuing uncertainties which may require changes in estimates in the future. Our opinion is not modified in respect of this matter.

#### **Other information**

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial

statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss, (the Statement of Changes in Equity) and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d) In our opinion, the aforesaid standalone 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 Benefit*
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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.  
*Refer Note 26*
  - 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.

Sd/-

**Damodaran P Namboodiri ACA**  
Chartered Accountant  
Membership No.221178

Aluva,  
08.07.2020

## **“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, 2020:

- 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) There are no immovable properties 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. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company
- 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 Sections 73 to 76 of the Companies Act, 2013 and the rules framed there under where ever applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Duty of Excise 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, 2020 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, Goods and 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) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud 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 3 (xii) of the Order are not applicable to the Company.

13) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone 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) According to the Information and explanation given to us and based on our examination of the records of the Company, the Company has obtained the required registration under section 45-IA of the Reserve Bank of India Act, 1934

Sd/-

**Damodaran P Namboodiri ACA**  
Chartered Accountant  
Membership No.221178

Aluva,  
08.07.2020

## **ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of KPB Fincare Private Limited of even date)

### **Report on the Internal Financial Controls Over Financial Reporting 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 KPB Fincare Private Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Board of Directors of the Company 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 respective 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.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, 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 internal financial controls system over financial reporting of the Company.

## **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.

## **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, to the best of our information and according to the explanations given to us, 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, 2020, 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.

Sd/-

**Damodaran P Namboodiri ACA**  
Chartered Accountant  
Membership No.221178

Aluva,  
08.07.2020

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2020

PARTICULARS	Note No.	31.03.2020 Rs.	31.03.2019 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Share Holders' Funds:</b>			
(a) Share Capital	3	6,25,31,190	5,35,31,190
(b) Reserves & Surplus	4	61,51,286	(59,63,779)
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long term borrowings	5	34,57,06,000	23,68,60,000
(b) Deferred tax liabilities (Net)			
(c) Other long term liabilities			
(d) Long term provisions	6	10,38,076	5,71,100
<b>(4) Current Liabilities</b>			
(a) Short term bank borrowings	7	1,00,00,000	-
(b) Other current liabilities	8	4,19,24,887	2,84,81,124
(c) Short-term provisions	9	-	-
<b>TOTAL</b>		<b>46,73,51,440</b>	<b>31,34,79,635</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	10		
(i) Property , Plant and Equipment		28,71,189	31,46,117
(ii) Intangible assets		1,96,667	-
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(b) Non-current investments			
(c) Deferred tax assets (net)	11	10,41,610	10,48,430
(d) Long term loans and advances-Financing Activity	12	28,55,23,009	15,88,45,590
(e) Long term loans and advances	13	14,71,795	15,20,795
(f) Other non-current assets			
<b>(2) Current assets</b>			
(a) Current investments			
(b) Inventories			
(c) Trade receivables			
(d) Cash and bank balances	14	2,76,11,071	7,05,09,773
(e) Short term loans and advances-Financing Activity	12	12,67,06,433	6,82,72,751
(f) Short-term loans and advances	15	12,36,790	49,56,078
(g) Other current assets	16	2,06,92,876	51,80,101
<b>TOTAL</b>		<b>46,73,51,440</b>	<b>31,34,79,635</b>

Notes are an integral part of the financial statements

1- 24.

In terms of our report attached.

For and on behalf of the Board of Directors

**Vinu Krishnan**

Managing Director

DIN : 01743028

Sd/-

Sd/-

**T.S.Jagadeesan**

Director

DIN: 06775429

Sd/-

Damodaran P Namboodiri , ACA

Chartered Accountant

Membership No.221178

**Maya**

Company Secretary

Mem No. A31270

Sd/-

Ernakulam

08-07-2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

PARTICULARS	Note No.	31.03.2020 Rs.	31.03.2019 Rs.
<b>INCOME</b>			
Revenue from Operations	17	9,29,34,191	5,42,16,472
Other Income	18	5,10,479	16,37,008
<b>TOTAL REVENUE</b>		<b>9,34,44,669</b>	<b>5,58,53,480</b>
<b>EXPENSES</b>			
Employee benefit expense	19	2,55,24,392	1,92,26,700
Finance cost	20	4,11,25,685	2,78,60,061
Depreciation and amortization expenses	21	22,99,152	7,04,021
Other expenses	22	1,68,73,555	1,20,43,911
<b>TOTAL EXPENSES</b>		<b>8,58,22,784</b>	<b>5,98,34,693</b>
<b>Profit Before Tax</b>		<b>76,21,885</b>	<b>(39,81,213)</b>
<b>Tax Expense</b>			
(a) Current tax		-	-
(b) Deferred tax		6,820	(47,930)
		<b>6,820</b>	<b>(47,930)</b>
<b>Profit (Loss) for the period</b>		<b>76,15,065</b>	<b>(39,33,283)</b>
Earnings Per Equity Share Basic and Diluted (Face value of Rs.10 each)	23	1.295	(1.035)
<i>Notes are an integral part of the financial statements</i>	1- 24.		

In terms of our report attached.

*For and on behalf of the Board of Directors***Vinu Krishnan**

Managing Director

Sd/-

DIN : 01743028

Sd/-

**T.S.Jagadeesan**

Director

Sd/-

DIN: 06775429

Damodaran P Namboodiri , ACA

Chartered Accountant

Membership No.221178

**Maya**

Company Secretary

Sd/-

Mem No. A31270

Ernakulam

08-07-2020

KPB Fincare Pvt Limited

Flat No.GE, Ground floor, Easdale Enclave, 83 Sterling road, Nungambakkam, Chennai, Tamil Nadu

Cash Flow Statement for the year ended 31st March 2020

In terms of AS - 3 on Cash Flow Statement under Indirect Method

PARTICULARS	2019-20		2018-19	
	RS	RS	RS	RS
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>				
Net profit Before Taxation	76,21,885		(39,81,213)	
<u>Adjustments for:</u>				
Depreciation	22,99,152		7,04,021	
Interest Debited in P & L	4,11,25,685		2,78,60,061	
Provision for Standard asset & NPA	4,66,976		(1,38,037)	
Profit on Sale of Assets	(63,042)		-	
Operating Profit before Working Capital Changes	<b>5,14,50,656</b>		<b>2,44,44,833</b>	
(Increase)/Decrease in Loans & Advances - financing a	(18,51,11,101)		(4,98,34,165)	
(Increase)/Decrease in Short term Loans & Advances	37,19,288		(47,20,462)	
(Increase)/Decrease in Current Assets	(1,55,12,775)		(32,20,093)	
(Increase)/Decrease in Short term Loans	1,00,00,000			
Increase/(Decrease) in Other current liabilities	1,34,43,763		(24,43,093)	
<b>Cash from operations</b>	<b>(12,20,10,169)</b>		<b>(3,57,72,980)</b>	
Income Tax Paid	-		-	
<i>Net Cash From Operating Activities</i>		<b>(12,20,10,169)</b>		<b>(3,57,72,980)</b>
<b>B. CASH FLOW FROM INVESTINGACTIVITIES :</b>				
Purchase of Fixed Assets	(1,81,57,850)		(22,47,282)	
Proceedings from Sale of Fixed Assets	1,60,00,000		-	
(Increase)/ Decrease in Deposits	49,000		(6,40,000)	
Sale of Shares and Mutual Funds	-		-	
<i>Net Cash From Investing Activities</i>		<b>(21,08,850)</b>		<b>(28,87,282)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from issuance of equity shares	1,35,00,000		1,73,21,850	
Increase /(Decrease) Long Term Loans	-		(13,11,939)	
Issue of Debentures	9,97,86,000		6,47,60,000	
Issue of Bonds	90,60,000		1,84,70,000	
Interest Paid	(4,11,25,685)		(2,78,60,061)	
<i>Net Cash From Financing Activities</i>		<b>8,12,20,315</b>		<b>7,13,79,850</b>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQVALENTS</b>		<b>(4,28,98,704)</b>		<b>3,27,19,588</b>
<b>OPENING CASH AND CASH EQVALENTS</b>		<b>7,05,09,773</b>		<b>3,77,90,185</b>
<b>CLOSING CASH AND CASH EQVALENTS</b>		<b>2,76,11,070</b>		<b>7,05,09,773</b>

In terms of our report attached.

Sd/-

Damodaran P Namboodiri , ACA  
Chartered Accountant  
Membership No.221178

Ernakulam  
08-07-2020

For and on behalf of the Board of Directors

**Vinu Krishnan**  
Managing Director  
DIN : 01743028

Sd/-

**T.S. Jagadeesan**  
Director  
DIN: 06775429

Sd/-

**Maya P**  
Company Secretary  
Mem No.: A31270

Sd/-

## 1. COMPANY INFORMATION

KPB Fincare Private Limited ('the company') is registered as a Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India Act, 1934. The company is principally engaged in lending activity. The Company has received the certificate of registration B.07.00091 on 12th May, 2017 enabling the Company to carry on business as Non-Banking Financial Company.

KPB Fincare is India's first fully paperless and cashless microfinance institution. Every single loan is disbursed into the bank accounts of the customers after a fully paperless on boarding process – which involves tab based e-KYC and e-sign. Through the cashless MFI, the aim is to empower the deprived sections of the society as well as contribute to the country's digitization process by adopting digital payments.

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

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

### 2.3. Revenue recognition

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

#### **Income from loans:**

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

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

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

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

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

#### **2.4. Property, Plant and Equipments**

Tangible fixed assets are carried at the cost of acquisition or construction, less accumulated depreciation and accumulated impairment losses if any. Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

The cost of fixed assets comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

Tangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress". Advances given towards acquisition of fixed assets outstanding at each balance sheet date are disclosed as Long Term Loans & Advances.

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.

#### **2.5. 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.

#### **2.6. Depreciation and Amortisation**

In respect of fixed assets acquired during the year, depreciation /amortisation is charged on a straight line basis so as to write off the cost of the assets over the useful lives of the assets as prescribed in Schedule II to the Companies Act, 2013.

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

#### **2.7. 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.

## 2.8. Investments

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

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

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

## 2.9. Employee Benefits

**Short Term Employee Benefits:** All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense)

### Post-employment benefits:

1. **Defined contribution plans:** Defined contribution plans are employee state insurance scheme and employee pension scheme all applicable employees and superannuation scheme for eligible employees. The Company's contribution to defined contribution plans are recognised in the Statement of Profit and Loss in the financial year to which they relate.
2. **Defined benefit plans:** Eligible Employees receives benefit from the provided fund, which is a defined benefit plan. Both the employee and company make monthly contribution to provided fund plan equal to a specified percentage of covered employee's salary.

The Company makes specified monthly contributions towards to the government administrated pension fund. The Company has no obligation other than the contribution payable to provident fund authorities.

### **2.10. 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**

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

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

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

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

In accordance with the provisions of Section 115BAA of the Income Tax Act 1961, the Company has opted to pay tax at the reduced rate prescribed therein with effect from the current financial year. Consequently, tax expenses for the year comprising current and deferred tax as per Accounting have been recognized using the reduced tax rates applicable.

### **2.12. Segment Reporting**

The Company primarily operates as a Loan company and its operations are in India. Since the Company has not operated in any other reportable segments, as per AS 17 'Segment Reporting', no segment reporting is applicable. Company operates in a single geographical segment. Hence, secondary geographical segment information disclosure is not applicable.

### **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. Cash Flow Statement

Company has prepared cash flow statement using the Indirect Method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

#### 2.15. Classification of Debentures

Company has classified debentures as current and non-current based on the maturity period of debenture as mentioned in debenture certificate.

#### 2.16. Earnings per share

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

#### 2.17. Provisions and Contingent liabilities

- a. A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions .These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements
- b. Provision policy for loan portfolios: Company provides for non-performing loans and advances as mentioned in Para 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016. Provision for standard assets (including interest receivable) is made at 0.25% as mentioned in Para 14 of Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 and shown in the balance sheet as 'Contingent Provisions for standard asset'.
- c. The lock-down restrictions imposed by Governments on account of the outbreak of the COVID-19 pandemic have affected the operations of the company, more particularly for periods commencing from the last week of the financial year ended 31st March 2020. However, with such restrictions being increasingly relaxed from the last week of April 2020 in many areas, the operations of the company have since been improving. To mitigate the burden of debt servicing brought about by the disruptions, the company has offered an optional moratorium on payment of loan installments falling due between March 1, 2020 and May 31, 2020, in accordance with the regulatory package announced by RBI in March/April 2020; and further extensions, if any, based on RBI announcements in May 2020 will be decided by the company in the future. Given the continuing uncertainties associated with the pandemic, the company will continue to monitor the position and appropriately adjust any significant changes in such estimates based on future conditions.

## Note - 3

## SHARE CAPITAL

Particulars	March 31, 2020	March 31, 2019
(a) Authorised 2,00,00,000 (March 31,2019: 1,00,00,000) Equity shares of Rs.10 each	20,00,00,000	10,00,00,000
(b) Issued, Subscribed & Fully Paid Up 62,53,119 (March 31, 2019: 53,53,119) Equity Shares of Rs. 10 each	6,25,31,190	5,35,31,190
<b>TOTAL</b>	<b>6,25,31,190</b>	<b>5,35,31,190</b>

## i. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	March 31, 2020		March 31, 2019	
	No .	Value	No .	Value
No: of shares at the beginning of the year	53,53,119	5,35,31,190	36,20,934	3,62,09,340
Add:Issued During the year	9,00,000	90,00,000	17,32,185	1,73,21,850
Less: shares bought back	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>62,53,119</b>	<b>6,25,31,190</b>	<b>53,53,119</b>	<b>5,35,31,190</b>

## ii. Terms / rights attached to equity shares

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

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

## iii.Details of Shareholders holding more than 5% Shares

Name of shareholder	March 31, 2020		March 31, 2019	
	No: of shares held	% of shareholding	No: of shares held	% of shareholding
KPB Holding Limited	44,90,928	71.82%	36,20,928	99.9998%
Sheela Raja Ram	6,00,000	9.60%		

## Note - 4

## RESERVES &amp; SURPLUS

Reserves and Surplus	March 31, 2020	March 31, 2019
<b>Security Premium Account:</b>		
As Per last balance sheet	14,13,956	14,13,956
(+) Additions during the year	45,00,000	-
	<b>59,13,956</b>	<b>14,13,956</b>
<b>Revaluation Reserve</b>		
As Per last balance sheet	13,39,350	13,39,350
(+) Additions during the year	-	-
	<b>13,39,350</b>	<b>13,39,350</b>
<b>Statutory Reserve Fund</b>		
As Per last balance sheet	6,237	6,237
(+) Additions during the year	15,23,020	-
	<b>15,29,257</b>	<b>6,237</b>
<b>General Reserve</b>		
Amount as per Last Balance Sheet	14,89,200	14,89,200
(+) Additions/ transfers during the Year	-	-
<b>Closing Balance</b>	<b>14,89,200</b>	<b>14,89,200</b>
<b>Surplus</b>		
Balance as per last financial statements	(1,02,12,522)	(62,79,239)
(+) Net profit/(net loss) for the current year	76,15,065	(39,33,283)
(-) Transfer to Statutory Reserve	15,23,020	-
<b>Balance as at the end of the year</b>	<b>(41,20,477)</b>	<b>(1,02,12,522)</b>
<b>TOTAL</b>	<b>61,51,286</b>	<b>(59,63,779)</b>

## Note - 5

## LONG TERM BORROWINGS

Particulars	March 31, 2020	March 31, 2019
SECURED		
Non Convertible Debentures	31,03,76,000	21,05,90,000
UNSECURED		
Subordinated Debt - Non Current	3,53,30,000	2,62,70,000
<b>TOTAL</b>	<b>34,57,06,000</b>	<b>23,68,60,000</b>

## Nature of Security

Non Convertible Debentures are secured by way of first charge on the loan assets along with all the receivables of the Company, claims which are now due and owing to the Company in the course of business or which at any time hereinafter become due.

## Secured Non Convertible Debentures - Private Placement

Series wise classification of secured non convertible debentures\*

Particulars	March 31, 2020		March 31, 2019	
	Non - current portion	Current portion	Non - current portion	Current portion
NCD/2017/01	1,74,50,000	-	1,84,50,000	-
NCD/2017/02	2,33,80,000	-	2,43,80,000	-
NCD/2017/03	1,70,50,000	-	1,70,50,000	-
NCD/2017/04	85,00,000	-	95,00,000	-
NCD/2017/05	1,10,00,000	-	1,10,00,000	-
NCD/2017/06	1,51,00,000	-	1,61,00,000	-
NCD/2018/01	64,50,000	-	64,50,000	-
NCD/2018/02	1,21,00,000	-	1,31,00,000	-
NCD/2018/03	30,00,000	-	30,00,000	-
NCD/2018/04	89,50,000	-	89,50,000	-
NCD/2018/05	1,50,00,000	-	1,50,00,000	-
NCD/2018/06	43,00,000	-	43,00,000	-
NCD/2018/07	55,50,000	-	55,50,000	-
NCD/2018/08	45,00,000	-	45,00,000	-
NCD/2018/09	95,00,000	-	1,16,60,000	-
NCD/2018/10	1,15,00,000	-	1,47,00,000	-
NCD/2018/11	1,44,00,000	-	1,44,00,000	-
NCD/2018/12	1,25,00,000	-	1,25,00,000	-
NCD/2019/01	29,60,000	-	-	-
NCD/2019/02	1,85,52,000	-	-	-
NCD/2019/03	1,71,00,000	-	-	-
NCD/2019/04	1,45,00,000	-	-	-
NCD/2019/05	30,00,000	-	-	-
NCD/2019/06	50,00,000	-	-	-
NCD/2019/07	1,18,25,000	-	-	-
NCD/2019/08	1,78,74,000	-	-	-
NCD/2019/09	47,00,000	-	-	-
NCD/2019/10	40,00,000	-	-	-
NCD/2019/11	76,35,000	-	-	-
NCD/2019/12	30,00,000	-	-	-
<b>TOTAL</b>	<b>31,03,76,000</b>	<b>-</b>	<b>21,05,90,000</b>	<b>-</b>

Notes on Financial Statements for the year ended 31st March 2019

Series Name	Date of allotment	Date of maturity	No of units	Amount
NCD/2017/01	19.07.2017	19.07.2022	17450	1,74,50,000
NCD/2017/02	31.07.2017	31.07.2022	23380	2,33,80,000
NCD/2017/03	31.08.2017	31.08.2022	17050	1,70,50,000
NCD/2017/04	30.09.2017	30.09.2022	8500	85,00,000
NCD/2017/05	04.11.2017	04.11.2022	11000	1,10,00,000
NCD/2017/06	12.12.2017	12.12.2022	15100	1,51,00,000
NCD/2018/01	02.01.2018	02.01.2023	6450	64,50,000
NCD/2018/02	03.03.2018	03.03.2023	12100	1,21,00,000
NCD/2018/03	26.03.2018	26.03.2023	3000	30,00,000
NCD/2018/04	31.03.2018	31.03.2023	8950	89,50,000
NCD/2018/05	26.04.2018	26.04.2023	15000	1,50,00,000
NCD/2018/06	01.06.2018	01.06.2023	4300	43,00,000
NCD/2018/07	12.06.2018	12.06.2023	5550	55,50,000
NCD/2018/08	04.07.2018	04.07.2023	4500	45,00,000
NCD/2018/09	24.08.2018	24.08.2023	9500	95,00,000
NCD/2018/10	20.10.2018	20.10.2023	11500	1,15,00,000
NCD/2018/11	10.12.2018	10.12.2023	14400	1,44,00,000
NCD/2018/12	11.02.2019	11.02.2023	12500	1,25,00,000
NCD/2019/01	12.04.2019	12.04.2024	2960	29,60,000
NCD/2019/02	13.05.2019	13.05.2024	18552	1,85,52,000
NCD/2019/03	12.06.2019	12.06.2024	17100	1,71,00,000
NCD/2019/04	17.07.2019	12.07.2024	14500	1,45,00,000
NCD/2019/05	14.08.2019	14.08.2024	3000	30,00,000
NCD/2019/06	18.09.2019	18.09.2024	5000	50,00,000
NCD/2019/07	18.10.2019	18.10.2024	11825	1,18,25,000
NCD/2019/08	21.11.2019	21.11.2024	17874	1,78,74,000
NCD/2019/09	18.12.2019	18.12.2024	4700	47,00,000
NCD/2019/10	15.01.2020	15.01.2025	4000	40,00,000
NCD/2019/11	18.02.2020	18.02.2025	7635	76,35,000
NCD/2019/12	21.03.2020	21.03.2025	3000	30,00,000
<b>Total</b>			<b>3,10,376.00</b>	<b>31,03,76,000</b>

Maturity wise classification of secured non convertible debentures\*

From the Balance Sheet date	Rate range	(a) Non- current	(b) Current maturity	Total
Repayable on maturity :				
Maturing between 3 years to 5 years	11.50% - 12.50 %	7,63,64,000	-	7,63,64,000
Maturing between 1 year to 3 years	11.50% - 12.50 %	15,17,62,000	-	15,17,62,000
Maturing within 1 year	11.50% - 12.50 %	8,22,50,000	-	8,22,50,000
<b>Total at face value</b>		<b>31,03,76,000</b>	<b>-</b>	<b>31,03,76,000</b>
Less: Unamortised discounting charges		-	-	-
<b>Total redemption value, net of unamortized discounting charges</b>		<b>31,03,76,000</b>	<b>-</b>	<b>31,03,76,000</b>

Interest wise classification of secured non convertible debentures\*

Particulars	March 31, 2020	March 31, 2019
Non Convertible Debentures - 12.5%	13,98,94,000	9,22,30,000
Non Convertible Debentures - 12%	13,49,82,000	8,88,00,000
Non Convertible Debentures - 11.5%	3,55,00,000	2,95,60,000
<b>TOTAL</b>	<b>31,03,76,000</b>	<b>21,05,90,000</b>

**Unsecured Subordinated Debt***Series wise classification of Subordinated Debt\**

<b>Particulars</b>	<b>March 31, 2020</b>		<b>March 31, 2019</b>	
	<i>Non - current portion</i>	<i>Current portion</i>	<i>Non - current portion</i>	<i>Current portion</i>
SD/2017/01	43,00,000	-	43,00,000	-
SD/2017/02	10,00,000	-	10,00,000	-
SD/2017/03	25,00,000	-	25,00,000	-
SD/2018/01	46,00,000	-	46,00,000	-
SD/2018/02	80,00,000	-	80,00,000	-
SD/2018/03	30,60,000	-	30,60,000	-
SD/2018/04	28,10,000	-	28,10,000	-
SD/2019/01	35,00,000	-	-	-
SD/2019/02	22,60,000	-	-	-
SD/2019/03	33,00,000	-	-	-
<b>TOTAL</b>	<b>3,53,30,000</b>	<b>-</b>	<b>2,62,70,000</b>	<b>-</b>

<b>Series Name</b>	<b>Date of allotment</b>	<b>Date of maturity</b>	<b>No of units</b>	<b>Amount</b>
SD/2017/01	27-06-2017	26-07-2022	860	43,00,000
SD/2017/02	17-08-2017	17-08-2022	200	10,00,000
SD/2017/03	30-09-2017	30-09-2022	500	25,00,000
SD/2018/01	03-08-2018	03-08-2023	920	46,00,000
SD/2018/02	15-09-2018	15-09-2023	1,600	80,00,000
SD/2018/03	26-11-2018	26-11-2023	612	30,60,000
SD/2018/04	25-01-2019	25-01-2023	562	28,10,000
<b>TOTAL</b>			<b>5254</b>	<b>2,62,70,000</b>

*Maturity wise classification of Subordinated Debt\**

<b>From the Balance Sheet date</b>	<b>Rate range</b>	<b>(a) Non- current</b>	<b>(b) Current maturity</b>	<b>Total</b>
Repayable on maturity :				
Maturing 5 years	13%- 13.50%	3,53,30,000	-	3,53,30,000
<b>Total at face value</b>		<b>3,53,30,000</b>	<b>-</b>	<b>3,53,30,000</b>
Less: Unamortised discounting charges		-	-	-
<b>Total redemption value, net of unamortized discounting charges</b>		<b>3,53,30,000</b>	<b>-</b>	<b>3,53,30,000</b>

*Interest wise classification of Subordinated Debt\**

<b>Particulars</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Sub Debt 13%	2,25,30,000	1,34,70,000
Sub Debt 13.5%	1,28,00,000	1,28,00,000
<b>TOTAL</b>	<b>3,53,30,000</b>	<b>2,62,70,000</b>

**Note - 6****LONG TERM PROVISIONS**

<b>Particulars</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Contingent Provision against Standard Assets	10,30,381	5,67,711
Contingent Provision on Non-Performing Asset	7,695	3,389
<b>TOTAL</b>	<b>10,38,076</b>	<b>5,71,100</b>

\*The Company has made adequate provision for the Non-performing assets identified, in accordance with the guidelines issued by The Reserve Bank of India

Notes on Financial Statements for the year ended 31st March 2019

Note - 7

SHORT TERM BORROWINGS

Particulars	March 31, 2020	March 31, 2019
(a) Loans repayable on demand		
(b) Loans and advances from related parties	-	-
(c) Other loans and advances	1,00,00,000	-
<b>TOTAL</b>	<b>1,00,00,000</b>	<b>-</b>

Particulars	Primary	Additional Security	Gurantors
Unsecured Term Loan- Lulu Financial Services(india) Lrd	A Demand Promissory Note Duly signed by Authorised Signatory	Charge to be registered with ROC in favour if Lulu Financial Services (india) Ltd within 30days from the date of	

Note -8

OTHER CURRENT LIABILITIES

Particulars	March 31, 2020	March 31, 2019
(a) Current maturities of long-term debt		17,75,862
(b) Unclaimed Dividend	-	-
(c) Other payables		
(i) Statutory remittances (Refer note(i) below)	44,56,719	13,49,987
(ii) Interest Payable	2,83,15,002	1,42,79,143
(iv) Expenses Payable	29,70,774	79,61,746
(vi) Others	61,82,392	1,54,386
(d) Non Convertible Debentures Money Pending for allotment		29,60,000
<b>TOTAL</b>	<b>4,19,24,887</b>	<b>2,84,81,124</b>

(i) Statutory dues includes provident fund, employees state insurance, professional tax, GST etc

Note -9

SHORT TERM PROVISIONS

Particulars	March 31, 2020	March 31, 2019
(a) Provision for employee benefits:		
(b) Provision - Others:		
(i) Provision for Income Tax (Refer note(i) below)	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

Note - 11

DEFERRED TAX (LIABILITY) / ASSET :

Particulars	March 31, 2020	March 31, 2019
<b>Deferred Tax Liabilities</b>		
On difference between book balance and tax balance of fixed assets		(750)
<b>Deferred Tax Asset</b>		
On difference between book balance and tax balance of fixed assets	3,28,860	
Carried Forward Loss	7,10,750	9,00,690
Others	2,000	1,48,490
<b>Net Deferred Tax Asset</b>	<b>10,41,610</b>	<b>10,48,430</b>

## Note - 12

## LOANS AND ADVANCES - FINANCING ACTIVITY

Particulars	March 31, 2020	March 31, 2019
Loans and Advances		
Unsecured, considered good		
Non-Current	28,55,23,009	15,88,45,590
Current	12,67,06,433	6,82,72,751
<b>TOTAL</b>	<b>41,22,29,442</b>	<b>22,71,18,341</b>

\* The loans and advances includes Non-performing Assets Rs. 76,946

Asset Category	Amount	Provision
Standard Asset	41,21,52,496	10,30,381
Substandard Asset	76,946	7,695
<b>Total</b>	<b>41,22,29,442</b>	<b>10,38,076</b>

## Note - 13

## LOANS AND ADVANCES

Particulars	March 31, 2020	March 31, 2019
Non-Current		
Secured, considered good		
Security Deposit	13,76,500	14,25,500
MAT Credit Entitlement	95,295	95,295
<b>TOTAL</b>	<b>14,71,795</b>	<b>15,20,795</b>

## Note - 14

## CASH AND BANK BALANCES :

Particulars	March 31, 2020	March 31, 2019
<b>Cash and Cash Equivalents</b>		
(a) Cash in hand	1,17,957	44,617
(b) Balance with banks		
(i) In Current Accounts	2,69,93,114	2,94,65,156
(ii) Cheques,drafts on hands		
	<b>2,71,11,071</b>	<b>2,95,09,773</b>
<b>Other Bank Balances</b>		
(i) In Deposit Accounts	5,00,000	4,10,00,000
Less: Original Maturity more than one year	-	-
	<b>5,00,000</b>	<b>4,10,00,000</b>
Unpaid Dividend Accounts		-
<b>TOTAL</b>	<b>2,76,11,071</b>	<b>7,05,09,773</b>

## Note - 15

## SHORT TERM LOANS AND ADVANCES :

Particulars	March 31, 2020	March 31, 2019
<b>Unsecured, considered good</b>		
Loans and advances to related parties		
Advance on Operation Software	-	33,00,000
<b>Other Loans and Advance</b>		
(a) Balances with Government authorities		
Unsecured, considered good		
Income Tax Receivable	25,260	25,260
TDS & Advance Tax	78,690	4,94,438
GST Input	11,08,045	11,03,584
(b) Loans and advances to employees	7,000	15,001
(c ) Other Advances	17,795	17,795
<b>TOTAL</b>	<b>12,36,790</b>	<b>49,56,078</b>

## Note - 16

## OTHER CURRENT ASSETS :

Particulars	March 31, 2020	March 31, 2019
(a) Accruals		
Interest accrued on Loans	8,67,833	4,39,751
(b) Others		
Interest accrued	-	6,13,052
Supplier Advance	-	27,05,000
Insurance Deposit	45,000	55,000
Insurance Recoverable	3,93,590	2,13,806
Pre-operative expenses	4,04,165	6,06,803
Other Receivables	1,89,82,288	5,46,688
<b>TOTAL</b>	<b>2,06,92,876</b>	<b>51,80,101</b>

## Note - 17

## REVENUE FROM OPERATIONS :

Particulars	March 31, 2020	March 31, 2019
Income from Financing activity	8,59,04,514	4,99,28,458
Processing Fee	50,07,946	26,60,407
Other services Charges	20,21,730	16,27,607
<b>TOTAL</b>	<b>9,29,34,191</b>	<b>5,42,16,472</b>

## Note - 18

9,34,44,669

## OTHER INCOME :

Particulars	March 31, 2020	March 31, 2019
(a) Interest Income		
Interest received from Deposits	4,22,984	14,95,266
(b) Other non-operating income (net of expenses directly attributable to such income)		
Other Miscellaneous Income	5	316
Reversal of Provision for Standard Assets	-	1,41,426
Interest From Income Tax Department	24,448	-
Profit on sale of Fixed Assets	63,042	-
<b>TOTAL</b>	<b>5,10,479</b>	<b>16,37,008</b>

## Note - 19

## EMPLOYEE BENEFIT EXPENSES

Particulars	March 31, 2020	March 31, 2019
Salaries & Wages	2,21,42,849	1,68,46,544
Contributions to provident and other funds	18,06,543	13,01,056
Staff welfare expenses	-	-
Bonus To Employee	15,75,000	10,79,100
<b>TOTAL</b>	<b>2,55,24,392</b>	<b>1,92,26,700</b>

## Details of Employee Benefits : Disclosures required under Accounting Standard 15 – Employee Benefits ( Revised 2005)

## a. Defined Contribution Plans :

During the Year, the following amounts have been recognised in the Profit and Loss account on account of defined contribution plan

Particulars	March 31, 2020	March 31, 2019
Employers Contribution to Provident Fund	12,04,510	8,34,825
Employers Contribution to Employee's State Insurance	4,27,228	4,32,517

## Note - 20

## FINANCE COST :

Particulars	March 31, 2020	March 31, 2019
(a) Interest expense on :		
1) Borrowings	4,10,85,727	2,78,40,701
2) Interest & Bank Charges	38,332	19,360
(ii) Others		
Interest on delayed payment of income tax/TDS	1,626	-
<b>TOTAL</b>	<b>4,11,25,685</b>	<b>2,78,60,061</b>

## Note - 21

## DEPRECIATION AND AMORTISATION EXPENSES

Particulars	March 31, 2020	March 31, 2019
Depreciation	9,57,152	7,04,021
Amortisation	13,42,000	-
<b>TOTAL</b>	<b>22,99,152</b>	<b>7,04,021</b>

**Note - 22****OTHER EXPENSES :**

<b>Particulars</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Advertisement Expense	11,653	-
Audit fees	75,000	50,000
Azure Subscription Charge	1,14,758	2,21,939
Boarding Charges	5,43,387	6,19,876
Communication Expense Charges	16,38,571	10,92,248
Donation	30,000	30,000
Electricity Charges	1,45,739	64,091
Food Expenses	63,213	71,881
Fuel Expenses	16,29,987	12,44,804
GST Late Payment Fees	59,035	9,578
GST written off	15,08,077	6,56,738
Insurance	3,49,878	1,44,394
Kerala Flood Cess	4,480	-
Labour Welfare Fund Employer Contribution	17,255	17,180
Legal Charges	4,000	750
Loan Processing Fee NBFC	2,75,000	25,000
Meeting Expense	1,93,908	26,036
Membership Fees	2,04,097	39,047
MFI Reports Subscription Fees	3,95,079	2,32,955
NCD Incentive	9,55,864	6,97,493
Office Expenses	4,06,524	4,91,008
Office Interior works	58,129	99,023
Printing & Stationery	3,39,771	2,83,876
Professional fees	21,96,508	28,26,487
Rent	19,06,292	13,46,056
ROC Expenses	8,59,800	4,06,300
Round Off	-	1,198
Staff Meeting Expenses	23,405	-
Software Maintenance	14,53,517	6,96,022
Staff Welfare Expense	79,387	70,991
Sweeper Charges - Branch	1,53,700	1,00,400
Telephone Expenses	-	2,858
Travelling Expenses	4,10,899	2,28,593
Vehicle Repair Expenses	18,349	6,679
Vehicle Insurance Premium	1,390	1,438
PF & ESI Late Payment Fees	32,061	-
Water Charges	45,229	32,945
Preoperative expenses written off	2,02,638	2,02,638
Provision for Standard Assets	4,62,670	-
Provision on Non-Performing Asset	4,306	3,389
<b>TOTAL</b>	<b>1,68,73,555</b>	<b>1,20,43,911</b>

**Note - 22.1**

<b>Payment to the auditors comprises :</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
As auditors - statutory audit	50,000	35,000
For taxation matters	25,000	15,000
<b>TOTAL</b>	<b>75,000</b>	<b>50,000</b>

**Note - 23****EARNINGS PER SHARE (BASIC & DILUTED) :**

The company reports basic and diluted Earnings per Share in accordance with AS 20. Basic Earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding at the end of the year. Diluted Earnings per share have been computed using the weighted average number of equity shares and potential equity shares outstanding at the end of the year.

Particulars	March 31, 2020	March 31, 2019
Profit after tax	76,15,065	(39,33,283)
Weighted average number of shares	58,78,324	38,01,551
Nominal value of shares (Rs.)	10.00	10.00
Basic and diluted earnings per share (Rs.)	<b>1.30</b>	(1.03)

**Note - 24****Related party transactions :**

Details of Related Parties :

Description of Relationship	Names of Related Parties
Key Management Personnel	Vinu Krishnan ( Managing Director) Maya ( Company Secretary)
Relatives of KMP	Aruna Seshagiri Krishnan ( Wife of Mr. Vinu Krishnan) Pranav Krishnan (Son of Mr. Vinu Krishnan)
Entities in which KMP / Relatives of KMP can exercise significant influence	KPB Holdings Limited (Holding Company) KPB Digital Private Limited

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.

The following transactions were carried out with the related parties in the ordinary course of business:

Particulars	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence	Total
Remuneration to KMP's	30,00,000	-	-	30,00,000
PY	(16,44,002)	-	-	(16,44,002)
Purchase of Goods and Services	-	-	1,66,46,640	1,66,46,640
PY	-	-	(51,45,000)	(51,45,000)
Investment in Share Capital	-	-	-	-
PY	-	-	(87,00,000)	(87,00,000)
NCD / Sub-debt issues	-	-	-	-
PY	-	(20,00,000)	-	(20,00,000)
Interest on NCD / Sub-debt	-	(4,30,061)	-	(4,30,061)
PY	-	6,08,777	-	6,08,777

Note: Figures in bracket relates to the previous year

\* Previous years figures have been regrouped, wherever necessary, to conform to this year's classification / Presentation.

<b>In terms of our report attached.</b>	<b>For and on behalf of the Board of Directors</b>
Sd/-	<b>Vinu Krishnan</b> Managing Director Sd/- DIN : 01743028
Damodaran P Namboodiri , ACA Chartered Accountant Membership No.221178	<b>T.S.Jagadeesan</b> Director Sd/- DIN: 06775429
Ernakulam 08-07-2020	<b>Maya</b> Company Secretary Sd/- Mem No. A31270

KPB Fincare Pvt Limited

Flat No.GE, Ground floor, Easdale Enclave, 83 Sterling road, Nungambakkam, Chennai, Tamil Nadu

Schedule - 10 Fixed Asset Schedule

		Gross Block				Depreciation				Net Block	
Sl No	Particulars	01.04.2019	Additions	Deletions	31.03.2020	01.04.2019	Additions	Deletions	31.03.2020	31.03.2020	01.04.2019
<b>Property , Plant and Equipment</b>											
1	Land	-	-	-	-	-	-	-	-	-	-
2	Building	-	-	-	-	-	-	-	-	-	-
3	Computers	19,15,043	6,35,373	-	25,50,416	9,37,011	7,09,448	-	16,46,459	9,03,956	9,78,032
4	Electrical Fittings	27,29,673	7,500	-	27,37,173	26,14,793	21,108	-	26,35,901	1,01,272	1,14,880
5	Furniture & Fixtures	28,75,392	39,352	-	29,14,744	8,72,584	2,20,742	-	10,93,326	18,21,419	20,02,809
6	Motor Vehicles	4,53,616	-	-	4,53,616	4,03,220	5,854	-	4,09,074	44,542	50,396
	<b>Total</b>	<b>79,73,723</b>	<b>6,82,225</b>	<b>-</b>	<b>86,55,948</b>	<b>48,27,608</b>	<b>9,57,152</b>	<b>-</b>	<b>57,84,760</b>	<b>28,71,189</b>	<b>31,46,116</b>
<b>Intangible Assets</b>											
7	Computer Software		1,74,75,625	1,72,75,625	2,00,000		13,42,000	13,38,667	3,333	1,96,667	-
	<b>Total</b>	<b>-</b>	<b>1,74,75,625</b>	<b>1,72,75,625</b>	<b>2,00,000</b>	<b>-</b>	<b>13,42,000</b>	<b>13,38,667</b>	<b>3,333</b>	<b>1,96,667</b>	<b>-</b>
	<b>Gross Total</b>	<b>79,73,723</b>	<b>1,81,57,850</b>	<b>1,72,75,625</b>	<b>88,55,948</b>	<b>48,27,608</b>	<b>22,99,152</b>	<b>13,38,667</b>	<b>57,88,093</b>	<b>30,67,856</b>	<b>31,46,116</b>
<i>Previous Year</i>		<i>57,26,441</i>	<i>22,47,282</i>	<i>-</i>	<i>79,73,723</i>	<i>41,23,585</i>	<i>7,04,021</i>	<i>-</i>	<i>48,27,606</i>	<i>31,46,117</i>	<i>16,02,856</i>

**Note - 28**

1) Disclosure of details as required by Para 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank)

(Rs. In Lakhs)

Particulars			
<b>Liabilities side :</b>			
<b>1</b>	<b>Loans and advances availed by the NBFCs inclusive of interest accrued</b>	Amount out-standing	Amount overdue
(a)	Debentures : Secured	3364.74	
	: Unsecured (other than falling within the meaning of public deposits)	0.00	
(b)	Deferred Credits	Nil	
(c)	Term Loans	Nil	
(d)	Inter-corporate loans and borrowing	Nil	
(e)	Commercial Paper	Nil	
(f)	Public Deposits	Nil	
(g)	Other Loans –		
	Secured Loans	101.13	
	Unsecured Loans	0.00	
	Vehicle Loans	0.00	
	Subordinated Debts	374.34	
<b>2</b>	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
(a)	In the form of Unsecured debentures	Nil	
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	
(c)	Other public deposits	Nil	
<b>Assets side :</b>			
		Amount outstanding	
<b>3</b>	<b>Break-up of Loans and Advances including bills receivables [other than</b>		
(a)	Secured	Nil	
(b)	Unsecured	4,130.97	
<b>4</b>	<b>Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>		
(i)	Lease assets including lease rentals under sundry debtors :		
(a)	Financial lease	Nil	
(b)	Operating lease	Nil	
(ii)	Stock on hire including hire charges under sundry debtors:		
(a)	Assets on hire & hypothecation	Nil	
(b)	Reposessed Assets	Nil	
(iii)	Hypothecation loans counting towards EL/HP activities		
(a)	Loans where assets have been reposessed	Nil	
(b)	Loans other than (a) above	Nil	

<b>5</b>	<p><b>Break-up of Investments :</b></p> <p><u>Current Investments :</u></p> <p>1. <u>Quoted :</u></p> <p>(i) Shares : (a) Equity (b) Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (please specify)</p> <p>2. <u>Unquoted :</u></p> <p>(i) Shares : (a) Equity (b) Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (Please specify)</p> <p><u>Long Term investments :</u></p> <p>1. <u>Quoted :</u></p> <p>(i) Share : (a) Equity (b) Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (Please specify)</p> <p>2. <u>Unquoted :</u></p> <p>(i) Shares : (a) Equity (b) Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (Please specify)</p>	
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<b>6</b>	<b>Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :</b>		
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiarie	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than	-	4130.97	4130.97
Total	-	4130.97	4130.97

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		
Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-
Total	-	-

8. Other information

Particulars		Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	0.77
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	0.69
(iii)	Assets acquired in satisfaction of debt	-

In terms of our report attached.

*For and on behalf of the Board of Directors*

**Vinu Krishnan**

*Managing Director*

*DIN : 01743028*

Sd/-

**T.S.Jagadeesan**

*Director*

*DIN: 06775429*

Sd/-

Damodaran P Namboodiri , ACA

*Chartered Accountant*

*Membership No.221178*

**Maya**

*Company Secretary*

*Mem no. A31270*

Sd/-

Ernakulam

08.07.2020

## DIRECTORS' REPORT

To,  
The Members  
KPB Fincare Pvt Ltd.

Your Directors have pleasure in submitting their Twenty Eighth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2020.

### 1. FINANCIAL RESULTS

The year under review, 2019-20 was the third financial year of our microfinance-focussed lending business.

The key financial numbers in comparison with the previous year's figures are given below:

Particulars	F.Y 2019-20 (Amt. in Rs.)	F.Y 2018-19 (Amt. in Rs.)
Interest Income from lending activity	7,99,09,450	4,76,44,934
Interest and Finance Expenses	4,11,25,685	2,78,60,061
Net Interest Income	3,87,83,766	1,97,84,873
Other Interest and Income	1,35,35,218	82,08,546
Operating Income	5,23,18,984	2,79,93,419
Operating Expenses	4,23,97,947	3,17,68,605
Depreciation	22,99,152	7,04,021
Profit/(Loss) Before Tax	76,21,885	(39,81,213)
Deferred Tax	6,820	(47,930)
Profit/(Loss) for the year	76,15,065	(39,33,283)
<b>Financial Position as on 31.03.2020</b>		
Total Loans & Advances	41,22,29,442	22,71,18,341
Total Borrowings	35,57,06,000	23,86,35,862
Equity	6,25,31,190	5,35,31,190

The comparison of key operational metrics:

Particulars	F.Y 2019-20	F.Y 2018-2019
Average Loan Outstanding	35,05,24,388	20,22,01,259
Balance Sheet Size	46,73,51,440	31,34,78,755
Customers	16,275	10,598
Operating Cost Ratio	12.56%	15.45 %
Return on Assets	1.92%	-1.49 %
Return on Equity	12.89%	-10.23 %
Net Interest Margin	11.19%	10.36 %
CRAR	20.03%	26.89 %

## 2. Highlights of Financial & Business Performance

We are glad to report that your Company could do well almost in all spheres of business.

- The company disbursed more than 55,000 loans to 16,275 customers through 16 branches in Kerala and Tamil Nadu.
- Total loans and advances of the Company grew 81% from 22.71 Cr to 41.22 Cr as on 31.03.2020
- The total income of your company increased to Rs. 9,34,44,669 from Rs. 5,58,53,480 in 2018-19, a 67% increase.
- Non-Performing Assets including standard provisions was restricted to 0.25% of the total loan portfolio
- Borrowings constituted by Term loans, NCDs and Sub Debt registered an increase from 23.68 Cr to 35.57 Cr as on 31.03.2020.
- Employee strength increased from 72 to 81 during the year of which comprised 16 head office employees and 65 branch employees.

Capital constraints stopped us from expanding our branch network beyond the existing branches in Kerala & Tamil Nadu. The focus this year was on maximising the returns on the earlier investments in the network and technology.

Consequently, all operational ratios have seen a significant improvement with Return on Assets and Return on Equity in the positive terrain. The Net Interest Margin improved from 10.36% to 11.19%.

All the foundational elements that are necessary for profitable growth have been put in place. The work that has been going on in the area of technology and organisation building has reached a point, where it is now showing results at an operating level.

Using technology, organisational guidance & control mechanisms and tie-ups on the ground with social service groups, we will be able to push the future growth of the company at a cost structure that is comparable to larger MFI's.

## 3. SOURCES/ APPLICATION OF FUNDS

During the F.Y. 19-20 company raised Rs. 12.91 Cr by way of debt out of which Rs. 11.01 Cr was raised through private placement of secured NCD's and Rs. 0.90 Cr by way of unsecured Subordinated Debt. Rs 1.00 Cr was raised as a term loan from NBFC's.

## 4. CHANGES IN SHARE CAPITAL

During the period under review, the paid-up capital was increased to 6,25,31,190/- from Rs. 5,35,31,190/- by additional equity infusion.

## 5. COMPOSITION OF BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, no changes were made to the composition of the Board.

Name of Director	Designation
Vinu Krishnan	Managing Director
T S Jagadeesan	Director
Vishnu Prasad B Menon	Director
Maya P	Company Secretary

## 6. ACCOUNTING POLICY

There have been no material changes and commitments during the financial year of the Company.

## 8. PARTICULARS OF MATERIAL ORDERS

During the year under review, no Regulator, Court or Tribunal has passed any significant and material order impacting the going concern status and the company's operations in future.

## 9. NUMBER OF MEETINGS OF THE BOARD

A total of 13 meetings of Board of Directors was held during the year under review. As per Section 173 of the Companies Act, 2013, the Company held at-least one Board Meeting in every three months. The details of the Board Meeting held during the year under review are as under;

Sr. No	Date	Board Strength	No of Directors Present
1	12 <sup>th</sup> April 2019	3	3
2	13 <sup>th</sup> May 2019	3	3
3	24 <sup>th</sup> May 2019	3	3
4	12 <sup>th</sup> June 2019	3	3
5	12 <sup>th</sup> July 2019	3	3
6	12 <sup>th</sup> August 2019	3	3
7	18 <sup>th</sup> September 2019	3	3
8	18 <sup>th</sup> October 2019	3	3
9	21 <sup>st</sup> November 2019	3	3
10	18 <sup>th</sup> December 2019	3	3
11	15 <sup>th</sup> January 2020	3	3
12	18 <sup>th</sup> February 2020	3	3
13	21 March 2020	3	3

## 11. DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of section 134(5) of the Companies Act, 2013, the Director's hereby confirm that:

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2018-19 and of the profit of the Company for that period;
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;
- iv. The Directors have prepared the annual accounts on a going concern basis.
- v. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such other system were adequate.

**12. EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE**

The reports of the Statutory Auditor for the year ended 31st March 2020 are free from any qualification, reservation or adverse remark by the auditor. The audit reports along with detailed audited financials are attached in the report.

**13. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

During the year, company has not given any loans, guarantees or investments under section 186.

**14. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 IN THE PRESCRIBED FORM**

There has been no materially significant related party transaction between the Company and its Directors, KMPs or the relatives except for those disclosed in the Financial Statements, which are in ordinary course of business.

Pursuant to section 134(3)(h) read with rule 8(2) of the companies (Accounts) Rules, 2014, there are no transactions to be reported under section 188(1) of the Companies Act 2013. Accordingly, the disclosure of Related Party Transactions as required under section 134(3)(h) of the Companies Act 2013 in Form AOC 2 is not applicable.

**15. TRANSFER TO RESERVES**

During the year under review, 20% of the Net Profit i.e. Rs. 15.23 lacs have been transferred to statutory reserve.

**16. DIVIDEND**

Since the company is in a growth phase and all internal accruals are to be reinvested in growth initiatives for the current year, the directors have not recommended any dividend for this financial year.

**17. THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IN SUCH MANNER AS MAY BE PRESCRIBED**

There is no significant particular, relating to conversion of energy, technology absorption under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. During the period under review, the company has no earnings and outgo in foreign exchange.

**18. CORPORATE SOCIAL RESPONSIBILITY**

As per Companies Act 2013, the provision of CSR is not applicable on KPBFincare Pvt Ltd.

**19. CHANGE IN THE NATURE OF BUSINESS, IF ANY**

None

## **20. CAPITAL ADEQUACY**

As on 31<sup>st</sup> March 2020, the Capital Adequacy Ratio of the company was 20.03%. The minimum CAR stipulated by RBI is 15 %.

## **21. COMPLIANCE WITH RBI GUIDELINES**

Your Company being an NBFC has complied with all applicable regulations of the Reserve Bank of India prescribed for NBFCs. As per Non-Banking Finance Companies RBI Directions 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

## **22. CODE OF CONDUCT, TRANSPARENCY AND CLIENT PROTECTION**

The Company has fully implemented the Reserve Bank of India's Fair Practice Code and Code of Conduct. The same has been displayed on the website and notice board of respective branches of your company.

## **23. VARIOUS COMMITTEES**

**KPB Fincare Pvt. Ltd. has 2 Board sub-committees viz.**

**1. Finance & Audit Committee:** The FAC Committee comprises three directors namely;

1. Mr. Vinu Krishnan
2. Mr. T S Jagadeesan
3. Mr. Vishnu Prasad B Menon

**2. ALM & Risk Management Committee:** This committee comprises three directors namely;

1. Mr. Vinu Krishnan
2. Mr. T S Jagadeesan
3. Mr. Vishnu Prasad B Menon

The committees meet on regular basis and discuss and review various issues as referred in their respective TOR.

## **24. AUDITOR**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Mr. Damodaran P, ACA (Membership no. 221178), is our Statutory Auditor for the Financial Year 2019-20.

## **25. EXTRACT OF ANNUAL RETURN**

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format (MGT-9) is appended as "Annexure 1" to the Board's Report.

## **26. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM**

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company.

## 27. HOLDING, SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% of shares held	Applicable Section
1.	KPB Holdings Limited	U74999KL2016PLC045766	Holding Company	71.82	2(87)
2	KPB Digital Pvt Ltd	U74999KL2018PTC051953	Associate Company	0	2(6)

## 28. ACKNOWLEDGEMENT

The Directors wish to thank the customers, shareholders, bankers, and other service agencies for their consistent support. The directors especially thank the employees for their substantial contribution to the Company during the period under review.

**By order of the Board**

**For KPB Fincare Pvt Ltd**

**For KPB Fincare Pvt Ltd**

**Sd/-**

**Sd/-**

**Vinu Krishnan  
Managing Director  
DIN 01743028**

**T S Jagadeesan  
Director  
DIN 06775429**

Place: Ernakulam  
Date: 08<sup>th</sup> July 2020

**ANNEXURE - I**  
**Form No.MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31<sup>st</sup> March 2020**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1.	CIN:	U65191TN1993PTC024410
2.	Registration Date:	16/02/1993
3.	Name of the Company:	KPB Fincare Private Limited
4.	Category/ Sub-Category of the Company:	Company limited by Shares/ Non-govt company
5.	Address of the registered office and contact details:	Regd Office: GE, Ground Floor, Easdale Enclave, New No. 83, Sterling Road, Nungambakkam, Chennai - 600034  Corporate Office: Floor 3, AK Tower, Kalamassery, Kochi, Kerala – 682033
6.	Whether listed company	Unlisted
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any:	Not Applicable

**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:-

Sr. No.	Name and Description of main Products/ Services	National Product Classification for Service Sector	% total turnover of the company
1	Non Banking Financial Services	99711400	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1.	KPB Holdings Limited	U74999KL2016PLC045766	Holding Company	71.82%	2(87)
2	KPB Digital Pvt Ltd	U74999KL2018PTC051953	Associate Company	0	2(6)



g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	53,53,119	53,53,119	100	-	62,53,119	6,25,31,190	100	-

**(ii)Shareholding of Promoters-**

Sr.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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.	KPB Holdings Limited	4490928	83.89	-	4490928	71.82	-	(12.07)
2.	Vinu Krishnan	3	0.00	-	3	0.00	-	0.00
3.	Jagadeesan T S	20003	0.37	-	20003	0.32	-	(0.05)
4.	Krishna Chandran	70000	1.31	-	70000	1.12	-	(0.19)
5.	Chithra M	117207	2.19	-	117207	1.87	-	(0.32)
6.	Vijayalakshmi Menon	8154	0.15	-	8154	0.13	-	(0.02)
7.	Vishnu Prasad	8154	0.15	-	815	0.13	-	(0.02)
8.	Sheela Raja Ram	150000	2.80	-	600000	9.60	-	6.8
9.	Dinesh Nair	70000	1.31	-	70000	1.12	-	(0.19)
10.	Ajith G	50755	0.95	-	50755	0.81	-	(0.14)
11.	Rajiv Thampi	10000	0.19	-	10000	0.16	-	(0.03)
12.	Mohandas Parayath	15226	0.28	-	15226	0.24	-	(0.04)
13.	Syam Sunder S	50000	0.93	-	50000	0.80	-	(0.13)
14.	Roopa K Pai	60000	1.12	-	60000	0.96	-	(0.16)
15.	Priya Jishnu	12689	0.24	-	12689	0.20	-	(0.04)
16.	Suresh Kumar DS	20000	0.37	-	20000	0.32	-	(0.05)
17.	Radhakrishnan Nair	200000	3.74	-	200000	3.20	-	(0.54)
18.	Girija Anantharaman	-	-	-	250000	4.00	-	-
19.	Rajat Sabharwal	-	-	-	200000	3.20	-	-
	<b>Total</b>	<b>53,53,119</b>	<b>100</b>	<b>-</b>	<b>62,53,119</b>	<b>100</b>	<b>-</b>	<b>-</b>

**(iii) Shareholding of Directors and Key Managerial Personnel: -**

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding during the year	
		No. of shares	% of total shares of the company
<b>A.</b>	<b>At the beginning of the year</b>		
1.	Vinu Krishnan	3	0.00008
2.	Jagadeesan T S	20003	0.37
3.	Vishnu Prasad B Menon	8154	0.15
<b>B.</b>	<b>At the end of the year</b>		
1.	Vinu Krishnan	3	0.00004
2.	Jagadeesan T S	20003	0.32
3.	Vishnu Prasad B Menon	8154	0.13

**V. INDEBTEDNESS**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	21,23,65,862	2,62,70,000	NIL	23,86,35,862
Total	21,23,65,862	2,62,70,000	NIL	23,86,35,862
<b>Indebtedness at the end of the financial year</b>	32,03,76,000	3,53,30,000	NIL	35,57,06,000
<b>Total</b>	32,03,76,000	3,53,30,000	NIL	35,57,06,000

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Sr. No.	Particulars of Remuneration	Vinu Krishnan (MD) (in Rs.)	Maya (CS) (in Rs.)	Total Amount (in Rs.)
1	Gross Salary (per month)	2,00,000	50,000	2,50,000
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission- as % of profit- others, specify...	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL

6	Others, please specify	NIL	NIL	NIL
7	Ceiling as per the Act	NIL	NIL	NIL

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

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)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

By order of the Board

For KPB Fincare Pvt Ltd

For KPB Fincare Pvt Ltd

Sd/-

Sd/-

**Vinu Krishnan**  
**Managing Director**  
**DIN 01743028**

**T S Jagadeesan**  
**Director**  
**DIN 06775429**

Ernakulam  
08/07/2020