

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 2021, 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, 2021, 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.

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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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 24*
 - 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
UDIN : 21221178AAAACA3222

Aluva
02.07.2021

“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, 2021:

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 wherever 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, 2021 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, Government 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 for the purpose of reporting the true and fair view of the financial statements and to the best of our knowledge and according to the information and explanations given by the management, 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;2013

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) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act 2013 in respect of the preferential allotment or private placement of shares/ fully or partly convertible debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, 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

02.07.2021

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 KPBFincare 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 KPBFincare Private Limited (“the Company”) as of March 31, 2021 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, 2021, 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 FCA
Chartered Accountant
Membership No.221178

Aluva
02.07.2021

BALANCE SHEET AS AT 31st MARCH, 2021

PARTICULARS	Note No.	31.03.2021 Rs.	31.03.2020 Rs.
I. EQUITY AND LIABILITIES			
Share Holders' Funds:			
Share Capital	3	6,25,31,190	6,25,31,190
Reserves & Surplus	4	97,46,566	61,51,286
Non-Current Liabilities			
Long term borrowings	5	40,33,63,000	34,57,06,000
Deferred tax liabilities (Net)			
Other long term liabilities			
Long term provisions	6	12,49,433	10,38,076
Current Liabilities			
Short term bank borrowings	7	-	1,00,00,000
Other current liabilities	8	5,77,67,396	4,19,24,887
Short-term provisions	9	5,60,000	-
Total		53,52,17,585	46,73,51,439
II. ASSETS			
Non-current assets			
Property, Plant and Equipments	10	24,10,163	28,71,189
Intangible assets	10	31,58,117	1,96,667
Non-current investments		-	-
Deferred tax assets (net)	11	2,45,310	10,41,610
Long term loans and advances-Financing Activity	12	33,83,53,993	28,55,23,009
Long term loans and advances	13	14,80,450	14,97,055
Other non-current assets			
Current assets			
Current investments		-	-
Cash and bank balances	14	3,20,96,495	2,76,11,070
Short term loans and advances-Financing Activity	12	13,27,94,563	12,67,06,433
Short-term loans and advances	15	9,33,248	12,11,530
Other current assets	16	2,37,45,246	2,06,92,876
Total		53,52,17,585	46,73,51,439

Notes are an Integral parts of accounts

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/-

Maya

Company Secretary

Mem No: A31270

Sd/-

Sd/-

Damodaran P Namboodiri , FCA

Chartered Accountant

Membership No.221178

PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2021

PARTICULARS	Note No.	31.03.2021 Rs.	31.03.2020 Rs.
INCOME			
Revenue from Operations	17	9,03,78,874	9,29,34,190
Other Income	18	12,78,968	5,10,479
TOTAL REVENUE		9,16,57,842	9,34,44,669
EXPENSES			
Employee benefit expense	19	2,08,97,233	2,55,24,392
Finance cost	20	4,96,00,067	4,11,25,685
Depreciation and amortization expenses	21	14,88,892	22,99,152
Other expenses	22	1,46,24,775	1,68,73,556
TOTAL EXPENSES		8,66,10,967	8,58,22,785
Profit Before Tax		50,46,875	76,21,884
Tax Expense			
(a) Current tax		5,60,000	-
(b) Deferred tax		7,96,300	6,820
		13,56,300	6,820
Profit (Loss) for the period		36,90,575	76,15,064
Earnings Per share (Face Value of Rs. 10 Each)			
Basic Earnings per Share	23	0.59	1.30
Diluted Earning per Share		0.59	1.30

Notes are an Integral parts of accounts

In terms of our report attached.

For and on behalf of the Board of Directors

Vinu Krishnan

Managing Director

DIN : 01743028

Sd/-

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Damodaran P Namboodiri , FCA

Chartered Accountant

Membership No.221178

Ernakulam
02-07-2021

Cash Flow Statement for the year ended 31st March 2021

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

PARTICULARS	2020-21 RS	2019-20 RS
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit Before Taxation	50,46,875	76,21,885
<i>Adjustments for:</i>		
Depreciation	14,88,892	22,99,152
Interest Debited in P & L	4,96,00,067	4,11,25,685
Provision for Standard asset & NPA	2,11,357	4,66,976
Profit on Sale of Assets	-	(63,042)
Operating Profit before Working Capital Changes	5,63,47,191	5,14,50,656
(Increase)/Decrease in Loans & Advances - financing activity	(5,89,19,114)	(18,51,11,101)
(Increase)/Decrease in Loans & Advances	4,40,174	37,97,978
(Increase)/Decrease in Current Assets	(30,52,370)	(1,55,12,775)
Increase/(Decrease) in Other current liabilities	1,58,42,508	1,34,43,763
Cash from operations	1,06,58,389	(13,19,31,479)
Income Tax Paid	(2,40,582)	(78,690)
<i>Net Cash From Operating Activities</i>	1,04,17,808	(13,20,10,169)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(39,89,316)	(1,81,57,850)
Proceedings from Sale of Fixed Assets	-	1,60,00,000
(Increase)/ Decrease in Deposits	-	49,000
<i>Net Cash From Investing Activities</i>	(39,89,316)	(21,08,850)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issuance of equity shares	-	1,35,00,000
Increase /(Decrease) Short Term Loans	(1,00,00,000)	1,00,00,000
Issue of Debentures	4,55,07,000	9,97,86,000
Issue of Bonds	1,21,50,000	90,60,000
Interest Paid	(4,96,00,067)	(4,11,25,685)
<i>Net Cash From Financing Activities</i>	(19,43,067)	9,12,20,315
NET INCREASE / DECREASE IN CASH AND CASH EQVALENTS	44,85,425	(4,28,98,704)
OPENING CASH AND CASH EQVALENTS	2,76,11,070	7,05,09,773
CLOSING CASH AND CASH EQVALENTS	3,20,96,495	2,76,11,070

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 , FCA

Chartered Accountant

Membership No.221178

Maya

Company Secretary

Mem No: A31270

Sd/-

Ernakulam

02-07-2021

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

a. 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.

b. 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.

c. 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.

d. Provisioning Norms for Standard & Sub-Standard Assets

Non-performing assets are recognized and provided for, as per management estimates, subject to the minimum provision required as per Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued vide master direction No DNBR.PD.007/03.10.119/2016-17 dated September 01, 2016 as amended from time to time

Similarly, provision on standard assets is also made as per the RBI NSI- ND Directions 17 dated September 01, 2016.

e. 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.

f. 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.

g. 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.

h. 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.

i. 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.

j. 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:

- **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.
- **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.

k. 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.

l. 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. The company need not pay tax under MAT if it opts for Section 115BAA.

m. Compulsorily Convertible Debentures.

A compulsory convertible debenture (CCD) is a type of bond which must be converted into stock by a specified date. It is classified as a hybrid security, as it is neither purely a bond nor purely a stock. A compulsory convertible debenture is a bond that must be converted into stock at its maturity date. CCD offers a return in interest and, later, ownership of shares in the company. Each CCD will convert into such number of equity shares so as to give the investor the required return, without the investor being required to pay any amount for such conversion

n. 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.

o. Classification of Debentures

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

p. Lease

Where the company is lessee

All the leasing arrangements of the Company are operating lease in respect of its office premises where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset. Such operating lease rental payments are recognized as an expense on accrual basis in the Statement of Profit and Loss.

Where the company is the lessor

Assets subject to operating lease are included in the fixed assets. Lease income on operating lease is recognized in the Statement of Profit and Loss. Costs, including depreciation, are recognized as expenses in the Statement of Profit and Loss.

q. 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.

r. 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.

s. 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.

t. Contingent liabilities and Contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognized nor disclosed in the financial statement since this result in the recognition of the income that may never realize.

u. Provisions and Contingent liabilities

- A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions .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
- 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'.

Notes on Financial Statements for the year ended 31st March 2021

Note-3

Share Capital

Particulars	Mar 31, 2021	Mar 31, 2020
(a) Authorised		
2,00,00,000 Equity shares of Rs.10 each	20,00,00,000	20,00,00,000
(b) Issued, Subscribed & Fully Paid Up		
62,53,119 Equity Shares of Rs. 10 each	6,25,31,190	6,25,31,190
Total	6,25,31,190	6,25,31,190

i. 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.

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

Equity Shares	Mar 31, 2021		Mar 31, 2020	
	No of Shares	Value	No of Shares	Value
No: of shares at the beginning of the year	62,53,119	6,25,31,190	53,53,119	5,35,31,190
Add: Issued During the year	-	-	9,00,000	90,00,000
Add: Bonus Issue During the year	-	-	-	-
Outstanding at the end of the year	62,53,119	6,25,31,190	62,53,119	6,25,31,190

iii. The details of Shareholders holding more than 5% shares :-

Name of the Shareholder	Mar 31, 2021		Mar 31, 2020	
	No. of Shares	%	No. of Shares	%
KPB Holding Limited	4490928	71.82%	4490928	71.82%
Sheela Raja Ram	600000	9.60%	600000	9.60%

Note-4

Reserves & Surplus:

Particulars	Mar 31, 2021	Mar 31, 2020
Security Premium Account:		
As Per last balance sheet	59,13,956	14,13,956
(+) Additions during the year	-	45,00,000
	59,13,956	59,13,956
Revaluation Reserve		
As Per last balance sheet	13,39,350	13,39,350
(+) Additions during the year	-	-
	13,39,350	13,39,350
Statutory Reserve Fund		
As Per last balance sheet	15,29,257	6,237
(+) Additions during the year	7,38,115	15,23,020
	22,67,372	15,29,257
General Reserve		
Amount as per Last Balance Sheet	14,89,200	14,89,200
(+) Additions/ transfers during the Year	-	-
Closing Balance	14,89,200	14,89,200
Surplus		
Balance as per last financial statements	(41,20,477)	(1,02,12,522)
(+) Net profit/(Net loss) for the current year	36,90,575	76,15,065
(-) MAT Credit *	(95,295)	-
(-) Transfer to Statutory Reserve	(7,38,115)	(15,23,020)
Balance as at the end of the year	(12,63,312)	(41,20,477)
Total	97,46,566	61,51,286

* Ref Note No 2.g

Notes on Financial Statements for the year ended 31st March 2021

Nature and purpose of Reserves

Securities premium

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

Statutory reserve

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

General reserve

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of profit for the period at a specified percentage in accordance with applicable regulations. After the introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Retained earnings or Surplus

This reserve represents the cumulative profits of the Company.

Note-5

Long Term Borrowings

Particulars	Non- Current		Current	
	Mar 31, 2021	Mar 31, 2020	Mar 31, 2021	Mar 31, 2020
Secured				
Non Convertible Debentures	32,98,83,000	31,03,76,000	-	-
Unsecured				
Compulsory Convertible Debentures	2,60,00,000	-	-	-
Subordinated Debt	4,74,80,000	3,53,30,000	-	-
Total	40,33,63,000	34,57,06,000	-	-

Note 5.1 - Debt Securities

Particulars	Mar 31, 2021	Mar 31, 2020
(a) Secured Non-Convertible Debentures - Privately Placed	32,98,83,000	31,03,76,000
(b) Unsecured Non-Convertible Debentures - Privately Placed	-	-
(c) Unsecured Convertible Debentures - Privately Placed	2,60,00,000	-
Total (A)	35,58,83,000	31,03,76,000
Borrowings in India	35,58,83,000	31,03,76,000
Borrowings outside India	-	-
Total	35,58,83,000	31,03,76,000

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 claim which are now due and owing to the company in the course of the business or which at any time herein after become due

During the year, company has issued 26,000 Compulsorily Convertible Debentures of face value of ` 1,000/- each carrying interest rate of 13.50%. The CCDs are issued are convertible into fully paid equity shares at Rs. 15 per equity share (including Rs. 5 premium) fully paid up 'at the end of the 3 years from the date of allotment or as mutually agreed before the end of the tenure.

Notes on Financial Statements for the year ended 31st March 2021

Non Convertible Debentures - Private

5.1.1 Series wise classification of Non Convertible Debentures

Particulars	Date of allotment	Date of maturity	Mar 31, 2021	<i>Mar 31, 2020</i>
NCD/2017/01	19.07.2017	19.07.2022	1,74,50,000	1,74,50,000
NCD/2017/02	31.07.2017	31.07.2022	2,13,80,000	2,33,80,000
NCD/2017/03	31.08.2017	31.08.2022	1,20,50,000	1,70,50,000
NCD/2017/04	30.09.2017	30.09.2022	85,00,000	85,00,000
NCD/2017/05	04.11.2017	04.11.2022	90,00,000	1,10,00,000
NCD/2017/06	12.12.2017	12.12.2022	1,21,00,000	1,51,00,000
NCD/2018/01	02.01.2018	02.01.2023	42,50,000	64,50,000
NCD/2018/02	03.03.2018	03.03.2023	60,00,000	1,21,00,000
NCD/2018/03	26.03.2018	26.03.2023	30,00,000	30,00,000
NCD/2018/04	31.03.2018	31.03.2023	89,50,000	89,50,000
NCD/2018/05	26.04.2018	26.04.2023	1,50,00,000	1,50,00,000
NCD/2018/06	01.06.2018	01.06.2023	43,00,000	43,00,000
NCD/2018/07	12.06.2018	12.06.2023	55,50,000	55,50,000
NCD/2018/08	04.07.2018	04.07.2023	45,00,000	45,00,000
NCD/2018/09	24.08.2018	24.08.2023	95,00,000	95,00,000
NCD/2018/10	20.10.2018	20.10.2023	1,15,00,000	1,15,00,000
NCD/2018/11	10.12.2018	10.12.2023	1,44,00,000	1,44,00,000
NCD/2018/12	11.02.2019	11.02.2023	1,15,00,000	1,25,00,000
NCD/2019/01	12.04.2019	12.04.2024	29,60,000	29,60,000
NCD/2019/02	13.05.2019	13.05.2024	1,85,52,000	1,85,52,000
NCD/2019/03	12.06.2019	12.06.2024	1,71,00,000	1,71,00,000
NCD/2019/04	12.07.2019	12.07.2024	1,45,00,000	1,45,00,000
NCD/2019/05	14.08.2019	14.08.2024	30,00,000	30,00,000
NCD/2019/06	18.09.2019	18.09.2024	50,00,000	50,00,000
NCD/2019/07	18.10.2019	18.10.2024	1,18,25,000	1,18,25,000
NCD/2019/08	21.11.2019	21.11.2024	1,43,74,000	1,78,74,000
NCD/2019/09	18.12.2019	18.12.2024	44,00,000	47,00,000
NCD/2019/10	15.01.2020	15.01.2025	40,00,000	40,00,000
NCD/2019/11	18.02.2020	18.02.2025	64,35,000	76,35,000
NCD/2019/12	21.03.2020	21.03.2025	25,00,000	30,00,000
NCD/2020/01	27.04.2020	27.04.2025	13,00,000	-
NCD/2020/02	18.05.2020	18.05.2025	33,00,000	-
NCD/2020/03	15.06.2020	15.06.2025	62,87,000	-
NCD/2020/04	22.08.2020	22.08.2025	63,70,000	-
NCD/2020/05	17.10.2020	17.10.2025	1,43,00,000	-
NCD/2020/06	21.01.2021	21.01.2026	1,47,50,000	-
Total			32,98,83,000	31,03,76,000

5.1.2 Coupon Rate wise classification of Non Convertible Debentures

Coupon rate	Mar 31, 2021	<i>Mar 31, 2020</i>
Coupon Rate -10.25	5,00,000	-
Coupon Rate -11	64,00,000	-
Coupon Rate -11.25	3,10,37,000	3,55,00,000
Coupon Rate -11.5	74,00,000	-
Coupon Rate-12	13,20,82,000	13,49,82,000
Coupon Rate-12.5	15,24,64,000	13,98,94,000
Total	32,98,83,000	31,03,76,000

Notes on Financial Statements for the year ended 31st March 2021
5.1.3 Maturity wise classification of Non Convertible Debentures

From the Balance Sheet date	(a) Non- current	(b) Current maturity	Total
Repayable on maturity :			
Maturing beyond 5 years			-
Maturing between 3 years to 5 years	15,09,53,000	-	15,09,53,000
Maturing between 1 year to 3 years	17,89,30,000	-	17,89,30,000
Maturing within 1 year	-	-	-
Total at face value	32,98,83,000	-	32,98,83,000
Less: Unamortised discounting charges	-	-	-
Total redemption value, net of unamortized discounting charges	32,98,83,000	-	32,98,83,000

Note 5.2 - Subordinated Liabilities

Particulars	Mar 31, 2021	Mar 31, 2020
At Amortised Cost:		
(a) Subordinated Debts	4,74,80,000	3,53,30,000
Total (A)	4,74,80,000	3,53,30,000
Subordinated liability in India	4,74,80,000	3,53,30,000
Subordinated liability outside India	-	-
Total	4,74,80,000	3,53,30,000

Unsecured Subordinated Debt - Private Placement
5.2.1 Series wise classification of Subordinated Debt

Particulars	Date of allotment	Date of maturity	Mar 31, 2021	Mar 31, 2020
SD/2017/01	27.06.2017	17.06.2022	43,00,000	43,00,000
SD/2017/02	17.08.2017	05.08.2022	10,00,000	10,00,000
SD/2017/03	30.09.2017	20.09.2022	25,00,000	25,00,000
SD/2018/01	03.08.2018	03.08.2023	46,00,000	46,00,000
SD/2018/02	15.09.2018	15.09.2023	80,00,000	80,00,000
SD/2018/03	26.11.2018	26.11.2023	30,60,000	30,60,000
SD/2018/04	25.01.2019	25.01.2024	28,10,000	28,10,000
SD/2019/01	15.01.2020	15.01.2025	35,00,000	35,00,000
SD/2019/02	18.02.2020	18.02.2025	22,60,000	22,60,000
SD/2019/03	21.03.2020	21.03.2025	33,00,000	33,00,000
SD/2020/01	27.04.2020	27.04.2025	15,00,000	-
SD/2020/02	18.05.2020	18.05.2025	25,00,000	-
SD/2020/03	15.06.2020	15.06.2025	5,00,000	-
SD/2020/04	22.08.2020	22.08.2025	31,00,000	-
SD/2020/05	18.09.2020	18.09.2025	45,50,000	-
Total			4,74,80,000	3,53,30,000

5.2.2 Interest Rate wise classification of Subordinated Debt

Particulars	Interest %	Mar 31, 2021	Mar 31, 2020
Subordinated Debt-Cumulative	13%	90,00,000	55,00,000
Subordinated Debt-Cumulative	14%	35,00,000	35,00,000
Subordinated Debt- Monthly	13%	1,95,80,000	1,34,30,000
Subordinated Debt- Monthly	14%	1,54,00,000	1,29,00,000
Total		4,74,80,000	3,53,30,000

Notes on Financial Statements for the year ended 31st March 2021

5.2.3 Maturity wise classification of Subordinated Debt

From the Balance Sheet date	(a) Non- current	(b) Current maturity	Total
Repayable on maturity :			
Maturing beyond 5 years			-
Maturing between 3 years to 5 years	2,12,10,000		2,12,10,000
Maturing between 1 year to 3 years	2,62,70,000		2,62,70,000
Maturing within 1 year	-		-
Total at face value	4,74,80,000	-	4,74,80,000
Less: Unamortised discounting charges	-	-	-
Total redemption value, net of unamortized discounting charges	4,74,80,000	-	4,74,80,000

Note-6

Long Term Provisions:

Particulars	Mar 31, 2021	Mar 31, 2020
Provision for employee benefits		
Provision for gratuity	-	-
Other Provisions		
Contingent Provision on Standard Asset	11,76,905	10,30,381
Contingent Provision on Sub Standard Assets	34,874	7,695
Contingent Provision on Doubtful Asset	37,654	-
Total	12,49,433	10,38,076

Note-7

Short Term Borrowings:

Particulars	Mar 31, 2021	Mar 31, 2020
Secured		
Unsecured		
From Financial Institutions	-	1,00,00,000
Total	-	1,00,00,000

Nature of Security

Particulars	Primary	Collateral	Gurantors
Unsecured Term Loan- Lulu Financial Services (India) Ltd	A demand Promissory Note duly signed by Authorised Signatory	Charge to be registered with ROC in favour of Lulu Financial Servies (India) Ltd within 30days from the date of disbursement	NA

Note-8

Other Current Liabilities:

Particulars	Mar 31, 2021	Mar 31, 2020
(a) Current maturities of long-term debt		
(i) Non Convertible Debentures , Subordinated Debts, Unsecured Loan	-	-
(b) Other payables		
(i) Statutory remittances (Refer note(i) below)	13,49,569	44,56,719
(ii) Interest Payable	4,07,52,425	2,83,15,002
(ii) Salaries and Wages Payable	18,17,356	13,32,107
(iv) Expenses Payable	43,45,774	16,38,667
(vi) Others	95,02,271	61,82,392
Total	5,77,67,396	4,19,24,887

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

Notes on Financial Statements for the year ended 31st March 2021

Note-9

Short Term Provisions :

Particulars	Mar 31, 2021	Mar 31, 2020
(a) Provision for employee benefits:	-	-
(b) Provision - Others:		
(i) Provision for Income Tax	5,60,000	-
Total	5,60,000	-

Note-11

Deferred Tax (Liability) / Asset :

Particulars	Mar 31, 2021	Mar 31, 2020
Deferred Tax Liabilities		
On difference between book balance and tax balance of fixed assets	2,27,060	3,28,860
Deferred Tax Asset		
Carried Forward Loss	-	7,10,750
Others	18,250	2,000
Net Deferred Tax Asset	2,45,310	10,41,610

Note-12

Loans And Advances - Financing Activity

Particulars	Mar 31, 2021	Mar 31, 2020
(A)		
Loans and Advances		
Unsecured, considered good		
Non-Current	33,83,53,993	28,55,23,009
Current	13,27,94,563	12,67,06,433
Total - A Gross Amount	47,11,48,556	41,22,29,442
(B)		
(i) Secured by Securities and Assets	-	-
(ii) Covered by Bank/Government guarantees	-	-
(iii) Unsecured	47,11,48,556	41,22,29,442
Total - B Gross Amount	47,11,48,556	41,22,29,442
(C)		
Loans in India		
(i) Public Sector	-	-
(ii) Others	47,11,48,556	41,22,29,442
Total - C Gross Amount	47,11,48,556	41,22,29,442
Total	47,11,48,556	41,22,29,442

Notes on Financial Statements for the year ended 31st March 2021

Note - 12.1 Loans And Advances - Financing Activity Maturity Wise

Particulars	Non Current		Current	
	Mar 31, 2021	Mar 31, 2020	Mar 31, 2021	Mar 31, 2020
Loans				
(A)				
BDL (Business Development Loan)	-	-	19,531	30,974.51
CL (Consumer Loan)	67,79,728	57,10,460	1,73,18,475	2,63,97,966.88
IGL (Income Generation Loan)	33,15,74,265	27,98,12,549	11,34,26,141	8,18,52,949.48
PL (Personal Loan)	-	-	20,30,414	1,84,24,542
Total (A) - Gross	33,83,53,993	28,55,23,009	13,27,94,563	12,67,06,433
(B)				
(i) Secured by Securities and Assets	-	-	-	-
(ii) Covered by Bank/Government guarantees	-	-	-	-
(ii) Unsecured	33,83,53,993	28,55,23,009	13,27,94,563	12,67,06,432.71
Total (B) - Gross	33,83,53,993	28,55,23,009	13,27,94,563	12,67,06,433
(C)				
Loans in India				
(i) Public Sector	-	-	-	-
(ii) Others	33,83,53,993	28,55,23,009	13,27,94,563	12,67,06,432.71
Total (C) - Gross	33,83,53,993	28,55,23,009	13,27,94,563	12,67,06,433
Total	33,83,53,993	28,55,23,009	13,27,94,563	12,67,06,433

Note 12.2 - Category wise details of Financial Assets

Particulars	F.Y. 2020-21			Total
	Standard	Sub Standard	Doubtful	
BDL (Business Development Loan)	-	-	19,531	19,531.46
CL (Consumer Loan)	2,40,73,094	25,109	-	2,40,98,203.52
IGL (Income Generation Loan)	44,46,76,101	3,06,182	18,123	44,50,00,406.01
PL (Personal Loan)	20,12,966	17,448	-	20,30,414.47
Total Closing	47,07,62,161	3,48,740	37,654	47,11,48,555

Note 12.2 - Category wise details of Financial Assets

Particulars	F.Y. 2019-20			Total
	Standard	Sub Standard	Doubtful	
BDL (Business Development Loan)	-	30,975	-	30,975
CL (Consumer Loan)	3,21,08,427	-	-	3,21,08,427
IGL (Income Generation Loan)	36,16,19,527	45,972	-	36,16,65,499
PL (Personal Loan)	1,84,24,542	-	-	1,84,24,542
Total	41,21,52,496	76,946	-	41,22,29,442

Note 12.3 - Category wise details of Financial Assets

Particulars	F.Y. 2020-21			Total
	Standard	Sub Standard	Doubtful	
Opening balance	41,21,52,496	76,946	-	41,22,29,442
Transfer to				
Standard Grade	-	-	-	-
Sub-Standard Grade	-3,09,448	3,09,448	-	-
Doubtful Assets	-	-37,654	37,654	-
New assets originated or purchased	5,89,19,113	-	-	5,89,19,113
Total	47,07,62,161	3,48,740	37,654	47,11,48,555

Notes on Financial Statements for the year ended 31st March 2021

Note-13

Loans And Advances

Particulars	Mar 31, 2021	Mar 31, 2020
Non-Current		
Unsecured, considered good		
Security Deposit	13,76,500	13,76,500
Balances with Government authorities		
Income Tax Receivable	1,03,950	25,260
MAT Credit Entitlement *	-	95,295
Total	14,80,450	14,97,055

* Ref Note No 2.g

Note-14

Cash And Bank Balances :

Particulars	Mar 31, 2021	Mar 31, 2020
Cash and Cash Equivalents		
(a) Cash in hand	17,74,601	1,17,956
(b) Balance with banks		
(i) In Current Accounts	2,98,21,894	2,69,93,114
(ii) Cheques,drafts on hands		
	3,15,96,495	2,71,11,070
Other Bank Balances		
(i) In Deposit Accounts	5,00,000	5,00,000
Less: Original Maturity more than one year	-	-
	5,00,000	5,00,000
Total	3,20,96,495	2,76,11,070

Note-15

Short Term Loans And Advances :

Particulars	Mar 31, 2021	Mar 31, 2020
Unsecured, considered good		
Loans and advances to related parties	-	-
Other Loans and Advance		
(a) Balances with Government authorities		
Unsecured, considered good		
TDS & Advance Tax	1,61,892	78,690
GST Inputs	7,53,561	11,08,045
b) Loans and advances to employees	-	7,000
c) Other advances	17,795	17,795
Total	9,33,248	12,11,530

Note-16

Other Current Assets :

Particulars	Mar 31, 2021	Mar 31, 2020
(a) Accruals		
Accrued Interest on Loan	69,81,512	8,67,833
Ex-gratia Interest Receivable	13,12,376	-
Other Income Receivables	94,000	-
(b) Others		
Insurance Deposit	59,522	45,000
Insurance recoverable	6,16,915	3,93,590
Preoperative expenses	2,01,527	4,04,165
Other Receivable	1,44,79,394	1,89,82,288
Total	2,37,45,246	2,06,92,876

Notes on Financial Statements for the year ended 31st March 2021

Note-17

Revenue From Operations :

Particulars	Mar 31, 2021	<i>Mar 31, 2020</i>
Income from Financing activity	8,64,45,959	8,79,26,244
Processing Fee	26,20,538	50,07,946
Other Service charges	-	
Ex-gratia Interest	13,12,376	-
Total	9,03,78,874	9,29,34,190

Note-18

Other Income :

Particulars	Mar 31, 2021	<i>Mar 31, 2020</i>
(a) Interest Income		
Interest received from Deposits	12,78,968	4,22,984
(b) Other non-operating income <i>(net of expenses directly attributable to such income)</i>		
Interest from Income Tax Dept	-	24,448
Profit on Sale of Assets	-	63,042
Other Miscellaneous Income	-	5
Total	12,78,968	5,10,479

Note-19

Employee Benefit Expenses

Particulars	Mar 31, 2021	<i>Mar 31, 2020</i>
Salaries & Wages	1,88,16,468	2,21,42,849
Contributions to provident and other funds	16,59,249	18,06,543
Bonus	4,21,516	15,75,000
Total	2,08,97,233	2,55,24,392

Note-20

Finance Cost :

Particulars	Mar 31, 2021	<i>Mar 31, 2020</i>
(a) Interest expense on :		
Borrowings	4,93,69,673	4,10,85,727
Bank Charges	2,30,394	39,958
Total	4,96,00,067	4,11,25,685

Note-21

Depreciation And Amortisation Expenses:

Particulars	Mar 31, 2021	<i>Mar 31, 2020</i>
Depreciation	7,13,342	9,57,152
Amortisation	7,75,550	13,42,000
Total	14,88,892	22,99,152

Notes on Financial Statements for the year ended 31st March 2021

Note-22

Other Expenses :

Particulars	Mar 31, 2021	Mar 31, 2020
Advertisement Expense	49,844	11,653
Audit fees	85,000	75,000
Azure Subscription Charge (Server)	47,139	1,14,758
Boarding Charges	33,938	5,43,387
Bad debts written off	14,673	-
Communication Expense Charges	20,02,787	16,38,571
Donation	-	30,000
Electricity Charges	1,75,030	1,45,739
Food Expenses	29,688	63,213
Fuel Expenses	12,98,916	16,29,987
Late payment fees - Statutory Payments	1,30,483	91,096
GST written off	12,95,625	15,12,557
Insurance	3,13,220	3,49,878
Labour Welfare Fund Employer Contribution	18,660	17,255
Legal Charges	-	4,000
Loan Processing Fees - NBFC	50,000	2,75,000
Meeting Expense	3,285	2,17,313
Membership Fees	1,07,986	2,04,097
MFI Reports Subscription Fees	2,13,200	3,95,079
NCD Incentive	5,57,291	9,55,864
Office Expenses	3,59,029	4,06,524
Office Interior works	200	58,129
Printing & Stationery	1,64,930	3,39,771
Professional fees	14,12,402	21,96,508
Rates & Taxes	9,015	-
Rent (Branches and HO)	15,74,444	19,06,292
ROC Expenses	24,600	8,59,800
Round off	323	-
Software Maintenance	39,74,729	14,53,517
Staff welfare expenses	38,556	79,387
Sweeper Charges - Branch	1,10,450	1,53,700
Travelling Expenses	67,782	4,10,899
Vehicle repair expenses	15,704	18,349
Vehicle insurance premium	1,195	1,390
Water Charges	30,655	45,229
Preoperative expenses written off	2,02,638	2,02,638
Provision for Standard Assets	1,46,524	4,62,670
Provision for non performing assets	64,833	4,306
Total	1,46,24,775	1,68,73,556

Note - 22.1

Payment to the auditors comprises :

	Mar 31, 2021	Mar 31, 2020
As auditors - statutory audit	55,000	50,000
For taxation matters	25,000	25,000
For other services	5,000	-
Total	85,000	75,000

Notes on Financial Statements for the year ended 31st March 2021

Note - 22.2

Particulars	Mar 31, 2021	Mar 31, 2020
Provision for		
Standard assets	1,46,524	4,62,670
Non performing assets	64,833	4,306
Bad debts written off	-	-
Total	2,11,357	4,66,976

Note-23

Earnings Per Share

Particulars	Mar 31, 2021	Mar 31, 2020
Basic		
Profit after tax as reported	36,90,575	76,15,064
Add: Interest on liability component of compound financial instrument charged to Statement of profit and loss	21,182	0
Adjustable net profit after tax	37,11,757	76,15,064
Weighted average number of equity shares for basic EPS	62,53,119	58,78,324
Add: Effect of compound financial instrument which are dilutive from the date of allotment (in number)	9,498	0
Weighted average number of equity shares outstanding during the period	62,62,617	58,78,324
Basic earnings per share (face value of Rs. 10) -in INR	0.59	1.30
Diluted		
Profit after tax as reported	36,90,575	76,15,064
Adjustable net profit after tax	37,11,757	76,15,064
Weighted average number of equity shares for diluted EPS	62,62,617	58,78,324
Diluted earnings per share (face value of Rs. 10)- in INR	0.59	1.30

Note-24

Contingent liabilities and capital commitments

Particulars	Mar 31, 2021	Mar 31, 2020
Contingent Liabilities: -		
Claim not acknowledge as debt by the company	-	-
In respect of tax demands where the Company has filed appeal before various authorities	-	-

Future cash outflow in respect of above is determinable only on receipt of judgements /decision pending with various forums/authorities. The Company is of the opinion that the above demands are not tenable and expects to succeed in its appeals/defense. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations

Note-25

Related party disclosures

Names of Related Parties

(A) Holding Company

KPB Holdings Ltd

(B) Key Management Personnel

Designation

Vinu Krishnan

Managing Director

Maya P

Company Secretary

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

KPB Digital Private Limited (Associate Company)

(D) Relatives of Key Management Personnel

Relation

Aruna Krishnan

Wife of Vinu Krishnan

Pranav Krishnan

Son of Vinu Krishnan

Notes on Financial Statements for the year ended 31st March 2021

Related Party transactions during the year:

Particulars	KMP		Relatives of KMP	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Purchase of CCD of the Company	90,00,000	-	20,00,000	-
Interest paid on NCD	-	-	2,68,279	2,71,277
Interest paid on subordinated debts	-	-	3,37,500	3,37,500
Interest paid on CCD	45,726	-	7,258	-
Remuneration paid	30,00,000	30,00,000	-	-

Particulars	Holding Company		Entities in which KMP / Relatives of KMP can exercise significant	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Service Rendered	2,80,000	4,20,000	71,07,000	1,62,26,640

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

Particulars	KMP		Relatives of KMP	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
CCD - Private Placed	90,00,000	-	20,00,000	-
Interest payable on NCD	-	-	74,072	92,561

Particulars	Holding Company		Entities in which KMP / Relatives of KMP can exercise significant	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Receivables	-	-	1,25,26,250	1,88,80,000
Payables	-	-	12,155	-

Note-25

Transaction with non executive director

Name	Nature of Transaction	March 31, 2021	March 31, 2020
T S Jagadeesan (Director)	Interest paid on CCD	7,258	-
Vishnu Prasad B Menon (Director)	Interest paid on CCD	4,355	-

Note-26

Disclosure with regard to dues to Micro Enterprises and Small Enterprises

Payment against the supplies from the undertakings covered under the Micro, Small & Medium Enterprises Development Act, 2006 are generally made in accordance with the agreed credit terms. On the basis of information and record available with the management, the details of the outstanding balances of such suppliers and interest due on such accounts as on March 31, 2021 is Nil. (as on March 31, 2020 is Nil). Accordingly, no disclosures relating to principal amounts unpaid as at the period ended March 31, 2020 together with interest paid /payable are required to be furnished.

Notes on Standalone Financial Statements for the year ended March 31, 2021

Note-27

Capital

No	Particulars	Mar 31, 2021	Mar 31, 2020
1	CRAR (%)	18.34	20.03
2	CRAR - Tier I Capital (%)	13.51	15.13
3	CRAR - Tier II Capital (%)	4.82	4.91
4	Amount of subordinated debt raised as Tier - II capital	1,21,50,000	90,60,000

Note-28

Investments

No	Particulars	Mar 31, 2021	Mar 31, 2020
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) India In India		
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) India In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) India In India	-	-
	(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write off / write back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

Note-29

Details of Ratings assigned by credit rating agencies and migration of ratings during the year

The Company has been assigned following credit rating from all rating agencies during the financial year ended March 31, 2021 :

Instrument	Rating Agency	Rating Assigned	
		Mar 31, 2021	Mar 31, 2020
1 Long Term Loan Facilities	CARE Ratings Limited	Double B Minus/ Stable	Double B Minus/ Stable
2 Short Term Loan Facilities (No facility as on 31.03.2021)			

Note-30

Provisions and Contingencies

No	Break up of Provisions and Contingencies shown under the head Expenses in the Statement of Profit and Loss	Mar 31, 2021	Mar 31, 2020
1	Provisions for depreciation on Investment	-	-
2	Provision towards NPA (Expected Credit Loss)	64,833	4,306
3	Provision made towards Income Tax (net of Deferred Tax)	13,56,300	6,820
4	Other Provision and Contingencies (with details)	-	-
5	Provision for Standard Assets	1,46,524	4,62,670

Note-31

Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

The company does not have any joint venture or subsidiary overseas during the year 2020-21 & 2019-20

Note-32

Draw Down from Reserves

No reserves have been draw down during the financial year 2020-21 & 2019-20

Note-33

Concentration of Advances

No	Particulars	Mar 31, 2021	Mar 31, 2020
1	Total Advances to twenty largest borrowers	-	-
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	-	-

Note: The Company operates in the business of microfinance providing collateral free loans for fixed amounts ranging from Rs. 20,000 to Rs. 45,000 to women engaged in various income generating activities. As at 31 March 2021, the Company has provided loans to more than 30 Thousand customers and hence, the disclosure relating to concentration to advances, exposures and NPA's are not applicable to the Company.

Notes on Standalone Financial Statements for the year ended March 31, 2021

Note-34

Concentration of Deposits, Advances, Exposures and NPAs Asset Category	Mar 31, 2021		March 31, 2020	
	Amount	Provision	Amount	Provision
Unsecured Loans				
Standard Asset	47,07,62,161	11,76,905	41,21,52,496	10,30,381
Substandard Asset	3,48,740	34,874	76,946	7,695
Doubtful assets	37,654	37,654	-	-
Loss Asset	-	-	-	-
Total	47,11,48,555	12,49,434	41,22,29,442	10,38,076

Movement of NPAs

No	Parti	Mar 31, 2021	Mar 31, 2020
(i)	Net NPAs* to Net Advances (%)	0.07%	0.02%
(ii)	Movement of NPAs* (Gross)		
	(a) Opening balance	76,946	33,892
	(b) Net additions during the year	3,09,448	43,054
	(c) Closing balance	3,86,394	76,946
(iii)	Movement of Net NPAs*		
	(a) Opening balance	69,252	30,503
	(b) Net additions during the year	2,44,615	38,749
	(c) Closing balance	3,13,867	69,252
(iv)	Movement of provisions for NPAs* (excluding Provisions on Standard Assets)		
	(a) Opening balance	7,695	3,389
	(b) Provisions made during the year	64,833	4,306
	(c) Write-off/ write-back of excess provisions	-	-
	(d) Closing balance	72,528	7,695

Note-35

Customer complaints

No	Particulars	Mar 31, 2021	Mar 31, 2020
1	No. of complaints pending as at the beginning of the year	-	-
2	No. of complaints received during the year	3	-
3	No. of complaints redressed during the year	3	-
4	No. of complaints pending as at the end of the year	-	-

Note-36

Value of imports calculated on CIF Balance

The company has not imported any goods therefore value of import on CIF basis is Nil during the year 2020-21. (2019-20 – Nil)

Note-37

Expenditure in Foreign Currency

The company does not have any expenditure in Foreign Currency during the year 2020-21. (2019-20 – Nil)

Note-38

Earning in Foreign Currency

The company does not have any earnings in Foreign Currency during the year 2020-21. (2019-20 – Nil)

Note-39

Miscellaneous

- The company has a single reportable segment i.e. financing which has similar risk & return for the purpose of AS-17 on 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2006 as amended. The company operates in a single geographical segment i.e. domestic.
- The Company has not obtained registration from other financial sector regulators except Reserve Bank of India.
- No penalties were imposed by the regulator during the year during the financial year ended March 31, 2021, (March 31, 2020: Nil)
- Previous year's figures have been regrouped/rearranged, wherever necessary to conform to current year's classifications/disclosure.

Note-40

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

([^] in lakhs)

Sl. No.	Particulars		As at March 31, 2021	
	<u>Liabilities side :</u>		Amount outstanding	Amount overdue
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:			
	(a)	Debentures : Secured	3,677.87	-
		: Unsecured	260.94	-
		(other than falling within the meaning of public deposits)	-	-
	(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	-	-
		Unsecured Loans	-	-
		Subordinated debts	502.34	-
2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued			
	(a)	In the form of Unsecured debentures	Nil	-
	(b)	In the form of partly secured debentures i.e. debentures where there is a	Nil	-
	(c)	Other public deposits	Nil	-
	Assets side :		Amount outstanding	
3	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :			
	(a)	Secured		-
	(b)	Unsecured		4,781.30
4	Break up of Leased Assets and stock on hire and other assets counting towards asset			
	(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		
		(b) Repossessed Assets		
	(iii)	Other loans counting towards asset financing activities		
		(a) Loans where assets have been repossessed		Nil
		(b) Loans other than (a) above		Nil
5	Break-up of Investments			
	<u>Current Investments :</u>			
	1	<u>Quoted :</u>		
	(i)	Shares		
		(a) Equity		-
		(b) Preference		-
	(ii)	Debentures and Bonds		-
	(iii)	Units of mutual funds		-
	(iv)	Government Securities		-
	(v)	Others (please specify)		-
	2	<u>Unquoted :</u>		
	(i)	Shares		
		(a) Equity		-
		(b) Preference		-
	(ii)	Debentures and Bonds		-
	(iii)	Units of mutual funds		-
	(iv)	Government Securities		-
	(v)	Others (please specify)		-

Long Term investments :				
1	Quoted :			
(i)	Shares (a) Equity (b) Preference	-	-	-
(ii)	Debentures and Bonds	-	-	-
(iii)	Units of mutual funds	-	-	-
(iv)	Government Securities	-	-	-
(v)	Others (please specify)	-	-	-
2	Unquoted :			
(i)	Shares (a) Equity (b) Preference			
(ii)	Debentures and Bonds			
(iii)	Units of mutual funds			
(iv)	Government Securities			
(v)	Others (please specify)			
6	Borrower group-wise classification of assets financed as in (3) and (4) above :			
Category		Amount net of provisions		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2	Other than related parties	-	4,780.58	4,780.58
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	3.86		
	(b) Other than related parties			
(ii)	Net Non-Performing Assets*			
	(a) Related parties	3.14		
	(b) Other than related parties			
(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

Sd/-

DIN : 01743028

T.S.Jagadeesan

Director

Sd/-

DIN: 06775429

Maya

Company Secretary

Sd/-

Mem No: A31270

Sd/-

Damodaran P Namboodiri , FCA

Chartered Accountant

Membership No.221178

Ernakulam

02-07-2021

Notes on Financial Statements for the year ended 31st March 2021

10 Note - 10

Property Plant and Equipments

Particulars	Furniture and Fittings	Electrical Fittings	Computers	Motor Vehicle	Total
Cost:					
As at April 1, 2020	29,14,744	27,37,173	25,50,416	4,53,616	86,55,948
Additions	22,637	1,05,600	1,24,079	-	2,52,316
Disposals	-	-	-	-	-
As at March 31, 2021	29,37,381	28,42,773	26,74,495	4,53,616	89,08,264
Depreciation and impairment:					
As at April 1, 2020	10,93,326	26,35,901	16,46,459	4,09,074	57,84,760
Additions	2,35,690	33,871	4,37,927	5,854	7,13,342
Disposals	-	-	-	-	-
As at March 31, 2021	13,29,016	26,69,772	20,84,386	4,14,928	64,98,101
Net book value:					
As at April 1, 2020	18,21,419	1,01,272	9,03,956	44,542	28,71,189
As at March 31, 2021	16,08,365	1,73,001	5,90,109	38,688	24,10,163

Intangible Assets

Particulars	Softwares	Licence Fee	Total
Cost:			
As at April 1, 2020	2,00,000	-	2,00,000
Additions	2,37,000	35,00,000	37,37,000
Disposals	-	-	-
As at March 31, 2021	4,37,000	35,00,000	39,37,000
Depreciation and impairment:			
As at April 1, 2020	3,333	-	3,333
Additions	75,550	7,00,000	7,75,550
Disposals	-	-	-
As at March 31, 2021	78,883	7,00,000	7,78,883
Net book value:			
As at April 1, 2020	1,96,667	-	1,96,667
As at March 31, 2021	3,58,117	28,00,000	31,58,117



DIRECTORS' REPORT

To,
The Members
KP B Fincare Pvt Ltd.

Your directors have pleasure in submitting their Twenty Ninth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March 2021.

1. FINANCIAL RESULTS

The year under review, 2020-21 was the fourth 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 2020-21 (Amt. in Rs.)	F.Y 2019-20 (Amt. in Rs.)
Interest Income from lending activity	8,26,81,635	7,99,09,451
Interest and Finance Expenses	4,96,00,067	4,11,25,685
Net Interest Income	3,30,81,568	3,87,83,766
Other Interest and Income	89,76,207	1,35,35,219
Operating Income	4,20,57,775	5,23,18,985
Operating Expenses	3,55,22,008	4,23,97,948
Depreciation	14,88,892	22,99,152
Profit/(Loss) Before Tax	50,46,875	76,21,884
Current Tax	5,60,000	0
Deferred Tax	7,96,300	6,820
Profit/(Loss) for the year	36,90,575	76,15,064
Financial Position as on 31.03.2021		
Total Loans & Advances	47,11,48,556	41,22,29,442
Total Borrowings	40,33,63,000	35,57,06,000
Equity	6,25,31,190	6,25,31,190

The comparison of key operational metrics:

Particulars	F.Y. 2020-21	F.Y. 2019-20
Average Loan Outstanding	39,12,27,342	35,05,24,388
Balance Sheet Size	53,52,17,585	46,73,51,439
Customers	15,879	16,275
Operating Cost Ratio	9.35%	12.56%
Return on Assets	0.94%	1.92%
Return on Equity	5.9%	12.89%
Net Interest Margin	8.5%	11.1%
CRAR	18.34%	20.03%

2. Highlights of Financial & Business Performance

In a year where all businesses faced complete uncertainty, the microfinance industry scraped through without much damage.

KPB Fincare too managed to maintain the integrity of its loan assets and the relationships with the customers, which resulted in a performance almost on par with the previous year.

- The company disbursed 11,197 loans to 7225 customers through 16 branches in Kerala and Tamil Nadu. This was the lowest ever disbursement in the existence of the company.
- Total loans and advances of the Company grew 14% from 41.22 Cr to 47.11 Cr as on 31.03.2021. This small growth in loan portfolio was achieved inspite of the fact that we could not disburse fresh loans from April to October due the lockdown and adverse post-lockdown effects on the credit rating of microfinance customers. In this financial year we largely restricted fresh disbursements to existing customers who had zero defaults after the moratorium period ended.
- Loan repayments which fell to single digit percentages during the months of April and May improved gradually and we hit our pre-covid collection percentages by February 2021.
- The total revenue of your company saw a slight decline to Rs. 9.17 Cr from Rs. 9.34 Cr in 2019-20.
- Due to zero disbursements for 7 months of the year, we could not generate interest revenue from growing cash holdings maintained during this time. As a consequence, all the ratios except operating cost ratio suffered.
- Due to uncertainty prevailing around the effects of the pandemic on the economy, we shelved our plans of opening new branches. In the absence of any growth related activity, we focussed on improving our operational framework and managed to extract maximum efficiencies out of the existing infrastructure. We currently have an operating cost ratio in line with the most matured microfinance companies.
- Despite the repayment stress experienced in the months of May to July, we collected the 96% of the moratorium interest and regular repayments. Non-Performing Assets including standard provisions was restricted to 0.25% of the total loan portfolio.
- Borrowings constituted by NCDs, Sub Debt and CCDs registered an increase from Rs. 35.57 Cr to Rs. 40.33 Cr as on 31.03.2021.
- Employee strength increased from 81 to 94 during the year of which comprised 21 head office employees and 73 branch employees.

3. SOURCES/ APPLICATION OF FUNDS

During the F.Y. 20-21 company raised Rs. 8.44 Cr by way of debt out of which Rs. 4.63 Cr was raised through private placement of secured Non Convertible Debentures and Rs. 1.21 Cr by way of unsecured Subordinated Debt. In addition, Rs 2.60 Cr was raised through Compulsory Convertible Debentures from existing shareholders.

4. CHANGES IN SHARE CAPITAL

During the period under review, the paid-up capital of the company remains the same compared to F.Y. 19-20 at Rs. 6.25 Cr.

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 9 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	27 th April 2020	3	3
2	18 th May 2020	3	3
3	15 th June 2020	3	3
4	08 th July 2020	3	3
5	22 nd August 2020	3	3
6	18 th September 2020	3	3
7	17 th October 2020	3	3
8	21 st January 2021	3	3
9	04 th February 2021	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 to give a true and fair view of the state of affairs of the Company at the end of the financial year 2020-21 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 2021 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. 7.38 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 KPB Fincare Pvt Ltd.

19. CHANGE IN THE NATURE OF BUSINESS, IF ANY

None

20. CAPITAL ADEQUACY

As on 31st March 2021, 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 2020-21.

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

Sl. No.	Name of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	KPB Holdings Ltd	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

Sd/-

Vinu Krishnan S
Managing Director
DIN 01743028

For KPB Fincare Pvt Ltd

Sd/-

T S Jagadeesan
Director
DIN 06775429

Place: Ernakulam
Date: 02/07/2021

ANNEXURE - I
Form No.MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March 2021

[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	% of 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) FII's	-	-	-	-	-	-	-	-	-
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)	-	62,53,119	62,53,119	100	-	62,53,119	62,53,119	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	71.82	-	4490928	71.82	-	-
2.	Vinu Krishnan	3	0.00	-	3	0.00	-	-
3.	Jagadeesan T S	20003	0.32	-	20003	0.32	-	-
4.	Krishna Chandran	70000	1.12	-	70000	1.12	-	-
5.	Chithra M	117207	1.87	-	117207	1.87	-	-
6.	Vijayalakshmi Menon	8154	0.13	-	8154	0.13	-	-
7.	Vishnu Prasad	8154	0.13	-	8154	0.13	-	-
8.	Sheela Raja Ram	600000	9.60	-	600000	9.60	-	-
9.	Dinesh Nair	70000	1.12	-	70000	1.12	-	-
10.	Ajith G	50755	0.81	-	50755	0.81	-	-
11.	Rajiv Thampi	10000	0.16	-	10000	0.16	-	-
12.	Mohandas Parayath	15226	0.24	-	15226	0.24	-	-
13.	Syam Sunder S	50000	0.80	-	50000	0.80	-	-
14.	Roopa K Pai	60000	0.96	-	60000	0.96	-	-
15.	Priya Jishnu	12689	0.20	-	12689	0.20	-	-
16.	Suresh Kumar DS	20000	0.32	-	20000	0.32	-	-
17.	Radhakrishnan Nair	200000	3.20	-	200000	3.20	-	-
18.	Girija Anantharaman	250000	4.00	-	250000	4.00	-	-
19.	Rajat Sabharwal	200000	3.20	-	200000	3.20	-	-
	Total	62,53,119	100	-	62,53,119	100	-	-

(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
A.	At the beginning of the year		
1.	Vinu Krishnan	3	0.00004
2.	Jagadeesan T S	20003	0.32
3.	Vishnu Prasad B Menon	8154	0.13
B.	At the end of the year		
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	CCD	Total Indebtedness
Indebtedness at the beginning	32,03,76,000	3,53,30,000	-	35,57,06,000
Indebtedness at the end of the financial	32,98,83,000	4,74,80,000	2,60,00,000	40,33,63,000

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)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil