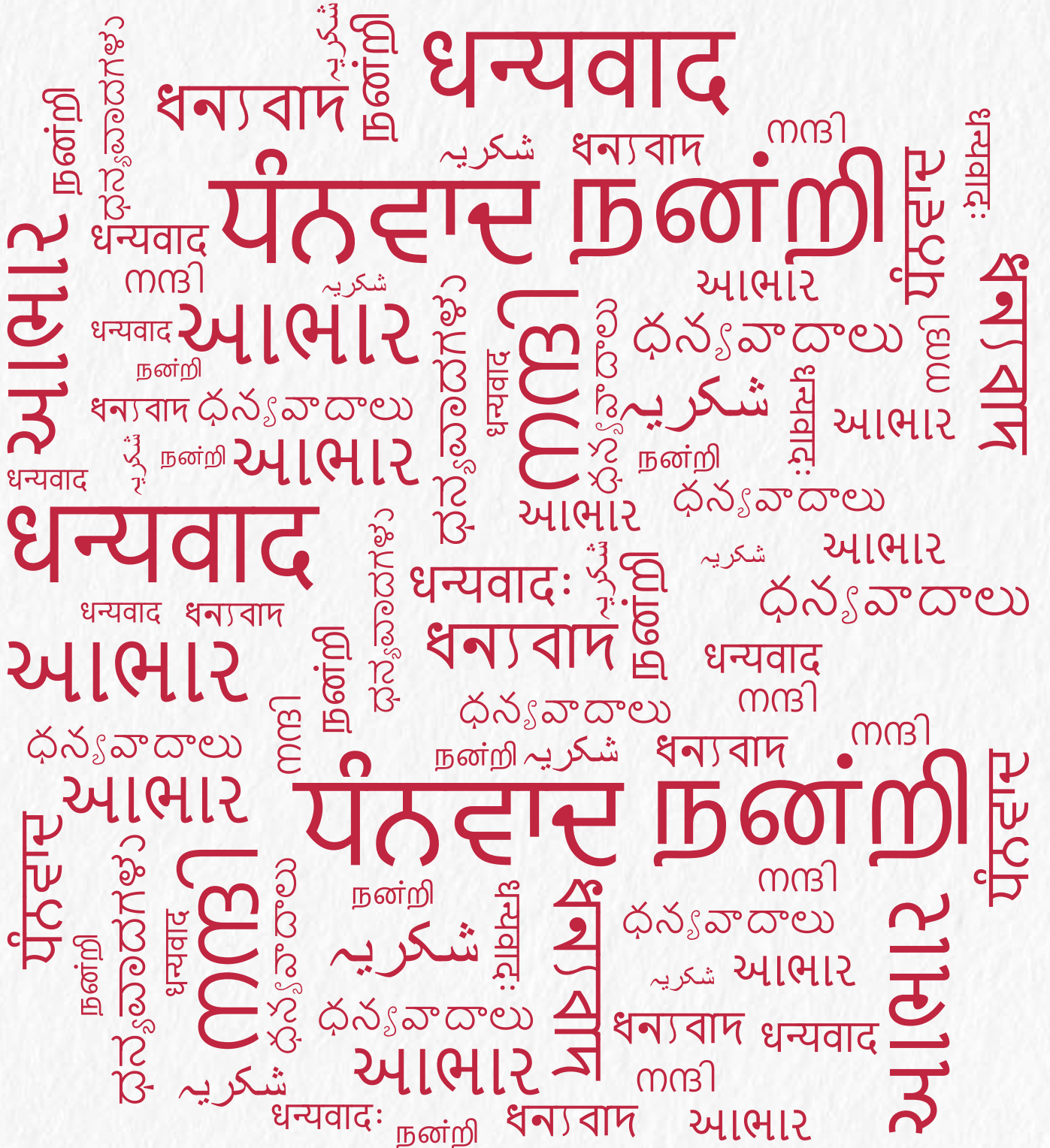




KOSAMATTAM FINANCE LIMITED

ANNUAL REPORT 2018-19



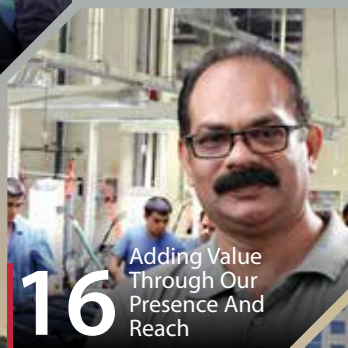
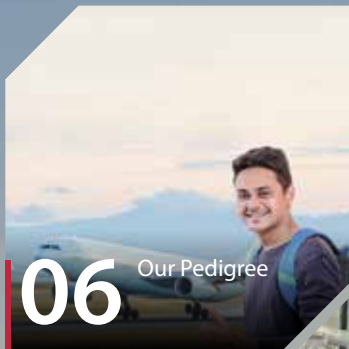


“ On August 2018, severe floods affected the south Indian state of Kerala, caused by unusually high rainfall during the monsoon season. It was the worst flood in Kerala in nearly a century and many of the houses were immersed. Aid agencies and government groups had set up more than 4,000 relief camps, while rescue personnel made their way to submerged villages in helicopters and boats, bringing supplies, and evacuated those they find. We are taking this opportunity to express our gratitude to the Real Heroes who volunteered for flood rescue operations to save our friends and family. ”



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Our PAN India reach and wide network of 928 branches allows us to be present in every state of South India, with a growing presence across the nation.





A TRUSTED PARTNER, **A SMART BUSINESS**

We have been a trusted partner in the gold loans business for over 150 years. We are recognised for our adherence to strong values, quality, leadership, ethical standards, and offering our customers the best value proposition. We play a significant role in stimulating India's vast reserves of private gold.



Over the years, we have recorded significant improvement in our performance with a growing loan portfolio and Assets Under Management (AUM). Our total AUM, today, stands at ₹ 2,536.52 Crore. What differentiates us in the marketplace is our customer-specific schemes, Loan to Value ratio, competitive lending rates and efficient processes. Our per branch business has seen a progressive turn, with an AUM of ₹ 2.73 Crore and is driving healthy overhead returns.

We have established a leading position in the business with our PAN India reach and wide network of 928 branches. We are present in every state of South India and foresee a robust scope of growth across the nation. The branch network of Kosamattam continues to grow as we add new branches outside of Kerala with higher footfalls.

We strive to improve continuously and provide the finest gold loan services to our customers. Anchored in values and strong ethics, the Kosamattam Group is building businesses that will achieve growth through excellence and innovation while balancing the interests of its customers, employees and civil society.

In the coming year, we remain optimistic about our growth with an improvement in our profitability. We continue to leverage the trust in our brand to be the leading wealth creator, delivering added shareholder value and making definitive progress on our broader strategy.

At a Glance

We are amongst the most trusted financial service providers, enabling the common man to access simple financial products at his doorstep. With lending against gold jewellery as our hallmark business and flagship business, we play a momentous role in invigorating India's vast reserves of private gold.

Incorporated in 1987, Kosamattam Finance Limited is one of India's NBFCs engaged in gold loan business. We lend money against the pledge of household gold jewellery. We have a diversified presence in the states of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Delhi, Maharashtra, Gujarat and Telangana, along with the Union Territory of Puducherry.

Our portfolio is significantly made up of gold loans, accounting for around 94.94 % of our gross loan portfolio during FY2019. We offer a variety of gold loan schemes to customers by pledging their gold jewellery and catering to their individual needs. Our schemes are designed to offer higher per gram rates at higher interest rates, enabling our customers to choose schemes that are customised to their requirements.





Gold = Money

₹2536.52

Consolidated Asset
Under Management

18.46 %

Capital Adequacy
Ratio

928

Total Number of
Branches

Our Pedigree

Originally founded by Mr. Chacko Varkey, the group entered into the gold loan business in 1980. Under the able leadership of Mr. Mathew Cherian (great grandson of Mr. Varkey), it has built a reliable brand and has registered a significant growth in size.

ATTRIBUTES LEADING TO OUR OUT-PERFORMANCE

A. Able Leadership

Mr. Mathew K. Cherian is the Group's present Chairman & Managing Director and a fourth-generation entrepreneur in the family. Under his able leadership, the Company is emerging as a prominent Gold Loan business company with 928 branches, largely spread across southern India.

B. Experienced Management

We are a professionally managed NBFC with an in-depth understanding of the gold loan business. Our management team possesses the required skill, expertise and vision to expand the business.

C. Expanding Customer Base

We have successfully expanded our customer base over the years. Our total number of Gold Loan Customers grew from 4,10,867 as of March 31, 2018 to 4,25,716 as of March 31, 2019.

D. Well Spread Branch Network

We have established a diversified reach to customers through a well spread branch network. We have a network of 928 branches across India.

E. Penetrated Presence

Our steady growth can be attributed to our market penetration, especially in regions under-served by organised lending institutions.

F. Processes and Systems

Our efficient and streamlined procedures make us a preferred medium of financier for our customers.

G. Customer Loyalty

We attribute our growth to customer loyalty. A large portion of our customer base returns to us whenever they need funds.

The Group was originally founded by Mr. Chacko Varkey, also known as Mr. Nasrani Varkey. It made a foray into the gold loan business in 1980, under the able leadership of Mr. Mathew Cherian (great grandson of Mr. Chacko Varkey). Over the years, we have built our brand and registered significant growth in the business.

As a part of the Kosamattam Group – a diversified group that traces its roots back to 1980 – we have a long operating history and a large customer base.



Corporate Information

BOARD OF DIRECTORS

Mr. Mathew K. Cherian
Chairman and Managing Director

Mrs. Laila Mathew
Whole Time Director

Mrs. Jilu Saju Varghese
Non-Executive Director

Mr.C.Thomas John
Independent Director

Mr. Paul Jose Maliakal
Independent Director

**Mr. Kavil Viswambharan
Raveendravilasam**
Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Sreenath Palakkattillam

CHIEF FINANCIAL OFFICER

Ms. Annamma Varghese C.

STATUTORY AUDITORS

M/s. Vishnu Rajendran & Co.
3rd Floor, CSI Commercial centre,
Baker Jn., Kottayam-686 001
Tel: +91 93498 70062; +91 481 2301 999
Email kottayam@vrc.co.in
Partner: P.A. Joseph M.Sc., FCA
Membership No.: 201101
Firm Registration Number: 004741S

BANKERS TO THE COMPANY

Bank of Baroda
Canara Bank
Dhanalaxmi Bank Limited
Karur Vysya Bank
Oriental Bank of Commerce
State Bank of India
The Catholic Syrian Bank Limited
The South Indian Bank Limited
Union Bank of India

REGISTERED & CORPORATE OFFICE

Kosamattam Mathew
K. Cherian Building,
Market Junction, M. L. Road,
Kottayam – 686 001,
Kerala, India.
Email: cs@kosamattam.com
Tel.: +91 481 258 6400
Fax: +91 481 258 6500
Website: www.kosamattam.com



Our Product Portfolio

A. OUR FUND-BASED BUSINESS

1. Gold Loans



Gold Loan is the most significant product in our portfolio, accounting for around 94.94% of our gross loan portfolio during FY2019. We offer a variety of Gold Loan schemes to customers by pledging their gold jewellery, catering to their individual needs. Our schemes are designed such that higher per gram rates are offered at higher interest, enabling customers to choose the scheme best suited to their requirement. The gold loan schemes we offer are based on the amount advanced per gram of gold, interest rate chargeable and the total amount of loan. As on March 31, 2019, we had approximately 7 Lakh gold loan accounts, representing an aggregate principal balance of ₹ 2,21,230.86 Lakh. For our business operations, we have raised a total sum of ₹ 1,851.82 Crore from Non-Convertible Debenture issues.

2. Loan Against Property (LAP)



Besides our primary business of offering gold loans, we offer loans against property (LAP), including loans against collateral of residential or commercial property. This is a loan facility to customers requiring funds for business or personal purposes against mortgage of residential or commercial property. As a part of LAP, we also offer services on lease rental discounting.

3. Micro finance



Our microfinance operations entail providing micro credit lending to our customers who are predominantly located in rural and semi-urban areas of our targeted geographies in India and the purpose of loans sanctioned to them is mainly for utilisation in small businesses or for other income generating activities but not for personal consumption. Primarily, we utilise a village centred, group lending model to provide unsecured loans to our members. This model relies on a form of 'social collateral' and ensures credit discipline through peer support within the group. This model presupposes our members being prudent in conducting their financial affairs and prompt in repaying their outstanding borrowings. As a deterrent, any instance of failure to make timely loan repayments by an individual borrower prevents the other members in the group from making any further borrowings from us, in the future. Therefore, KFL tends to employ peer support to encourage the delinquent borrower to make timely repayments or often repay on behalf of a defaulting borrower, effectively providing an informal joint guarantee on the sanctioned loan.

4. Agriculture



We are undertaking agricultural activity on a parcel of agricultural land at Kattappana village, Udumpanchola Taluk, Idukki district, in Kerala. The land, admeasuring 135 acres, is being utilised to cultivate cardamom. The agricultural income derived from this business stood at ₹ 114.10 Lakh, compared with ₹ 151.17 Lakh in the previous financial year.

Our Rising Portfolio of Gold Loans

	FY2019	FY2018	FY2017	FY2016
Portfolio (₹ Lakh)	2,21,230.86	2,05,867.24	1,75,602.06	1,31,224.42
% of Gross Loan Portfolio	94.94%	91.60%	90.16 %	89.12%
Yield on Gold Loan Assets	20.19%	20.97%	21.48 %	26.27 %
Average Gold Loan Ticket Size (₹)	33,725	31,587	30,832	27,364
Gold Loan Accounts	6,55,989	6,51,749	5,69,542	4,79,540



Process For Repayment

The customer repays the Gold Loan to the Branch Manager



Upon repayment, the Gold jewellery is handed over to the customer

Our Product Portfolio

Apart from our core business of Gold Loans, we offer fee-based ancillary services. These include money transfer services, foreign currency exchange, insurance, demat and air ticketing services.



B. OUR FEE-BASED BUSINESS

1. Insurance



We have obtained a certificate of registration as a Corporate Agent in the business of life and general insurance in India. Our endeavour behind this is to expand our regular fee and commission-based income in return for marketing and distribution support.

OUR INSURANCE TIE-UPS	OBJECTIVE OF TIE-UP
Life Insurance Corporation of India	To market life insurance plans
Religare Health Insurance Company	To provide health insurance plans
Reliance General Insurance Company	To solicit or procure insurance business
Bajaj Allianz General Insurance Company	To solicit or procure insurance business

2. Money Transfer



Money Transfer to India is a fast, simple and convenient method to transfer money from anywhere in the world. We have entered into agreements with various companies who act as agents/representatives to companies that undertake money transfer services in India. We act as sub-agents to provide money transfer service payments through our branch network to customers. We have tied up with Oxigen for domestic money transfer.

3. Foreign Exchange



Our currency operations include sale and purchase of foreign exchange at the authorised branches. We hold a FFMC license to carry out foreign currency exchange for global money transfer.

4. Depository Participant Services



We have received SEBI registration to provide services as a depository participant by virtue of our membership with Central Depository Services Limited (CDSL). We have entered into an MoU with a broking company to conduct and promote brokerage business in equity, commodity and currency segments of national level stock and commodity exchanges by leveraging select branches and regional offices.

5. Travel Services



We are an IATA approved agency, engaged in providing ticketing services for domestic and international flight tickets. We also provide inter-state bus tickets.

6. Issuance of PAN Cards



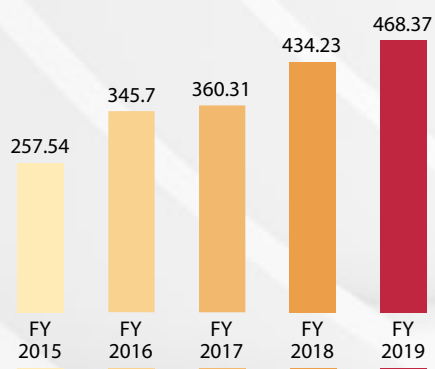
We are the authorised agents for issuing PAN Cards. Our services rendered include processing of application forms for applying for a new PAN Card, corrections and changes to existing card, and request for duplicate or replacement of lost or damaged PAN Card.

Our Financial Highlights



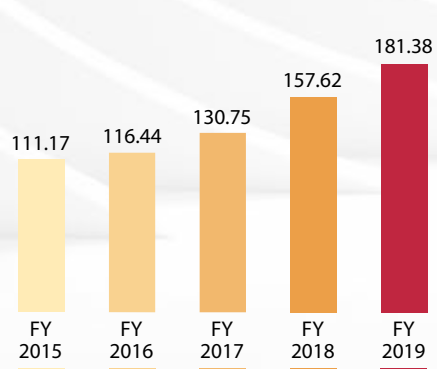
Total Income

(₹ Crore)



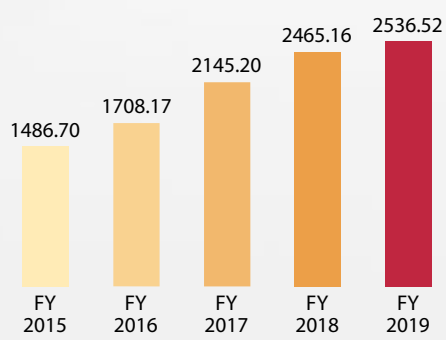
Net Interest Income

(₹ Crore)



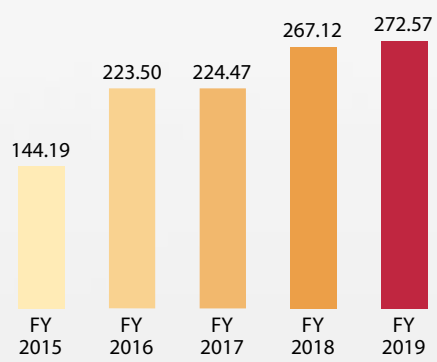
Assets Under Management

(₹ Crore)



Cost of Borrowings

(₹ Crore)

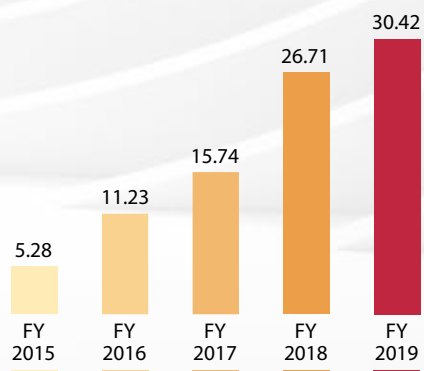




With another year of steady and sustained growth, we remain focused on growing our business; expanding our geographical footprint; offering the best value proposition to our customers; and advancing our strategic initiatives.

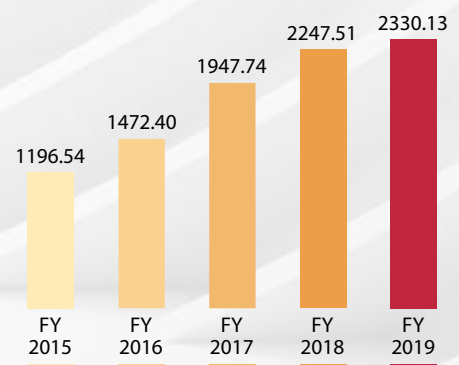
Profit After Tax

(₹ Crore)



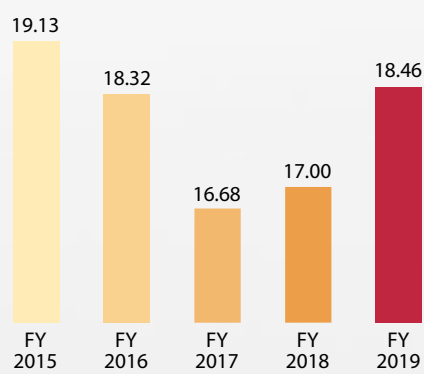
Gross Loan Portfolio

(₹ Crore)



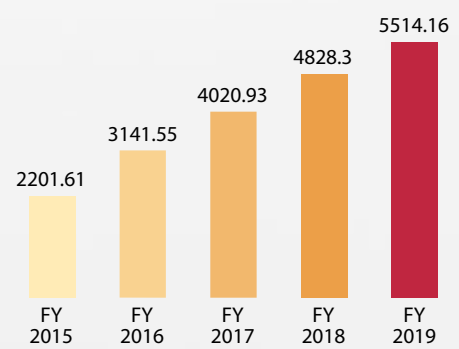
Capital Adequacy Ratio

(%)



Growth in Disbursement

(₹ Crore)



Chairman's Message

“Our purpose to deliver the best value to our customers through our products and services enables us to set ourselves apart and create value for our shareholders.



Dear Shareholders,

FY2019 has been a successful year of steady and sustained growth. We remained focused on growing our business; expanding our geographical footprint; offering best value proposition to our customers; and advancing our strategic initiatives. Our purpose to deliver the best value to our customers through our products and services enables us to set ourselves apart and create value for our shareholders.

OUR EVER-ENHANCING PRESENCE

Over the years, we have established a leading position in the business with our PAN India reach and wide network of 928 branches. Our branch network continues to amplify as we add new branches in the outskirts of Kerala with higher footfalls. Our presence extends to every state of South India, which stands beneficial for us due to high concentration of gold being in the Southern part of India. Going forward, we expect a robust expansion in our geographical presence across the entire nation.

OPERATIONAL AND FINANCIAL PERFORMANCE

During FY2019, our average ticket size per customer stood at ₹ 35,108. Our loan portfolio witnessed growth of 3.68% at ₹ 2,330.13 Crore as against ₹ 2,247.51 Crore in the previous year. Disbursements grew by 14.20% from ₹ 4,828.23 Crore to ₹ 5,514.14 Crore. The Gross Non-Performing Assets (GNPA) and Net Non-Performing Assets (NNPA) stood at 2.08% and 1.28% respectively as against 0.98% and 0.59% in the previous year.



The quantum of gold that the Company holds as security has increased consistently. The number of live gold loan customers surged to 4.25 Lakh at the close of the financial year under review as against 4.11 Lakh in the previous year.

During FY2019, our total income was ₹ 468.38 Crore, as compared to ₹ 434.23 Crore in FY2018. Our Net Interest Margin stood at 7.92% as against 7.51% in the previous financial year. Our Profit After Tax (PAT) stood at ₹ 30.42 Crore, recording a growth of 13.89%, compared to ₹ 26.71 Crore in the previous year. The ROA stood at 1.02% vis-à-vis 0.94% as against previous year. The depreciation expenses were ₹ 11.90 Crore. Our Capital Adequacy Ratio (CAR) was maintained at 18.46% as against 16.85% earlier and was far ahead of the statutory capital requirements.

STRENGTHENING OUR IT INFRASTRUCTURE

We use information technology as a strategic tool for our business operations to improve our overall productivity and efficiency. To this end, we have computerised all our branches. We believe that our existing information technology systems are enabling us to effectively manage our operations; market to our target customers; and monitor and control risks. This system has improved customer service by reducing

transaction time and has allowed us to comply with regulatory record-keeping and reporting requirements. Additionally, in order to manage our expanding operations as well as our increased customer base, we entered into an arrangement for the development of software for our product offerings and other allied functions to increase our operational efficiency.

Our Company has also entered into an agreement with PayU Payments Private Limited ("PayU"), a payment gateway, with a view to offer our customers the convenience of online payments through internet or Interactive Voice Responsive (IVR) system provided by PayU, using credit or debit cards, net banking and other modes of payment options.

WHAT WE DID IN FY2019

During the year under review, our focus was on improving the per branch business of Kosamattam. The per branch Assets Under Management (AUM) stands at ₹ 2.71 Crore and is consistently progressing. Each branch of Kosamattam is capable of generating healthy profits with minimal infrastructure and workforce. We also have a windmill, which is contributing electricity to the Kerala State Electricity Board and meeting the general electricity needs. Furthermore, we have also undertaken agricultural activities – plantation during the financial year.

GOING FORWARD

As we move ahead, we remain optimistic about our strong growth in coming years. We continue to leverage the trust in our brand to be the leading wealth creator, delivering added shareholder value and making definitive progress on our broader strategy. We possess the ability to scale up our business and tap the growing market potential. Each of our business segments is committed to serve those at the periphery of formal channels of finance. We will continue to increase our access to low-cost and diversified source of funds, strengthen our operating processes and risk management systems.

We are committed to our passion of delivering quality, value and experiences to our customers. We are also partnering with local communities to serve the society in the best possible ways.

We seek your continued support so that we can sustain our performance and realise our vision.

Warm Regards,

Sd/-

Mathew K Cherian

Chairman & Managing Director

“We continue to leverage the trust in our brand to be the leading wealth creator, delivering added shareholder value and making definitive progress on our broader strategy.

ADDING VALUE THROUGH OUR PRESENCE AND REACH



At Kosamattam, our growth has been on a steady path over the years. We have established a diversified reach towards our customers through a well spread branch network.

The key to increased revenue, profitability and visibility is a well-diversified reach to customers through an optimally spread branch network. At the core of our branch expansion strategy, is our aim to penetrate into newer markets. Our target is to cater to the regions where a large portion of the population has limited access to credit.

OUR GEOGRAPHICAL FOOTPRINTS

Currently, 96.88% of our branches are predominantly in South India. We have been making consistent efforts to increase our loan portfolio by adding branches in other geographies. We are extending our presence – in the states of Gujarat, Puducherry, Delhi, Andhra Pradesh, Telangana and Maharashtra.

OUR PER BRANCH ECONOMICS

At Kosamattam, every branch is demonstrating significant growth with a consistent improvement in its profitability, with every passing year. Our employee strength, as of FY2019, is over 3,200 employees. For a company like ours, each of our branches is delivering a healthy revenue supported by minimal infrastructure and a nominal increase in the manpower. We believe that each branch has the potential to grow and yield exceptional results.

Kosamattam, today, is a fast-growing company with the ability to scale its operations with the right potential and tap into growing market opportunities. Our competitive advantage and our strong per branch business is what sets us apart from other players in the industry. We are driven by a single-minded determination to deliver the best for our clients – beyond a sustainable, reliable and high-quality service.



Our competitive advantage and our strong per branch business is what sets us apart from other players in the industry.



THE GOLD LOAN MARKET OPPORTUNITY



Over the past few decades, the Gold Loan market in India has evolved into one of the most reliable sources of credit for the low-income households.

Over the years, in India, gold has played a central role in the country's culture. It is considered as a store of value, symbol of wealth and status, and a fundamental part of many rituals. Among the country's rural population, the affinity for gold goes hand in hand with the portability and security of jewellery as an investment.

The demand for gold in India has always been strong, creating potential for growth in the gold loan industry as a whole. Over the past few decades, the gold loan market has evolved into one of the most reliable sources of credit for the low-income households. One of the key reasons for gold being an integral source of credit is because it is easily accessible with minimal procedural requirements. Furthermore,

gold loan products offer flexibility with respect to repayment period, interest rates, loan purposes, amongst others, making it an attractive loan product for customers. With these consumer-centric characteristics, the gold loan products are relatively more accessible than other available sources of credit.

A VASTLY UNDER-PENETRATED MARKET

Considering the abundance of gold available with Indian private households, there is a significant scope for growth in this sector. The stock of gold, in India, stands at 23,000 tonnes, out of which less than 10% has been used for securing gold loans from the organised sector. This gold poses as an opportunity for the organised gold loan players in the market. Other than this, are

the unexplored geographical demands for gold loans across the country. The untapped markets in West and North India, which have minimal credit penetration, reflect a wide scope for gold loans in the future.

With the country's growing population and ever-increasing disposable income, India's fondness and inclination for gold has also increased manifold. This stands as an opportunity for gold loan players to expand their business by leveraging on the exceptional features of gold as a loan product.





Powered by consumer-friendly features, the gold loan market facilitates effortless financing options when compared to other sources of credit.



INCREASING POPULARITY OF GOLD LOANS IN INDIA



Supported by the changing perception of gold among consumers and an escalating need for loans, the Gold Loans Market in India has grown significantly over a period of time.

In India, gold has played an important role not only in every culture but also in the development of the economy. The cultural perception of gold, in the country, has a unique personal closeness, which influences the market. For years, Indians have expressed a great emotional attachment towards their gold, which is one of the primary reasons for a flourishing Indian gold-loan market. The Indian market for gold is extensive and rarely ever dips in demand. Over time, the abundance of gold in the Indian households has transformed the yellow metal into a source of credit – the gold loan product.

The gold loan market in India has grown significantly over a period of time, backed by the changing perception of gold among consumers and an escalating requirement for

loans. Most Indians possess some amount of gold, which makes gold loan a popular source of credit for the households. One of the major reasons why gold stands to be an excellent medium of finance is because of its easy accessibility supported by minimal procedural requirements. It further offers greater flexibility in terms of schedule for repayment, interest rates, and purpose of loan, amongst others. Powered by these consumer-friendly features, the gold loan market is facilitating finance effortlessly than the other sources of credit available to the various sections of the society.

Over the years, gold has become an inseparable part of the Indian society, as it not just holds an emotional value but is also used for various

₹3.1 Trillion

Expected growth in Gold Loan Industry by 2019-20

other financial purposes such as savings, investment and insurance. From gold being just a treasured possession in every Indian home to its transformation as a source of finance, it has undergone a change of perception and has also risen as a long-term business opportunity for the organised players in the market.

With the vital role that they play, gold loans are more than just a channel of credit as they also act as a mechanism that helps progress the lives of some of the poorest households and bring them under the purview of financial inclusion.



With easy accessibility and minimal procedural requirements, gold stands to be an excellent medium of finance in India.

Strategic Overview



INDIAN ECONOMIC OVERVIEW

The Indian economy started FY2019 with a healthy 8.2% growth in the first quarter. The growth eased to 7.3% in the succeeding quarter due to rising global volatility, largely from financial volatility, normalised monetary policy in advanced economies, externalities from trade disputes, and investment rerouting. The Indian Rupee was effected by crude price shock. However, the economy continues to remain as one of the fastest growing economies in the world. Despite the global turmoil, it is possibly the least effected country. The growth of the Indian economy is expected to remain upward of 7% for the year ahead. These predictions could be attributed to the continued rise in consumption and a steady revival in

investments, especially with a greater focus on infrastructure development. The refining macroeconomic fundamentals have further been supported by the enactment of reform measures, which has helped foster an environment to bolster investments and ease banking sector concerns.

With its speeding growth on one hand, the economy, however, remains vulnerable to domestic and geopolitical risks, especially due to economic and political changes. With these challenges looming, India needs to solidify its investment position while maintaining fiscal deficit within the target range.

INDUSTRY OVERVIEW NBFCs in India

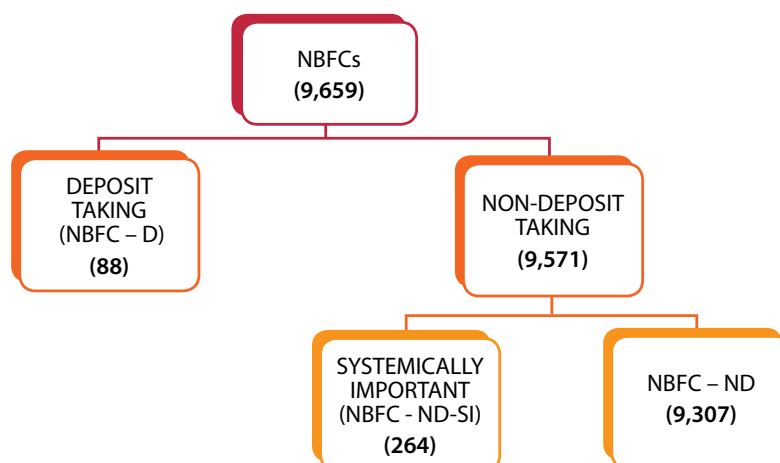
With the growth recorded by the economy over the past decade, the financing requirements in India have escalated. To meet these needs, Non-Banking Financial Companies (NBFCs) have played a pivotal role, complementing banks and financial institutions. NBFCs facilitate the availability of financial services with respect to products as well as customer and geographic segments. These companies cater to the unbanked and underserved population residing in rural and semi-urban parts of the country and lend to the informal sector and people without credit histories, thereby enabling the government and regulators to realise the mission of financial inclusion.

12%

Rise in the prices of gold in FY2018

The AUM of the industry is expected to grow to over ₹ 2,700 billion by FY2020 motivated by stable gold prices; increase in geographical penetration; and flexibility offered by the players in terms of interest rates and loan tenure.

NBFCs IN INDIA



Note: Figures in brackets represent number of entities registered with RBI as of 31st March 2019.
Source: RBI, CRISIL Research

GOLD LOAN INDUSTRY IN INDIA

Gold is synonymous with prosperity in India. People of all classes buy gold in form of jewellery, gold coins and bars during auspicious occasions. Gold carries a sentimental value and people are reluctant to the idea of selling their gold possessions. They pledge them to local money lenders or pawn brokers in times of need, or to tide over financial crises, such as crop failure and medical exigencies. High liquidity of gold makes it a readily acceptable collateral. Most of the gold in India is held by people in rural areas. Rural residents and low-income groups are the major customers of gold loans, as gold is usually the only asset they possess, in some quantity. They also typically lack access to banking facilities.

Hence, gold loans have emerged as one of the most reliable credit sources for these categories of customers. Unlike microfinance institution loans, gold loans can be availed for any reason: medical expenses, education, repair of household assets amongst others.

Growth in the Gold Loan Sector

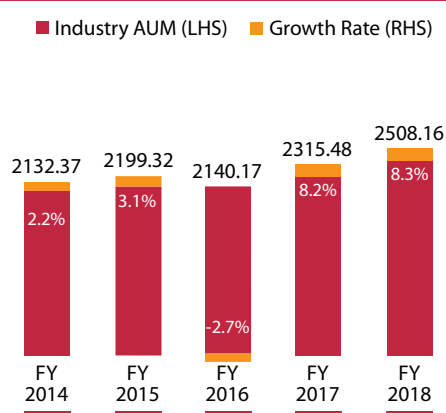
The AUM of the gold loan industry grew at a CAGR of 10% from FY2012 to FY2015 due to a healthy growth of banks in the gold loan segment. However, a slowdown was witnessed in the growth of NBFCs and its competitive position weakened due to withdrawal of eligibility for NBFCs under Priority Sector Lending; RBI putting a ceiling on Loan to Value (LTV) ratio, that could be given out by NBFCs, at 60% as against 75% for Banks;

and RBI stipulating norms for conducting gold loan auctions. From FY2015 to FY2016, the industry witnessed a decline from ₹ 2,199 billion to ₹ 2,140 billion, based on continuous decline in the gold prices, which led to an increase in defaults. However, the situation improved post FY2016, as the AUM increased at a rate of 8.2% from ₹ 2,140 billion to ₹ 2,508 billion in FY2018 on the back of a rise in gold prices by 12% from ₹ 2,655/gram in FY2016 to ₹ 2,930/gram in FY2018. This growth in prices was supported by a good monsoon and macroeconomic turmoil with respect to the US-North Korea conflict. The focus of NBFCs remained on refining the business per branch, as they diversified their regional concentration; undertook aggressive marketing; and witnessed

Strategic Overview

strong growth from non-southern regions. Going forward, the AUM of the industry is expected to grow to over ₹ 2,700 billion by FY2020 motivated by stable gold prices; increase in geographical penetration; and flexibility offered by the players in terms of interest rates and loan tenure.

Growth in Gold Loan AUM of Organised Lenders



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

Specialised Gold Loan NBFCs

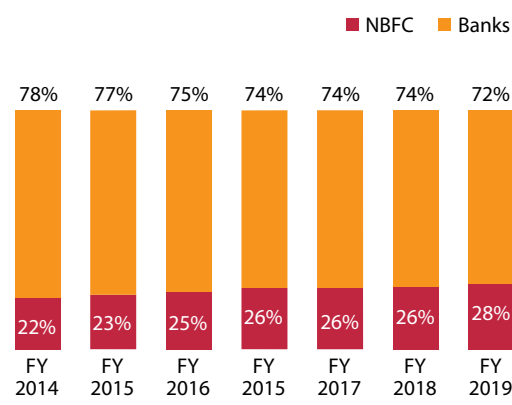
Specialised gold loan NBFCs have observed incomparable growth amongst organised players. This growth has been influenced by an aggressive expansion of branches; heavy investments on marketing; and a speedy acquisition of customers. NBFCs and banks approach the gold loan market differently, which is indicated by their interest rates, ticket sizes and loan tenures. These NBFCs focus more single-mindedly on the gold loans business and have built their service offerings by capitalising significantly in manpower, systems, processes and branch expansion. This has facilitated them to attract and cater to more customers. Some of the advantages of the gold loan are:

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

The focus on just a single product – gold loans enables these players to develop strong appraisal and valuation expertise, ensuring a faster and better customer service. On the other hand, banks have a more vigilant approach. They view gold

loans as a safer means to meet their priority sector lending targets, especially agricultural loans. Even in the case of non-agricultural gold loans, they frequently target the organised segment or existing customers as they are unable to offer flexible and rapid disbursements. It is only a few south-based banks - Indian Overseas Bank, Indian Bank and South Indian Bank, which have a higher share in non-agricultural gold loan disbursements, given the region's proclivity for gold loans. For the above discussed reasons, NBFCs are preferred by customers over banks, and specialised NBFCs enjoy higher profitability. However, competitive intensity for specialised gold loan NBFCs have increased with increased retail focus of banks.

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



Note: Includes agriculture lending by banks with gold as collateral
Source: Company reports, CRISIL Research estimates

South-based NBFCs

The NBFCs in the South will continue to dominate, while other untapped regions in northern and western India are possible to emerge as growth centres. This will be facilitated by changing the consumer's perception about gold loans as awareness about gold loan products increase in the underpenetrated regions with rising funding requirements.

Regional Gold Loan Demand

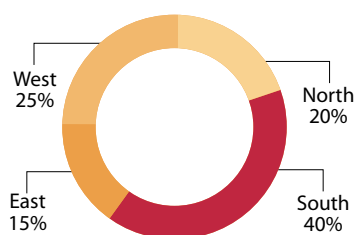
In the South, relatively more gold holders pledge their gold possessions to raise funds than those in other regions. Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, and Pondicherry collectively accounted for approximately 61% of AUMs of top four gold loan NBFCs as of March 31, 2018. Having said that, attempts by NBFCs to expand into certain spaces of northern and western India have lowered the share of southern markets. Despite this, the South still remains a stronghold. However, NBFCs will still have to struggle with public sentiment against pledging gold and the distrust for financiers, as they look to expand beyond the South.

94.94%

Contribution of Gold Loan to our Loan portfolio

Kosamattam facilitates instant gold loan with minimum documentation. It offers the best value for Gold with lowest gold loan interest rate to meet the financial needs.

Regional Gold Demand



Source: CRISIL Research, World Gold Council report: 'India's gold market: evolution and innovation' January 2017

COMPANY OVERVIEW

Kosamattam finance is one of the leading gold loan companies in India providing an ultimate solution for meeting all the financial needs of its customers. Gold loans are the quickest way to get funds for personal or business requirements. The Company facilitates instant gold loan with minimum documentation. It offers the best value for Gold with lowest gold loan interest rate to meet the financial needs.

Product-wise Performance

Kosamattam offers a range of loan products both in secured and unsecured categories, which meets the financial requirements of target segment.

Product-wise contribution to loan portfolio (%)

Gold Loan	94.94%
Mortgage Loan	4.10%
Other Loans	0.96%

Value-wise contribution to loan portfolio (%)

	Gold Loan Accounts	Gold Loan Portfolio (₹ Crore)	% of Total Portfolio
FY2016	4,79,540	1,312.24	89.12
FY2017	5,69,542	1,756.02	90.16
FY2018	6,51,749	2,058.67	91.60
FY2019	6,55,989	2,212.31	94.94



Strategic Overview



Our Strategy and Strengths

Our Strategy

1. Expand branch network and visibility to maintain market position
2. Continue to target new customer segments
3. Access to low cost and diversified source of funds
4. Strengthen operating processes and risk management systems

Our Strengths

1. Market leading position in gold loan business in India with pan-India reach and branch network
2. Strong brand name, track record, management expertise and promoter support
3. High quality customer service and robust operating systems
4. Strong capital raising ability to fund a high profitability business model
5. In house training capabilities to meet branch expansion requirement

Our Operational Review

During FY2019, our average ticket size per customer stood at ₹ 35,108. Our loan portfolio witnessed growth of 3.68% at ₹ 2,330.13 Crore, compared to with ₹ 2,247.51 Crore in the previous year. Disbursements grew by 14.20% from ₹ 4,828.23 Crore to ₹ 5,514.14 Crore. The Gross Non-Performing Assets (GNPA) and Net Non-Performing Assets (NNPA) stood at 2.08% and 1.28% respectively as against 0.98% and 0.59% in the previous year. The quantum of gold that the

₹4.25 Lakh

Consolidated Asset
Under Management

Our branches are located in the states of Kerala, Karnataka, Andhra Pradesh, Telangana, Gujarat, Delhi and Maharashtra, along with the union territory of Puducherry.

Company holds as security has increased consistently. The number of live gold loan customers surged to 4.25 Lakh at the close of FY2019, against 4.11 Lakh in the previous year.

Our Branch Network States/Union Territory

	2019	2018	2017	2016
Andhra Pradesh	53	46	28	17
Delhi	12	12	11	11
Gujarat	9	5	5	5
Karnataka	123	127	109	102
Kerala	379	396	474	492
Maharashtra	8	6	3	3
Puducherry	6	6	5	5
Tamil Nadu	330	334	315	290
Telangana	8	8	8	10
Total	928	940	958	935

Note: Above data is for the Calendar Year mentioned therein

Our Domestic Presence

The Company has 928 branches as on 31st March 2019, with each of these working as a profit centre under 29 regional managers and divided into zones. Our branches are located in the states of Kerala, Karnataka, Andhra Pradesh, Telangana, Gujarat, Delhi and Maharashtra, along with the union territory of Puducherry.

Our Per Branch Business has improved substantially – from ₹ 2.62 Crore in FY2018 to ₹ 2.73 Crore in FY2019.

Our Financial Overview

During FY2019, our total income was ₹ 468.38 Crore, as compared to ₹ 434.23 Crore in FY2018. Our Net Interest Margin stood at 7.92 % compared to 7.51 % in the previous

financial year. Our Profit After Tax stood at ₹ 30.42 Crore, recording a growth of 13.89 %, compared to ₹ 26.71 Crore in the previous year. ROA was 1.02 % vis-à-vis 0.94 % as against previous year. The depreciation expenses were ₹ 11.90 Crore. Our Capital Adequacy Ratio (CAR) was maintained at 18.46 % as against 16.85 % earlier and far ahead of statutory capital requirements.

Our Portfolio Management, Collection and Recovery Processes

Our Company manages the portfolio management and collection processes in-house. We have on-roll collection personnel across branches to ensure timely collection of dues. As a part of our collection process, we have a tele-calling team, through which calls to all the customers are made before the due dates. In case of non-payment, the team initiates collection calling for dues. We utilise our branch personnel for collection of payments.

Furthermore, more effective recovery management, all early delinquent customers are managed by a dedicated team, which undertakes methodical customer visits for recovery of dues. In case where customers are unable to make payments and move to higher delinquency levels, a specified team

Strategic Overview

of collection officers including branch managers, regional managers and other such officers are deployed to manage deep delinquent accounts. In addition to customer visits, the team utilises available legal tools for attachment of properties, re-payment of dues and legal arbitration proceedings.

Our Management Outlook

The Company has been a consistent player on the growth path in spite of the challenges faced by the NBFC industry. We have successfully entered into newer geographies. In FY2019, the performance of the Company was impacted due to short supply of credit from banks, on the back of the issues that got triggered due to the IL&FS debacle. Despite this fiasco, we have maintained a steady growth throughout the financial year. Going ahead, we are optimistic of our growth and expect to come out of the ill-effects of the industry setbacks. Being in a gold loan business, we believe that our business model needs a separate consideration from the mainstream NBFCs. At Kosamattam, we sanction only 9-months gold loan, which depicts a short sanction period. The custody of gold that is kept as collateral can be auctioned if the customer defaults to re-pay the dues.

Our Information Technology

The Company uses information technology as a strategic tool for its business operations to improve the overall productivity and efficiency. All its branches are computerised. The Company believes that through its existing information technology systems, it is able to effectively manage its operations; market to the target customers; monitor and control risks. It believes that this system has improved customer service by reducing transaction time and has allowed us to comply with regulatory record-keeping and reporting requirements. Furthermore, in order to manage Kosamattam's expanding operations as well as its increased customer base, the Company has entered into an arrangement for the development of software for its product

Kosamattam has entered into an agreement with PayU Payments Private Limited, a payment gateway, with a view to provide its customers with a convenient option of online payments.

offerings and other allied functions. Accordingly, the new software was introduced for operational efficiency. Additionally, Kosamattam has entered into an agreement dated September 15, 2016, with PayU Payments Private Limited ("PayU"), a payment gateway, with a view to provide its customers with a convenient option of online payments through the internet or through the interactive voice responsive ('IVR') system provided by PayU, using credit/debit cards, net banking and various other modes of payment options.

Our Risk Management Policy

Risk management forms an integral part of our business as we are exposed to various risks relating to the gold loan business. The objective of our risk management systems is to measure and monitor the various risks, we are subject to and to implement policies and procedures to address such risks suitably. We intend to continue to improve our operating processes and risk management systems, which will further enhance our ability to manage the risks inherent to our business. In order to address these risks, we have developed a risk management architecture that includes a risk management committee, internal audit department, vigilance department and a risk management department. Our risk management committee, which is led by one of our Directors, oversees our risk management policies, which help us to identify, measure, monitor and mitigate the various risks that we face in our businesses.

Key Business Risks and Our Mitigation Plan

1. Interest Rate Risk

Any increase in interest rate will have an adverse effect on our net interest margin, thereby adversely affecting business and financial condition of the Company.

Risk Mitigation

By procuring low cost funds and increasing the own fund, the Company many mitigate such risks.

2. Human Resource Risk

The Company's ability to deliver value is dependent on its ability to attract, retain and nurture talent. Attrition and non-availability of the required talent resource can affect the overall performance of the Company.

Risk Mitigation

By continuously benchmarking the best HR practices across the industry and carrying out necessary improvements to attract and retain the best talent. We are putting in place production incentives on time bound basis and evaluating the performance at each stage of work. Also, recruitment across all states of India helps to mitigate the risk.

3. Competition Risk

The Company is always exposed to competition risk from various other non-banking finance companies. The increase in competition can create pressure on margins and market share.

3,251

Total number of employees in Kosamattam as of FY2019

We are a people oriented company and we continue to strengthen the motivation of our employees and are committed to attracting and retaining talent.

Risk Mitigation

By continuous efforts to enhance the brand image of the Company by focusing on R&D, quality, cost and timely customer service. By introducing new product range commensurate with demands, the Company plans to mitigate risks so involved.

4. Compliance Risk

Any default can attract penal provisions and will have adverse impact on functioning of the Company.

Risk Mitigation

By regularly monitoring and review of changes in regulatory framework.

5. Market Price Risk

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

Risk Mitigation

By ensuring that sufficient security is available for every loan.

Human Resource Management

Dedicated employees are crucially important in our efforts to create a dynamic corporate culture and drive innovation and results. We are a people-oriented company and we continue to strengthen the motivation of our employees and are committed to

attracting and retaining talent. This is aimed towards ensuring maximisation of our human capital potential and enabling them to balance their professional and personal lives. We strive to reward our team members with satisfying career paths that leverage their individual talents, and appropriately incentivise their performances. Our objective is to enable our team members reach their highest potential in a rapidly changing and competitive business environment.

Being a service industry, our key resource is manpower. The Company emphasises on imparting effective and continual training to its employees in a planned and systematic manner to acquire and sharpen capabilities required to perform various functions associated with their present and expected future roles in the business. The Company is professionally managed with senior management personnel having rich experience and



Strategic Overview

long tenure. As on March 31, 2019, the Company had 3,251 employees on its rolls at various organisational levels.

Corporate Social Responsibility

The Company's activities under Corporate Social Responsibility are guided and monitored by its CSR Committee. The CSR policy of the Company provides a broad set of guidelines, including intervention areas. The Company believes CSR is a way of creating shared value and contributing to social and environmental good. The Company's strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each business unit or function to include these considerations into its operations. In the areas of preventive health care and promoting education, the Company has spent ₹ 28.39 Lakh for CSR activities. Out of this ₹ 13.92 Lakh were spent for CSR activities during the period.

Internal Control Systems

We believe that sound internal controls and systems are related to the principle of good governance and should be exercised within a framework of proper checks and balances. Accordingly, your Company has devised and implemented such internal control systems as required in its business processes. The adequacy of these is being commented upon by the Statutory Auditors in their report. The Company remains committed to ensuring a reasonably effective internal control environment that provides assurance on the operations and safeguarding of its assets. The internal controls have been designed to provide assurance with regard to recording and providing reliable financial and operational information, complying with the applicable statutes, safeguarding assets, executing transactions with proper authorisation and ensuring compliance with corporate policies.

The Company believes that CSR is a way of creating shared value and contributing to social and environmental good.



The Company remains committed to ensuring a reasonably effective internal control environment that provides assurance on the operations and safeguarding of its assets.

At Kosamattam Finance, we have an internal control system commensurate with the size, scale and complexity of its operations. The Internal Audit Team monitors the efficiency and efficacy of the internal control systems in the Company, compliance with operating systems and accounting procedures and policies of the Company. The audit committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations including those relating to the Company's risk management policies and systems. The Audit Committee oversees the functioning of the audit team and reviews the effectiveness of internal control at all levels, apart from laying down constructive suggestions for improving the audit function in the Company. The present reporting structure ensures independence of the internal audit function and embodies best corporate governance practices.

The Company has formed various committees such as Risk Management Committee, Asset Liability Management Committee, Debenture Committee, Audit Committee and Consumer Service Committee for proper administration and day-to-day functioning. The Corporate Governance Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility have also been formed.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of Kosamattam, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Kosamattam's Annual Report, FY2019.



Notice

Short notice is hereby given that the **32nd Annual General Meeting** of the members of **Kosamattam Finance Limited, CIN- U65929KL1987PLC004729** will be held on **Saturday, May 18, 2019 at 10.00 A.M. at the Registered Office, Kosamattam Mathew K. Cherian Building, Market Junction, M. L. Road Kottayam - 686001, Kerala** to transact the following Businesses: -

Ordinary Business:

1. Approval and Adoption of Audited Financial Statements of the Company for the year ended March 31, 2019 along with Auditors' Report and Boards' Report

To receive, consider and adopt the Balance Sheet as on March 31, 2019, Statement of Profit and Loss and cash flow statement for the year ended March 31, 2019 along with report of directors and auditors thereon and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT the Company do hereby adopt the Audited Balance Sheet as at March 31, 2019, the Profit & Loss Account for the year ended on that date along with Cash Flow Statement, Notes to Financial Statements, Boards' Report and Auditors' Report thereon for the year ending on that date."

2. To appoint a director in place of Mrs. Jilu Saju Varghese who is retiring by rotation and being eligible offers herself for re-appointment.

To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED THAT Mrs. Jilu Saju Varghese be and is hereby appointed as a Non-Executive Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

Special Business:

3. To regularise the appointment of Mr. Kavil Viswambharan Raveendravilasam as an Independent Director:

To consider and if thought to fit to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Kavil Viswambharan Raveendravilasam (DIN: 07603053), who was appointed as an Additional Director (Independent Director) and who holds office of Independent Director up to the conclusion of this Annual General Meeting and being eligible, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years on the Board of the Company w.e.f. conclusion of this Annual General Meeting."

4. Approval of remuneration paid to Mr. Mathew K. Cherian, Managing Director.

To consider and if thought fit to pass with or without modification the following resolution as Special resolution:

"RESOLVED THAT pursuant to the provisions of Sections 197, 198 read with rules framed thereunder and other applicable provisions of the Companies Act, 2013 members be and is hereby approved the remuneration provided to Mr. Mathew K. Cherian, Chairman cum Managing Director (DIN: 01286073) for the financial year 2018-2019 which is in excess of 5% of the net profits of the Company."

BY ORDER OF THE BOARD OF DIRECTORS

Place : Kottayam
Date : May 10, 2019

Sd/-
Sreenath Palakkattillam
Company Secretary

Notes

1. A Member entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend and vote instead of himself. Proxy need not be a member of the Company. Proxies to be effective should be lodged with the Registered Office of the Company at least 48 hours before the meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The holder of proxy shall prove his identity at the time of attending the Meeting.
2. Members desiring any information or clarification are requested to write to the Company at least 48 hours before the meeting so as to enable the board to keep the information ready.
3. Proxy form is enclosed herewith.
4. The relevant explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special businesses set out herein above is annexed hereto.

Explanatory Statement

Pursuant To Section 102 Of The Companies Act, 2013

Item No.3: To regularise the appointment of Mr. Kavil Viswambharan Raveendravilasam as an Independent Director:

Mr. Kavil Viswambharan Raveendravilasam (DIN: 07603053) was appointed as Independent Director on the Board of the Company w.e.f. March 21, 2019 pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. He holds office as Additional Director (Independent Director) of the Company up to the conclusion of 32nd Annual General Meeting of the Company. The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Director, has recommended regularisation of Mr. Kavil Viswambharan Raveendravilasam as Independent Director for a term of 5 consecutive years on the Board of the Company. The Board, based on the recommendation of the Nomination and Remuneration Committee, considers that, given his background and experience, the continued association of Mr. Kavil Viswambharan Raveendravilasam would be beneficial to the Company and it is desirable to continue to avail his services as Independent Director. Accordingly, it is proposed to regularise Mr. Kavil Viswambharan Raveendravilasam as Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 consecutive years on the Board of the Company.

Section 149 of the Companies Act, 2013 and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act.

Mr. Kavil Viswambharan Raveendravilasam is not disqualified from being appointed as Director in terms of Section 164 of the Act and have given his consent to act as Director. The Company has also received declarations from Mr. Kavil Viswambharan Raveendravilasam that he meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

Copy of draft letter of appointment of Mr. Kavil Viswambharan Raveendravilasam setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company

None of the other Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board of Directors recommends resolution set out at item No.3 for your consideration and approval by way of Special Resolution.

Item No.4: Approval of remuneration paid to Mr. Mathew K. Cherian, Managing Director.

During the Financial year Company has paid ₹92,00,000/- as salary and ₹2,00,00,000/- as Commission to Mr. Mathew K. Cherian, Chairman cum Managing Director(DIN:01286073) at the enhanced rate. Remuneration provided to Mr. Mathew K Cherian was in excess of 5% of the net profit of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013. Members of the Company permitted the Board to provide remuneration excess of 5% of the net profit of the Company calculated as per the provisions of Section 198 by passing special resolution in the Extra Ordinary General Meeting held on March 15, 2019. Remuneration provided to Mr. Mathew K Cherian is as per the provisions of the Companies Act, 2013.

None of the Directors or KMPs of the Company or their relatives, except Mr. Mathew K. Cherian is concerned or interested in the resolution.

The Board of Directors recommends resolution set out at item No.4 for your consideration and approval by way of Special Resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Place : Kottayam
Date : May 10, 2019

Sd/-
Sreenath Palakkattillam
Company Secretary

Corporate Profile

Corporate Profile

CIN: U65929KL1987PLC004729

Regd. Office: Kosamattam Finance Limited, Kosamattam Mathew K. Cherian Building, Market Junction, M. L. Road, Kottayam - 686001, Kerala.
Email – info@kosamattam.com, Web – www.kosamattam.com

Board of Directors and Key Managerial Personnel

DIN/PAN	Full Name	Designation	Date of Appointment
01286073	Mathew K. Cherian	Chairman cum Managing Director	June 11, 2004
01286176	Laila Mathew	Whole-time Director	June 11, 2004
03621643	Jilu Saju Varghese	Non-Executive Director	October 01, 2011
02541626	C.Thomas John	Independent Director	August 19, 2015
07218120	Paul Jose Maliakal	Independent Director	June 25, 2018
07603053	Kavil Viswambharan Raveendravilasam	Independent Director	March 21, 2019
AGMPA8219M	Annamma Varghese C.	Chief Financial Officer	March 05, 2016
DNSPS4260L	Sreenath Palakkattillam	Company Secretary	March 05, 2016

Statutory Auditors

M/s. Vishnu Rajendran & Co.,
Chartered Accountants, 3rd Floor, CSI
Commercial Centre, Baker Jn., Kottayam,
Kerala-686 001

Secretarial Auditor

CS Powell T Maliekal
Practicing Company Secretary
Legendary Chambers,
Sasthri Road, Thrissur
Kerala -680005

Debt Security Listed In Stock Exchange

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai- 400001

Public Issue Debenture Trustee

Vistra ITCL (India) Limited
The IL&FS Financial Center, Plot No.C-22,
G-Block,
Bandra Kurla Complex, Bandra (East),
Mumbai-400051

Directors' Report

To The Members,

The Board of Directors of Kosamattam Finance Limited (KFL) have great pleasure in presenting the Annual Report together with the audited Balance Sheet as on March 31, 2019, Statement of Profit and Loss and Cash flow Statement for the year ended March 31, 2019.

FINANCIAL SUMMARY AND OPERATIONAL PERFORMANCE:

The Company's financial performance for the year ended March 31, 2019 is summarised below:

₹ in Lakhs

Description	Year Ended	
	March 31, 2019	March 31, 2018*
Revenue From Operations	45,757.88	42,840.71
Other Income	1,079.91	581.94
Total Expenditure	41,709.56	38,948.40
Profit Before Tax	5,124.07	4,474.45
Tax Expenses	2,082.30	1,803.71
Net Profit for the Period	3,041.77	2,670.74
Earnings Per Share (Amount in ₹) (Basic)	1.60	1.57
Earnings Per Share (Amount in ₹) (Diluted)	1.53	1.47
Paid-up Equity Share Capital (No. of Shares)	19,16,01,770	18,37,50,000
Paid-up Preference share capital (No. of Shares)	1,20,000	1,76,749
Bank Borrowings	47,803.34	51,449.45
Secured ,Non-Convertible Debentures (Private Placement)	1,874.52	6,069.66
Secured Non-Convertible Debentures (Public Issue)	1,60,256.17	1,44,426.60
Subordinated Debts (Private Placement)	3,810.55	7,950.59
Subordinated Debts (Public Issue)	18,050.59	13,227.66
Perpetual Debt Instrument (Private Placement)	1,190.00	1,190.00
Assets Under Management	2,53,652.41	2,46,515.86

*M/s Kosamattam Mathew K. Cherian Financiers Private Limited was merged with your Company as per the order dated 26th June, 2018 of Hon'ble National Company Law Tribunal, Chennai on July 19, 2018 w.e.f. April 01, 2016 and financials of the Companies clubbed w.e.f. April 01, 2016.

The comparative operational results shown above reveal the performance of the Company for the period under report and for the previous year. The gross income realized by the Company is ₹46,837.79 Lakh (Previous year ₹43,422.65 Lakh) comprising of income from operations and other income. Net Profit after tax is ₹ 3,041.77 Lakh (Previous year ₹ 2,670.74 Lakh).

The company continues to pursue the strategy of providing better services to the stake holders.

BUSINESS OUTLOOK:

The Company is a systemically important Non-deposit taking NBFC primarily engaged in the gold Loan business, lending money against the pledge of household Jewellery, mortgage of immovable property and micro finance in the state of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Delhi, Maharashtra, Gujarat, Telangana and in the Union Territory of Puducherry.

SCHEME OF AMALGAMATION:

The Board of Directors of your Company, in their meeting held on August 6, 2016, approved the merger of Kosamattam Mathew K. Cherian Financiers Private Limited with your Company and adopted the draft scheme of merger subject to the approval from the shareholders of your Company and the creditors, respectively and also for due submission to the respective authorities. Your Company received the RBI's in-principle approval for the proposed merger vide letter dated October 4, 2016. Further, the Board of Directors of your Company in their meeting held on February 8, 2017, approved the revised scheme of merger which would be effective from April 1, 2016 being the appointed date and includes a share exchange ratio of 2:1. Your Company has filed draft scheme of merger before the National Company Law Tribunal at Chennai ("NCLT") on February 27, 2017. The NCLT vide an order dated October 10, 2017 directed Company to convene and conduct meetings of members and creditors in accordance with Section 230(1) and 230(3) of the Companies Act, 2013. The meetings of the members and creditors were duly convened on November 29, 2017 and November 30, 2017. Subsequently, Company filed petition for sanction of the scheme

Directors' Report

before the National Company Law Tribunal, by way of Form No. CAA.5 dated December 11, 2017. The NCLT vide an order dated June 26, 2018 sanctioned the scheme of amalgamation and directed your Company to file the amended MoA and AoA with the Registrar of Companies Kerala and Lakshadweep along with the certified copy of the NCLT's order for due action. Accordingly, Kosamattam Mathew K. Cherian Financiers Private Limited has dissolved without winding up. Pursuant to the scheme of amalgamation, Board of Kosamattam Finance Limited allotted 1,500 Equity shares to Mathew K Cherian, 5,998 Equity shares to Laila Mathew and 2 Equity shares to Jilu Saju Varghese on July 19, 2018. Books of Accounts of both the Companies were clubbed w.e.f. April 01, 2016.

DIVIDEND:

No amount of Dividend is declared during this year.

CAPITAL EXPENDITURE:

As on March 31, 2019 the gross fixed assets stood at ₹20,820.41 Lakhs and net fixed assets ₹12,722.59 Lakhs. Additions during the year amounted to ₹ 1,041.48 Lakhs.

RESOURCES:

a) Human Resource Management:

Human Resource Management plays a very important role in realizing the Company's objective. The Company is managed by the active involvement of the promoters along with strategic inputs from a well-diversified and competent board.

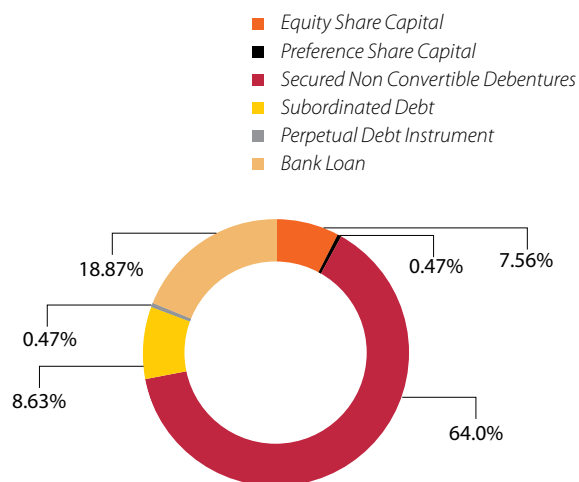
As on March 31, 2019 the Company had 3251 employees on its rolls at various organizational levels.

Your Company is committed to maintain the highest standards of health, safety and security for its employees and business associates and to operate in a healthy and safe environment. Your Company constituted Welfare Committee for the benefit of employees.

b) Resource Mobilisation

Source of finance of your Company contains equity share capital, preference share capital, debt securities and bank loans.

Resource Mobilisation



i. Private Placement of Debentures

During the period under review, Company has not made any private placement of debt instruments.

ii. Public Issue of Secured NCDs

During the period under review, we are pleased to inform you that your Company has successfully completed three rounds of public issues, raising ₹66,117.61 Lakhs. Out of this, ₹61,294.68 Lakhs were secured NCDs. The management wishes to thank all the investors for their overwhelming response. The management also wishes to thank Vivro Financial Services Limited (Lead Manager to the Issue), Vistra ITCL (India) Limited (Debenture Trustee), Karvy Fintech Private Limited (Registrar to the Issue) and India Ratings and Research Private Limited (Credit Rating Agency), for their services. As per SEBI circular no. CIR/DDHS/P/121/2018 dated August 16, 2018, all the public issue of debt securities can only be in ASBA mode.

iii. Public Issue of Subordinated Debts

Another source of funding our operation is Subordinated Debts. During the reporting financial year, Company had raised ₹4,822.93 Lakhs through public issue of Subordinated Debts which qualifies for Tier II Capital under Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2016.

iv. Bank Loan

As on March 31, 2019 Company have outstanding bank loan of ₹47,803.34 Lakhs.

v. Share Capital

Pursuant to the merger of Kosamattam Mathew K. Cherian Financiers Private Limited with your Company, the authorised share capital of Kosamattam Mathew K. Cherian Financiers Private Limited was merged with that of your Company. Pursuant to your approval at Extra Ordinary General Meeting held on September 29, 2018 Authorised share capital of the Company increased to ₹ 255,50,00,000 divided into 20,55,000 Equity Shares of ₹ 1,000 each and 5,00,000 Preference Shares of ₹ 1,000 each.

Pursuant to your approval at the Extra Ordinary General Meeting held on March 15, 2019, the nominal face value of equity shares was sub-divided from ₹ 1,000 per equity shares to ₹ 10 per equity shares. Number of equity shares reported in this report for the previous year/ period has been adjusted to give effect of subdivision.

Further, pursuant to your approval at the Extra Ordinary General Meeting held on March 15, 2019, the authorised share capital was increased from ₹ 255,50,00,000 divided into 20,55,00,000 Equity Shares of ₹ 10 each and 5,00,000 Preference Shares of ₹ 1,000 each to ₹ 5,50,00,00,000 divided into 50,00,00,000 Equity Shares of ₹ 10 each and 5,00,000 Preference Shares of ₹ 1,000 each.

● Rights issue of Equity Shares

Your Company undertook a rights issue in the ratio of 1:15, i.e., for every fifteen Equity Shares held by the Shareholders, your Company offered one Equity Share of the Company. Consequently, Your Company has allotted 50,000 Equity Shares to Mr. Mathew K. Cherian. The allotment of Equity Shares pursuant to the rights issue was completed on September 29, 2018.

● Conversion of Compulsorily Convertible Preference Shares

Pursuant to the consent of the Board of Directors at their meeting dated March 8, 2019, your Company has Converted 27,849 Compulsorily Convertible Preference Shares of ₹ 1,000 each into Equity Shares of ₹ 1,000 each at a security premium of ₹ 1,700 each, ranking pari passu with the existing Equity Shares of your Company. Company has allotted 10,314 Equity Shares to Mr. Mathew K. Cherian pursuant to conversion of 27,849 Compulsorily Convertible Cumulative Preference Shares.

Pursuant to the consent of the Board of Directors at their meeting dated March 21, 2019, your Company has converted 28,900 Compulsorily Convertible Preference Shares of ₹ 1,000 each into Equity Shares of ₹ 10 each at a security premium of ₹ 17 each, ranking pari passu with the existing Equity Shares of your Company. Your Company has allotted 10,70,370 Equity Shares to Mr. Mathew K. Cherian pursuant to conversion of 28,900 Compulsorily Convertible Cumulative Preference Shares.

Your Company also decided to issue equity shares through public issue for an amount of ₹ 300 Crores. Company is in the process of filing draft offer letter to be filed with the Authorities.

Your Company also obtained ISINs from Depositories for dematerialisation of shares of the Company. All the request

received from existing equity shareholders forwarded to share transfer agent. Except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.

RESERVES

During the year, Company has transferred ₹ 608.36 Lakhs to the Statutory Reserve maintained under Section 45IC of the Reserve Bank of India Act, 1934 taking it to a total of ₹ 4,396.68 Lakhs post transfer of profits to reserves.

DEBENTURE REDEMPTION RESERVE (DRR)

As per the requirement of Section 71(4) of the Companies Act, 2013, the company shall create a debenture redemption reserve account out of the profit of the company available for payment of dividend and the amount credited to such account shall not be utilised by the company except for the redemption of debentures. As on March 31, 2019 the total DRR stands at ₹ 116.61 Crores.

As per rule 18(7)(b)(ii) of Companies (Share capital and debentures) Rules 2014, the adequacy of DRR will be 25% of the value of the outstanding debentures issued through public issue. But during the year the Company could transfer only ₹ 24.33 Crores being the entire profits available for distribution of dividend to the Debenture Redemption Reserve account.

Further, the Company shall on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than fifteen percent, of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in the manner mentioned in Rule 18(7)(c). Accordingly the Company has deposited ₹ 74.63 Crores in deposit account for debenture redemption.

COMPLIANCE OF RBI REGULATIONS

Your Company has been granted registration under Sec. 45IA of Reserve Bank of India Act, 1934 (Registration Number: B-16.00117) whereby the Company is allowed to carry on business as a Non-Banking Financial Company.

The Company has followed all regulatory directions such as, KYC Norms, Provisioning Norms, CRAR, Loan to value guidelines for Gold loans, Asset Liability Management, Fair Practices Code, Fraud Reporting, maintaining liquidity etc., as required by the Reserve Bank of India, the regulator for NBFCs. As on March 31, 2019 the percentage of Gold Loan to total loan book is 94.94%.

Your Company's Capital Adequacy Ratio as on March 31, 2019 stood at 18.46% of the aggregate risk weighted assets on balance sheet and risk adjusted value of the off-balance sheet items, which is well above the regulatory minimum of 15%. Out of the above, Tier 1 capital ratio stood at 13.43%.

IND AS is applicable to your Company with effect from April 01, 2019.

Directors' Report

DIRECTORS

Your Company has a well-structured Board consisting of six directors, in which two of them are executive directors. Out of the four non-executive directors, three are independent directors, i.e. who has or had no pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors which may affect the independence of the judgment of the Director and possess necessary qualifications to become independent directors.

i. Composition of the Board and Key Managerial Personnel

The Board of Directors of the Company comprises of six Directors including two executive directors. Out of the six Directors of the Company, three are Independent Directors. The Composition of the Board, position, their directorship in other companies and other details are shown below;

	Name of the Member	Category	Date of Appointment	Directorship in Other Companies		
				Public	Private	Government
1.	Mr. Mathew K Cherian	Chairman cum Managing Director	June 11, 2004	1	2	0
2.	Mrs. Laila Mathew	Executive Director	June 11, 2004	1	2	0
3.	Mrs. Jilu Saju Varghese	Non-Executive Director	October 1, 2011	1	1	0
4.	Mr. Paul Jose Maliakal	Independent Director	June 25, 2018	0	0	0
5.	Mr. C. Thomas John	Independent Director	August 19, 2015	3	0	0
6.	Mr. Kavil Viswambharan Raveendravilasam	Independent Director	March 21, 2019	0	0	1

ii. Directors or Key Managerial Personnel appointed or resigned during the year.

During the year, Mr. Narayanaswamy Chidambara Iyer (DIN: 06805313), resigned from the office of Independent Director with effect from June 21, 2018. Consequent to Mr. Narayanaswamy Chidambara Iyer's resignation, the Board appointed Mr. Paul Jose Maliakal (DIN: 07218120) as the Independent Director of the Company with effect from June 25, 2018.

During the year, Board of Directors appointed Mr. Kavil Viswambharan Raveendravilasam (DIN: 07603053) as Independent director (Additional director). The appointment was effective March 21, 2019.

iii. Board Meetings details

19 Board meetings were held during the year ended March 31, 2019. The gap between two Board meetings did not exceed 120 days. Board meeting dates and the attendance of members in meeting were as under.

Date of Board Meeting	Board Strength	No of Directors Present
23.04.2018	5	4
30.05.2018	5	4
25.06.2018	4	4
19.07.2018	5	5
14.08.2018	5	5
10.09.2018	5	4
24.09.2018	5	5
29.09.2018	5	4
08.10.2018	5	4
12.11.2018	5	5
20.12.2018	5	5
07.01.2019	5	5
31.01.2019	5	5
13.02.2019	5	5
18.02.2019	5	5
07.03.2019	5	4
08.03.2019	5	4
20.03.2019*	2	2
21.03.2019	5	4

*Meeting of independent directors conducted as per Clause VII of Schedule IV of Companies Act, 2013.

iv. Retirement of Directors

In accordance with the Companies Act, 2013, Mrs. Jilu Saju Varghese, retires by rotation and being eligible offers herself for re-appointment.

v. Policy on appointment of directors and remuneration

1. The Remuneration and Nomination Committee ("the Committee") evaluates the range of skills, experience, expertise and diversity of the existing Directors, and identifies criteria for the new role giving consideration to the Company's strategic objectives, the dynamism of the existing Board, and gaps which need to be filled.
2. The Committee agrees the most appropriate avenue to identify suitable candidates.
3. Potential candidates are considered with reference to their skill, experience, expertise, diligence, soundness of judgement, availability, their ability to add value to the Board, and their interest in the Company and its business.
4. The Company will undertake due diligence before appointing Director to verify character references, qualifications, prior experience and other governmental checks, if appropriate.
5. The Proposed Director will be given the opportunity to undertake due diligence of the Company including access to information and meeting with the Senior Executive and Directors (where appropriate and subject to a confidentiality agreement as deemed necessary by the Board) which would be pertinent to their ability to make an informed decision as to their suitability and support of the Company.
6. If relevant, the Committee recommends appropriate candidates for appointment to the Board. The Board will consider the recommendation and if appropriate, extend an invitation to the candidate to join the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.
7. The Company will immediately tell the Registrar of Companies ("ROC") within the jurisdiction of the registered office of the Company. Once a Director is appointed and provides the necessary disclosures under the Companies Act, 2013 and Rules made there under.
8. As per the Board's timely assessment, appointed Director may be a member of the various Committees:
9. As member of the Board appointed Director along with the other Directors will be collectively responsible for meeting the objectives of the Board which include:
 - Requirements under the Companies Act, 2013 and Rules made there under
 - Accountability under the Director's Responsibility Statement,
 - Protecting and enhancing the Kosamattam brand.

10. Every Director appointed in the Company shall give disclosure of interest in the first meeting of every financial year.

11. Nomination and remuneration Committee may timely revise the remuneration payable to Directors with the consent of Board.

vi. Performance Evaluation Policy

The Board has made a formal evaluation of its own performance and that of its committees and individual directors as required under Section 134(3) of the Companies Act, 2013. The Company's Board of Directors is dedicated to act in good faith; exercise their judgment on an informed basis and in the best interest of the Company and its stakeholders.

As, one of the most important functions of the Board of Directors is to oversee the functioning of Company's top management, this policy aims at establishing a procedure for conducting periodical evaluation of Director's performance and formulating the criteria for determining qualifications, positive attribute and independence of each and every director of the Company. In addition, the Nomination and remuneration Committee shall carry out the evaluation of performance of every director, Key managerial Personnel and other employees in accordance with the criteria contained herein. It shall be the duty of the Company to organize the evaluation process and accordingly conclude the steps required to be taken. The evaluation process will be used constructively as a system to improve the directors' and committees' effectiveness, to maximize their strength and to tackle their shortcomings.

The Board of Directors shall undertake the following activities on an annual basis:

- I. Review the various strategies of the Company and accordingly set the performance objectives for Directors, consistent with the varying nature and requirements of Company's business.
- II. The Board as a whole shall discuss and analyse its own performance during the year together with Suggestions for improvement thereon, pursuant to the performance objectives.

In conformity with the requirement of the Act, the performance evaluation of all the independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. Independent Directors are required to evaluate the performance of non – independent directors and Board as a whole. The independent directors of the Company shall hold at least one meeting in a year to exercise the functions as mentioned in the Companies Act, 2013 and its applicable Schedules.

Directors' Report

Evaluation Factors

The Board of Directors shall take into consideration the following parameters for the purpose of evaluating the performance of a particular director:

• Independent Directors

Some of the specific issues and questions that should be considered in the performance evaluation of an Independent Director are set out below:

Sl.No	Assessment criteria
1.	Attendance and participations in the Meetings
2.	Adherence to ethical standards & code of conduct of Company and disclosure of non – independence, as and when it exists and disclosure of interest.
3.	Raising of valid concerns to the Board and constructive contribution to resolution of issues at meetings
4.	Interpersonal relations with other directors and management
5.	Objective evaluation of Board's performance, rendering independent, unbiased opinion
6.	Understanding of the Company and the external environment in which it operates and contribution to strategic direction.
7.	Safeguarding interest of whistle-blowers under vigil mechanism and Safeguard of confidential information

• Non-Independent Directors/Whole –Time Directors

Some of the specific issues and questions that should be considered in a performance evaluation of Non-Independent Director /WTD/ CMD are set out below.

Sl.No	Assessment Criteria
1.	Attendance and participations in the Meetings
2.	Contribution towards growth of the Company including actual vis-à-vis budgeted performance.
3.	Leadership initiative, like new ideas and planning towards growth of the Company and steps initiated towards Branding of the Company
4.	Adherence to ethical standards & code of conduct of Company
5.	Team work attributes and supervising & training of staff members
6.	Compliance with policies, Reporting of frauds, violation etc. and disclosure of interest
7.	Safeguarding of interest of whistle blowers under vigil mechanism and Safeguard of confidential information

• Board of Directors

Sl.No	Assessment Criteria
1.	Is the composition of the board appropriate with the right mix of knowledge and skills required to drive organizational performance in the light of future strategy?
2.	Members of the board meet all applicable independence requirements.
3.	The Board of Directors is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards and compliance with applicable laws and regulations.
4.	The Board of Directors is effective in developing a corporate governance structure that allows and encourages the Board to fulfill its responsibilities.
5.	Are sufficient numbers of board meetings, of appropriate length, being held to enable proper consideration of issues?
6.	The Chairman of the Board effectively and appropriately leads and facilitates the Board meetings and the policy and governance work of the Board.
7.	Nomination and appointment of Board members and their Remuneration follow clearly established procedures using known criteria as laid down by the Nomination and Remuneration Committee
8.	Company has necessary Committees which are required and these Committees are working effectively

Review

The performance evaluation process and related tools will be reviewed by the "Nomination and Remuneration Committee" on need basis and the Committee may periodically seek independent external advice in relation to the process.

The committee may amend the Policy, if required, to ascertain its appropriateness as per the needs of the Company. The Policy may be amended by passing a resolution at a meeting of the Nomination and Remuneration Committee.

vii. Statement on declaration given by independent directors

Company has received statement of declaration from Independent Directors as required under section 149(7) of the Companies Act 2013 that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

viii. Details of remuneration paid to directors during the financial year 2018-2019

Amount in ₹

	Name of the Member	Sitting Fee		Salaries and other Allowances	Commission	Total
		Board Meeting	Committee Meetings			
1.	Mr. Mathew K. Cherian	Nil	Nil	92,00,000.00	2,00,00,000.00	2,92,00,000.00
2.	Mrs. Laila Mathew	Nil	Nil	59,00,000.00	1,49,00,000.00	2,08,00,000.00
3.	Mrs. Jilu Saju Varghese	Nil	Nil	50,00,000.00	Nil	50,00,000.00
4.	Mr.Narayanaswamy Chidambara Iyer*	Nil	20,000.00	Nil	Nil	20,000.00
5.	Mr. C. Thomas John	95,000.00	1,45,000.00	Nil	Nil	2,40,000.00
6.	Mr. Paul Jose Maliakal	50,000.00	35,000.00	Nil	Nil	85,000.00
7.	Mr. Kavil Viswambharan Raveendravisam #	Nil	Nil	Nil	Nil	Nil

*Resigned from the Board w.e.f. June 21, 2018

Appointed as Additional director (independent director) w.e.f. March 21, 2019.

Committees of the board

Board of Directors regularly evaluating performance of each committee to the Board based on the attendance of each member in respective meetings and inputs from the Committee members. As on reporting date Company has following committees to the board;

a) Audit Committee

The Audit Committee was constituted by the Board of Directors through it's resolution dated February 27, 2012. The Audit Committee was last reconstituted on May 06, 2019 and it currently comprises of the following Directors:

1. Mr. Paul Jose Maliakal
2. Mr. Mathew K. Cherian
3. Mr. C. Thomas John

The Committee satisfies the guidelines prescribed under Section 177 of the Companies Act, 2013, guidelines issued by the Reserve Bank of India in this regard and applicable provision of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

The Audit Committee at the Board level of your Company acts as a link between the Independent Auditors, Internal Auditors, the Management and the Board of Directors and oversees the financial reporting process. The Audit committee interacts with the Internal Auditors, Independent Auditors, and Secretarial Auditors and reviews and recommends their appointment and remuneration. The Audit Committee is provided with all necessary assistance and information for enabling them to carry out its function effectively.

Functions and terms of operations of the Audit Committee include the following:-

- A. The Audit Committee shall have powers, including the following:
 1. To investigate any activity within its terms of reference;
 2. To seek information from any employee;
 3. To obtain outside legal or other professional advice; and
 4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
- B. The role of the audit committee shall include the following:
 1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
 2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
 3. Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors;
 4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;

Directors' Report

- (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) qualifications in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice, and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
 7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 8. Approval of any subsequent modification of transactions of the Company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the Company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 14. Discussion with internal auditors of any significant findings and follow up there on;
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 17. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. Reviewing the functioning of the whistle blower mechanism;
 19. Approval of appointment of CFO (i.e., the Whole-Time Finance Director or other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
 21. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
 22. Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.
- Further, the Audit Committee shall mandatorily review the following information:
1. Management discussion and analysis of financial condition and results of operations;
 2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
 3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 4. Internal audit reports relating to internal control weaknesses; and
 5. The appointment, removal and terms of remuneration of the Chief Internal Auditor if any shall be subject to review by the Audit Committee.
 6. Statement of deviations:
 - (a) Quarterly statement of deviation(s), submitted to stock exchange(s) in terms of Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
 - (b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

The audit committee met 5 times during the year under review to deliberate on various matters. The constitution, record of attendance and other details of the Audit Committee of the Company are detailed below:

	Name of the Member	Position	Status	Attendance	Meeting Dates
1.	Mr. Narayanaswamy Chidambara Iyer*	Chairman	Independent & Non-Executive	1	
2.	Mr. Mathew K. Cherian	Member	Managing Director	5	30.05.2018
3.	Mr. Paul Jose Maliakal	Chairman	Independent & Non-Executive	3	23.07.2018
					17.09.2018
4.	Mr. C. Thomas John	Member	Independent & Non-Executive	5	08.11.2018
					05.01.2019

b) Nomination and Remuneration Committee

The Nomination & Remuneration Committee was constituted by a board resolution dated January 09, 2012. The Committee was last reconstituted on May 06, 2019 and it currently comprises the following Directors:

The Committee currently comprises:

1. Mr. C. Thomas John
2. Mrs. Jilu Saju Varghese
3. Mr. Paul Jose Maliakal

The Committee met 7 times during the year and reviewed the performance of the Directors both Non-Executive and Executive Directors and also the senior managerial personnel including Key Managerial personnel. The constitution, record of attendance and other details of the Nomination and Remuneration Committee of the Company are detailed below:

	Name of the Member	Position	Status	Attendance	Meeting Dates
1.	Mrs. Jilu Saju Varghese	Member	Non-Executive Director	7	11.04.2018
2.	Mr. Paul Jose Maliakal	Member	Independent & Non-Executive	4	23.06.2018
					04.07.2018
					05.10.2018
3.	Mr. C. Thomas John	Chairman	Independent & Non-Executive	7	03.01.2019
					04.02.2019
					28.02.2019

Terms of reference of the Nomination Committee includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of independent directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Recommending to the Board, all remuneration, in whatever form, payable to senior management of the Company;

Directors' Report

7. Ensuring 'fit and proper' status of proposed/ existing Directors of the Company.
8. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to the extent each is applicable; or
 - b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
9. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee."

c) Corporate Social Responsibility Committee

The Company has adopted the Corporate Social Responsibility Policy outlining the various activities defined in Schedule VII of the Companies Act, 2013. The Policy envisages the formulations of the CSR Committee which will recommend the amount of expenditure to be incurred on the activities referred to in the Policy to the Board and monitor the project/programs from time to time with reporting of the progress on such project/programs to the Board

The execution of the projects/programs is either by way of partnering through the implementing agencies or directly by the Company or Trust established by the Company. Contents of the CSR policy of the Company are displayed on the website of the Company www.kosamattam.com.

The Company established and registered a Trust "Kosamattam Cherian Foundation" on 26th day of February, 2018 exclusively for meeting its Corporate Social Responsibilities. Mr. Mathew K. Cherian was appointed as Chairman cum Managing Trustee and Mrs. Laila Mathew and Mrs. Jilu Saju Varghese were appointed as trustees.

The Corporate Social Responsibility Committee was constituted by way of a board resolution dated March 03, 2014. The committee met 4 times during the year to discuss about the implementation of Company's CSR programmes. The Corporate Social Responsibility Committee was re-constituted by way of a board resolution dated June 25, 2018. The Corporate Social Responsibility Committee comprises of the following members:

- 1) Mr. Mathew K. Cherian
- 2) Mrs. Laila Mathew
- 3) Mrs. Jilu Saju Varghese
- 4) Mr. C. Thomas John

The constitution, record of attendance and other details of the Corporate Social Responsibility Committee of the Company are detailed below:

	Name of the Member	Position	Status	Attendance	Meeting Dates
1.	Mr. Mathew K. Cherian	Chairman	Managing Director	4	18.06.2018
2.	Mrs. Laila Mathew	Member	Executive Director	4	
3.	Mrs. Jilu Saju Varghese	Member	Non-Executive Director	4	02.07.2018
4.	Mr. Narayanaswamy Chidambaram Iyer*	Member	Independent & Non-Executive Director	1	06.10.2018
5.	Mr. C. Thomas John	Member	Independent & Non-Executive Director	3	02.03.2019

Resigned from the Board w.e.f. June 21, 2018

The terms of reference of Corporate Social Responsibility Committee are as under:

1. To formulate and to recommend to the Board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the Company as specified in Scheduled VII;
2. Recommend the amount of expenditure to be incurred on the activities referred to in clause 1; and
3. Monitor the Corporate Social Responsibility Policy of Company from time to time.

d) Asset Liability Management Committee

The Asset Liability Management Committee was constituted by the Board of Directors through its resolution dated July 09, 2011. The Asset Liability Management Committee was last reconstituted on May 06, 2019, and it currently comprises the following Directors:

1. Mr. Mathew K. Cherian
2. Mrs. Laila Mathew
3. Mrs. Jilu Saju Varghese
4. Mr. C. Thomas John.

The committee met 4 times during the year for Verifying and valuing securities on a quarterly basis and for analysing the security cover available for the debentures issued and interest payable. The constitution, record of attendance and other details of the Asset Liability Management Committee of the Company are detailed below:

	Name of the Member	Position	Status	Attendance	Meeting Dates
1.	Mr. Mathew K. Cherian	Chairman	Managing Director	4	
2.	Ms. Laila Mathew	Member	Whole time Director	4	15.06.2018
3.	Ms. Jilu Saju Varghese	Member	Non-Executive Director	4	26.07.2018
4.	Mr.Narayanaswamy Chidambara Iyer*	Member	Independent & Non-Executive Director	1	09.10.2018
5.	Mr. C. Thomas John	Member	Independent & Non-Executive Director	3	05.01.2019

*Resigned from the Board w.e.f. June 21, 2018

Asset Liability Management Committee shall be responsible for recommending to the Board prudent asset/liability management policies and procedures and shall have the following responsibilities:

1. Successful implementation of the risk management process;
2. Integration of basic operations and strategic decision making with risk management;
3. Overall responsibility for management of risks;
4. Deciding the risk management policy of the Company;
5. Setting limits for liquidity, interest rate and equity price risks and shall be responsible for ensuring adherence to the limits set thereby;
6. Deciding the business strategy of the Company (on the assets and liabilities side) in line with the Company's budget and decided risk management objectives.
7. Articulating the current interest rate view of the NBFC and base its decisions for future business strategy on this view.
8. Reviewing Interest rate forecasts and spreads for Company;
9. Analyzing, monitoring and reporting the risk profiles;
10. Responsible for balance sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks;

11. Review the results of and progress in implementation of the decisions made in the previous meetings

Asset Liability Management Committee shall consider, inter alia, shall include product pricing for both deposits and advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services/product, etc.

- a. Asset Liability Management Process : the scope of Asset Liability Management Committee function can be described as follows:
 - Liquidity risk management
 - Management of market risks
 - Funding and capital planning
 - Profit planning and growth projection
 - Forecasting and analyzing 'What if scenario' and preparation of contingency plans

Any other power, role and terms of references as may be stipulated under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016."

Directors' Report

e) Risk Management Committee

The Risk Management Committee was constituted by the Board of Directors through its resolution dated July 09, 2011. The Risk Management Committee was last reconstituted on May 30, 2018. The Risk Management Committee currently consists of the following persons:

1. Mr. Mathew K. Cherian
2. Mrs. Laila Mathew
3. Mrs. Jilu Saju Varghese
4. Mr.C. Thomas John
5. Mr. Arun Kumar (Chief Information Officer and Chief Risk Officer).

The committee met 4 times during the year for reviewing and analysing the existing internal controls and to take all possible steps to mitigate risks associated with the business. The constitution, record of attendance and other details of the Risk Management Committee of the Company are detailed below:

	Name of the Member	Position	Status	Attendance	Meeting Dates
1.	Mr. Mathew K. Cherian	Chairman	Managing Director	4	27.06.2018
2.	Ms. Laila Mathew	Member	Executive Director	4	
3.	Ms. Jilu Saju Varghese	Member	Non-Executive Director	4	25.08.2018
4.	Mr. C. Thomas John	Member	Independent & Non-Executive Director	4	21.11.2018
5.	Mr. Arun Kumar	Member	Chief Information Officer and Chief Risk Officer	4	02.03.2019

The terms of reference of the Risk Management Committee includes the following:

- i. Establishing the context of risks;
- ii. Identifying the risks;
- iii. Assessing probability and possible consequences of the risks.
- iv. Developing strategies to mitigate these risks;
- v. Monitoring and reviewing the outcomes;
- vi. Communicating and consulting with the parties involved.

f) Debenture Committee

The Debenture Committee was constituted by the Board of Directors through its resolution dated December 26, 2014. The Committee was re-constituted by the Board of Directors through its resolution dated January 31, 2019. The Debenture Committee comprises of the following persons:

1. Mr. Mathew K. Cherian
2. Mrs. Laila Mathew
3. Mrs. Jilu Saju Varghese

During the year under review the Committee met 9 times on various matters. The constitution, record of attendance and other details of the Debenture Committee of the Company are detailed below:

	Name of the Member	Position	Status	Attendance	Meeting Dates
1.	Mr. Mathew K. Cherian	Chairman	Managing Director	9	02.07.2018
2.	Ms. Laila Mathew	Member	Whole time Director	9	11.07.2018
3.	Ms. Jilu Saju Varghese	Member	Non-Executive Director	9	20.08.2018
					12.09.2018
					03.12.2018
4.	Mr. George Thomas	Member	Chief Executive Officer*	7	04.12.2018
					19.12.2018
					14.03.2019
					26.03.2019

*Resigned from the office of Chief Executive Officer w.e.f. January 24, 2019 and appointed as business head of the Company w.e.f. February 13, 2019.

Terms of reference:

- To determine and approve, the terms and conditions and number of the Debentures to be issued, the timing, nature, type, pricing and such other terms and conditions of the issue including coupon rate, minimum subscription, retention of oversubscription, if any, etc.,
- To approve and make changes to the Draft Prospectus,
- To approve the Final Prospectus, including any corrigendum, amendments supplements thereto, and the issue thereof and
- To issue and allot the Debentures and to approve all other matters relating to the issue and do all such acts, deeds, matters and things including execution of all such deeds, documents, instruments, applications and writings as it may, at its discretion, deem necessary and desirable for such purpose including without limitation the utilization of the issue proceeds, modify or alter any of the terms and conditions, including size of the Issue, as it may deem expedient, extension of Issue and/or early closure of the Issue.

g) Corporate Governance Committee

The Corporate Governance Committee was constituted by a board resolution dated January 09, 2012. The Committee was last reconstituted on June 25, 2018. The Committee currently comprises:

- Mr. Mathew K. Cherian
- Mrs. Laila Mathew
- Mrs. Jilu Saju Varghese
- Mr. C. Thomas John

During the year under review the committee met 4 times on various matters referred below. The constitution, record of attendance and other details of the Corporate Governance Committee of the Company are detailed below:

	Name of the Member	Position	Status	Attendance	Meeting Dates
1.	Mr. Mathew K. Cherian	Chairman	Managing Director	4	
2.	Ms. Laila Mathew	Member	Executive Director	4	15.06.2018
3.	Ms. Jilu Saju Varghese	Member	Non-Executive Director	4	25.08.2018
4.	Mr. Narayanaswamy Chidambaram Iyer*	Member	Independent & Non-Executive Director	1	09.10.2018
5.	Mr. C. Thomas John	Member	Independent & Non-Executive Director	3	04.02.2019

*Resigned from the Board w.e.f. June 21, 2018

Directors' Report

Terms of reference of the Corporate Governance Committee includes the following:

1. Consideration of matters of good governance of Company;
2. Consideration of reports of various committees;
3. Assessing and valuing the progress made.

h) Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted by a board resolution dated April 16, 2014. The committee was last reconstituted by the Board by its resolution dated May 06, 2019. The Committee currently comprises:

1. Mr. Mathew K. Cherian
2. Mrs. Laila Mathew
3. Mrs. Jilu Saju Varghese
4. Mr. C. Thomas John

During the year under review the committee met 4 times on various matters of stakeholders. The constitution, record of attendance and other details of the Stakeholders Relationship Committee of the Company are detailed below:

	Name of the Member	Position	Status	Attendance	Meeting Dates
1.	Mr. Mathew K. Cherian	Member	Managing Director	4	11.04.2018
2.	Ms. Laila Mathew	Member	Executive Director	4	23.07.2018
3.	Ms. Jilu Saju Varghese	Chairman	Non-Executive Director	4	12.10.2018
4.	Mr. C. Thomas John	Member	Independent & Non-Executive Director	3	08.01.2019

Terms of Reference for the Stakeholders Relationship Committee:

The Stakeholders Relationship Committee shall be responsible for, among other things, as may be required by the stock exchanges from time to time, the following:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
5. Carrying out any other function contained in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as and when amended from time to time."

i) Bank Operation Committee

The Committee of Directors for Bank Operations was constituted by the board of directors in their meeting held on August 01, 2016. Board delegated the powers to the Committee for Bank account operations such as account opening, changing authorization of Branch Managers and closing of bank accounts etc. The Committee currently comprises:

1. Mr. Mathew K. Cherian
2. Mrs. Laila Mathew
3. Mrs. Jilu Saju Varghese

During the year under review the committee met 12 times on various matters. The constitution, record of attendance and other details of the Committee are detailed below:

	Name of the Member	Position	Status	Attendance	Meeting Dates
1.	Mr. Mathew K. Cherian	Chairman	Managing Director	12	05.09.2018
2.	Ms. Laila Mathew	Member	Executive Director	12	05.10.2018
					06.11.2018
					06.12.2018
3.	Mrs. Jilu Saju Varghese	Member	Non-Executive Director	12	05.01.2019
					05.02.2019
					05.03.2019

The functions of the Committee for Bank Operations and the Terms of reference shall be as follows:-

1. Opening Bank accounts for branch level operations;
2. Give authorisation to staff to open and operate bank accounts in branch level and
3. Give instruction to Bank for closing bank accounts

j) IT Strategy Committee

As per the Master Direction of Reserve Bank of India on Information Technology Framework for the NBFC Sector, Company has constituted IT Strategy Committee on May 30, 2018. Role of IT strategy committee is to advise board on IT initiative. Strategy committee generally consists of board members and specialized non-board members. The IT Strategy Committee should meet at an appropriate frequency but not more than six months should elapse between two meetings. The Committee currently comprises:

1. Mr. C.Thomas John, Independent Director
2. Mr. Saju Varghese, Chief Technology Officer
3. Mr. Arun Kumar, Chief Information Officer/ Chief Risk Officer

During the year under review the committee met 1 time on various matters. The constitution, record of attendance and other details of the Committee are detailed below:

	Name of the Member	Position	Status	Attendance	Meeting Dates
1.	Mr.Saju Varghese	Member	Chief Technology Officer	1	
2.	Mr. Arun Kumar	Chairman	Chief Information Officer/ Chief Risk Officer	1	06.10.2018
3.	Mr. C. Thomas John	Member	Independent & Non-Executive Director	1	

Roles and Responsibilities of IT Strategy Committee shall be:

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
5. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks

Directors' Report

k) IPO committee

The IPO committee was constituted by the board by its resolution dated May 06, 2019 for deciding various matters related to the proposed IPO of equity shares. The Committee currently comprises:

1. Mr. Mathew K. Cherian
2. Mrs. Laila Mathew
3. Mr. C. Thomas John

Roles and Responsibilities of IPO Committee shall be:

1. Approving all actions required to dematerialize the Equity Shares, including seeking the admission of the Equity Shares into the Central Depository Services (India) Limited (the "CDSL") and the National Securities Depository Limited (the "NSDL");
2. Finalizing and arranging for the submission of the DRHP, the RHP, the Prospectus and the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, to appropriate government and regulatory authorities, institutions or bodies;
3. Approving a code of conduct as may be considered necessary by the Board or the IPO Committee or as required under Applicable Laws for the Board, officers of the Company and other employees of the Company;
4. Issuing advertisements as it may deem fit and proper in accordance with Applicable Laws;
5. Approving suitable policies, including on insider trading, whistle blower/vigil mechanism, risk management and other corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under Applicable Laws in connection with the Issue;
6. Deciding on the size and all other terms and conditions of the Issue and/or the number of Equity Shares to be offered and transferred in the Issue, including any Pre-IPO Placement, Reservation, Green Shoe Option and any rounding off in the event of any oversubscription as permitted under Applicable Laws;
7. Taking all actions as may be necessary or authorized in connection with the Issue;
8. Appointing and instructing book running lead managers, lead managers, syndicate members, placement agents, bankers to the Issue, the registrar to the Issue, bankers of the Company, managers, underwriters, guarantors, escrow agents, accountants, auditors, legal counsels, depositories, trustees, custodians, credit rating agencies, monitoring agencies, advertising agencies and all such persons or agencies as may be involved in or concerned with the Issue and whose appointment is required in relation to the Issue, including any successors or replacements thereof;
9. Opening bank accounts, share/securities accounts, escrow or custodian accounts, in India or abroad, in Rupees or in any other currency, in accordance with Applicable Laws;
10. Entering into agreements with, and remunerating all such book running lead managers, lead managers, syndicate members, placement agents, bankers to the Issue, the registrar to the Issue, bankers to the Company, managers, underwriters, guarantors, escrow agents, accountants, auditors, legal counsels, depositories, trustees, custodians, credit rating agencies, monitoring agencies, advertising agencies, and all other agencies or persons as may be involved in or concerned with the Issue, including any successors or replacements thereof, by way of commission, brokerage, fees or the like;
11. Seeking the listing of the Equity Shares on the Stock Exchanges, submitting listing applications to the Stock Exchanges and taking all such actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreements with the Stock Exchanges;
12. Seeking, if required, the consent of the Company's lenders and lenders of its subsidiaries, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Issue;
13. Submitting undertaking/certificates or providing clarifications to the SEBI and the Stock Exchanges;
14. Determining the price at which the Equity Shares are offered and transferred to investors in the Issue in accordance with Applicable Laws, in consultation with the selling shareholder and the book running lead manager(s) and/or any other advisors, and determining the discount, if any, proposed to be offered to eligible categories of investors;
15. Determining the price band and minimum lot size for the purpose of bidding, any revision to the price band and the final Issue price after bid closure;
16. Determining the bid opening and closing dates;
17. Finalizing the basis of allocation and transfer of Equity Shares to retail investors/non-institutional investors/qualified institutional buyers and any other investor in consultation with the book running lead managers, the stock exchanges and/or any other entity;



18. Approving/taking on record the transfer of the Equity Shares;
19. Opening with the bankers to the Issue, escrow collection banks and other entities such accounts as are required under Applicable Laws;
20. To issue receipts/allotment letters/confirmations of allotment notes either in physical or electronic mode representing the underlying equity shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the aforesaid documents;
21. Severally authorizing Authorized Officers for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer considers necessary, desirable or expedient, in connection with the Issue, including, without limitation, engagement letters, memoranda of understanding, the listing agreements with the stock exchanges, the registrar's agreement, the depositories' agreements, the issue agreement with the book running lead managers (and other entities as appropriate), the underwriting agreement, the syndicate agreement, the cash escrow agreement, the share escrow agreement, confirmation of allocation notes, the advertisement agency agreement and any undertakings and declarations, and to make payments to or remunerate by way of fees, commission, brokerage or the like or reimburse expenses incurred in connection with the Issue, the book running lead manager(s), lead manager(s), syndicate members, placement agents, bankers to the Issue, registrar to the Issue, bankers of the Company, managers, underwriters, guarantors, escrow agents, accountants, auditors, legal counsel, depositories, trustees, custodians, credit rating agencies, monitoring agencies, advertising agencies, and all such persons or agencies as may be involved in or concerned with the Issue including any successors or replacements thereof; and any such agreements or documents so executed and delivered and acts, deeds, matters and things done by any such Authorized Officer shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing;
22. Severally authorizing the Authorized Officers to take any and all action in connection with making applications, seeking clarifications and obtaining approvals (or entering into any arrangement or agreement in respect thereof) in connection with the Issue, including, without limitation, applications to, and clarifications or approvals from the Government of India, the RBI, the SEBI, the RoC, and the Stock Exchanges and that any such action already taken or to be taken is hereby ratified, confirmed and/or approved as the act and deed of the Authorized Officer and the Company, as the case may be;
23. Severally authorizing the Authorized Officers, for and on behalf of the Company, to execute and deliver any and all documents, papers or instruments and to do or cause to be done any and all acts, deeds, matters or things as any such Authorized Officer may deem necessary, desirable or expedient in order to carry out the purposes and intent of the foregoing resolutions or the Issue; and any documents so executed and delivered or acts, deeds, matters and things done or caused to be done by any such Authorized Officer shall be conclusive evidence of the authority of such Authorized Officer and the Company in so doing and any such document so executed and delivered or acts, deeds, matters and things done or caused to be done by any such Authorized Officer prior to the date hereof are hereby ratified, confirmed and approved as the act and deed of the Authorized Officer and the Company, as the case may be; and
24. Executing and delivering any and all documents, papers or instruments and doing or causing to be done any and all acts, deeds, matters or things as the IPO Committee may deem necessary, desirable or expedient in order to carry out the purposes and intent of the foregoing resolutions or the Issue; and any documents so executed and delivered or acts, deeds, matters and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing."

Company also constituted IT Steering Committees, operating at an executive level.

INTERNAL CONTROL

The Company has an Internal Control System which is commensurate with the size, scale and complexity of its operations. The Internal Audit Team monitors the efficiency and efficacy of the internal control systems in the Company, compliance with operating systems/ accounting procedures and policies of the Company. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board. The Internal Audit Team directly reports to the Audit Committee of the Company

The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations including those relating to strengthening of the Company's risk management policies and systems. The Audit Committee oversees the functioning of the audit team and reviews the effectiveness of internal control at all levels apart from laying down constructive suggestions for improving the audit function in the Company. The present reporting structure ensures independence of the internal audit function and embodies best corporate governance practices.

The Company had formed various Committees such as Risk Management Committee, Asset Liability Management Committee and Audit Committee and for the proper administration of the day-to-day functioning. The Corporate Governance Committee, Stakeholders relationship Committee, Nomination and Remuneration Committee

Directors' Report

Corporate Social Responsibility Committee, Debenture Committee, IT strategy Committee, IPO committee and Bank operations Committee have also been formed.

CREDIT RATING

Your Company's debt instruments are rated by Credit Analysis And Research Ltd. for the initial public issues upto eighth tranche and then India Ratings & Research Private Limited assigned rating for the borrowings and remaining public issues as mentioned below;

₹ in Crores

Rating Agency	Facilities	Amount Rated	Outstand- ing as on March 31, 2019	Rating as on		Rating Definition
				March 31, 2019	March 31, 2018	
CARE	Non-Convertible Debenture	1500.00	420.11	CARE BBB-	CARE BB+	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. Modifiers {"+" (plus) / "-" (minus)} reflect the comparative standing within the category.
				[CARE Tripple B Minus]	[CARE Double B Plus]	
CARE	Subordinated Debt	115.00	89.79	CARE BBB-	CARE BB	
				[CARE Tripple B Minus]	[CARE Double B]	
India Ratings & Research	Bank Facilities	800.00	477.45	IND BBB	IND BBB-	
				[IND Triple B]	[IND Triple B Minus]	
India Ratings & Research	Non-Convertible Debenture	2150.00	1182.45	IND BBB	IND BBB-	
				[IND Triple B]	[IND Triple B Minus]	
India Ratings & Research	Subordinated Debt	170.00	90.72	IND BBB	IND BBB-	
				[IND Triple B]	[IND Triple B Minus]	

WHISTLE BLOWER POLICY

During the reporting financial year, the Company reviewed Whistle Blower Policy and established the necessary vigil mechanism for Directors and Employees to report concerns about unethical behaviour. The mechanism provides for adequate safeguards against victimisation. Further, no person has been denied access to the Audit Committee. The Whistle Blower Policy is available under the following web link: www.kosamattam.com.

LISTING ON STOCK EXCHANGES AND REGISTRATION OBTAINED FROM OTHER FINANCIAL SECTOR REGULATORS

Your Company's Debt Securities are listed with the Bombay Stock Exchange. The strength of debt holders have also considerably increased from the previous year which clearly shows that the investors have built a greater confidence in the Company and its performance.

Your Company has obtained a full-fledged money changers license bearing license number FE. CHN.FFMC.40/2006 dated February 7, 2006 issued by the RBI, which is valid up to February 29, 2020.

With a view to expand our regular fee and commission based income, we finalized a corporate agency agreement with the Bharti Axa General Insurance Co. Ltd., Life Insurance Corporation of India,

Bajaj Allianz General Insurance Co. Ltd., Reliance General Insurance Company Ltd., Religare Health Insurance Company Limited, SBI Life Insurance Company Limited and Apollo Munich Health Insurance Co. Ltd. for marketing their insurance plans, as a corporate agent. Your company holds a Certificate of Registration bearing Registration Number - CA0179 issued by IRDA to commence/carry business in the capacity of a Corporate Agent (Composite) under the Insurance Regulatory and Development Authority Act, 1999.

Your Company holds a Certificate of Registration dated May 28, 2014 bearing registration number IN-DP-CDSL-717-2014 issued by the SEBI to act as Depository Participant in terms of Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996. The registration is valid up to May 27, 2019. Company have filed application for registration renewal with Central Depository Services Limited.

Your Company obtained registration as an AMFI Registered Mutual Fund Advisor (ARMFA), and was assigned a unique code-AMFI Registration Number (ARN) - 116785. The registration is valid up to November 24, 2019.

Your Company has obtained registration with Legal Entity Identifier India Limited (LEIL) and was assigned a LEI-code - 335800F7BYBNG38B4A84.

Global Intermediary Identification Number (GIIN) of the Company is 1CIT1U.99999.SL356.

Your Company has obtained ISD registration under Goods and Service Tax Act 2017 for distribution of the input credit to various states and was assigned a registration No 32AACCK4277A3ZY.

Your Company has obtained registration with Financial Intelligence Unit – India (FIU-IND) and was assigned registration No FINBF12988.

PUBLIC DEPOSITS

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of Balance Sheet. Board of Directors of the Company has passed a resolution on April 23, 2018 for non-acceptance of public deposit. The Company is functioning under valid registration No.B.16.00117 dated January 28, 2005. (Amended on December 19, 2013 due to name change)

ANCILLARY BUSINESS

The Company is engaged in certain ancillary businesses such as Corporate Insurance Agency, Mutual Fund Advisor, Money Transfer Service, Full Fledged Money Changer, PAN Services, Travels, Depository Participant Services and Plantations etc. All these business contribute their own share in achieving good profitability and goodwill to the Company. During the reporting financial year Company has started the operation of windmill.

MICRO FINANCE

The company is engaged in micro finance operations which provide micro credit lending to customers who are predominantly located in rural and semi-urban areas and the purpose of loans sanctioned to them is mainly for utilization in small businesses or for other income generating activities but not for personal consumption. As on March 31, 2019, the percentage of micro finance loan to total loan book is 0.36%.

HUMAN RESOURCES DEVELOPMENT

Intellectual Capital is the most valuable asset in modern business environment. Recognizing the fact, the Company gives much importance to Human Resources Development and Management in the organization. Being a service industry, the key resource is manpower. Your Company emphasizes on imparting effective and continual training to its employees in a planned and systematic manner, to acquire and sharpen capabilities required to perform various functions associated with their present/ expected future roles in the business of the Company. Many key positions in operations

are held by senior professionals retired from senior positions in major public sector Banks. As on March 31, 2019 the Company had 3251 employees on its rolls at various organizational levels.

Your Company is professionally managed with senior management personnel having rich experience and long tenure with the Company. Your Company has laid down a Training policy, which:

- Enables the Company to train new employees that is necessary to ensure steady expansion of business by way of opening of large number of branches and operating units, viz. regional offices, zonal offices etc.
- Helps employees to adapt to changing business environment, demand and expectation of customers, competition, advances in technology
- Helps the Company in improving the quality of service with professional approach which ensures customer satisfaction management
- Helps the Company in evolving a culture of business and participative management
- As per the Training Policy all categories of staff members should receive training in matters, including:
- Induction training at the time of entry into service and refresher program within 6 months of joining service
- In-service training at suitable intervals during career progression, preferably once in a year
- Promotion linked training of two to three days duration either before or after promotion, within a specific time interval, preferably five years

ENERGY CONSUMPTION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

a) Conservation of energy:

The Company is engaged in the financial services sector and therefore conservation of energy, technology absorption etc. have a limited application. However, the Company follows a practice of purchase and use of energy efficient electrical and electronic equipment and gadgets in its operations. As a further step the Company started operation of wind mill at Ramakkalmed, Thoorkupalam in Idudki District.

b) Technology absorption :

During the period under review there was no major technology absorption undertaken by the Company.

c) Foreign Exchange Earnings and Outgo :

The Company is indulged in the business of FFMC with the RBI license. During the period foreign exchange earnings and outgo was as under:

Directors' Report

Particulars	March 31, 2019
Foreign Exchange Earnings	
Exchange Gain on Foreign Currency trading	₹18,48,898.00
Foreign Exchange Outgo	Nil

AUDITORS

M/s. Vishnu Rajendran & Co., Chartered Accountants, Kottayam was appointed as Auditors of the Company, for a term of 5 (five) consecutive years, at the 31st Annual General Meeting held on June 08, 2018. They have confirmed that they are not disqualified for continuing as the Statutory Auditors of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report is attached and forms an integral part of the Report of the Board of Directors (Annexure I).

EXTRACT OF ANNUAL RETURN

The Extract of Annual return in form No. MGT-9 as per Section 92(3) and 134(3)(a) of Companies Act, 2013 and respective rules made thereunder is annexed hereto and forms part of this report (Annexure II).

SECRETARIAL AUDIT

Secretarial Audit Report as per Section 204 of Companies Act 2013 is placed as annexure to this report (Annexure III).

REPLY TO AUDITORS OBSERVATIONS/REMARKS:

In reply to the observation by the Secretarial Auditor in point No. (vi) (a) of Audit Report, we hereby inform that some of the e-forms were filed belatedly due to some technical issues. Company has provided additional fee prescribed in Rule 12 of the Companies (Registration of offices and fees) Rules, 2014.

In reply to the observation by the Secretarial Auditor in point No.(vi)(b) of Audit Report, we hereby inform that

RBI had issued a show cause notice dated April 28, 2017 ("SCN") under Section 58 G (2) of the RBI Act, to Company, in relation to an inspection under Section 45N of the RBI Act, which was conducted from August 8, 2016 to August 19, 2016. In the SCN, the RBI has alleged that your Company did not maintain application forms and other KYC documents in respect of privately placed non-convertible debentures and subordinated debt instruments in violation of para II.3.(ii) of the instructions contained in the RBI circular bearing reference DNBR. PD(CC)No. 51/03.10.119/2015-16 dated July 1, 2015. In this regard, RBI had issued a supervisory letter dated September 8, 2016 which was responded to by the Company vide its letter dated October 5, 2016. Upon due examination, Company's responses were found unsatisfactory by the RBI. In the SCN, the RBI had asked Company to show cause as to why a penalty of ₹5,00,000 for contravention of KYC norms and further penalty of ₹25,000 for each day on which such

contravention subsisted, should not be levied on Company, under Section 58 G(1)(b) read with Section 58-B(5)(aa) of the RBI Act.

Where the inspection had taken place, had been unable to produce the relevant applications and KYC documents on time although the same were available with Company, on account of shifting of the said documents to our regional office in Kottayam and from there to other premises. Company will strictly adhere directions of RBI in future.

In reply to the observation by the Secretarial Auditor regarding calling of meeting at short notice, we hereby inform that for considering some emergency agenda, Board of directors had met by short notice by complying provisions of Companies Act, 2013 and applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

CORPORATE SOCIAL RESPONSIBILITY

Your Company's Corporate Social Responsibility (CSR) activities are guided and monitored by its CSR Committee. The CSR Policy of the Company provides a broad set of guidelines including intervention areas. The Company believes CSR is a way of creating shared value and contributing to social and environmental good. Company established and registered a Trust "Kosamattam Cherian Foundation" on February 26, 2018 exclusively for meeting its Corporate Social Responsibilities. Mr. Mathew K. Cherian was appointed as Chairman cum Managing Trustee. Mrs. Laila Mathew and Mrs. Jilu Saju Varghese are the other trustees. Company's strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each business unit or function to include these considerations into its operations. In the areas of preventive health care and promoting educations etc., Company has spent ₹28.39 Lakhs for CSR activities. Out of this ₹13.92 Lakhs were spent for CSR activities during the period. A report Pursuant to Section 135 of the Act & Rules made thereunder is annexed to this report (Annexure IV).

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013

The Company has not entered into any contracts or arrangements or transaction with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are not at arm's length basis during the year under review.

The details of material contracts or arrangement or transactions, report on arm's length transactions entered into by the Company during the period attached to and forming part of this report and annexed to this report (Annexure V).

DISCLOSURE AS REQUIRED UNDER COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULE, 2014.

Disclosures as required under Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 are annexed together with this report (**Annexure VI**).

SIGNIFICANT AND MATERIAL ORDERS

The details of significant and material orders passed by the regulators or courts or tribunals that may impact the operation of the Company in future are discussed below;

Contingent Liability not provided for;

Amount in ₹

Claims against the Company not acknowledge as debts.	March 31, 2019	March 31, 2018
i) Service Tax demand for the period 10-09-2004 to 30-09-2008	82,13,234.00	82,13,234.00
Joint Commissioner of Central Excise & Customs Cochin Commissionerate has raised a demand of ` 82,13,234.00 as Service Tax Liability against which company has filed an appeal with The Commissioner of Central Excise and Service Tax (Appeals), Officer of Central Excise (Appeals), Cochin. A sum amounting ` 4,10,500.00 has been paid as security deposit.		
ii) Service Tax demand for the period 01-10-2008 to 30-11-2011	13,93,61,968.00	13,93,61,968.00
iii) Service Tax demand for the period 01-12-2011 to 31-03-2012	2,40,19,123.00	2,40,19,123.00
iv) Service Tax demand for the period 01-04-2012 to 30-06-2012	2,30,24,879.00	2,30,24,879.00
Joint Commissioner of Central Excise & Customs Cochin Commissionerate has raised a demand of ` 18,64,05,970.00 as Service Tax Liability against which Company has filed an appeal with the Deputy Registrar, Customs, Excise and Service Tax Appellate Tribunal, Bangalore. A sum amounting ` 87,52,500.00 has been paid as security deposit.		
v) Service Tax demand for the period 01-10-2008 to 30-11-2012	28,666,432.00	28,666,432.00
The Commissioner of Central Excise & Customs Cochin Commissionerate has raised a demand of ` 2,86,66,432.00 as Service Tax Liability against which Company has filed an appeal with the Deputy Registrar, Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The Company has made Service Tax Pre-Deposit of ` 10,75,000 as on May 15, 2015		
vi) Service Tax demand for the period 01-07-2012 to 31-03-2013	10,70,27,472.00	10,70,27,472.00
vii) Service Tax demand for the period 01-04-2013 to 31-03-2014	10,84,03,886.00	10,84,03,886.00
Commissioner of Central Excise, Customs & Service Tax, Cochin Commissionerate has raised a demand of ` 21,54,31,358.00 as Service Tax Liability. A sum amounting ` 1,13,62,000.00 has been paid as security deposit.		
viii) Service Tax demand for the period 01-04-2012 to 31-03-2014	1,14,88,777.00	1,07,06,777.00
The Commissioner of Central Excise & Customs Cochin Commissionerate has raised a demand of ` 1,14,88,777.00 as Service Tax Liability against which Company has filed an appeal with the Deputy Registrar, Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The Company has made Service Tax Pre-Deposit of ` 7,82,000.00 as on May 13, 2016		
ix) Kerala Value Added Tax demand for the period 2014-2015	2,90,000.00	2,90,000.00
The Deputy Commissioner (Appeals) / The Deputy Commissioner/ The Commissioner has raised a demand of ` 2,90,000.00 as VAT liability A sum amounting ` 2,90,000.00 has been paid as security deposit.		
x) Income Tax Demand for the period 2011-2012	18,95,72,090.00	18,95,72,090.00
The Assistant Commissioner of Income Tax has raised a demand of ` 18,95,72,090.00 as Income Tax. A sum of ` 8,18,71,700.00 has been paid as security deposit.		
xi) Income Tax Demand for the period 2014-2015	93,78,780.00	0.00
The Assistant Commissioner of Income Tax has raised a demand of ` 93,78,780 as Income Tax. A sum of ` 18,75,760 has been paid as tax under regular assessment.		
xii) Service Tax demand for the period 01-04-2015 to 31-03-2016	151,184.00	0.00
The Commissioner of Central GST & Central Excise Thiruvananthapuram Commissionerate has raised a demand of ` 1,51,184.00 as Service Tax Liability against which company is going to file an appeal with Deputy Registrar, Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The Company has made Service Tax Pre-Deposit of ` 13,000.00 as on September 25, 2018		

Directors' Report

Amount in ₹

Claims against the Company not acknowledge as debts.	March 31, 2019	March 31, 2018
xiii) Service Tax demand for the period 01-04-2015 to 31-03-2016	7,778.00	0.00

The Commissioner of Central GST & Central Excise Thiruvananthapuram Commissionerate has raised a demand of ₹ 7,778.00 as Service Tax Liability against which company is going to file an appeal with Deputy Registrar, Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The Company has made Service Tax Pre-Deposit of ₹ 700 as on October 09, 2018

- During the year there have been certain instances of fraud on the Company by employees and others, where gold loan related misappropriations/cash embezzlements have occurred aggregating an amount of ₹7,75,000 of which the Company has recovered an amount of ₹4,43,000. The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company is in the process of recovering these amounts from the employees and taking legal actions, where applicable.

Amount in ₹

Sl No	Name of Branch	Nature of Fraud	Amount Involved	Amount Recovered If any:	Fraud Committed by:	Remedial Action Taken	Status
1	VILLAPURAM	Cash Embezzlement	2,00,000	NIL	Branch Staff	Police case filed on June 08, 2018 as per FIR No:- 983. Reported to RBI on April 18, 2018	Investigation in Process.
2	PERIYANAIPALAYAM	Cash Embezzlement	5,75,000	4,73,000	Branch Manager	Reported to RBI on March 11, 2019	Recovery in Process.

♦ Applicability of Kerala Money Lending Act 1958

The Applicability of Kerala Money Lending Act 1958 to Non-Banking Financial Company's is pending before Honourable Supreme Court of India. The Honourable Supreme Court of India has directed that a status quo on the matter shall be maintained and the matter is currently pending with Honourable Supreme Court.

- ♦ The Commissioner of Income Tax (Central), Kochi ("CITK") filed a writ petition (c) bearing no.23856/2013 dated August 28, 2013 ("Writ Petition"), before the High Court of Kerala against the order dated March 25, 2013 ("Order") passed by the Income Tax Settlement Commission, Chennai ("Commission") for the assessment years 2004-05 to 2010-11, granting immunity to Company from penalty and prosecution. The Writ Petition was filed by CITK inter-alia on the ground that the Commission has no authority to grant immunity to Company from penalty and prosecution unless Company makes full and true disclosure of its income, manner in which it was derived and cooperates with the Commission in the proceedings. The CITK further alleged that the income admitted by Company was less than the income quantified by the Commission and hence full and true disclosure wasn't made and thus the Order passed by the Commission was against law. Further, the CIT has prayed for the issuance of writ of certiorari or any other appropriate order quashing the Order to the extent that it granted immunity to Company from prosecution and penalty. The matter is currently pending.

- ♦ The Office of the Inspecting Assistant Commissioner (Intelligence Branch), Commercial Taxes, Kottayam ("Authority") issued a Show Cause Notice bearing No. IBK/2/1/15-16 dated August 30, 2016 ("SCN"). The SCN called Company to show cause as to a penalty of ₹1,17,90,000.00 should not be charged for evading Tax Deductible at Source ("TDS"), which was allegedly due under The Kerala Value Added Tax Act, 2003 ("KVAT") towards work contracts entered into with various dealers toward setting up wind mills. Company filed a reply dated October 06, 2016 to this SCN, stating that TDS under Section 10 of the KVAT, as claimed by the Authority, would be applicable only to a works contract. Company claims that the contracts entered into with the dealers are in the nature of divisible contracts, not work contracts, and therefore Section 10 of the KVAT would be inapplicable. Company also claimed that in case of inter-state transactions, the KVAT would be inapplicable. The matter is currently pending.

- ♦ RBI had issued a show cause notice dated April 28, 2017 ("SCN") under Section 58 G (2) of the RBI Act, to your Company, in relation to an inspection under Section 45N of the RBI Act, which was conducted from August 8, 2016 to August 19, 2016. In the SCN, the RBI has alleged that Company did not maintain application forms and other KYC documents in respect of privately placed non-convertible debentures and subordinated debt instruments in violation of para II.3.(ii) of the instructions contained in the RBI circular bearing reference DNBR.PD(CC)No. 51/03.10.119/2015-16 dated July 1, 2015. In this regard, RBI had issued a supervisory letter dated September 8, 2016 which was responded to by Company

vide its letter dated October 5, 2016. Upon due examination, Company's responses were found unsatisfactory by the RBI. In the SCN, the RBI had asked your Company to show cause as to why a penalty of ₹ 5,00,000 for contravention of KYC norms and further penalty of ₹ 25,000 for each day on which such contravention subsisted, should not be levied on Company, under Section 58 G(1)(b) read with Section 58-B(5)(aa) of the RBI Act.

Company vide its letter dated May 13, 2017 ("Reply"), responded to the allegations levied by the RBI in the SCN and submitted that two of the three branches of Company where the inspection had taken place, had been unable to produce the relevant applications and KYC documents on time although the same were available with Company, on account of shifting of the said documents to our regional office in Kottayam and from there to other premises. Company further informed the RBI that the relevant documents were maintained at Company's head office and that Company had also developed software to track the application and KYC forms of its privately placed debenture holders and that the process of digitisation was on-going. Subsequently, the RBI vide its letter dated June 19, 2017, directed Company to submit all necessary documents, including offer documents, information memorandums, application forms, KYC details and other information to the RBI. Company vide its letter dated July 12, 2017 informed the RBI that statutory auditors were replaced and therefore Company sought an extension of time to comply with RBI's directions.

Subsequently, vide a letter dated July 14, 2017, the RBI allowed Company an extension of time up to July 19, 2017 on account of appointment of our Statutory Auditors and also asked for certain certifications from both Statutory Auditors and previous auditors along with submitting the relevant documents pertaining to application forms and KYC for the privately placed debentures. Company vide a letter dated July 19, 2017 submitted the requisite details to the RBI. After a personal hearing on May 3, 2018, the

RBI's committee of executive directors passed an order on June 11, 2018, which was communicated to Company vide a letter dated June 13, 2018, imposing a penalty of ₹ 5,00,000 lakhs on Company, under Section 58G(1)(b) read with Section 58B(5)(aa) of the RBI Act, for not obtaining the relevant KYC documents at the time of opening the accounts and for not having made subsequent efforts to collect the documents after the issue of the SCN. Company has since remitted the amount of penalty to RBI on June 14, 2018.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not made any investment through not more than two layers of investment companies during the year under review.

Further your Company has not directly or indirectly

- given any loan to any person or other body corporate other than usual advances envisaged in a contract of services if any,
- given any guarantee or provide security in connection with a loan to any other body corporate or person and
- acquired by way of subscription purchase or otherwise, the securities of any other body corporate exceeding sixty percent of its paid-up share capital, free reserve and securities premium account or one hundred percent of its free reserves and securities premium account whichever is more.

RISK MANAGEMENT POLICY AND IMPLEMENTATION

In today's economic environment, Risk Management is a very important part of business. The main aim of risk management is to identify, monitor and take precautionary measures in respect of the events that may pose risks for the business. Your Company's risk management is embedded in the business processes. Your Company has identified the following risks:

Key Risk	Impact to Kosamattam Finance Limited	Mitigation Plans
Interest Rate Risk	Any increase in interest rate will have an adverse effect on our net interest margin, there by adversely affecting business and financial condition of the Company.	By procuring low cost funds and increasing the own fund company may mitigate such risks.
Human Resources Risk	Your Company's ability to deliver value is dependent on its ability to attract, retain and nurture talent. Attrition and non-availability of the required talent resource can affect the overall performance of the Company	By continuously benchmarking of the best HR practices across the industry and carrying out necessary improvements to attract and retain the best talent. By putting in place production incentives on time bound basis and evaluating the performance at each stage of work. Also recruitment is across almost all states of India which helps to mitigate this risk.
Competition Risk	Your Company is always exposed to competition Risk From various other non-banking finance companies. The increase in competition concrete pressure on margins, market share etc.	By continuous efforts to enhance the brand image of the Company by focusing on R&D, quality, Cost, timely customer service. By introducing new product range commensurate with demands your Company plans to mitigate the risks so involved.

Directors' Report

Key Risk	Impact to Kosamattam Finance Limited	Mitigation Plans
Compliance Risk – Increasing Regulatory requirements	Any default can attract penal Provisions and will have adverse impact on the functioning of the Company.	By regularly monitoring and review of changes in regulatory framework.
Market Price Risk	Volatility in the market price of gold may adversely affect our financial condition, cash flows and results of operations.	By ensuring that sufficient security is available for every loan.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Policy on Prevention and Redressal of Sexual Harassment at Workplace is in place as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There was no complaint received during the reporting period. Company has

complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace

DIRECTORS' RESPONSIBILITY STATEMENT

Directors' Responsibility Statement pursuant to the provisions of section 134 (5) of Companies Act, 2013 on the accounts of the Company for the year ended March 31, 2019 is given below:

1. In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2019 and of the Profit of the Company for that period;
3. 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 in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the Financial Statements on a going concern basis;
5. The Directors had laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively;
6. The Directors had devised proper system to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's performance.

The Directors would also like to thank the shareholders, customers, bankers, Government and all the other business associates for the continuous support given by them to the Company and their confidence in its Management.

For and on behalf of the Board of Directors

Place : Kottayam
Date : May 10, 2019

Sd/-
Mathew K Cherian
Chairman cum Managing Director
DIN: 01286073

Annexure – I to directors' report

Management discussion and analysis report

Global Economy:

The global economy enjoyed a mini-boom between the end of 2016 and early 2018, when growth picked up in most major economies. Global growth is expected to remain at 3.0 per cent in 2019 and 2020; however, the steady pace of expansion in the global economy masks an increase in downside risks that could potentially exacerbate development challenges in many parts of the world, according to the World Economic Situation and Prospects 2019. The global economy is facing a confluence of risks, which could severely disrupt economic activity and inflict significant damage on longer-term development prospects. These risks include an escalation of trade disputes, an abrupt tightening of global financial conditions, and intensifying climate risks.

Amid rising corporate leverage and lower credit quality, slower economic growth and higher interest rates can substantially increase firms' difficulties in rolling over debt. A rise in bankruptcies, credit defaults and mark-to-market losses can induce fire sales and trigger a downward spiral in prices and a liquidity crunch. Given the highly interconnected financial system, this could have wider financial and economic implications. The general government debt-to-GDP ratio remains relatively high in India, although the ratio has fallen from a peak of 85 per cent in 2003 to 69 per cent in 2018.

Climate risks are intensifying, as the world experiences an increasing number of extreme weather events. Over the last six years, more than half of extreme weather events have been attributed to climate change. Climate shocks impact developed and developing countries alike, putting large communities at risk of displacement and causing severe damage to vital infrastructure.

Across all economies, the imperative is to take actions that boost potential output, improve inclusiveness, and strengthen resilience. There is a need for greater multilateral cooperation to resolve trade conflicts, to address climate change and risks from cyber security, and to improve the effectiveness of international taxation.

Indian Economy:

As per the views of the International Monetary Fund (IMF), India's growth is projected to pick up to 7.3% in 2019 (2019-20) and 7.5% in 2020, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. India has retained its position as the third largest start up base in the world with over 4,750 technology start-ups. The interim Union Budget for 2019-20 was announced by Mr Piyush Goyal, Union Minister for Corporate Affairs, Railways and Coal, Government of India, in Parliament on February 01, 2019. It focuses on supporting the needy farmers, economically less privileged, workers in the unorganised sector and salaried employees, while continuing the Government of India's push towards better physical and social infrastructure.

India moved up by 23 places in the World Bank's Ease of Doing Business Index 2018 and got 77th rank. This is attributed to 6 reforms this year- starting a business, getting electricity, construction permits, getting credit, paying taxes and trading across borders.

Industry Overview

India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities.

NBFCs now account for more than one-third of incremental credit. This is not a small sector and plays a vital role in economy's growth and this sector is here to stay. The scare of default by some NBFCs or HFCs (housing finance companies) has now passed. It seems, the industry has been able to tide over the short-term liquidity crunch.

Regardless of recent panic and meltdown in the market values of NBFCs, they are here to stay and will play an important role in the economic growth and financial inclusion. In fact, as the economy becomes larger and grows faster, the need for credit will rise disproportionately. Indian economy needs both banks and NBFCs to rise to the occasion and provide the economy with its lifeblood, i.e., credit.

In the past few years, NBFCs have filled the void created by PSU banks, which have been crippled for capital. These so-called shadow bankers bring new borrowers into the ambit of formal finance by developing unique underwriting standards and inculcating financial discipline. Although NBFCs do not have access to RBI as lenders of last resort or for liquidity; they are much lesser leveraged than banks. With a combined push by both government and private sector, India is undoubtedly one of the world's most vibrant capital markets.

The floods in Kerala have hit small businesses in the state, mainly in the retail, agriculture, plantation and tourism sector. There was no material shortfall in collection of interest and principal loan amount during that period. Also flood was not affected your Company materially.

KFL Overview

Your Company got order of Hon'ble National Company Law tribunal for the amalgamation between M/s. Kosamattam Mathew K. Cherian Financiers Private Limited (one of the NBFC in the group) with Kosamattam Finance Limited. Accordingly transferor Company amalgamated as on July 19, 2018. This will help management to contribute their time more into KFL.

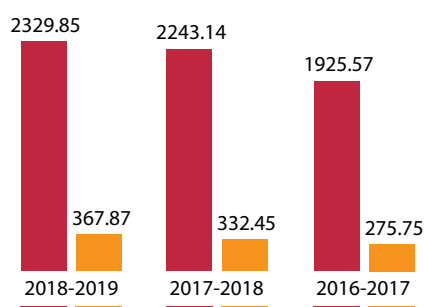
Another focus area for us was cost. We made strides in this area. Our high cost debentures were matured during the financial year 2018-2019. Also Company concentrating debt fund by way of both bank fund and public issue of debentures.

Annexure – I to directors' report

Management discussion and analysis report

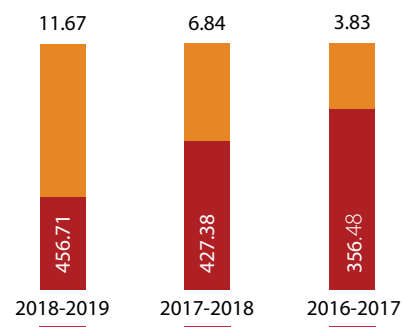
₹ in Crores

■ Debt fund ■ Equity



₹ in Crores

■ Income from Loan activity ■ Other Income



In order to move to next step, Company had decided to its first sale of stocks to public through initial public issue of equity shares. This will become an opportunity to generate the capital needed to expand. IPOs often generate publicity by making their products known to a new group of potential customers. Subsequently, this may lead to an increase in market share for the Company. We hope that your Company can enter into security market in the financial year 2019-2020.

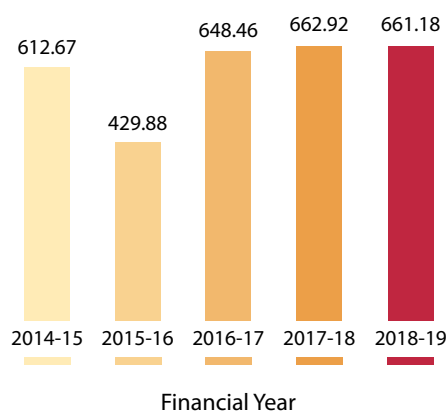
Disbursement for the fiscal year 2018-19 was ₹5,514.14 Crores with an increase of 14.20 % over the previous year. So, the Gross Loan Book now stands at ₹2,33,013.46 Lakhs; a growth of 3.68 % over March'18.

Books of Microfinance and Mortgage closed at ₹832.87 Lakhs and ₹9,555.15 Lakhs as against ₹1,268.67 Lakhs and ₹17,429.93 Lakhs in FY 2017-2018. During the year we have focused on stabilising the processes and creating the platform for a sustainable growth in future.

During the reporting FY cross-selling products business contributed ₹87.16 Lakhs as against the previous year figure of ₹101.77 Lakhs. Company is trying to loop more quality products in this category. We believe this will have a significant impact in the coming years on business growth as well as networking with a larger potential customer base.

Public issue of NCDs

Sum of NCDs allotted (₹ in cr.)



**KFL Strengths**

- Fastest growing financial services provider, with local talent catering to local customers
- Wide distribution network channel especially in rural areas and small towns
- Simplified procedures
- Large customer base
- Ability to meet the expectations
- Innovative resources mobilisation opportunities
- Supportive staff strength

Weakness

- Regulatory restrictions - continuously evolving Government regulations may impact operations.
- Uncertain economic and political environment.

Opportunities

- Demographic changes and under penetration.
- Large untapped rural and urban markets.

Threats

- High cost of funds.
- Rising NPAs.
- Competition from other NBFCs and banks.
- Non-financial support from Regulators
- Unexpected Natural calamities

Internal control

The Company has put in place an adequate internal control system to safeguard all its assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. The Company also has a team of internal auditors to conduct internal audit which ensure that all transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee of the Board. Wherever necessary, internal control systems are strengthened, and corrective actions initiated.

NBFCs will take most of this baggage into 2019, as the ground reality remains more or less the same, as was in 2018. As a member in financial sector, Company will maintain sustainable development in future also.

For and on behalf of the Board of Directors

Place : Kottayam
Date : May 10, 2019

Sd/-
Mathew K Cherian
Chairman cum Managing Director
DIN: 01286073

Annexure – II to directors' report

Extract of annual return

Annexure –II to directors' report Extract of annual return

As on the financial year ended on March 31, 2019

[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

i.	CIN	U65929KL1987PLC004729
ii.	Registration Date	March 25, 1987
iii.	Name of the Company	Kosamattam Finance Limited
iv.	Category/Sub Category of the Company	Public Company / NBFC
v.	Address of the Registered office and Contact Details	Kosamattam Mathew K. Cherian Building, Market Junction, M.L. Road, Kottayam, Kerala
vi.	Whether listed company	Yes (Non-convertible debentures were listed)
vii.	Name, address and contact details of the Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad- 500 032 Phone no : +91 040-67161596

II. Principal Business Activity of the Company

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

Sl No	Name and Description of Main Products/Services	NIC Code of the Product /Service	% of the Total Turnover of the Company
i	Financing	64-649	99.35%

III. Particulars of the Holding, Subsidiary and Associate Companies

Nil

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage to Total Equity)

Members of the Company in their Extra-Ordinary

Amount in ₹

[illegible]

Annexure – II to directors' report

Extract of annual return

Shareholders Category of Shareholderst	No of Shares held at the beginning of the year				No of Shares held at the end of the year				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-total(B) (1):-									
2. Non Institutions									
a) Bodies Corp.									
i) Indian	---	36000000	36000000	19.59	---	36000200	36000200	18.79	Negligible
ii) Overseas	---	---	---	---	---	---	---	---	---
b) Individuals									
i) Individual Shareholding nominal value upto 1Lakh	---	900	900	Negligible	---	700	700	Negligible	Negligible
ii) Individual Shareholding nominal value in excess of 1Lakh	---	---	---	---	---	---	---	---	---
c) Others (Specify)	---	---	---	---	---	---	---	---	---
Sub-total(B) (2):-	---	36000900	36000900	19.59	---	36000900	36000900	18.79	---
Total Public Shareholding (B)=(B)(1)+ (B)(2)	---	36000900	36000900	19.59	---	36000900	36000900	18.79	---
C. Share held by Custodian for GDRs & ADRs	---	---	---	---	---	---	---	---	---
Grand Total(A+B+C)	---	183750000	183750000	100	155600870	36000900	191601770	100	

b) Shareholding of Promoters

	Share- holder's Name	No of Shares held at the beginning of the year				No of Shares held at the end of the year				% of change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1	Mr. Mathew K. Cherian	---	118200400	118200400	64.33	125452170	---	125452170	65.48	6.14
2	Mrs. Laila Mathew	---	29548500	29548500	16.08	30148300	---	30148300	15.73	2.03

	Shareholder's Name	No of Shares held at the beginning of the year				No of Shares held at the end of the year				% of change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
3	Mrs. Jilu Saju Varghese	---	200	200	Negligible	400	---	400	Negligible	---
	Total	---	147749100	147749100	80.41	155600870	---	155600870	81.21	5.31

c) Change in Promoters' Shareholding (Please Specify , if there is no change)

SN	Name of promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	At the beginning of the year	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Mathew K. Cherian	11,82,00,400	64.33	72,51,770	3.78
2	Mrs. Laila Mathew	2,95,48,500	16.08	5,99,800	0.31
3	Mrs. Jilu Saju Varghese	200	Negligible	200	Negligible
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):					
	Name	Date	Reason	Increase/ Decrease	Number of Shares
1	Mr. Mathew K. Cherian	19.07.2018	Allotment pursuant to the scheme of amalgamation	Increase	1,50,000
2	Mrs. Laila Mathew	19.07.2018	Allotment pursuant to the scheme of amalgamation	Increase	5,99,800
3	Mrs. Jilu Saju Varghese	19.07.2018	Allotment pursuant to the scheme of amalgamation	Increase	200
4	Mr. Mathew K. Cherian	29.09.2018	Rights Issue	Increase	50,00,000
5	Mr. Mathew K. Cherian	08.03.2019	Conversion of Preference Shares	Increase	10,31,400
6	Mr. Mathew K. Cherian	21.03.2019	Conversion of Preference Shares	Increase	10,70,370
	At the end of the year	No. of shares		% of total shares of the company	
1	Mr. Mathew K. Cherian	12,54,52,170		65.48	
2	Mrs. Laila Mathew	3,01,48,300		15.73	
3	Mrs. Jilu Saju Varghese	400		Negligible	

Annexure – II to directors' report

Extract of annual return

d) Shareholding Pattern of top ten Shareholders (Other than directors, promoters and holder of GDRs and ADRs)

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	M/s. Kosamattam Ventures Private Limited	3,60,00,000	19.59	200	0.00
2	Mr.George Thomas	100	Negligible	---	---
3	Mr.Saju Varghese	100	Negligible	---	---
4	Mrs.Milu Mathew	100	Negligible	---	---
5	Ms.Bala Mathew	100	Negligible	---	---
6	Mrs. Manjusree S.	100	Negligible	---	---
7	Mrs. Mithu Thomas	100	Negligible	---	---
8	Mrs. Sindhu Krishnakumar	100	Negligible	---	---
9	Mr.Mathew Kurian	100	Negligible	---	---
10	Mr.Sam Cherian	100	Negligible	---	---
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
		Date	Reason	Increase/De-crease	Number of Shares
1	M/s. Kosamattam Ventures Private Limited	13.02.2019	Transfer of shares from Mr.Sam Cherian	Increase	100
2	M/s. Kosamattam Ventures Private Limited	13.02.2019	Transfer of shares from Mr.Mathew Kurian	Increase	100
3	Mr. Mathew Kurian	13.02.2019	Transferred to Mr.Mathew K. Cherian	Decrease	100
4	Mr .Sam Cherian	13.02.2019	Transferred to Mr. Mathew K. Cherian	Decrease	100
	At the end of the year	No. of shares		% of total shares of the Company	
1	M/s. Kosamattam Ventures Private Limited	3,60,00,200		18.78	
2	Mr.George Thomas	100		Negligible	
3	Mr.Saju Varghese	100		Negligible	
4	Mrs.Milu Mathew	100		Negligible	
5	Ms.Bala Mathew	100		Negligible	
6	Mrs. Manjusree S.	100		Negligible	
7	Mrs. Mithu Thomas	100		Negligible	
8	Mrs. Sindhu Krishnakumar	100		Negligible	
9	Mr.Sam Cherian	0		Negligible	
10	Mr.Mathew Kurian	0		Negligible	

e) Shareholding of Directors and Key Managerial Personnel

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	Mr. Mathew K. Cherian	11,82,00,400	64.33	72,51,770	3.78
2	Mrs. Laila Mathew	2,95,48,500	16.08	5,99,800	0.31
3	Mrs. Jilu Saju Varghese	200	Negligible	200	Negligible
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):				
		Date	Reason	Increase/De-crease	Number of Shares
1	Mr. Mathew K. Cherian	19.07.2018	Allotment pursuant to the scheme of amalgamation	Increase	150,000
2	Mrs. Laila Mathew	19.07.2018	Allotment pursuant to the scheme of amalgamation	Increase	5,99,800
3	Mrs. Jilu Saju Varghese	19.07.2018	Allotment pursuant to the scheme of amalgamation	Increase	200
4	Mr. Mathew K. Cherian	29.09.2018	Rights Issue	Increase	50,00,000
5	Mr. Mathew K. Cherian	08.03.2019	Conversion of Preference Shares	Increase	10,31,400
6	Mr. Mathew K. Cherian	21.03.2019	Conversion of Preference Shares	Increase	10,70,370
	At the end of the year		No. of shares	% of total shares of the company	
1	Mr. Mathew K. Cherian		12,54,52,170	65.48	
2	Mrs. Laila Mathew		3,01,48,300	15.73	
3	Mrs. Jilu Saju Varghese		400	Negligible	

Other directors and KMPs are not holding shares in Company.

Annexure – II to directors' report

Extract of annual return

V. Indebtedness

Amount in ₹

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	20,19,45,70,929.72	2,23,68,25,300.00	-	22,43,13,96,229.72
ii) Interest due but not paid	5,90,935.00	2,38,077.00	-	8,29,012.00
iii) Interest accrued but not due	1,30,40,90,034.00	84,05,86,072.00	-	2,14,46,76,106.00
Total (i+ii+iii)	21,49,92,51,898.72	3,07,76,49,449.00		24,57,69,01,347.72
Change in Indebtedness during the financial year				
• Addition	9,52,18,51,161.76	84,81,23,613.00	-	10,36,99,74,774.76
• Reduction	8,56,08,84,947.55	95,25,56,010.00	-	9,51,34,40,957.55
Net Change	96,09,66,214.21	-10,44,32,397.00		85,65,33,817.21
Indebtedness at the end of the financial year				
i) Principal Amount	20,99,34,02,687.93	2,30,51,13,600.00	-	23,29,85,16,287.93
ii) Interest due but not paid	13,28,500.00	99,86,117.00	-	1,13,14,617.00
iii) Interest accrued but not due	1,46,54,86,925.00	65,81,17,335.00	-	2,12,36,04,260.00
Total (i+ii+iii)	22,46,02,18,112.93	2,97,32,17,052.00		25,43,34,35,164.93

VI. Remuneration of Directors and Key Managerial Personnel

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

Amount in ₹

SI No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
1	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act 1961	92,00,000.00	59,00,000.00	1,51,00,000.00
	b) Value of perquisites u/s 17(2) of Income Tax Act 1961	---	---	---
	c) Profit in lieu of salary under section 17(3) of Income Tax Act 1961	---	---	---
2	Stock Option	---	---	---
3	Sweat Equity	---	---	---
4	Commission	---	---	---
	- As % of Profit	2,00,00,000.00	1,49,00,000.00	3,49,00,000.00
	- Others (specify)			
5	Others (Specify)	---	---	---
	Total (A)	2,92,00,000.00	2,08,00,000.00	5,00,00,000.00
	Ceiling as per the Act (10% of Net Profit)			5,68,11,620.62

B. Remuneration to Other Directors

Amount in ₹

Sl No	Particulars of Remuneration	Name of Director				Total Amount
		Mrs. Jilu Saju Varghese	Mr. Narayana Swamy Chidambara Iyer	Mr. C.Thomas John	Mr. Paul Jose Maliakal	
1	Independent Directors					
	• Fee for attending board& committee meetings	---	20,000.00	2,40,000.00	85,000.00	3,45,000.00
	• Commission	---	---	---	---	---
	• Others (Specify)	---	---	---	---	---
	Total (1)	---	20,000.00	2,40,000.00	85,000.00	3,45,000.00
2	Other Non- Executive Directors					
	• Fee for attending board committee meetings	---	---	---	---	---
	• Commission	---	---	---	---	---
	• Others (Specify)	---	---	---	---	---
	Remuneration	50,00,000.00	---	---	---	50,00,000.00
	Total (2)	50,00,000.00	---	---	---	50,00,000.00
	Total (B) = (1+2)	50,00,000.00	20,000.00	2,40,000.00	85,000.00	53,45,000.00
	Total Managerial Remuneration					553,45,000.00
	Overall Ceiling as per the Act (11% of Net Profit)					6,24,92,782.68

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

Amount in ₹

Sl No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr.Sreenath Palakkattillam., Company Secretary	Mrs. Annamma Varghese C (Chief Financial Officer)	
1	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act 1961	8,04,000.00	8,74,000.00	16,78,000.00
	b) Value of perquisites u/s 17(2) of Income Tax Act 1961	---	---	---
	c) Profit in lieu of salary under section 17(3) of Income Tax Act 1961	---	---	---
2	Stock Option	---	---	---
3	Sweat Equity	---	---	---
4	Commission	---	---	---
	As % of Profit	---	---	---
	Others (specify)	---	---	---
5	Others (Specify)	---	---	---
	Total (A)	8,04,000.00	8,74,000.00	16,78,000.00

Annexure – II to directors' report

Extract of annual return

VII. Penalties/Punishment/Compounding of Offences

RBI had issued a show cause notice dated April 28, 2017 ("SCN") under Section 58 G (2) of the RBI Act, to your Company, in relation to an inspection under Section 45N of the RBI Act, which was conducted from August 8, 2016 to August 19, 2016. In the SCN, the RBI has alleged that Company did not maintain application forms and other KYC documents in respect of privately placed non-convertible debentures and subordinated debt instruments in violation of para II.3.(ii) of the instructions contained in the RBI circular bearing reference DNBR.PD(CC)No. 51/03.10.119/2015-16 dated July 1, 2015. In this regard, RBI had issued a supervisory letter dated September 8, 2016 which was responded to by Company vide its letter dated October 5, 2016. Upon due examination, Company's responses were found unsatisfactory by the RBI. In the SCN, the RBI had asked Company to show cause as to why a penalty of ₹ 5,00,000 for contravention of KYC norms and further penalty of ₹ 25,000 for each day on which such contravention subsisted, should not be levied on Company, under Section 58 G(1)(b) read with Section 58-B(5)(aa) of the RBI Act.

Company vide its letter dated May 13, 2017 ("Reply"), responded to the allegations levied by the RBI in the SCN and submitted that two of the three branches of Company where the inspection had taken place, had been unable to produce the relevant applications and KYC documents on time although the same were available with Company, on account of shifting of the said documents to regional office of the Company in Kottayam and from there to other premises. Company further informed the RBI that the relevant documents were maintained at Company's head office and that Company had also developed software to track the application and KYC forms of its privately placed debenture holders and that the process of digitisation was ongoing. Subsequently, the RBI vide its letter dated June 19, 2017, directed Company to submit all necessary documents, including offer documents, information memorandums, application forms, KYC details and other information to the RBI. Company vide its letter dated July 12, 2017 informed the RBI that statutory auditors were replaced and therefore Company sought an extension of time to comply with RBI's directions.

Subsequently, vide a letter dated July 14, 2017, the RBI allowed Company an extension of time up to July 19, 2017 on account of appointment of Statutory Auditors and also asked for certain certifications from both Statutory Auditors and previous auditors along with submitting the relevant documents pertaining to application forms and KYC for the privately placed debentures. Company vide a letter dated July 19, 2017 submitted the requisite details to the RBI. After a personal hearing on May 3, 2018, the RBI's committee of executive directors passed an order on June 11, 2018, which was communicated to Company vide a letter dated June 13, 2018, imposing a penalty of ₹ 5,00,000 lakhs on Company, under Section 58G(1)(b) read with Section 58B(5)(aa) of the RBI Act, for not obtaining the relevant KYC documents at the time of opening the accounts and for not having made subsequent efforts to collect the documents after the issue of the SCN. Company has since remitted the amount of penalty to RBI on June 14, 2018.

Except as mentioned above, there were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default during the year ended March 31, 2019.

For and on behalf of the Board of Directors

Place : Kottayam
Date : May 10, 2019

Sd/-
Mathew K Cherian
Chairman cum Managing Director
DIN: 01286073

Annexure – III to directors' report

Secretarial Audit Report for the financial year ended on 31st March, 2019

Annexure -III to directors' report

Secretarial Audit Report for the financial year ended on 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Kosamattam Finance Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kosamattam Finance Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Kosamattam Finance Limited for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - i) SEBI (listing obligations and disclosure requirements) Regulations, 2015.
- (vi) Reserve Bank of India Act, 1934 and RBI directions and guidelines as are applicable to Non-Banking Finance Companies (NBFC) which is specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the debt Listing Agreements entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

- a) The company has filed some documents belatedly with MCA.
- b) The explanations given by the Company pursuant to inspection and consequent queries raised by Reserve Bank of India is being validated by the said bank. The bank has also imposed a penalty on the Company during the year under report.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act

Adequate notice as prescribed by the Act was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, except for short notices in some cases, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

Annexure – III to directors' report

Secretarial Audit Report for the financial year ended on 31st March, 2019

I further report that there are systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. The said systems and processes need periodical review and revamp.

I further report that during the audit period the company has:

- a) Issued and allotted 7,500 (seven thousand five hundred) equity shares pursuant to a scheme of amalgamation with a group Company.
- b) Issued and allotted 50,000 (fifty thousand) equity shares pursuant to a rights issue made by the company.
- c) Issued and allotted 10,314 (ten thousand three hundred and fourteen) equity shares pursuant to conversion of compulsorily convertible preference shares.
- d) Issued and allotted 10,70,370 (ten lakh seventy thousand three hundred and seventy) equity shares pursuant to conversion of compulsorily convertible preference shares.
- e) Redeemed subordinated debt instruments amounting to ₹41,40,04,700/- (Rupees forty one crores forty lakhs four thousand and seven hundred only).
- f) Issued and allotted non-convertible debentures by public issue amounting to ₹ 6,12,94,68,000.00 (Rupees six hundred and twelve crores ninety four lakhs sixty eight thousand).
- g) Redeemed non-convertible debentures amounting to ₹4,54,65,11,000.00 (Rupees four hundred and fifty four crores sixty five lakhs eleven thousand).
- h) Issued and allotted subordinated debt instruments amounting to ₹48,22,93,000.00 (Rupees forty eight crores twenty two lakhs ninety three thousand).
- i) Redeemed non-convertible debentures amounting to ₹41,95,14,600.00 (Rupees forty one crores ninety five lakhs fourteen thousand six hundred).
- j) Increased its authorized capital to ₹5,50,00,00,000.00 (Rupees five hundred and fifty crores).
- k) Sub divided its equity shares having the denomination of ₹1,000.00 (Rupees one thousand) per share to ₹10.00 (Rupees ten) per share.
- l) Decided to go public by an IPO amounting to ₹3,00,00,00,000.00 (Rupees three hundred crores)
- m) Amalgamated with a group Company being another NBFC (NSI)
- n) Increased its borrowing limit to ₹60,00,00,00,000.00 (Rupees six thousand crores) pursuant to Section 180.

This report is to be read with my letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'Annexure A'

To,
The Members,
Kosamattam Finance Limited

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Thrissur
Date : April 13, 2019

Sd/-
Maliekal Thobias Powell
Company Secretary in practice
ACS No. 10311 C P No.: 4091

Place : Thrissur
Date : April 13, 2019

Sd/-
Maliekal Thobias Powell
Company Secretary in practice
ACS No. 10311 C P No.: 4091

Annexure – IV to directors' report

Report on CSR activities/initiatives

Annexure –IV to directors' report Report on CSR activities/initiatives

[Pursuant to Section 135 of the Act & Rules made thereunder]

Brief Outline of the CSR Policy

The Company has adopted the Corporate Social Responsibility Policy outlining the various activities defined in Schedule VII of the Companies Act, 2013. The Policy envisages the formulations of the CSR Committee which will recommend the amount of expenditure to be incurred on the activities referred to in the Policy to the Board and monitor the project/programs from time to time with reporting of the progress on such project/programs to the Board. The execution of the projects/programs is either by way of partnering through the implementing agencies or directly by the Company or through trust established by the Company.

The Company established and registered a Trust "Kosamattam Cherian Foundation" on 26th day of February, 2018 exclusively for meeting its Corporate Social Responsibilities. Mr. Mathew K. Cherian appointed as Chairman cum Managing Trustee and Mrs. Laila Mathew and Mrs. Jilu SaJu Varghese were appointed as trustees. Contents of the CSR policy of the Company are displayed on the website of the Company www.kosamattam.com.

The Composition of the CSR Committee

The Corporate Social Responsibility Committee was reconstituted by way of board resolution dated June 25, 2018. The Committee comprise of the following members:

- a. Mr. Mathew K. Cherian
- b. Mrs. Laila Mathew
- c. Mrs. Jilu SaJu Varghese
- d. Mr. C Thomas John

1. Average Net Profit of the Company for last 3 financial years : ₹31,02,13,857.46
2. Prescribed CSR Expenditure (two percent (2%) of the amount as in item 3 (above)) : ₹ 62,04,277.15
3. Details of CSR spend for the financial year
 - (a) Total amount to be spent for the financial year: ₹ 62,04,277.15
 - (b) Amount unspent, if any; ₹33,65,385.15
 - (c) Manner in which the amount spent during the financial year is detailed below;

Annexure – IV to directors' report

Report on CSR activities/initiatives

							Amount in ₹
CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects of programs was undertaken	Amount outlay(budget) project or programs wise (in ₹)	Amount spent in the projects or programs subheads: (in ₹) (1)Direct expenditure on projects or programs. (2)Overheads	Cumulative expenditure up to the reporting period (in ₹)	Amount spent: Direct or through implementing agency (in ₹)	Details of Implementing Agency (in ₹)
Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Promoting education	Ernakulum, Kerala	10,000.00	10,000.00	10,000.00	10,000.00	Amount spent by Kosamattam Cherian Foundation
Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Promoting education	Kottayam, Kerala	198,206.00	198,206.00	198,206.00	198,206.00	Amount spent by the Company and Kosamattam Cherian Foundation



Amount in ₹

CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects of programs was undertaken	Amount outlay(budget) project or programs wise (in ₹)	Amount spent in the projects or programs subheads: (in ₹) (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure up to the reporting period (in ₹)	Amount spent: Direct or through implementing agency (in ₹)	Details of Implementing Agency (in ₹)
Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Setting up homes	Kottayam, Kerala	4,50,000.00	4,50,000.00	4,50,000.00	4,50,000.00	Amount spent by Kosamattam Cherian Foundation
Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	Promoting education	Pathanamthitta, Kerala	2,00,000.00	2,00,000.00	2,00,000.00	2,00,000.00	Amount spent by Kosamattam Cherian Foundation

Annexure – IV to directors' report

Report on CSR activities/initiatives

CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects of programs was undertaken	Amount outlay (budget) project or programs wise (in ₹)	Amount spent in the projects or programs subheads: (in ₹) (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure up to the reporting period (in ₹)	Amount spent: Direct or through implementing agency (in ₹)	Amount in ₹
							Details of Implementing Agency (in ₹)
training to promote rural sports, nationally recognised sports, Paralympic sports and olympic sports	Training to promote rural sports	Kottayam, Kerala	2,32,000.00	2,32,000.00	2,32,000.00	2,32,000.00	Amount spent by Kosamattam Cherian Foundation
promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	empowering women	Thrissur, Kerala	12,00,000.00	12,00,000.00	12,00,000.00	12,00,000.00	Amount spent by Kosamattam Cherian Foundation



Amount in ₹

CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects of programs was undertaken	Amount outlay(budget) project or programs wise (in ₹)	Amount spent in the projects or programs subheads: (in ₹) (1)Direct expenditure on projects or programs. (2)Overheads	Cumulative expenditure up to the reporting period (in ₹)	Amount spent: Direct or through implementing agency (in ₹)	Details of Implementing Agency (in ₹)
Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.	Eradicating hunger	Kottayam, Kerala	3,48,686.00	3,48,686.00	3,48,686.00	3,48,686.00	Amount spent by Kosamattam Cherian Foundation

Annexure – IV to directors' report

Report on CSR activities/initiatives

CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects of programs was undertaken	Amount outlay(budget) project or programs wise (in ₹)	Amount spent in the projects or programs subheads: (in ₹) (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure up to the reporting period (in ₹)	Amount spent: Direct or through implementing agency (in ₹)	Amount in ₹
							Details of Implementing Agency (in ₹)
Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.	promoting health care including preventive health care	Kottayam, Kerala	200,000.00	200,000.00	200,000.00	200,000.00	Amount spent by Kosamattam Cherian Foundation

*Total amount spent during the financial year 2018-2019 is ₹ 28,38,892.00 . Out of this, ₹ 14,47,205.77 spent for the financial year 2017-2018.

4. Reason for not spending the amount

The Company was in the process of identifying and evaluating projects which are in line with the vision of Kosamattam Finance Limited. For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. The CSR activities are scalable which coupled with new initiatives that may be considered in future, moving forward the Company will endeavour to spend on CSR activities in accordance with the prescribed limits.

5. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR Projects and activities in compliance with our CSR objectives.

For and on behalf of the Board of Directors

Place : Kottayam
Date : May 10, 2019

Sd/-
Mathew K Cherian
Chairman cum Managing Director/Chairman of CSR Committee
DIN: 01286073

Annexure – V to directors' report

Form No. AOC-2

Annex-V to directors' report Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at Arm's Length Basis: Nil

2. Details of material contracts or arrangement or transactions at arm's length basis:

(a) Name(s) of the related party and nature of relationship:	Kosamattam Security System Partnership firm in which Managing Director and Whole-Time Director of the Company are only partners	1. Mathew K. Cherian- Chairman cum Managing Director 2. Laila Mathew-Whole Time Director
(b) Nature of contracts/arrangements/transactions	Acquiring services from firm	Acquiring premises on rent
(c) Duration of the contracts / arrangements/transactions:	Usually annual, however, depends on the nature of transaction	Agreement is valid for eleven month.
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Quotations were invited and considering the quality of the service dependability Company selects the fair quotation.	Quotations were invited and considering the quality of the service dependability Company selects the fair quotation. Company has entered in to lease agreement with the above mentioned related.
(e) Date(s) of approval by the Board, if any:	August 14, 2018	August 14, 2018
(f) Amount paid as advances, if any:	Nil	Nil

For and on behalf of the Board of Directors

Place : Kottayam
Date : May 10, 2019

Sd/-
Mathew K Cherian
Chairman cum Managing Director
DIN: 01286073

Annexure – VI

Disclosure pursuant to Rule 5 of Companies

Annexure-VI Disclosure pursuant to Rule 5 of Companies

((Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

Median remuneration of the employee for the financial year 2018-2019 is ₹ 1,29,169;

Names of the Directors	Remuneration (in ₹)	Ratio to Median (in times)
Mr. Mathew K. Cherian, Chairman cum Managing Director	2,92,00,000.00	226.06
Mrs. Laila Mathew, Whole-Time Director	2,08,00,000.00	161.03
Mrs. Jilu Saju Varghese, Non-Executive Director	50,00,000.00	38.71
Mr. Narayana Swamy Chidambara Iyer, Independent director	20,000.00	0.15
Mr. C. Thomas John, Independent director	2,40,000.00	1.86
Mr. Paul Jose Maliakal	85,000.00	0.66

(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Amount in ₹

Names of the Directors /Authorised persons	Remuneration for the financial year 2017-18	Remuneration for the financial year 2018-19	Percentage increase in remuneration (in %)
Mr. Mathew K. Cherian, Chairman cum Managing Director	2,75,00,000	2,92,00,000	6.18
Mrs. Laila Mathew, Whole-Time Director	2,51,00,000	2,08,00,000	-17.13
Mrs. JiluSaju Varghese, Non-Executive Director	50,00,000	50,00,000	0.00
Mr. Narayana Swamy Chidambara Iyer, Independent director	2,55,000	20,000	-92.16
Mr. C. Thomas John, Independent director	1,55,000	2,40,000	54.84
Mr. Paul Jose Maliakal	0	85,000	NA
Mr. George Thomas, Business head	6,00,000	5,00,000	-16.67
Mr. Sreenath P., Company Secretary	7,26,000	8,04,000	10.74
Mrs. Annamma Varghese C, Chief Financial Officer	8,58,000	8,74,000	1.86

(iii) The percentage increase in the median remuneration of employees in the financial year: 9.18%

(iv) The number of permanent employees on the rolls of the Company: 3251

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in salaries of employees other than managerial personal in 2018-19 was 2.88%

Name of the Managerial person	Remuneration for the financial year 2017-2018	Remuneration for the financial year 2018-2019	Percentage increase in remuneration(in %)	Average percentile increase of other employees	Comparison with the percentile increase in the managerial remuneration (in%)
Mr. Mathew K. Cherian, Chairman cum Managing Director	2,75,00,000	2,92,00,000	6.18	2.88	3.30
Mrs. Laila Mathew, Whole-Time Director	2,51,00,000	2,08,00,000	-17.13	2.88	-20.01
Mrs. JiluSaju Varghese, Non-Executive Director	50,00,000	50,00,000	0.00	2.88	-2.88
Mr. Narayana Swamy Chidambara Iyer, Independent Director	2,55,000	20,000	-92.16	2.88	-95.04
Mr. C. Thomas John, Independent Director	1,55,000	2,40,000	54.84	2.88	51.96
Mr. Paul Jose Maliakal, Independent Director	0	85,000	NA	2.88	NA
Mr. George Thomas, Business head	6,00,000	5,00,000	-16.67	2.88	-19.55
Mr. Sreenath P., Company Secretary	7,26,000	8,04,000	10.74	2.88	7.86
Mrs. Annamma Varghese C, Chief Financial Officer	8,58,000	8,74,000	1.86	2.88	-1.02

1. Remuneration paid to directors and other KMPs are as per the performance evaluation and as per the recommendation made by the Nomination and Remuneration Committee.

2. Mr. Paul Jose Maliakal was appointed w.e.f. June 25, 2018. Figures in his case are therefore not comparable.

3. Mr. C. Thomas John, an independent director on the Board. Company is paying sitting fee according to number of meeting he attended.

(vi) Affirmation that the remuneration is as per the remuneration policy of the Company.

The Company affirms that remuneration is as per the remuneration policy of the Company.

(vii) Names of employees who were in receipt of remuneration of at least ` 1.02 cr during the year 2018-2019;

Sl. No.	Name & Designation of the Employee	Remuneration (in ₹)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Age	Last employment	% of equity shares	Relative of any director
1	Mr. Mathew K. Cherian, Managing Director	2,92,00,000	Contractual	S.S.L.C. Has nearly 4 decades experience in finance industry.	May 07, 2004*	63	NA	65.48	Husband of Mrs. Laila Mathew, Whole-Time Director and Father of Mrs. Jilu Saju Varghese, Non-Executive Director

Annexure – VI

Disclosure pursuant to Rule 5 of Companies

Sl. No.	Name & Designation of the Employee	Remuneration (in ₹)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Age	Last employment	% of equity shares	Relative of any director
2	Mrs. Laila Mathew, Whole-Time Director	2,08,00,000	Contractual	Pre-degree. Has nearly 3 decades experience in finance industry.	May 07, 2004#	61	NA	15.73	Wife of Mr. Mathew K. Cherian, Managing Director and Mother of Mrs. Jilu Saju Varghse, Non-Executive Director

*Reappointed as a Chairman cum Managing director for further period of 5 years w.e.f. June 08, 2018

Reappointed as a Whole-Time Director for further period of 5 years w.e.f. June 08, 2018

(viii) There were no employees employed in a part of the last financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month;

(IX) There were no employees employed throughout the financial year or part thereof, was in receipt of remuneration in the last year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

For and on behalf of the Board of Directors

Place : Kottayam
Date : May 10, 2019

Sd/-
Mathew K Cherian
Chairman cum Managing Director
DIN: 01286073

Independent Auditor's Report

To the Members of Kosamattam Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kosamattam Finance Limited ("the Company"), which comprise the balance sheet as at 31st March 2019 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, 2019, and its Profit 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Company has received an order from Hon'ble National Company Law Tribunal, Division Bench, Chennai on 19.07.2018 sanctioning the proposed scheme of Amalgamation of Kosamattam Finance Limited and Kosamattam Mathew K. Cherian Financiers Private Limited with 01.04.2016 as the appointed date. Consequently, the Scheme came into force as on the appointed date. The NCLT Order has been filed by the Company with the Registrar of Companies Kerala & Lakshadweep on 19.07.2018. The transferor company has been dissolved without winding up as on the same date. The NCLT Order was received after the completion of the Statutory Audit for the year ended 31st March, 2018 and accordingly, the Audited accounts (before giving effect to the merger) have also been adopted by the members in the 31st

AGM held on June 08, 2018. Subsequent to the receipt of the NCLT Order, the company has drawn up the merged accounts giving effect to the NCLT Order. Therefore, the figures as on 31.03.2018 represent the management certified merged financial statement which was approved by the Audit committee on 17.09.2018 and adopted by the Board of Directors on 29.09.2018. The current year accounts have been drawn up based on this management certified merged financial statements of financial year 2017-18.

We have examined all the documents relating to the scheme of merger, the NCLT Order, the consequent accounting adjustments and the issue of shares as consideration on merger. The excess of the face value of the shares held by the transferee Company over the book value of the net assets of the transferor company taken over, amounting to ₹37.50 Lakhs has been debited to the Statement of Profit and Loss Account of the transferee company as per the scheme and no amalgamation reserve or capital reserve on account of amalgamation was created. As per the requirement of para 6 of the Order we have verified all the transactions to ensure the correctness of the grouping of such reserve in the financial statements of the transferee company.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, (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 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.

Independent Auditor's Report

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 scepticism 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. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Direction, 2016, we give in "Annexure 2", an additional Audit Report addressed to the Board of Directors containing our statements on the matters specified therein.
3. As required by section 143 (3) of the Act, we report that:-
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) No report on the accounts of any of the branch offices audited under sub-section (8) of Section 143 by any person has been received by us and therefore no comments need to be made on the matter.
 - d) The Balance Sheet, Statement of Profit and Loss, (the Statement of Changes in Equity) and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - f) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019, from being appointed as a director in terms of section 164 (2) of the Act.



- g) In our opinion there are no qualifications, reservations or adverse remarks relating to the maintenance of accounts and other matters connected therewith.
- h) 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 3".
 - i) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Note No.31)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses to be provided for.
 - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company and so there is no requirement to report any delay.

For **Vishnu Rajendran & Co**
Chartered Accountants
FRN: 004741S

Sd/-
CA.P.A.Joseph, Msc, FCA.
Partner
M. No: 201101

PLACE : Kottayam
DATE : May 10, 2019

Annexure – I to the Auditor's Report

The Annexure 1 referred to in our report to the members of Kosamattam Finance Limited (the Company) for the year ended on March 31, 2019. We report that;

- i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular programme for the verification of its fixed asset, by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size and nature of the Company and the nature of its assets. Pursuant to such program, a portion of such fixed assets has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- c) In our opinion and according to the information and explanation given to us, the title deeds of immovable property are held in the name of the Company.
- ii. The Company is a service company, primarily rendering financial services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- iii. The Company has granted loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act.
 - a) According to the information and explanation given to us, the terms and conditions in respect of the loans granted by the Company (secured/unsecured loans) to companies/firms/limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act are not prima facie prejudicial to the interest of the company.
 - b) In respect of the aforesaid loans, the parties are repaying the principal amounts as stipulated and are also regular in the payment of interest wherever applicable.
 - c) In respect of the aforesaid loans, there is no overdue amount for a period exceeding 90 days.
- iv. In our opinion and according to the information and explanations given to us, the Company has not given any loans, made any investments, provided any guarantees, and given any security to which the provision of Section 185 and 186 of the Companies Act are applicable.
- v. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposit and accordingly paragraph 3(v) of the order is not applicable.
- vi. Being a financial company, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act. Thus paragraph 3(vi) of the order is not applicable.
- vii. a) The Company is regular in depositing undisputed statutory dues including provident fund, employers state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. There are no arrears of statutory dues as at the last day of the financial year concerned for a period of more than six months from the date on which they became payable.
- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute except the amounts disclosed in note no. 31, Contingent Liability not provided for.
- viii. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders during the year.
- ix. In our opinion and according to the information and explanation given to us, the Company has not obtained any term loans during the year. The money raised through the public issue of non-convertible debentures has been applied for the purpose for which they have been raised.
- x. According to the information and explanations given to us, fraud by the Company or on the Company by its officers or employees has been noticed, amounting to ₹7.75 Lakhs across two branches of the Company during the current year and ₹4.73 Lakhs recovered from employees during the current year.
- xi. According to the documents provided for our verification, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly paragraph (xii) of the Order is not applicable to the entity.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 188 of the Companies Act, 2013 and the details of such transactions have been disclosed in the financial statements of the Company as required by the applicable accounting standards.



- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any private placement of securities during the financial year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the directors or persons connected with them. Accordingly paragraph (xv) of the order is not applicable to the Company.
- xvi. According to the information and explanations 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.

For **Vishnu Rajendran & Co**
Chartered Accountants
FRN: 004741S

Sd/-
CA.P.A. Joseph, Msc, FCA.
Partner
M. No: 201101

PLACE : Kottayam
DATE : May 10, 2019

Annexure – II to the Auditor's Report

To the Board of Directors of Kosamattam Finance Limited,

We have audited the Balance Sheet of Kosamattam Finance Limited as on March 31, 2019 and also the Statement of Profit and Loss and Cash Flow Statement for the year ended on the date annexed thereto. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Direction, 2016, and according to the information and explanations given to us, we give below, a statement on the matters specified in paragraphs 3 and 4 of the said directions;

- i. The company is engaged in the business of Non-Banking Financial Institution and it has obtained the certificate of registration as provided in section 45IA of the RBI Act, 1934.
- ii. The Company is entitled to hold Certificate of Registration in terms of the Asset/Income pattern as on March 31, 2019.
- iii. The Board of Directors of the Company has passed a resolution for non-acceptance of public deposit.
- iv. The Company has not accepted any public deposit during the year under review.
- v. According to the information and explanation given to us, the Company has complied with the prudential norms on Income Recognition, Accounting Standards, Asset Classification, Provisioning for bad and doubtful debts as specified in the direction issued by the Reserve Bank of India in terms of the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and deposit taking Company (Reserve Bank) Direction, 2016.
- vi. The capital adequacy ratio as disclosed in the return submitted to RBI in terms of Master Direction – Non-Banking Financial Company – Systemically Important Non- deposit taking Company and Deposit taking Company(Reserve Bank) Direction,2016, has been correctly arrived and such ratio is in compliance with the minimum CRAR as prescribed by the Reserve Bank of India.
- vii. The Company has furnished to RBI the annual statement of Capital Fund, risk assets and risk assets ratio within the stipulated period.
- viii. The Company has not been classified as NBFC-MFI for the year ended March 31,2019

The report has been issued pursuant to the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Direction, 2016 and is issued to the Board of Directors of the Company as required by Paragraph 2 of such directions and should not be used for any other purpose.

For **Vishnu Rajendran & Co**
Chartered Accountants
FRN: 004741S

Sd/-
CA.P.A.Joseph, Msc, FCA.
Partner
M. No: 201101

PLACE : Kottayam
DATE : May 10, 2019

Annexure – III to the Independent Auditor's Report

The Annexure 3 referred to in our report to the members of Kosamattam Finance Limited (the Company) for the year ended on March 31, 2019; Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Kosamattam Finance Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Managements Responsibility for Internal Financial Controls

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

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We have conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing ("the Standards") issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and 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 control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of the internal financial controls over financial reporting, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Control over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and the dispositions of the assets of the Company; (ii) 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 in accordance with authorization of the management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitation of Internal financial Controls over financial reporting

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to fraud or error 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 the changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Opinion

In our opinion, the Company has in all material respects, an adequate internal financial control over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 issued by the ICAI.

For Vishnu Rajendran & Co
Chartered Accountants
FRN: 004741S

Sd/-
CA.P.A. Joseph, Msc, FCA.
Partner
M. No: 201101

PLACE : Kottayam
DATE : May 10, 2019

Balance Sheet

As at 31st March, 2017

Amount in ₹			
PARTICULARS	Note No	As at March 31, 2019	As at March 31, 2018
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	2,03,60,17,700.00	2,02,17,49,000.00
(b) Reserves and Surplus	4	1,64,26,87,489.35	1,30,27,79,847.16
(c) Money Received against Share Warrants		0.00	0.00
(2) Share Application Money Pending Allotment			
(3) Non-Current Liabilities			
(a) Long-term Borrowings	5	13,13,67,80,291.00	11,89,73,39,315.00
(b) Deferred Tax Liabilities		0.00	0.00
(c) Other Long Term Liabilities	6	1,18,80,11,409.00	1,18,71,67,913.00
(d) Long Term Provisions	7	97,79,155.00	93,63,143.00
(4) Current Liabilities			
(a) Short-term Borrowings	8	4,77,45,44,653.93	5,13,67,83,641.72
(b) Trade Payables		0.00	0.00
(c) Other Current Liabilities	9	6,61,01,72,006.37	6,54,97,89,269.99
(d) Short-term Provisions	10	28,57,37,052.00	18,60,39,835.00
TOTAL		29,68,37,29,756.65	28,29,10,11,964.87
II. ASSETS			
(1) Non-current Assets			
(a) Property, Plant and Equipment			
(i) Tangible Assets	11	1,23,96,57,455.00	1,27,52,77,891.00
(ii) Intangible Assets	12	3,26,02,041.00	1,33,67,401.00
(iii) Capital Work-in-progress	13	98,55,315.00	98,55,315.00
(iv) Intangible Assets under Development		0.00	0.00
(b) Non-current Investments		0.00	0.00
(c) Deferred Tax Assets (net)	14	16,51,06,220.00	13,19,82,629.00
(d) Long Term Loans and Advances	15	42,86,04,582.35	89,49,75,067.35
(e) Other Non-current Assets	16	24,19,79,885.36	11,98,22,989.46
(2) Current Assets			
(a) Current Investments		0.00	0.00
(b) Inventories		0.00	0.00
(c) Trade Receivables		0.00	0.00
(d) Cash and Cash Equivalents	17	2,17,64,69,772.24	1,72,74,74,470.03
(e) Short-term Loans and Advances	18	23,04,66,51,019.12	21,77,19,95,625.27
(f) Other Current Assets	19	2,34,28,03,466.58	2,34,62,60,576.76
TOTAL		29,68,37,29,756.65	28,29,10,11,964.87

See accompanying notes to Financial Statements
For and on behalf of the Board of Directors

As per our report of even date attached

Sd/-
Mathew K Cherian
Managing Director
DIN: 01286073

Sd/-
Laila Mathew
Whole Time Director
DIN: 01286176

Sd/-
For Vishnu Rajendran & Co
Chartered Accountants
FRN: 004741S

Sd/-
Sreenath Palakkattillam
Company Secretary
Place: Kottayam
Date: May 10, 2019

Sd/-
Annamma Varghese C
Chief Financial Officer

Sd/-
CA. P. A. Joseph M.Sc., FCA
Partner
M.No: 201101

Statement of Profit & Loss

For year ended 31st March, 2019

Amount in ₹

PARTICULARS	Note No	As at March 31, 2019	As at March 31, 2018
I. Revenue from Operations	20	4,57,57,87,620.88	4,28,40,71,027.52
II. Other Income	21	10,79,91,443.12	5,81,93,794.17
III. Total Revenue(I+II)		4,68,37,79,064.00	4,34,22,64,821.69
IV. Expenses:			
(1) Employee Benefit Expense	22	63,54,57,349.00	59,21,65,271.00
(2) Finance Cost	23	2,72,57,16,660.31	2,67,12,27,706.92
(3) Depreciation and Amortization Expense	24	11,90,09,882.00	11,45,41,548.00
(4) Other Expense	25	69,07,71,673.50	51,69,05,688.21
Total Expenses		4,17,09,55,564.81	3,89,48,40,214.13
V. Profit before Exceptional, Extraordinary items and tax (III-IV)		51,28,23,499.19	44,74,24,607.56
VI. Exceptional Items	26	4,16,019.00	(20,593.00)
VII. Profit before extraordinary items and Tax (V-VI)		51,24,07,480.19	44,74,45,200.56
VIII. Extraordinary Items		0.00	0.00
IX. Profit Before Tax(VII-VIII)		51,24,07,480.19	44,74,45,200.56
X. Tax Expense:			
(a) Current Tax		24,13,53,519.00	21,46,22,153.00
(b) Deferred Tax (Asset)/Liability		(3,31,23,591.00)	(3,42,51,513.00)
XI. Profit(Loss) for the period(IX-X)		30,41,77,552.19	26,70,74,560.56
XII. Earning per Equity Share	27		
(1) Basic		1.60	1.57
(2) Diluted		1.53	1.47
(3) Nominal Value per Share		10.00	10.00

See accompanying notes to Financial Statements
For and on behalf of the Board of Directors

As per our report of even date attached

Sd/-
Mathew K Cherian
Managing Director
DIN: 01286073

Sd/-
Laila Mathew
Whole Time Director
DIN: 01286176

Sd/-
For Vishnu Rajendran & Co
Chartered Accountants
FRN: 0047415

Sd/-
Sreenath Palakkattillam
Company Secretary
Place: Kottayam
Date: May 10, 2019

Sd/-
Annamma Varghese C
Chief Financial Officer

Sd/-
CA. P. A. Joseph M.Sc., FCA
Partner
M.No: 201101

Cash Flow Statement

For the year ended 31st March, 2019

PARTICULARS	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
A. Cash flows from operating activities		
Net Profit	30,41,77,552.19	26,70,74,560.56
Adjustment for :-		
Add: Depreciation & Amortisation Expense	11,90,09,882.00	11,45,41,548.00
Provision for Taxation	20,82,29,928.00	18,03,70,640.00
Provision for Non-Performing Assets	9,78,72,997.00	2,97,85,375.00
Provision for Standard Assets	17,97,824.00	2,36,63,054.00
Provision for Gratuity	4,42,408.00	29,77,371.00
Interest on Other loan	5,36,654.00	9,30,955.00
Interest on Bank Borrowings	49,19,56,478.38	31,21,88,582.00
Interest on Bonds/ Debentures	2,20,90,32,800.42	2,33,37,63,471.25
Asset Written off	11,24,745.00	21,20,776.00
Less: Interest Received from Bank	8,67,65,871.12	4,52,00,881.17
Excess Provision for NPA Written Back	0.00	9,09,156.00
Profit on sale of Fixed Asset	7,08,726.00	12,32,213.00
Operating Profit before Changes in Working Capital	3,34,67,06,671.87	3,22,00,74,082.64
Changes in Working Capital:		
(Increase)/Decrease in Short Term Loans and Advances	(1,27,46,55,393.85)	(3,86,96,70,777.46)
(Increase)/Decrease in Long Term Loans and Advances	46,63,70,485.00	87,13,80,973.00
(Increase)/Decrease in Other Current Assets	18,77,254.30	(25,20,34,203.66)
(Increase)/Decrease in Other Non-Current Assets	2,39,47,439.00	(2,52,45,137.00)
Increase / (Decrease) in Other Current Liabilities	8,18,94,403.38	10,83,03,586.36
Increase / (Decrease) in Bank Borrowings	(36,22,38,987.79)	2,74,25,28,558.61
Cash Generated From Operations	2,28,39,01,871.91	2,79,53,37,082.49
Income Tax Paid	(38,74,57,853.90)	(32,82,01,058.54)
Net Cash From Operating Activities	1,89,64,44,018.01	2,46,71,36,023.95
B. Cash Flows From Investing Activities		
Other Loan Taken/(Repayment)	(23,71,654.00)	(19,77,353.00)
Interest received from Bank	8,83,45,727.00	2,77,42,424.11
Long Term Deposit with Bank	(16,06,49,890.00)	(56,30,67,031.00)
Capital Work in Progress	0.00	94,55,844.00
Sale of Fixed Assets	11,07,788.00	15,62,200.00
Purchase of Fixed Assets	(10,41,47,893.00)	(11,46,34,085.00)
Net Cash From Investing Activities	(17,77,15,922.00)	(64,09,18,000.89)

PARTICULARS	Amount in ₹	
	As at March 31, 2019	As at March 31, 2018
C. Cash Flows From Financing Activities		
Issue of Equity shares	5,00,00,000.00	30,00,00,000.00
Net Proceeds from Issue of Non-Convertible Debentures (Private Placement)	(41,95,14,600.00)	(2,12,58,32,300.00)
Net Proceeds from Issue of Subordinated Debentures (Private Placement)	(41,40,04,700.00)	(9,80,23,100.00)
Net Proceeds from Issue of Subordinated Debentures (Public issue)	48,22,93,000.00	42,49,07,000.00
Net Proceeds from Issue of Non-Convertible Debentures (Public Issue)	1,58,29,57,000.00	2,23,40,59,000.00
Interest on Bonds/ Debentures	(2,21,96,19,041.42)	(2,02,85,22,091.25)
Interest on Bank Borrowings	(49,19,56,478.38)	(31,21,88,582.00)
Interest on Other Loan	(5,36,654.00)	(9,30,955.00)
Fractional Shares on Conversion of CCPS	(1,210.00)	0.00
Net Cash From Financing Activities	(1,43,03,82,683.80)	(1,60,65,31,028.25)
Net Increase in Cash and Cash Equivalents	28,83,45,412.21	21,96,86,994.81
Cash and Cash Equivalents at Beginning of Period	89,96,53,442.03	67,99,66,447.21
Cash and Cash Equivalents at end of Period	1,18,79,98,854.24	89,96,53,442.03
Components of Cash and Cash Equivalent at the end of the Period		
Current Account with Banks	1,01,52,17,041.24	17,88,15,943.03
Cash on Hand	17,27,81,813.00	72,08,37,499.00
Total	1,18,79,98,854.24	89,96,53,442.03

See accompanying notes to Financial Statements
For and on behalf of the Board of Directors

As per our report of even date attached

Sd/-
Mathew K Cherian
Managing Director
DIN: 01286073

Sd/-
Laila Mathew
Whole Time Director
DIN: 01286176

Sd/-
For Vishnu Rajendran & Co
Chartered Accountants
FRN: 004741S

Sd/-
Sreenath Palakkattillam
Company Secretary
Place: Kottayam
Date: May 10, 2019

Sd/-
Annamma Varghese C
Chief Financial Officer

Sd/-
CA. P. A. Joseph M.Sc., FCA
Partner
M.No: 201101

Notes to financial statements

for the year ended 31st March, 2019

1. CORPORATE INFORMATION

Kosamattam Finance Limited is a Public Limited Company incorporated under the provisions of Companies Act, 1956. Its debt securities are listed on the Bombay Stock Exchange. Company had been primarily incorporated as a Private Limited Company and converted into Public Limited Company on November 22, 2013. The Company is a Systemically Important Non-Deposit Taking Non-Banking Financial Company Registered under Sec 45IA of RBI Act. The Company currently operates through 928 branches spread across the country.

Kosamattam Finance Limited is a RBI authorized Full Fledged Money Changer. The Company offer FOREX services (License No:FE. CHN-FFMC.40/2006), like buying and selling of Foreign Currency at competitive rates. Apart from that Company offers money transfer services through its branches. Company is also a Registered (IN-DP-CDSL-717-2014) Depository Participant and is also registered (LIC10487539) with IRDA to commence/carry business of Corporate Insurance Agency business with LIC of India. Company is also a registered (MFD Code No: 12513, MFD ARN: 116785) Mutual Fund Distributor. As a process of diversification, Company has started offering loans other than Gold loans such as Mortgage loans, Loan against Rent payables etc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation & Presentation of Financial statements.

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these Financial Statements to comply in all material respects with Accounting Standards notified under The Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013 and the guidelines issued by the Reserve bank of India as applicable to a Systemically Important Non-Deposit Accepting NBFC. The Financial Statements have been prepared on an accrual basis and under the historical cost convention except for interest on non-performing assets which are recognized on realization basis. The Accounting Policies adopted in the preparation of Financial Statements are consistent with those of previous year.

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

During the year ended March 31, 2019, the Company has complied with the requirements of Schedule III of Companies Act 2013 for the preparation and presentation of its financial statement. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2 Depreciation & Property, Plant and Equipment

Tangible Assets are stated at cost less accumulated depreciation. The cost includes purchase consideration, financing costs till commencement of commercial production and other directly attributable costs incurred to bring an Asset to its working condition for its intended use. Subsidy towards specific assets is reduced from the cost of tangible assets. Tangible assets taken on Finance Lease are capitalized. The costs of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress.

Depreciation on Tangible Assets is provided based on the useful life of the asset in the manner prescribed in Schedule II to the Companies Act, 2013. The Company has used the following useful life to provide depreciation on its tangible assets.

Asset	Useful Life
Building	60 Years
Building-Compound Wall and Well	5 Years
Furniture & Fittings	10 Years
Electrical Fittings	10 Years
Computer	3 Years
Vehicles	8 Years
Plant & Machinery	22 Years

Pursuant to the enactment of Companies Act, 2013, the Company has applied the estimated useful lives as specified in schedule II. Accordingly the unamortized carrying value is being depreciated, amortized over the revised/remaining useful lives.

2.3 Intangible Asset

Intangible Assets are recorded at the consideration paid for acquisition less accumulated amortization and accumulated impairment, if any. Intangible assets are amortized over their estimated useful life subject to a maximum period of 10 years on straight line basis, commencing from the date the asset is available to the Company for its use.

Expenditure for acquisition and implementation of software system is recognized as part of the intangible asset and amortized on straight line basis over a period of 10 years being the maximum period available for writing off of intangible asset.

2.4. Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets,

which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

2.5 Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken in to account, if available. If no such transactions can be identified, an appropriation valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.6 Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments in respect of non-cancellable leases are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

2.7 Investments

Investments that are readily realizable 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 investment. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize decline other than temporary in the value of the investments.

2.8 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Company recognizes income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Interest income on loans given is recognized under the internal rate of return method. Such interests, where instalments are overdue in respect of non-performing asset are recognized on realization basis. Any such income recognized and remaining unrealized after the instalments become overdue with respect to non-performing asset is reversed. Revenue from fee-based activities is recognized as and when services are rendered. Interest on deposit is recognized on a time proportion basis taking in to account the amount outstanding and the rate applicable.

2.9 Employee Benefits

Short term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. These benefits include benefits like salaries, wages, short term compensated absence such as paid annual leave and sickness leave. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period.

Long term Employee Benefits

Defined contribution plans: [Note No.32 (i)]

Defined contribution plan is Provident Fund scheme administered by Government for all eligible employees. The Company's contribution to defined contribution plan is recognized in the Statement of Profit & Loss in the financial year when the employee renders the related services.

Defined benefit plans: [Note No.32 (ii)]

The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined every year by consulting actuary using Projected Unit Credit Method. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

2.10 Foreign currency transaction

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Notes to financial statements

for the year ended 31st March, 2019

Exchange differences on restatement/settlement of all other monetary items are recognized in the Statement of Profit and Loss.

2.11 Taxes on Income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the income-tax Act, 1961 enacted in India.

Deferred tax charge or credit reflects the tax effects of timing difference between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized, only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

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 the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.12 Provisions and Contingent Liabilities

Provisions: Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Provision policy for gold loan and other 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 0.40% 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'.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present

obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

2.13 Segment Reporting

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

2.14 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less. It also includes Other Bank balances with maturity more than 3 months.

2.15 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for 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 or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.16 Debenture Redemption Reserve

As per the requirement of Section 71(4) of the Companies Act, 2013, the company shall create a debenture redemption reserve account out of the profit of the company available for payment of dividend and the amount credited to such account shall not be utilised by the company except for the redemption of debentures. As on March 31, 2019 the total DRR stands at ₹116.61 Crores.

As per rule 18(7)(b)(ii) of Companies (Share capital and debentures) Rules 2014, the adequacy of DRR will be 25% of the value of the outstanding debentures issued through public issue. But during the year the Company could transfer only ₹24.33 Crores being the entire profits available for distribution of dividend to the Debenture Redemption Reserve account.

Further, the Company shall on or before the 30th day of April in each year, invest or deposit, as the case may be, a sum which shall not be less than fifteen percent, of the amount of its debentures maturing during the year ending on the 31st day of March of the next year in the manner mentioned in Rule 18(7) (c). Accordingly the Company has deposited ₹74.63 Crores in deposit account for debenture redemption.

2.17 Classification of Debentures

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

2.18 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.

3. SHARE CAPITAL

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Authorised		
50,00,00,000 Equity Shares of ₹10/- each	5,00,00,00,000.00	2,05,00,00,000.00
(March 31, 2018: 20,50,00,000 Equity Shares of ₹10 each)		
5,00,000 Preference Shares of ₹1000/- each	50,00,00,000.00	50,00,00,000.00
Issued		
19,16,01,770 Equity Shares of ₹10/- each	1,91,60,17,700.00	1,83,75,00,000.00
(March 31, 2018 : 18,37,50,000 Equity Shares of ₹10 each)		
March 31, 2018 : 1,50,000 11% Compulsorily Convertible Cumulative Preference Shares of ₹1000/- each	0.00	15,00,00,000.00
1,20,000 3% Compulsorily Convertible Cumulative Preference Shares of ₹1000/- each	12,00,00,000.00	12,00,00,000.00
Subscribed and Paid-up		
19,16,01,770 Equity Shares of ₹10/- each (Fully Paid Up)	1,91,60,17,700.00	1,83,75,00,000.00
(March 31, 2018 : 18,37,50,000 Equity Shares of ₹10 each)	0.00	5,67,49,000.00
March 31, 2018 : 56,749 11% Compulsorily Convertible Cumulative Preference Shares of ₹1000/- each	12,00,00,000.00	12,00,00,000.00
1,20,000 3% Compulsorily Convertible Cumulative Preference Shares of ₹1000/- each		
Share Adjustment Account :		
7,50,000 Equity Shares of ₹10/- each (Fully paid up)	0.00	75,00,000.00
(The above shares are issued for consideration other than cash on account of amalgamation allotted on July 19, 2018)		
TOTAL	2,03,60,17,700.00	2,02,17,49,000.00

Notes to financial statements

for the year ended 31st March, 2019

(a) Reconciliation of number of shares

(i) Equity Shares

Particulars	March 31, 2019		March 31, 2018	
	Number	Amount	Number	Amount
Balance as at the beginning of the year	18,37,50,000	1,83,75,00,000.00	15,37,50,000	1,53,75,00,000.00
Add : Shares issued during the year	50,00,000	5,00,00,000.00	3,00,00,000	30,00,00,000.00
Add : Shares issued as consideration on merger	7,50,000	75,00,000.00	0.00	0.00
Add : Shares issued on conversion of CCPS (1 st Tranche) on March 08, 2019	10,31,400	1,03,14,000.00	0.00	0.00
Add : Shares issued on conversion of CCPS (2 nd Tranche) on March 21, 2019	10,70,370	1,07,03,700	0.00	0.00
Balance as at the end of the year	19,16,01,770	1,91,60,17,700.00	18,37,50,000	1,83,75,00,000.00

Pursuant to approval in the Extra Ordinary General meeting held on March 15, 2019, face value of equity shares subdivided from ₹1,000 to ₹10. Number of equity shares for the previous year/period has been adjusted to give effect of subdivision.

(ii) 11 % Compulsorily Convertible Cumulative Preference Shares

Particulars	March 31, 2019		March 31, 2018	
	Number	Amount	Number	Amount
Balance as at the beginning of the year	56,749	5,67,49,000.00	56,749	5,67,49,000.00
Less : Shares Converted into Equity Shares	56,749	5,67,49,000.00	0.00	0.00
Balance as at the end of the year	0.00	0.00	56,749	5,67,49,000.00

(ii) 11 % Compulsorily Convertible Cumulative Preference Shares

Particulars	March 31, 2019		March 31, 2018	
	Number	Amount	Number	Amount
Balance as at the beginning of the year	1,20,000	12,00,00,000.00	1,20,000	12,00,00,000.00
Less: Share Conversion	0.00	0.00	0.00	0.00
Balance as at the end of the year	1,20,000	12,00,00,000.00	1,20,000	12,00,00,000.00

(b) Rights/Preferences and Restrictions attached to Shares

(i) Equity Shares

The Company has only one class of Equity Shares having a par value of ₹10 per share. Upon show of hands, every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him. In the event of liquidation, the equity shareholders are eligible to the remaining assets of the company after all preferential amounts in the proportion to their shareholdings.

(ii) 11 % Compulsorily Convertible Cumulative Preference Shares

Each Compulsorily Convertible Cumulative Preference shares (C.C.PS) shall carry preferential right with respect to the payment of dividend. C.C.PS shall be carrying 11% dividend on a cumulative basis. They shall be non-participating in surplus assets and profits on winding-up which may remain after the entire capital has been repaid. C.C.PS shall be convertible into equity shares after 3 years of allotment into such number of equity shares of ₹1000.00 each at a higher of:

- Fair market value determined as on the date of the conversion; or
- ₹1000.00 per equity share.

Company has converted 27,849 CCPS of ₹1000/- allotted on March 09, 2016 & 28,900 CCPS of ₹1000/- each allotted on March 22, 2016 into equity shares of ₹1000/- & ₹10/- at Security premium of ₹1700/- & ₹17/- each on March 08, 2019 & March 21, 2019 respectively. Consequent upon conversion the paid-up equity capital of the Company increased from ₹189,50,00,000/- to ₹191,60,17,700 and the paid-up preference capital of the Company be reduced from existing ₹17,67,49,000 to ₹12,00,00,000. Company has got credit of ₹3,57,30,090 in it's Securities Premium Account.

(iii) 3 % Compulsorily Convertible Cumulative Preference Shares

Each Compulsorily Convertible Cumulative Preference shares (C.C.P.S) shall carry preferential right with respect to the payment of dividend. C.C.P.S shall be carrying 3% dividend on a cumulative basis. They shall be non-participating in surplus assets and profits on winding-up which may remain after the entire capital has been repaid. C.C.P.S shall be convertible after 5 years of allotment into such number of equity shares of ₹1000.00 each at a higher of:

- (i) Fair market value determined as on the date of the conversion; or
- (ii) ₹1000.00 per equity share.

Issue Size(₹)	Date of Issue	Date of Conversion
12,00,00,000.00	30-11-2016	29-11-2021
12,00,00,000.00		

(c) Shareholders holding more than 5 % of the total shares in the Company.

(i) Equity Shares

Particulars	March 31, 2019		March 31, 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Mathew K Cherian	12,54,52,170	65.48%	11,82,00,400	64.33%
Laila Mathew	3,01,48,300	15.73%	2,95,48,500	16.07%
Kosamattam Ventures Private Limited	3,60,00,200	18.78%	3,60,00,000	19.59%
TOTAL	19,16,00,670	99.99%	18,37,48,900	99.99%

13 % Compulsorily Convertible Cumulative Preference Shares

Name of Shareholder	March 31, 2019		March 31, 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Joy Paul	0.00	0.00%	4,500	7.93%
	0.00	0.00	4,500	7.93%

11 % Compulsorily Convertible Cumulative Preference Shares

Name of Shareholder	March 31, 2019		March 31, 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Rinsel Technologies (India) Private Limited	93,000	77.50%	93,000	77.50%
Raj Lakshmi Auto Finance Private Limited	27,000	22.50%	27,000	22.50%
TOTAL	1,20,000	100.00%	1,20,000	100.00%

(d) No shares are reserved for issue under options and contracts/ commitments for sale of shares /disinvestment.

(e) None of the shares are held by holding company or subsidiary of holding company

Notes to financial statements

for the year ended 31st March, 2019

4. RESERVES AND SURPLUS

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Capital Reserve	9,06,683.00	9,06,683.00
Revaluation Reserve	2,85,777.00	2,85,777.00
Statutory Reserves		
Balance at the Beginning of the Year	37,88,32,457.00	32,54,17,545.00
Add: Amount transferred from Surplus in Statement of Profit and Loss during the year	6,08,35,510.00	5,34,14,912.00
Balance at the end of the year	43,96,67,967.00	37,88,32,457.00
Debenture Redemption Reserve		
Balance at the Beginning of the Year	92,27,54,930.16	70,57,77,065.66
Add: Amount transferred from Surplus in Statement of Profit and Loss during the year	24,33,42,042.19	21,69,77,864.50
Balance at the end of the year	1,16,60,96,972.35	92,27,54,930.16
Securities Premium		
Balance at the Beginning of the Year	0.00	0.00
Add: Conversion of Cumulative convertible preference shares	3,57,30,090.00	0.00
Balance at the end of the year	3,57,30,090.00	0.00
Surplus		
Balance as at the beginning of the Year	0.00	33,18,215.93
Add: Profit for the year	30,41,77,552.19	26,70,74,560.57
Less: Transfer to Statutory Reserve	6,08,35,510.00	5,34,14,912.00
Less: Transfer to Debenture Redemption Reserve	24,33,42,042.19	21,69,77,864.50
Balance at the end of the Year	0.00	0.00
TOTAL	1,64,26,87,489.35	1,30,27,79,847.16

(a) Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934. An amount of ₹6,08,35,510 (Previous Year ₹5,34,14,912) representing 20% of Net Profit is transferred to the Fund for the period. No appropriation was made from the Reserve Fund during the period.

5. LONG TERM BORROWINGS

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Secured		
Non-Convertible Debenture (Private Placement) (Note No: 5.1)	15,87,24,000.00	18,17,58,000.00
Non-Convertible Debenture (Public Issue) (Note No: 5.2)	11,05,04,41,000.00	9,89,61,49,000.00
Other Loans (Note No: 29)	35,56,291.00	59,66,015.00
Unsecured		
Subordinated Debt (Private Placement) (Note No: 5.3)	0.00	37,17,00,300.00
Subordinated Debt (Public Issue) (Note No: 5.4)	1,80,50,59,000.00	1,32,27,66,000.00
Perpetual Debt Instrument (Note No: 5.5)	11,90,00,000.00	11,90,00,000.00
TOTAL	13,13,67,80,291.00	11,89,73,39,315.00

- (a) Aggregate amount of loans guaranteed by directors 0.00 0.00
- (b) Aggregate amount of loans guaranteed by others 0.00 0.00
- (c) The amount of the Secured NCDs and its interest due, all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of first ranking pari passu charge with the Existing Secured Creditors on all movable assets (excluding charge on the written down value of furniture and fixtures to the extent of ₹10,80,91,696), including book debts and receivables, cash and bank balances, loans and advances, both present and future of our Company equal to the value of one time of the Secured NCDs outstanding plus interest accrued thereon. In addition to the above amount of listed secured NCDs and its interest due, all costs, charges, all fees, remuneration of Debenture Trustee and expenses payable in respect thereof shall be secured by way of and first ranking pari passu charge on the immovable property situated at Nagappattinam Dist. Kelvelur Taluk, Velankanni Village, Tamil Nadu-Main Road West, R.S. No.(OLD No.41/18C) New No.41/18C-1 Full extent in 150 sq. meters.

5.1 Non-Convertible debenture (Private Placement)

Date of Allotment	March 31, 2019	March 31, 2018	Redemption Period	Interest Rate
April 1, 2010 to				
January 24, 2014	25,00,000.00	30,00,000.00	66 Months	12.80%
March 30, 2015	0.00	1,09,30,000.00	400 Days to 60 Months	11.00% to 12.50%
August 14, 2015	10,22,07,000.00	10,22,07,000.00	400 Days to 60 Months	11.00% to 12.00%
February 29, 2016	2,64,06,000.00	2,64,06,000.00	400 Days to 60 Months	9.50% to 11.25%
June 15, 2017	2,76,11,000.00	3,92,15,000.00	400 Days to 36 Months	9.09% to 10.00%
Total	15,87,24,000.00	18,17,58,000.00		

5.2 Non-Convertible Debenture (Public Issue)

Date of Allotment	March 31, 2019	March 31, 2018	Redemption Period	Interest Rate
January 31, 2019	1,92,40,43,000.00	0.00	18 Months to 60 Months	9.50% to 10.67%
September 24, 2018	2,06,27,71,000.00	0.00	24 Months to 60 Months	9.75% to 10.67%
April 23, 2018	1,33,20,81,000.00	0.00	18 Months to 88 Months	9.25% to 10%
January 08, 2018	1,13,52,48,000.00	1,65,69,34,000.00	400 days to 52 Months	9.00% to 9.81%
August 29, 2017	1,26,08,79,000.00	1,26,08,79,000.00	400 Days to 88 Months	9.00% to 9.91%
May 09, 2017	1,35,19,40,000.00	1,35,19,40,000.00	400 Days 60 Months	9.00% to 10.47%
February 01, 2017	60,49,02,000.00	1,42,52,86,000.00	400 Days to 84 Months	9.00% to 10.41%
September 29, 2016	14,94,77,000.00	1,17,47,92,000.00	400 Days to 48 Months	9.25% to 10.75%
June 09, 2016	40,31,06,000.00	1,70,93,82,000.00	400 Days to 78 Months	9.50% to 11.25%
February 15, 2016	40,64,84,000.00	48,89,35,000.00	370 Days to 76 Months	9.75% to 11.57%
December 01, 2015	9,17,93,000.00	38,94,26,000.00	400 Days to 75 Months	10.08% to 11.25%
March 17, 2015	19,51,34,000.00	19,51,34,000.00	400 Days to 60 Months	11.00% to 12.93%
August 13, 2014	13,25,83,000.00	13,25,83,000.00	400 Days to 70 Months	11.50% to 13.50%
May 16, 2014	0.00	11,08,58,000.00	390 Days to 66 Months	12.00% to 14.00%
Total	11,05,04,41,000.00	9,89,61,49,000.00		

Notes to financial statements

for the year ended 31st March, 2019

5.3 Subordinated Debt (Private Placement)

Date of Allotment	Amount		Redemption Period	Interest Rate
	March 31, 2019	March 31, 2018		
August 26, 2014	0.00	1,50,00,000.00	66 Months	13.50%
June 30, 2014	0.00	47,00,000.00	66 Months	13.43%
June 20, 2014	0.00	70,83,000.00	66 Months	13.43%
June 14, 2014	0.00	98,24,000.00	66 Months	13.43%
June 10, 2014	0.00	99,50,000.00	66 Months	13.43%
June 5, 2014	0.00	1,04,47,000.00	66 Months	13.43%
February 22, 2014 to March 31, 2014	0.00	1,68,80,000.00	66 Months	10.00% to 14.00%
December 26, 2013 to February 21, 2014	0.00	14,85,97,400.00	66 Months	10.00% to 14.00%
August 24, 2013 to December 25, 2013	0.00	14,92,18,900.00	66 Months	10.00% to 14.00%
Total	0.00	37,17,00,300.00		

5.4 Subordinated Debt (Public Issue)

Date of Allotment	Amount		Redemption Period	Interest Rate
	March 31, 2019	March 31, 2018		
January 31, 2019	19,80,13,000.00	0.00	84 Months	10.25% to 10.41%
September 24, 2018	28,42,80,000.00	0.00	84 Months	10.25% to 10.41%
January 08, 2018	30,00,00,000.00	30,00,00,000.00	88 Months	9.91% to 10.00%
May 09, 2017	12,49,07,000.00	12,49,07,000.00	86 Months	10.16%
September 29, 2016	24,78,59,000.00	24,78,59,000.00	78 Months	11.00% to 11.25%
December 01, 2015	30,00,00,000.00	30,00,00,000.00	75 Months	11.50% to 11.73%
March 17, 2015	10,00,00,000.00	10,00,00,000.00	70 Months	13.00%
November 08, 2014	25,00,00,000.00	25,00,00,000.00	66 Months	13.00% to 13.43%
Total	1,80,50,59,000.00	1,32,27,66,000.00		

5.5 Perpetual Debt Instrument

Date of Allotment	Amount		Redemption Period	Interest Rate
	March 31, 2019	March 31, 2018		
July 08, 2013 to March 31, 2014	4,15,00,000.00	4,15,00,000.00	Perpetual Debt Instrument having a call option after 10 years run with prior approval of RBI	13.00% to 14.86%
October 03, 2012 to March 31, 2013	1,50,00,000.00	1,50,00,000.00		
September 11, 2011 to March 31, 2012	6,25,00,000.00	6,25,00,000.00		
Total	11,90,00,000.00	11,90,00,000.00		

6. OTHER LONG TERM LIABILITIES

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Interest accrued but not due:		
Non-Convertible Debenture (Private Placement)	3,34,32,680.00	2,78,16,726.00
Non-Convertible Debenture (Public Issue)	83,30,09,605.00	71,18,06,858.00
Subordinated Debt (Private Placement)	0.00	25,18,99,061.00
Subordinated Debt (Public Issue)	32,15,69,124.00	19,56,45,268.00
TOTAL	1,18,80,11,409.00	1,18,71,67,913.00

7. LONG TERM PROVISIONS

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Provision for employee benefits:		
Provision for Gratuity (Note No: 31)	97,79,155.00	93,63,143.00
TOTAL	97,79,155.00	93,63,143.00

8. SHORT TERM BORROWINGS

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Loans Repayable on Demand		
From Banks		
Dhanlaxmi Bank	36,27,03,737.80	39,62,53,501.40
South Indian Bank	1,35,94,49,990.85	1,49,99,73,136.47
State Bank of India	75,37,30,702.14	84,50,93,231.14
Union Bank of India	70,06,67,336.12	49,12,94,652.81
Karur Vysya Bank	19,41,29,410.82	49,15,33,179.40
DCB Bank	0.00	15,00,62,678.00
Canara Bank	29,22,57,472.00	39,31,12,082.00
Bank of Baroda	42,99,68,443.50	38,73,65,319.50
Oriental Bank of Commerce	20,79,32,141.00	24,11,68,802.00
Catholic Syrian Bank	29,74,19,732.00	24,09,27,059.00
Vijaya Bank	17,62,85,687.70	0.00
TOTAL	4,77,45,44,653.93	5,13,67,83,641.72

Notes to financial statements

for the year ended 31st March, 2019

A. Dhanlaxmi Bank Limited Cash Credit/WCDL (Fully interchangeable as WCDL) - Sanctioned Limit ₹50 Crores (Enhanced from 40 Crores)

(a) Terms of Repayment of Bank Overdraft Dhanlaxmi Bank

Dhanlaxmi Bank Overdraft is repayable on Demand and carries interest @ 10.90% p.a (Current Interest rate), monthly rest as and when debited

(b) Security

(i) Primary Security

First charge paripassu charge over all Movable Assets and Current assets including book debts and receivables, cash and bank balance, Loans and Advances, both present and future of the Company thereon on paripassu basis with the secured creditors including Debenture trustees and other banks or financial institutions in the multiple banking arrangements with 25% margin.

(ii) Collateral Security

- Equitable Mortgage of landed property admeasuring 11.465 cents in Re Sy No.55/2, 55/3 and 55/4 of Block No.89 at Kodimatha Kara, Kottayam District.
- Equitable Mortgage of 26 cents of Commercial Land under Re Sy No.38/3 and 2578.96Sq meter commercial building under construction and 2.30 ares(5.68 Cents) Nilam Land under Survey No.36 of Block No.27 and 109 at Panayakazhippu Kara, Muttambalam Village, Kottayam District
- Equitable Mortgage of 145.789 cents of land under Re Sy. No. 188/3 of block No. 06 at Arpookara Kara, Kottayam District
- Personal Guarantees of Directors - Mr. Mathew K. Cherian, Mrs. Laila Mathew, Mrs Jilu Saju Varghese and daughter of Managing Director Ms Bala Mathew

B. South Indian Bank Cash Credit - Sanctioned Limit ₹150 Cr(Sublimit WCDL 150 Cr)

(a) Terms of Repayment of Bank Overdraft SIB

South Indian Bank Overdraft is repayable on demand and carries interest rate 12% p.a, monthly rest (Current Interest Rate)

(b) Security:

(i) Primary Security

First ranking Paripassu Charge on all present & future movable assets, including book debts and receivables, cash and bank balances, Loans and advances of the company along with existing charge holders.

(ii) Collateral Security

- Exclusive first charge by way of equitable mortgage of 8.129 cents of land survey number 6/11,6/1F,6/1H , resurvey number 55 in Kottayam village and Taluk, Kerala state together with all buildings existing and /or to be constructed thereon in future in the name of company.
- Exclusive first charge by way of equitable Mortgage of 29.43 acres of commercial plot resurvey number 13/1 in Kottayam village and Taluk, Kerala State together with all buildings existing and /or to be constructed thereon in future in the name of company.
- EM on 5.10 ares of property under survey number 281/13, re survey number 121/20 in Vijayapuram village Kottayam Taluk, Kerala State together with all buildings, existing and/or to be constructed thereon in future.
- EM on 11.86 cents of residential property at resurvey number 121/19 in Vijayapuram village Kottayam Taluk, Kerala State together with all buildings, existing and/or to be constructed thereon in future.
- EM on 200 cents of landed property at resurvey No 253/9/3 of Kottayam village and Taluk, Kerala state together with all buildings existing and /or to be constructed thereon in future in the name of company.
- EM on 30.95 acres of House plot under survey number 674/1A /4, resurvey number 14,99,71 in Kottayam village and Taluk, Kerala State together with all buildings, existing and/or to be constructed thereon in future.
- EM on 89.40 acres of land-cardamom estate with 6100 sqft old building under old survey number 196/1,91/1,91,92,212, resurvey number 501,500/2,502,500/1 in Kattappana village, Udumbanchola Taluk, Idukki District, Kerala State together with all buildings, existing and/or to be constructed thereon in future.
- EM on 3.87 Ares of property under survey number 325/19 and 325/20, resurvey number 93/14-2 , 93/18 in Kumarakam village Kottayam Taluk Kerala State together with all buildings, existing and/or to be constructed thereon in future.
- 10.26 ares of property under Sy.No.279/4A/1, 279/4A/2,279/4B/1,C/ 1,157/21,158/1,158/2 Re Sy No117/9-11 in Muttambalam Village, Kottayam Taluk, Kerala State together with all buildings existing and/or to be constructed thereon in future.

- j. EM on 6.10 acres of land in survey No.8, resurvey number 13, at Kottayam Village, Kottayam Taluk, Kerala State.
- k. EM on 11.60 acres of Land-Cardamom Estate under survey No.91, 91/1 and 92 of Chakkuallam Village, Idukki District, Kerala State.
- l. EM on 27 cents of land with building in resurvey No.12/02 of Kottayam Village, Kottayam Taluk, Kerala State.
- m. EM on 13.99 acres of land with building in old survey number 243, resurvey number 7, Velloor Village, Kottayam Taluk, Kerala State.
- n. Personal Guarantee of Managing Director Mathew. K. Cherian, Whole time director Laila Mathew, Director Jilu Mathew and daughter of Managing Director Milu Mathew

C. State Bank Of India Cash Credit - Sanctioned Limit ₹85 Crores

(a) Terms of Repayment of Bank Overdraft State Bank Of India

State Bank of India Overdraft is repayable on demand and carries interest @ 10.45% p.a, monthly rest (Current Interest Rate)

(b) Security

(i) Primary Security

First charge over all movable assets and current assets, including book debts and receivables, cash and bank balances, loans and advances, both present and future, of the Company, on paripassu basis with Secured Creditors including debenture trustees and other banks/Financial Institutions in the multiple banking arrangement.

(ii) Collateral Security

- a. EM over 1.85 acres of land and building thereon in the name of Mr. Mathew K Cherian under Re Sy No 30, old Sy No 38/26A in Changanacherry Village, Changanacherry Taluk, Kottayam District
- b. EM over 8.47 acres of land and building thereon in the name of Mr. Mathew K Cherian under Re Sy No.12/3, old Sy No. 8/17 in Kottayam Village, Kottayam Taluk, Kottayam District.
- c. Cash deposit of ₹14.90 Cr secured by lien.
- d. Personal guarantee of Managing Director Mr. Mathew K Cherian, 354A, Kosamattam House, Manganam P.O Kottayam-686018

D. Union Bank of India Cash Credit - Sanctioned Limit 75 Crores (enhanced from ₹50 Crores)

(a) Terms of Repayment of Bank Overdraft Union Bank of India

Union Bank of India Overdraft is repayable on Demand and carries interest @ One year MCLR+2.40 % p.a, monthly rest

(b) Security

(i) Primary Security

First ranking paripassu charge on all present and future movable assets including book debts and receivables, loans and advances, cash and bank balances along with the existing charge holders. Margin-25%.

(ii) Collateral Security

- a. Cash Deposit @ 25% of Limit by way of fixed deposit with lien marked in favour of Union Bank of India.
- b. Personal Guarantees of - Managing Director Mr. Mathew K. Cherian, Whole Time Director Mrs. Laila Mathew, Director Mrs Jilu Saju Varghese

E. Bank of Baroda Cash Credit- sanctioned limit ₹50 Crores

(a) Terms of Repayment of Bank Cash Credit Bank of Baroda

Bank of Baroda Cash Credit is repayable on Demand and carries interest @ One year MCLR+2.45 % +0.25% p.a, monthly rest

(b) Security

(i) Primary Security

First ranking pari passu charge over the loan assets or book debts funded out of the bank loan i.e. Assignment of book debts, created out of the funds borrowed from the bank with a minimum cover of 1.33 times (25%) during the tenure of the facility including debenture trustees and other Banks/Financial Institutions in the Multiple Banking Arrangement.

(ii) Collateral Security:

- a) Cash collateral of 25% of the sanctioned loan limit in the form of term deposit to be kept for the tenure of the loan along with the interest credited to the deposit account and lien marked in favour of Bank.
- b) Personal Guarantee of Managing Director Mathew. K. Cherian, Whole time director Laila Mathew, Director Jilu Mathew and daughter of Managing Director Ms Milu Mathew

Notes to financial statements

for the year ended 31st March, 2019

F. Oriental Bank Of Commerce Cash Credit – Sanctioned Limit ₹25 Crores.

(a) Terms of Repayment of Bank Cash Credit of Oriental Bank of Commerce

Oriental Bank of Commerce Cash Credit is repayable on Demand and carries interest @ 10.35% p.a, monthly rest (Current Interest Rate)

(b) Security

(i) Primary Security

First pari passu charge on Entire current assets with a Margin of 25%.

(ii) Collateral Security:

Duly discharge Term Deposit Receipt of ₹ 6.25 Crores

- a) Personal Guarantees of - Managing Director Mr. Mathew K. Cherian, Whole Time Director Mrs. Laila Mathew

G. Catholic Syrian Bank Ltd. Sanctioned Limit ₹40 Crores (Enhanced from 25 Crores).

(a) Terms of Repayment of Bank Cash Credit of Catholic Syrian Bank Limited

CSB Ltd. cash credit is repayable on Demand and carries interest @ One year MCLR+110 bps p.a.

(b) Security

(i) Primary Security

Paripassu first charge on current assets including gold loan receivables (Present and Future) with 25% cash margin.

(ii) Collateral Security

- a) Cash collateral equivalent to 25% of the credit limit i.e.10 Crores being 25% of the sanctioned limit of 40 Crores.
- b) Personal Guarantees of - Managing Director Mr. Mathew K. Cherian, Whole Time Director Mrs. Laila Mathew and Director Jilu Saju Varghese

H. Karur Vysya Bank Ltd.- Sanctioned Limit ₹50 Crores

(a) Terms of Repayment of Bank Cash Credit of Karur Vysya Bank Limited

KVB Ltd. cash credit is repayable on Demand and carries interest @ One year MCLR+1.90% p.a,

(i) Primary Security

First Pari passu charge on current assets, book debts, loans and advances and receivables including gold loan receivables with a margin of 25%.

(ii) Collateral

- (a) 25% Cash Margin.

- b) Personal Guarantees of - Managing Director Mr. Mathew K. Cherian , Whole Time Director Mrs. Laila Mathew and Director Jilu Saju Varghese

I. Canara Bank- Sanctioned Limit ₹40 Crores

(a) Terms of Repayment of Bank Cash Credit of Canara Bank Limited

Canara Bank Ltd. cash credit is repayable on Demand and carries interest @ One year MCLR+1.95% p.a,

(i) Primary Security

First charge on all the overall movable assets ad current assets, including book debts and receivables, loans and advances, cash and bank balances both present and future , of the company on pari passu basis with all working capital lenders and Debentureholders to the extent of 133.33% of the Loan amount.

(ii) Collateral

- (a) Cash margin in the form of Fixed deposits to the extent of 25% of the exposure.
- (b) Personal Guarantees of - Managing Director Mr. Mathew K. Cherian , Whole Time Director Mrs. Laila Mathew and Director Jilu Saju Varghese

J. Vijaya Bank - Sanctioned Limit ₹25 Crores

Vijaya Bank cash credit is repayable on demand and carries interest @ 1 year MCLR + 1.70% + 0.30% (SP) p.a.

(i) Primary Security

First charge over all movable assets and current assets including Book Debts and receivables, cash and bank balances, both present and future of the company on pari passu basis along with other secured creditors including debenture trustees and other Banks/FIs in the Multiple Banking Arrangement with 25% Margin.

(ii) Collateral

- a) Collateral Security: 25% cash margin
- b) Personal Guarantees of - Managing Director Mr. Mathew K. Cherian , Whole Time Director Mrs. Laila Mathew and Director Jilu Saju Varghese

9. OTHER CURRENT LIABILITIES

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Current Maturities of Long Term Borrowings		
Non-Convertible Debenture (Private Placement) (Note No.9.1)	2,27,84,000.00	41,94,25,100.00
Non-Convertible Debenture (Public Issue) (Note No.9.2)	4,97,51,76,000.00	4,54,65,11,000.00
Subordinated Debt (Private Placement) (Note No.9.3)	37,10,50,300.00	42,21,94,700.00
Interest accrued but not due on borrowings (Note No: 9.4)	93,55,92,851.00	95,75,08,193.00
Unpaid Matured (Unclaimed) debentures and interest accrued thereon (Note No: 9.5)	2,72,62,417.00	77,76,312.00
Other Loans (Note No: 29)	22,33,243.00	21,95,173.00
Other payables:		
Auditor's Remuneration Payable	14,90,400.00	10,65,960.00
GST Liability	36,37,248.54	7,49,840.13
Statutory Dues Payable	1,77,59,380.00	1,91,32,499.21
Expense Payable	3,17,28,709.68	3,11,04,309.64
Auction Surplus Refundable	35,79,262.00	53,917.00
Interest Not Collected on NPA	21,20,90,786.00	13,25,54,287.00
Others	57,87,409.15	95,17,979.01
TOTAL	6,61,01,72,006.37	6,54,97,89,269.99

9.1 Secured Non-Convertible Debenture (Private Placement)

Date of Allotment	March 31, 2019	March 31, 2018	Redemption Period	Interest Rate
April 1, 2011 to July 1, 2013	0.00	6,70,10,400.00	60 Months to 72 Months	8.50% to 12.75%
April 01, 2010 to January 24, 2014	0.00	19,84,50,700.00	367 Days to 72 Months	10.00% to 14.00%
March 30, 2015	1,09,30,000.00	0.00	400 Days to 60 Months	11.00% to 12.50%
August 14, 2015	0.00	3,97,62,000.00	400 Days to 60 Months	11.00% to 12.00%
February 29, 2016	0.00	2,31,59,000.00	400 Days to 60 Months	9.50% to 11.25%
December 24, 2016	0.00	1,89,60,000.00	400 Days to 60 Months	9.50% to 10.00%
February 16, 2017	0.00	4,93,05,000.00	400 Days to 18 Months	9.50% to 10.00%
June 15, 2017	1,18,54,000.00	2,27,78,000.00	400 Days to 36 Months	9.09% to 10.00%
Total	2,27,84,000.00	41,94,25,100.00		

Notes to financial statements

for the year ended 31st March, 2019

9.2 Secured Non-Convertible Debenture (Public Issue)

Date of Allotment	March 31, 2019	March 31, 2018	Redemption Period	Interest Rate
April 23, 2018	81,05,73,000.00	0.00	18 Months to 88 Months	9.25% to 10.00%
January 08, 2018	52,16,86,000.00	33,09,17,000.00	400 Days to 52 Months	9.00% to 9.81%
August 29, 2017	0.00	88,53,31,000.00	400 Days to 88 Months	9.00% to 9.91%
May 09, 2017	0.00	71,82,67,000.00	400 Days to 60 Months	9.00% to 10.47%
February 01, 2017	82,03,84,000.00	49,02,51,000.00	400 Days to 84 Months	9.00% to 10.41%
September 29, 2016	1,02,53,15,000.00	0.00	400 Days to 40 Months	9.25% to 10.75%
June 09, 2016	1,30,62,76,000.00	20,31,73,000.00	400 Days to 78 Months	9.50% to 11.25%
February 15, 2016	8,24,51,000.00	1,05,39,09,000.00	370 Days to 76 Months	9.75% to 11.57%
December 01, 2015	29,76,33,000.00	55,27,58,000.00	400 Days to 60 Months	10.08% to 11.25%
March 17, 2015	0.00	31,19,05,000.00	400 Days to 70 Months	11.00% to 12.93%
May 16, 2014	11,08,58,000.00	0.00	390 Days to 66 Months	12.00% to 14.00%
Total	4,97,51,76,000.00	4,54,65,11,000.00		

9.3 Subordinated Debt (Private Placement)

Date of Allotment	Amount		Redemption Period	Interest Rate
	March 31, 2019	March 31, 2018		
August 26, 2014	1,50,00,000.00	0.00	66 Months	13.50%
June 30, 2014	47,00,000.00	0.00	66 Months	13.43%
June 20, 2014	70,83,000.00	0.00	66 Months	13.43%
June 14, 2014	98,24,000.00	0.00	66 Months	13.43%
June 10, 2014	99,50,000.00	0.00	66 Months	13.43%
June 05, 2014	1,04,47,000.00	0.00	66 Months	13.43%
February 22, 2014 to March 31, 2014	1,68,80,000.00	0.00	66 Months	10.00% to 14.00%
December 26, 2013 to February 21, 2014	14,84,28,500.00	0.00	66 Months	10.00% to 14.00%
August 24, 2013 to December 25, 2013	14,83,37,800.00	9,92,26,500.00	66 Months	10.00% to 14.00%
February 14, 2013 to August 23, 2013	4,00,000.00	24,21,85,700.00	66 Months	10.00% to 14.00%
December 01, 2012 to February 13, 2013	0.00	8,07,82,500.00	66 Months	10.00% to 14.00%
Total	37,10,50,300.00	42,21,94,700.00		

9.4 Interest accrued but not due on borrowings

Particulars	March 31, 2019	March 31, 2018
Non-Convertible Debenture (Public Issue)	59,19,66,391.00	36,04,17,027.00
Perpetual Debt Instrument	40,85,849.00	3,72,40,778.00
Non-Convertible Debenture (Private Placement)	70,78,249.00	20,40,49,423.00
Subordinated Debt (Private Placement)	33,24,62,362.00	35,57,70,968.00
Subordinated Debt (Public Issue)	0.00	29,997.00
Total	93,55,92,851.00	95,75,08,193.00

9.5 Unpaid Matured (Unclaimed) Debentures and interest accrued thereon

Particulars	March 31, 2019	March 31, 2018
Non-Convertible Debenture (Private Placement)	59,43,500.00	57,83,000.00
Interest on Non-Convertible Debenture (Private Placement)	13,28,500.00	5,90,935.00
Subordinated Debt (Private Placement)	1,00,04,300.00	11,64,300.00
Interest on Subordinated Debt (Private Placement)	99,86,117.00	2,38,077.00
Total	2,72,62,417.00	77,76,312.00

10. SHORT TERM PROVISIONS

Particulars	March 31, 2019	March 31, 2018
Provision for employee benefits:		
Provision for Gratuity (Note No: 32)	1,68,653.00	1,42,257.00
Others:		
Provision for Standard Assets		
Gold Loan	9,65,53,767.00	9,06,53,471.00
Other Loans	29,71,071.00	70,73,543.00
Provision for Non-Performing Assets		
Gold Loan	6,42,65,810.00	4,98,82,095.00
Other Loans	12,17,77,751.00	3,82,88,469.00
TOTAL	28,57,37,052.00	18,60,39,835.00

Notes to financial statements

for the year ended 31st March, 2019

11. PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross Block			Depreciation/Amortisation			Net block	
	Balance as at April 1, 2018	Additions	Disposals	Balance as at March 31, 2019	Depreciation for the year	Disposal	Balance as at March 31, 2019	Balance as at March 31, 2018
Land	84,87,08,530.00	19,52,539.00	0.00	85,06,61,069.00	0.00	0.00	85,06,61,069.00	84,87,08,530.00
Buildings	4,74,50,528.00	1,01,61,849.00	0.00	5,76,12,377.00	74,00,554.00	0.00	3,90,86,504.00	3,63,25,209.00
Furniture and Fixtures	71,74,21,729.72	4,37,94,033.00	76,21,790.00	75,35,93,972.72	6,72,16,278.00	60,97,983.00	21,71,97,757.00	24,21,43,809.00
Electrical Fittings	13,59,03,596.00	1,15,40,480.00	0.00	14,74,44,076.00	1,68,49,897.00	0.00	5,53,40,601.00	6,06,50,018.00
Plant & Machinery	5,76,00,000.00	0.00	0.00	5,76,00,000.00	72,91,563.00	0.00	4,99,87,013.00	5,72,78,576.00
Vehicles	3,11,86,247.95	24,09,144.00	0.00	3,35,95,391.95	31,11,764.00	0.00	79,84,896.00	86,87,516.00
Computer and Accessories	12,80,02,122.42	1,24,92,361.00	0.00	14,04,94,483.42	1,45,76,979.00	0.00	1,93,99,615.00	2,14,84,233.00
Total	1,96,62,72,754.09	8,23,50,406.00	76,21,790.00	2,04,10,01,370.09	11,64,47,035.00	60,97,983.00	1,23,96,57,455.00	1,27,52,77,891.00
Previous year	1,80,09,92,667.31	17,22,24,085.00	69,43,998.22	1,96,62,72,754.09	11,26,17,871.00	44,93,235.22	1,27,52,77,891.00	1,21,81,22,440.00

12. INTANGIBLE ASSETS

Particulars	Gross Block			Depreciation/Amortisation			Net block	
	Balance as at April 01, 2018	Addition	Deduction	Balance as at March 31, 2019	Depreciation for the year	Deduction	Balance as at March 31, 2019	Balance as at March 31, 2018
Licenses & Franchises	40,58,096.00	81,73,237.00	0.00	1,22,31,333.00	7,01,048.00	0.00	99,84,592.00	25,12,403.00
Brands/Trademarks	1,65,500.00	0.00	0.00	1,65,500.00	16,515.00	0.00	75,072.00	91,587.00
Computer Software	1,50,18,598.00	1,36,24,250.00	0.00	2,86,42,848.00	18,45,284.00	0.00	2,25,42,377.00	1,07,63,411.00
Total	1,92,42,194.00	2,17,97,487.00	0.00	4,10,39,681.00	25,62,847.00	0.00	3,26,02,041.00	1,33,67,401.00
Previous year	1,92,32,194.00	10,000.00	0.00	1,92,42,194.00	19,23,677.00	0.00	1,33,67,401.00	1,52,81,078.00

13. CAPITAL WORK IN PROGRESS

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Building Under Development	98,55,315.00	98,55,315.00
TOTAL	98,55,315.00	98,55,315.00

14. DEFERRED TAX ASSETS (NET)

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Deferred Tax Liabilities	0.00	0.00
Deferred Tax Assets		
Depreciation & Amortisation	8,74,23,170.00	8,04,91,201.00
Interest Not Collected on NPA	7,41,13,000.00	4,58,62,861.00
Provision for Gratuity	34,76,160.00	32,86,231.00
Long Term Capital Loss	93,890.00	92,990.00
Business Loss	0.00	22,49,346.00
TOTAL	16,51,06,220.00	13,19,82,629.00

15. LONG TERM LOANS AND ADVANCES

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Security Deposits		
Money Lending Licence Deposit	5,35,000.00	5,35,000.00
Rent Deposit	12,83,98,038.00	12,61,02,475.00
Security Deposit - CDSL	6,50,000.00	5,00,000.00
Telephone Deposit	12,31,931.35	12,07,937.35
Mat Credit	8,06,300.00	8,06,300.00
Other Deposits	13,15,870.00	12,61,708.00
Other Loans and Advances		
Mortgage Loan	16,23,52,812.00	72,22,93,870.00
Rental loan	8,45,175.00	17,40,871.00
Staff Loan	13,532.00	57,733.00
Micro Finance	80,55,924.00	4,04,69,173.00
Business Loans	12,44,00,000.00	0.00
TOTAL	42,86,04,582.35	89,49,75,067.35
(a) Secured, Considered good;	12,15,18,686.00	48,04,77,942.65
(b) Unsecured, Considered Good;	26,58,86,732.35	30,48,01,567.70
(c) Doubtful	4,11,99,164.00	10,96,95,557.00
(d) Loans and Advances due by Directors or the officers of the Company or any of them either severally or Jointly with any other person	0.00	0.00
(e) Loans and Advances due by Partnership firms or Private companies respectively in which director is a partner or a director or member	0.00	0.00

Notes to financial statements

for the year ended 31st March, 2019

16. OTHER NON-CURRENT ASSETS

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Income Tax Refundable (Note No: 30)	23,95,86,530.36	9,34,82,195.46
Court Fee Refundable	10,86,557.00	10,51,557.00
Interest Receivable on Loans and Advances	9,06,570.00	2,50,72,435.00
Legal Charges Receivable	2,12,867.00	2,16,802.00
Interest Receivable on Fixed Deposit	1,87,361.00	0.00
TOTAL	24,19,79,885.36	11,98,22,989.46
(a) Secured, Considered Good;	9,06,570.00	2,50,72,435.00
(b) Unsecured, Considered Good;	24,10,73,315.36	9,47,50,554.46
(c) Doubtful	0.00	0.00

17. CASH AND CASH EQUIVALENTS

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Cash on hand	17,27,81,813.00	72,08,37,499.00
Balance with Banks	1,01,52,17,041.24	17,88,15,943.03
Other Bank Balances		
Earmarked balances with Banks (Note No: 38)		
Deposits with less than 12 months maturity	64,28,81,001.00	62,33,21,028.00
Deposits with more than 12 months maturity	34,55,89,917.00	20,45,00,000.00
TOTAL	2,17,64,69,772.24	1,72,74,74,470.03

18. SHORT-TERM LOANS AND ADVANCES

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Loans and Advances to Related Parties		
Loan to Directors	12,69,00,000.00	12,69,00,000.00
Other Loans and Advances		
Loan Portfolio		
Gold Loan	22,12,30,86,217.00	20,58,67,23,758.50
Mortgage Loans	66,62,62,468.80	89,37,98,683.00
Rental Loan	31,69,492.00	65,23,823.00
Staff Loan	1,07,128.00	5,66,556.00
Micro Finance	7,51,30,948.00	8,63,97,578.00
Other Loans	1,10,22,522.00	96,18,651.00
Advances and Other Deposits	1,34,72,243.32	3,49,66,575.77
Security Deposits (BSE)	2,75,00,000.00	2,65,00,000.00
TOTAL	23,04,66,51,019.12	21,77,19,95,625.27

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
(a) Loans and Advances due by Directors or the officers of the Company or any of them either severally or Jointly with any other person	12,69,00,000.00	12,69,00,000.00
(b) Loans and Advances due by Partnership firms or Private companies respectively in which director is a partner or a director or member	0.00	0.00
(c) Secured, Considered Good;	22,49,09,70,096.80	21,43,55,07,853.73
(d) Unsecured, Considered Good;	11,28,48,521.32	22,60,39,759.54
(e) Doubtful	44,28,32,401.00	11,04,48,012.00

19. OTHER CURRENT ASSETS

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Interest Receivable on Fixed Deposit	2,02,41,853.18	2,18,21,709.06
Interest Receivable on Loans and Advances	2,27,50,78,911.00	2,28,39,77,089.00
Prepaid Expenses	3,20,825.00	4,63,122.00
Service Tax Deposit	2,23,95,700.00	2,23,82,000.00
Sales Tax Deposit	17,06,950.00	17,06,950.00
Stock of Stamp & Coupons	1,58,771.00	1,43,411.00
GST Cash Credit	4,44,178.00	6,39,465.00
GST Input Credit	1,74,72,233.00	69,48,412.00
Windmill Income Receivable	41,65,106.00	0.00
Receivables	8,18,939.40	81,78,418.70
TOTAL	2,34,28,03,466.58	2,34,62,60,576.76
(c) Secured, Considered Good;	2,27,21,48,880.00	2,28,39,77,089.00
(d) Unsecured, Considered Good;	7,06,54,586.58	6,22,83,487.76
(e) Doubtful	0.00	0.00

CONTINGENT LIABILITIES

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Claims against the Company not acknowledged as debts (Note No.31)	54,31,72,443.00	53,56,83,123.00
TOTAL	54,31,72,443.00	53,56,83,123.00

Notes to financial statements

for the year ended 31st March, 2019

20. REVENUE FROM OPERATIONS

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Interest Income		
Gold Loans	4,31,05,70,963.32	4,00,00,79,019.00
Other Loans	22,89,00,347.50	24,73,66,599.00
Non-Interest Income on Financial Services		
Commissions	12,60,312.95	11,60,227.49
Demat Services	11,61,966.98	11,69,880.00
Insurance Services	10,34,772.48	13,31,908.83
Money Transfer Services	42,33,404.00	48,80,182.47
PAN Card Services	6,10,340.77	12,07,155.40
Ticket Booking Services	4,15,196.36	4,27,780.82
Ancillary Charges on Loan	2,76,00,316.52	2,64,48,274.51
TOTAL	4,57,57,87,620.88	4,28,40,71,027.52

21. OTHER INCOME

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Other Non- Operative Income		
Income from Bank Deposit	8,67,65,871.12	4,52,00,881.17
Foreign Exchange	18,48,898.00	14,89,831.00
Income from Agriculture	1,51,16,698.00	1,14,09,602.00
Service Charges	94,870.00	93,480.00
Income from Windmill	41,65,106.00	0.00
TOTAL	10,79,91,443.12	5,81,93,794.17

23. FINANCE COSTS

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Interest Expense		
Bank Borrowings	49,19,56,478.38	31,21,88,582.00
Secured & Unsecured Bonds/Debentures	2,20,90,32,800.42	2,33,37,63,471.25
Other Loans	5,36,654.00	9,30,955.00
Income Tax	0.00	78,363.00
Other Borrowing Costs		
Account Renewal and Bank Charges	2,41,90,727.51	2,42,66,335.67
TOTAL	2,72,57,16,660.31	2,67,12,27,706.92

24. DEPRECIATION AND AMORTIZATION EXPENSE

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Amortisation of Intangible Assets	25,62,847.00	19,23,677.00
Depreciation on Property, Plant & Equipment	11,64,47,035.00	11,26,17,871.00
TOTAL	11,90,09,882.00	11,45,41,548.00

25. OTHER EXPENSES

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
Advertisement	15,53,24,789.92	8,47,28,234.09
Annual Maintenance Charges	39,41,591.40	36,80,799.00
Auction Surplus	45,98,531.00	53,917.00
Bad Debt Written off	76,14,343.00	3,750.00
Business Promotion Expenses	7,65,629.00	16,33,691.10
CSR Expenses	28,38,892.00	34,11,401.00
Donation	48,85,250.00	20,63,000.00
Electricity & Water Charges	1,63,39,835.00	1,51,46,642.80
Agriculture Expense	1,32,90,938.90	1,05,08,535.00
GST ITC	2,83,67,074.18	1,73,08,193.23
Insurance Charges	24,24,772.26	21,90,672.00
Legal Charges	49,12,852.00	52,33,549.00
Office Expenses	1,00,46,959.40	93,99,037.37
Payment to Auditor		
For Audit	14,16,000.00	10,14,660.00
For Taxation matters	2,12,400.00	1,50,000.00
For Other Services	14,15,000.00	0.00
Printing & Stationery	1,56,61,038.02	1,41,79,339.07
Professional Charges	5,14,33,464.48	5,95,24,209.89
Provision for Non-Performing Assets	9,78,72,997.00	2,97,85,375.00
Provision for Standard Assets	17,97,824.00	2,36,63,054.00
Rates & Taxes	49,73,515.23	42,16,051.00
Rating Fee	1,31,26,539.06	74,91,735.00
Registration & Filing Fee	66,47,867.00	23,04,092.00
Rent	15,91,95,400.70	14,79,24,034.20
Repairs Building	21,66,503.50	4,65,986.00
Repairs Others	1,46,83,376.09	1,31,22,423.84
Security Charges	97,20,824.18	89,79,924.16
Telephone & Communication	2,68,77,153.16	2,62,04,243.95
Travelling & Conveyance	2,40,16,149.17	1,96,19,328.51
Trustee Remuneration	17,25,000.00	13,09,704.00
Vehicle Running Expenses	24,79,163.85	15,90,106.00
TOTAL	69,07,71,673.50	51,69,05,688.21

Notes to financial statements

for the year ended 31st March, 2019

26. EXCEPTIONAL ITEMS

PARTICULARS	As at	
	March 31, 2019	March 31, 2018
(Profit)/Loss on Sale of Fixed Assets	(7,08,726.00)	(12,32,213.00)
Asset Written off	11,24,745.00	21,20,776.00
Provision for NPA written back	0.00	(2,83,726.00)
Provision for Standard Asset written back	0.00	(6,25,430.00)
TOTAL	4,16,019.00	(20,593.00)

27. EARNINGS PER SHARE

As per Accounting Standard 20, Earning per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the Weighted average number of equity shares outstanding during the year. The details of calculation of the basic and diluted earnings per share are stated below:-

Amount in ₹

	March 31, 2019	March 31, 2018
Face Value of per share	10.00	10.00
Profit available to Equity Shareholders for basic EPS	29,99,48,560.19	25,55,29,043.56
Profit available to Equity Shareholders for diluted EPS	30,41,77,552.19	26,70,74,560.56
Weighted average number of equity shares outstanding during the period - Basic EPS	18,71,06,925	16,30,92,500
Weighted average number of equity shares outstanding during the period - Diluted EPS	19,91,06,925	18,15,17,400
Earnings Per Share (Basic)	1.60	1.57
Earnings Per Share (Diluted)	1.53	1.47

28. The company has no dues payable to suppliers registered under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act)

29. NOTES TO OTHER LOAN

j) Current and Non-Current Classification

Amount in ₹

Vehicle Loan	March 31, 2019			March 31, 2018		
	Total Outstanding	Current Portion	Non -Current Portion	Total Outstanding	Current Portion	Non -Current Portion
35100674342	57,89,534.00	22,33,243.00	35,56,291.00	81,61,188.00	21,95,173.00	59,66,015.00
Total	57,89,534.00	22,33,243.00	35,56,291.00	81,61,188.00	21,95,173.00	59,66,015.00

ii) Details of security offered

Amount in ₹

Loan Number & Bank	Security Offered	Amount Sanctioned	Current Interest rate	Total No. of Instalments	Amount of EMI	Repayment
35100674342 in State Bank of India, Commercial Branch, Trivandrum	Hypothecation of Vehicle	1,31,00,000.00	9.30%	72.00	2,42,359.00	Monthly

30. INCOME TAX PROVISION NET OF ADVANCE TAX, TAX DEDUCTED AT SOURCE AND SELF/REGULAR ASSESSMENT TAX

Amount in ₹

Particulars	March 31, 2019	March 31, 2018
Provision For Income Tax		
FY :2011-12	51,58,375.00	51,58,375.00
FY :2012-13	22,30,62,544.00	22,30,62,544.00
FY: 2013-14	15,27,42,896.00	15,27,42,896.00
FY: 2014-15	8,71,230.00	8,71,230.00
FY: 2015-16	4,08,964.00	4,08,964.00
FY: 2016-17	12,34,72,075.00	12,34,72,075.00
FY: 2017-18	21,46,22,153.00	21,46,22,153.00
FY: 2018-19	24,13,53,519.00	0.00
(A)	96,16,91,756.00	72,03,38,237.00
Less : Advance Tax		
FY :2011-12	8,00,000.00	8,00,000.00
FY :2012-13	18,09,99,998.00	18,09,99,998.00
FY: 2013-14	12,80,00,000.00	12,80,00,000.00
FY: 2014-15	7,00,000.00	7,00,000.00
FY: 2015-16	3,00,000.00	3,00,000.00
FY: 2016-17	9,53,00,000.00	9,53,00,000.00
FY: 2017-18	24,02,00,000.00	24,02,00,000.00
FY: 2018-19	13,80,00,000.00	0.00
(B)	78,42,99,998.00	64,62,99,998.00
Tax Deducted at Source		
FY :2012-13	25,23,009.00	25,23,009.00
FY: 2013-14	12,79,864.00	12,79,864.00
FY: 2014-15	4,40,000.00	4,40,000.00
FY: 2015-16	8,21,015.00	0.00
FY: 2016-17	1,75,43,069.92	70,09,264.92
FY: 2017-18	1,51,22,481.45	1,36,61,121.54
FY: 2018-19	1,12,50,277.99	0.00
(C)	4,89,79,717.36	2,49,13,259.46
Self/Regular Assessment		
FY :2011-12	8,62,30,075.00	6,12,30,075.00
FY :2012-13	3,95,39,529.00	3,95,39,529.00
FY: 2013-14	2,46,51,766.00	2,42,60,370.00
FY: 2014-15	3,68,75,760.00	18,75,760.00
FY: 2015-16	6,01,08,964.00	1,08,964.00
FY: 2016-17	9,05,92,477.00	1,55,92,477.00
FY: 2017-18	3,00,00,000.00	0.00
(D)	36,79,98,571.00	14,26,07,175.00
Provision Net of Advance tax, TDS and Self/Regular Assessment Tax (A)-((B)+(C)+(D))	(23,95,86,530.36)	(9,34,82,195.46)

Notes to financial statements

for the year ended 31st March, 2019

31. CONTINGENT LIABILITY NOT PROVIDED FOR

		Amount in ₹	
Claims against the Company not acknowledge as debts.		March 31, 2019	March 31, 2018
i)	Service Tax demand for the period 10-09-2004 to 30-09-2008	82,13,234.00	82,13,234.00
	Joint Commissioner of Central Excise & Customs Cochin Commissionerate has raised a demand of ₹82,13,234.00 as Service Tax Liability against which company has filed an appeal with The Commissioner of Central Excise and Service Tax (Appeals), Officer of Central Excise (Appeals), Cochin. A sum amounting ₹4,10,500.00 has been paid as security deposit.		
ii)	Service Tax demand for the period 01-10-2008 to 30-11-2011	13,93,61,968.00	13,93,61,968.00
iii)	Service Tax demand for the period 01-12-2011 to 31-03-2012	2,40,19,123.00	2,40,19,123.00
iv)	Service Tax demand for the period 01-04-2012 to 30-06-2012	2,30,24,879.00	2,30,24,879.00
	Joint Commissioner of Central Excise & Customs Cochin Commissionerate has raised a demand of ₹18,64,05,970.00 as Service Tax Liability against which Company has filed an appeal with the Deputy Registrar, Customs, Excise and Service Tax Appellate Tribunal, Bangalore. A sum amounting ₹87,52,500.00 has been paid as security deposit.		
v)	Service Tax demand for the period 01-10-2008 to 30-11-2012	28,666,432.00	28,666,432.00
	The Commissioner of Central Excise & Customs Cochin Commissionerate has raised a demand of ₹ 2,86,66,432.00 as Service Tax Liability against which Company has filed an appeal with the Deputy Registrar, Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The Company has made Service Tax Pre-Deposit of 10,75,000 as on May 15, 2015		
vi)	Service Tax demand for the period 01-07-2012 to 31-03-2013	10,70,27,472.00	10,70,27,472.00
vii)	Service Tax demand for the period 01-04-2013 to 31-03-2014	10,84,03,886.00	10,84,03,886.00
	Commissioner of Central Excise, Customs & Service Tax, Cochin Commissionerate has raised a demand of ₹21,54,31,358.00 as Service Tax Liability. A sum amounting ₹1,13,62,000.00 has been paid as security deposit.		
viii)	Service Tax demand for the period 01-04-2012 to 31-03-2014	1,14,88,777.00	1,07,06,777.00
	The Commissioner of Central Excise & Customs Cochin Commissionerate has raised a demand of ₹ 1,14,88,777.00 as Service Tax Liability against which Company has filed an appeal with the Deputy Registrar, Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The Company has made Service Tax Pre-Deposit of ₹ 7,82,000.00 as on May 13, 2016		
ix)	Kerala Value Added Tax demand for the period 2014-2015	2,90,000.00	2,90,000.00
	The Deputy Commissioner (Appeals) / The Deputy Commissioner/ The Commissioner has raised a demand of ₹2,90,000.00 as VAT liability. A sum amounting ₹2,90,000.00 has been paid as security deposit.		
x)	Income Tax Demand for the period 2011-2012	18,95,72,090.00	18,95,72,090.00
	The Assistant Commissioner of Income Tax has raised a demand of ₹18,95,72,090.00 as Income Tax. A sum of ₹ 8,18,71,700.00 has been paid as security deposit.		
xi)	Income Tax Demand for the period 2014-2015	93,78,780.00	0.00
	The Assistant Commissioner of Income Tax has raised a demand of ₹93,78,780 as Income Tax. A sum of ₹18,75,760 has been paid as tax under regular assessment.		
xii)	Service Tax demand for the period 01-04-2015 to 31-03-2016	151,184.00	0.00
	The Commissioner of Central GST & Central Excise Thiruvananthapuram Commissionerate has raised a demand of ₹1,51,184.00 as Service Tax Liability against which company is going to file an appeal with Deputy Registrar, Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The Company has made Service Tax Pre-Deposit of ₹ 13,000.00 as on September 25, 2018		
xiii)	Service Tax demand for the period 01-04-2015 to 31-03-2016	7,778.00	0.00
	The Commissioner of Central GST & Central Excise Thiruvananthapuram Commissionerate has raised a demand of ₹7,778.00 as Service Tax Liability against which company is going to file an appeal with Deputy Registrar, Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The Company has made Service Tax Pre-Deposit of ₹ 700 as on October 09, 2018		

- xiv)** During the year there have been certain instances of fraud on the Company by employees and others, where gold loan related misappropriations/cash embezzlements have occurred aggregating an amount of ₹7,75,000 of which the Company has recovered an amount of ₹4,43,000. The Company has taken insurance cover for such losses and has filed Insurance claims in this regard. Further, the Company is in the process of recovering these amounts from the employees and taking legal actions, where applicable.

SI No	Name of Branch	Nature of Fraud	Amount Involved	Amount Recovered If any:	Fraud Committed by:	Remedial Action Taken	Status
1	VILLAPURAM	Cash Embezzlement	2,00,000	NIL	Branch Staff	Police case filed on June 08, 2018 as per FIR No:- 983. Reported to RBI on April 18, 2018	Investigation in Process.
2	PERIYANAIIKA NPALAYAM	Cash Embezzlement	5,75,000	4,73,000	Branch Manager	Reported to RBI on March 11, 2019	Recovery in Process.

xv) Applicability of Kerala Money Lending Act 1958

The Applicability of Kerala Money Lending Act 1958 to Non-Banking Financial Company's is pending before Honourable Supreme Court of India. The Honourable Supreme Court of India has directed that a status quo on the matter shall be maintained and the matter is currently pending with Honourable Supreme Court.

- xvi)** The Commissioner of Income Tax (Central), Kochi ("CITK") filed a writ petition (c) bearing No.23856/2013 dated August 28, 2013 ("Writ Petition"), before the High Court of Kerala against the order dated March 25, 2013 ("Order") passed by the Income Tax Settlement Commission, Chennai ("Commission") for the assessment years 2004-05 to 2010-11, granting immunity to our Company from penalty and prosecution. The Writ Petition was filed by CITK inter-alia on the ground that the Commission has no authority to grant immunity to our Company from penalty and prosecution unless our Company makes full and true disclosure of its income, manner in which it was derived and cooperates with the Commission in the proceedings. The CITK further alleged that the income admitted by our Company was less than the income quantified by the Commission and hence full and true disclosure wasn't made and thus the Order passed by the Commission was against law. Further, the CIT has prayed for the issuance of writ of certiorari or any other appropriate order quashing the Order to the extent that it granted immunity to our Company from prosecution and penalty. The matter is currently pending.

- xvii)** The Office of the Inspecting Assistant Commissioner (Intelligence Branch), Commercial Taxes, Kottayam ("Authority") issued a Show Cause Notice bearing No. IBK/2/1/15-16 dated August 30, 2016 ("SCN"). The SCN called our Company to show cause as to a penalty of ₹1,17,90,000.00 should not be charged for evading Tax Deductible at Source ("TDS"), which was allegedly due under The Kerala Value Added Tax Act, 2003 ("KVAT") towards work contracts entered into with various dealers toward setting up wind mills. Our Company filed a reply dated October 06, 2016 to this SCN, stating that TDS under Section 10 of the KVAT, as claimed by the Authority, would be applicable only to a works contract. Our Company claims that the contracts entered into with the dealers are in the nature of divisible contracts, not work contracts, and therefore Section 10 of the KVAT would be inapplicable. Our Company also claimed that in case of inter-state transactions, the KVAT would be inapplicable. The matter is currently pending.

32. DISCLOSURE AS PER AS-15

i. Defined Contribution Plan

Amount in ₹

Particulars	March 31, 2019	March 31, 2018
Provision For Income Tax		
FY :2011-12	51,58,375.00	51,58,375.00
FY :2012-13	22,30,62,544.00	22,30,62,544.00

ii. Defined Benefit Plan

Project Unit Credit Actuarial Method was applied to assess the Plan liabilities owing to all forms of admissible exit. The benefit was taken as defined in terms of Payments of Gratuity Act or the Company Gratuity Rules whichever more favourable to the beneficiaries. Gratuity ceiling limit was taken at ₹20 lakhs.

Notes to financial statements

for the year ended 31st March, 2019

A) Key Assumptions	March 31, 2019	March 31, 2018
Mortality	Indian Assured Lives Mortality[1994-96] Ultimate	Indian Assured Lives Mortality (1994-96) Ultimate Table
Attrition Rate	Modified q(x) values under above Mortality Table	Modified q(x) values under above Mortality Table
Withdrawal	Modified version of above table	Modified version of above table
Discount Rate	7.50% p.a.	7.50% p.a.
Rate of Increase in compensation level	5.00% p.a.	5.00% p.a.
Expected Average Remaining Working Lives of Employees(Years)	25.04	25.51

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets:

Particulars	Amount in ₹	
	As on March 31, 2019	As on March 31, 2018
A) Changes in Present Value Obligations		
Present Value of Obligation at the beginning of the period	94,13,715.00	64,36,344.00
Interest Cost	8,27,551.00	5,89,130.00
Past Service Cost (Non-Vested)	0.00	0.00
Past Service Cost (Vested) on account of merger of MKC	91,685.00	0.00
Current Service Cost	30,57,243.00	28,37,466.00
Benefits Paid	(1,46,330.00)	(1,34,397.00)
Actuarial (Gain)/Loss	(32,96,056.00)	(3,14,828.00)
Present value of obligations at the end of the period	99,47,808.00	94,13,715.00
B) Changes in the Fair Value of Plan Assets		
Fair Value of the Plan Assets at the beginning of the Period	0.00	0.00
Acquisition Adjustments	0.00	0.00
Expected Return on Plan Assets	0.00	0.00
Contributions	0.00	0.00
Benefits Paid	0.00	0.00
Actuarial Gain/(Loss) on Plan Assets	0.00	0.00
Fair Value of Plan Assets at the end of the Period	0.00	0.00
C) Fair Value of Plan Assets		
Fair Value of Plan Assets at the Beginning of the Period	0.00	0.00
Acquisition Adjustments	0.00	0.00
Actual Return on Plan Assets	0.00	0.00
Contributions	0.00	0.00
Benefits Paid	0.00	0.00
Fair Value of Plan Assets at the end of the period	0.00	0.00

Amount in ₹

Particulars	As on March 31, 2019	As on March 31, 2018
Present Value of Obligations at the end of the Period	99,47,808.00	94,13,715.00
Funded Status	(99,47,808.00)	(94,13,715.00)
D) Actuarial Gain/(Loss) Recognised		
Actuarial Gain/(Loss) for the Period – Obligation	32,96,056.00	3,14,828.00
Actuarial Gain/(Loss) for the Period – Plan Assets	0.00	0.00
Total Gain/(Loss) For the Period	32,96,056.00	3,14,828.00
Actuarial Gain/(Loss) recognized in the Period	(32,96,056.00)	(3,14,828.00)
Unrecognized actuarial gains/(Losses) at the end of the period	0.00	0.00
E) The Amounts to be Recognised in Balance Sheet and Statement of Profit And Loss		
Present Value of Obligations at the end of the Period	99,47,808.00	94,13,715.00
Fair Value of Plan Assets at the end of the period	0.00	0.00
Funded Status	(99,47,808.00)	(94,13,715.00)
Unrecognized actuarial (Gains)/Losses	0.00	0.00
Net Asset/Liability Recognised in Balance Sheet	99,47,808.00	94,13,715.00
F) Expense Recognised In the Statement of Profit and Loss		
Current Service Cost	30,57,243.00	28,37,466.00
Past Service Cost on a/c of merger of MKC	91,685.00	0.00
Interest Cost	8,27,551.00	5,89,130.00
Expected Return on Plan Asset	0.00	0.00
Curtailment Cost /(Credit)	0.00	0.00
Settlement Cost /(Credit)	0.00	0.00
Net Actuarial Gain/(Loss) Recognised in the period	(32,96,056.00)	(3,14,828.00)
Expenses Recognised in the statement of Profit and Loss	6,80,423.00	31,11,768.00
G) Movements in Liability Recognised In the Balance sheet		
Opening Net Liability	94,13,715.00	64,36,344.00
Expenses as above	6,80,423.00	31,11,768.00
Contributions / Benefits Paid	(1,46,330.00)	(1,34,397.00)
Closing Net Liability	99,47,808.00	94,13,715.00

33. NOTES ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per section 135 of Companies Act 2013 a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. The areas are stipulated in schedule VII of the Companies Act 2013. A CSR Committee has been formed by the Company as per the Companies Act 2013.

- GROSS AMOUNT TO BE SPENT BY THE COMPANY DURING THE YEAR IS ₹62.04 LAKHS (PREVIOUS YEAR: ₹48.58 LAKHS).
- MOUNT SPENT DURING THE YEAR IS ₹ 28.39 LAKHS (PREVIOUS YEAR: ₹34.11 LAKHS).

Notes to financial statements

for the year ended 31st March, 2019

Amount in ₹

Particulars	March 31, 2019	March 31, 2018
On construction / acquisition of any asset	0.00	0.00
On purpose other than the above:		
In Cash	28,38,892.00	34,11,401.00
Yet to be paid in cash	0.00	0.00
Total	28,38,892.00	34,11,401.00

34. DISCLOSURE AS REQUIRED BY INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (REGISTRATION OF CORPORATE AGENTS) REGULATIONS, 2015.

As per IRDAI (Registration of Corporate Agents) Regulations, 2015, In the case of corporate agents whose principal business is other than insurance intermediation, they shall maintain segment wise reporting capturing the revenues received for insurance intermediation and other income from insurers. Accordingly the following disclosure is given.

Amount in ₹

Particulars	March 31, 2019	March 31, 2018
Insurance Intermediation services	10,34,772.48	13,31,908.83
Other Income from Insurers	0.00	0.00
Total	10,34,772.48	13,31,908.83

35. PROVISION FOR STANDARD AND NON-PERFORMING ASSETS AS PER PRUDENTIAL NORMS.

In terms of Systemically Important Non-Banking Financial (Non-Deposit accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016 Company has made provisions for Standard Assets as well as Non-Performing Assets as per the table below:

Date of Allotment	As on March 31, 2019		As on March 31, 2018	
Secured Loans	Loan Amount	Provision	Loan Amount	Provision
Gold Loan				
Standard Assets	24,13,84,41,733.00	9,65,53,767.00	22,66,29,73,184.50	9,06,53,137.00
Substandard Assets	4,23,82,524.00	42,38,258.00	2,00,33,293.00	20,03,329.00
Doubtful Assets	2,42,27,559.00	76,64,752.00	1,01,52,424.00	39,58,489.00
Loss Assets	5,23,62,800.00	5,23,62,800.00	4,39,20,277.00	4,39,20,277.00
Total –A	24,25,74,14,616.00	16,08,19,577.00	22,73,70,79,178.50	14,05,35,232.00
Other Loans				
Standard Assets	53,71,29,659.80	21,48,519.00	1,63,27,36,701.00	65,30,947.00
Substandard Assets	5,00,53,623.00	50,05,376.00	6,44,69,096.00	65,47,322.00
Doubtful Assets	29,70,86,209.00	10,58,31,805.00	7,06,53,025.00	2,19,39,998.00
Loss Assets	0.00	0.00	0.00	0.00
Total –B	88,42,69,491.80	11,29,85,700.00	1,76,78,58,822.00	3,50,18,267.00
Unsecured Loans				
Other Loans				
Standard Assets	20,56,37,956.00	8,22,552.00	13,57,32,479.00	5,42,930.00
Substandard Assets	65,34,240.00	6,53,424.00	10,14,268.00	1,014.00
Doubtful Assets	14,63,959.00	3,66,495.00	2,82,535.00	1,81,484.00
Loss Assets	99,20,651.00	99,20,651.00	96,18,651.00	96,18,651.00
Total –C				
Total (A+B+C)	25,36,52,40,913.80	28,55,68,399.00	24,65,15,85,933.50	18,58,97,578.00

36. GOLD LOAN TO TOTAL ASSET VALUE

Amount in ₹

Particulars	March 31, 2019	March 31, 2018
Gold Loan	22,12,30,86,217.00	20,58,67,23,758.50
Total Assets	29,68,37,29,756.65	28,29,10,11,964.87
% of Gold Loan to Total Assets	74.53%	72.77%

37. DETAILS OF AUCTION HELD DURING THE YEAR

Gold Loan Auction Details during the year ended March 31, 2019 are as follows

No of Packets	Loan Amount	Interest	Bid Amount	Loss in Principal	Loss in Interest
36701	77,36,05,166.00	28,73,69,341.00	97,49,44,892.00	0.00	8,60,29,616.00

Note: None of the sister concerns have participated in the auction held during the FY 2018-19.

38. FIXED DEPOSIT

Bank	March 31, 2019		March 31, 2018	
	Current	Non -Current	Current	Non -Current
The South Indian Bank Ltd	2,82,37,599.00	0.00	2,32,30,006.00	0.00
State Bank of India	17,32,85,722.00	0.00	15,75,91,022.00	0.00
Karur Vysya Bank	12,50,00,000.00	0.00	12,50,00,000.00	0.00
Union Bank of India	16,90,38,281.00	3,15,63,947.00	12,90,00,000.00	5500000.00
Bank of Baroda	12,55,46,819.00	69,49,000.00	12,50,00,000.00	0.00
Canara Bank	10,00,00,000.00	0.00	10,00,00,000.00	0.00
Catholic Syrian Bank	10,00,00,000.00	0.00	6,25,00,000.00	0.00
DCB Bank	0.00	0.00	3,75,00,000.00	0.00
Oriental Bank of Commerce	6,63,49,550.00	0.00	6,25,00,000.00	0.00
Vijaya Bank	6,25,00,000.00	0.00	0.00	0.00
Total	94,99,57,971.00	3,85,12,947.00	82,23,21,028.00	5500000.00

Note: Fixed Deposits include ₹1,21,142 towards security deposit for CozmoTravels, ₹2,82,42,673 towards security deposit for Public Issue and ₹96,01,07,103 towards approved bank facilities.

39. NOTES TO DEBENTURES/BONDS

Series	April 01, 2018	Issued During the Year	Redemption During the Year	March 31, 2019
Secured Non-Convertible Debenture (Public Issue)				
Issue 1	27,42,44,100.00	0.00	26,58,00,600.00	84,43,500.00
Issue 2	1,09,30,000.00	0.00	0.00	1,09,30,000.00
Issue 3	14,19,69,000.00	0.00	3,97,62,000.00	10,22,07,000.00
Issue 4	4,95,65,000.00	0.00	2,31,59,000.00	2,64,06,000.00
Issue 5	1,89,60,000.00	0.00	1,89,60,000.00	0.00
Issue 6	4,93,05,000.00	0.00	4,93,05,000.00	0.00
Issue 7	6,19,93,000.00	0.00	2,25,28,000.00	3,94,65,000.00

Notes to financial statements

for the year ended 31st March, 2019

Series	April 01, 2018	Issued During the Year	Redemption During the Year	March 31, 2019
Secured Non-Convertible Debenture (Public Issue)				
Issue 1	11,08,58,000.00	0.00	0.00	11,08,58,000.00
Issue 2	13,25,83,000.00	0.00	0.00	13,25,83,000.00
Issue 3	0.00	0.00	0.00	0.00
Issue 4	50,70,39,000.00	0.00	31,19,05,000.00	19,51,34,000.00
Issue 5	94,21,84,000.00	0.00	55,27,58,000.00	38,94,26,000.00
Issue 6	1,54,28,44,000.00	0.00	1,05,39,09,000.00	48,89,35,000.00
Issue 7	1,91,25,55,000.00	0.00	20,31,73,000.00	1,70,93,82,000.00
Issue 8	1,17,47,92,000.00	0.00	0.00	1,17,47,92,000.00
Issue 9	1,91,55,37,000.00	0.00	49,02,51,000.00	1,42,52,86,000.00
Issue 10	2,07,02,07,000.00	0.00	71,82,67,000.00	1,35,19,40,000.00
Issue 11	2,14,62,10,000.00	0.00	88,53,31,000.00	1,26,08,79,000.00
Issue 12	1,98,78,51,000.00	0.00	33,09,17,000.00	1,65,69,34,000.00
Issue 13	0.00	2,14,26,54,000.00	0.00	2,14,26,54,000.00
Issue 14	0.00	2,06,27,71,000.00	0.00	2,06,27,71,000.00
Issue 15	0.00	1,92,40,43,000.00	0.00	1,92,40,43,000.00
Subordinated Debt (Public Issue)				
Issue 1	25,00,00,000.00	0.00	0.00	25,00,00,000.00
Issue 2	10,00,00,000.00	0.00	0.00	10,00,00,000.00
Issue 3	30,00,00,000.00	0.00	0.00	30,00,00,000.00
Issue 4	24,78,59,000.00	0.00	0.00	24,78,59,000.00
Issue 5	12,49,07,000.00	0.00	0.00	12,49,07,000.00
Issue 6	30,00,00,000.00	0.00	0.00	30,00,00,000.00
Issue 7	0.00	28,42,80,000.00	0.00	28,42,80,000.00
Issue 8	0.00	19,80,13,000.00	0.00	19,80,13,000.00
Subordinated Debt (Private Placement)				
Issue 1	11,64,300.00	0.00	11,30,000.00	34,300.00
Issue 2	8,07,82,500.00	0.00	8,04,82,500.00	3,00,000.00
Issue 3	24,21,85,700.00	0.00	23,84,20,700.00	37,65,000.00
Issue 4	24,84,45,400.00	0.00	9,38,02,600.00	15,46,42,800.00
Issue 5	14,85,97,400.00	0.00	1,68,900.00	14,84,28,500.00
Issue 6	1,68,80,000.00	0.00	0.00	1,68,80,000.00
Issue 7	1,04,47,000.00	0.00	0.00	1,04,47,000.00
Issue 8	99,50,000.00	0.00	0.00	99,50,000.00
Issue 9	98,24,000.00	0.00	0.00	98,24,000.00
Issue 10	70,83,000.00	0.00	0.00	70,83,000.00
Issue 11	47,00,000.00	0.00	0.00	47,00,000.00
Issue 12	1,50,00,000.00	0.00	0.00	1,50,00,000.00
Perpetual Debt Instrument				
Issue 1	6,25,00,000.00	0.00	0.00	6,25,00,000.00
Issue 2	1,50,00,000.00	0.00	0.00	1,50,00,000.00
Issue 3	4,15,00,000.00	0.00	0.00	4,15,00,000.00
Grand Total	17,28,64,51,400.00	6,61,17,61,000.00	5,38,00,30,300.00	18,51,81,82,100.00

40. Disclosure of related party's transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosures" issued by The Institute of Chartered Accountants of India.

(a) Name of Related Parties

Relationship	March 31, 2019	March 31, 2018
Associates	1) Kosamattam Builders Private Limited 2) Kosamattam Ventures Private Limited 3) Kosamattam Builders 4) Kosamattam Security Systems 5) Kosamattam Enterprises LLP 6) Kosamattam Housing Finance Private Limited 7) Kosamattam Cherian Foundation 8) Kosamattam Nidhi Limited	1) Kosamattam Mathew K. Cherian Financiers Private Limited 2) Kosamattam Builders Private Limited 3) Kosamattam Ventures Private Limited 4) Kosamattam Builders 5) Kosamattam Security Systems 6) Kosamattam Enterprises LLP 7) Kosamattam Housing Finance Private Limited 8) Kosamattam Cherian Foundation
Key Management Personnel	1) Mathew K Cherian 2) Laila Mathew w/o Mathew K Cherian 3) Jilu Saju Varghese d/o Mathew K Cherian	1) Mathew K Cherian 2) Laila Mathew w/o Mathew K Cherian 3) Jilu Saju Varghese d/o Mathew K Cherian
Relatives of Key Management Personnel	1) Mariamma Cherian m/o Mathew K Cherian 2) Milu Mathew d/o Mathew K Cherian 3) Bala Mathew d/o Mathew K Cherian 4) Varghese K Cherian b/o Mathew K Cherian 5) Tom Cherian b/o Mathew K Cherian 6) Remani John sister of Mathew K Cherian 7) Molly George sister of Mathew K Cherian 8) Jessy Rajan sister of Mathew K Cherian 9) Babu K Thomas b/o Laila Mathew 10) Benny K Thomas b/o Laila Mathew 11) Kenvin Saju Varghese s/o Jilu Saju Varghese 12) Esther Liya Saju d/o Jilu Saju Varghese	1) Mariamma Cherian m/o Mathew K Cherian 2) Milu Mathew d/o Mathew K Cherian 3) Bala Mathew d/o Mathew K Cherian 4) Varghese K Cherian b/o Mathew K Cherian 5) Tom Cherian b/o Mathew K Cherian 6) Remani John sister of Mathew K Cherian 7) Molly George sister of Mathew K Cherian 8) Jessy Rajan sister of Mathew K Cherian 9) Babu K Thomas b/o Laila Mathew 10) Benny K Thomas b/o Laila Mathew 11) Kenvin Saju Varghese s/o Jilu Saju Varghese 12) Esther Liya Saju d/o Jilu Saju Varghese

(b) Related Party Transactions

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Interest Received						
Mathew K Cherian	-	-	17766000	17766000	-	-
Interest Paid						
Milu Mathew	-	-	-	-	74300	74300
Rent Paid						
Mathew K Cherian	-	-	3176626	754132	-	-
Rent Security Deposit						
Mathew K Cherian	-	-	2100000	2100000	-	-
Remuneration						
Mathew K Cherian	-	-	9200000	6000000	-	-
Laila Mathew	-	-	5900000	3600000	-	-
Jilu Saju Varghese	-	-	5000000	5000000	-	-
Milu Mathew	-	-	-	-	360000	360000

Notes to financial statements

for the year ended 31st March, 2019

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Commission Paid						
Mathew K Cherian	-	-	20000000	21500000	-	-
Laila Mathew	-	-	14900000	21500000	-	-
Fixed Assets Purchased						
Kosamattam Security System	3599452	5600113	-	-	-	-
Shares Issued						
Mathew K Cherian	-	-	72517700	40000000	-	-
Laila Mathew	-	-	5998000	-	-	-
Jilu Saju Varghese			2000			
Kosamattam Ventures Private Limited	-	260000000	-	-	-	-
Debentures Outstanding						
Milu Mathew	-	-	-	-	500000	500000
Loan Outstanding						
Mathew K Cherian	-	-	126900000	126900000	-	-
CSR Expenses						
Kosamattam Cherian Foundation	2830206	-	-	-	-	-

41. ADDITIONAL INFORMATION TO THE STATEMENT OF PROFIT AND LOSS

Particulars	Amount in ₹	
	March 31, 2019	March 31, 2018
(a) Value of Imports calculated on C.I.F basis by the Company during the Financial Year in respect of -		
I. Raw Materials	0.00	0.00
II. Components and Spare Parts;	0.00	0.00
III. Capital Goods	0.00	0.00
(b) Expenditure in Foreign currency during the financial year on account of Royalty Know how professional and consultation fees interest and other matters	0.00	0.00
(c) Total value if all imported raw materials spare parts and components consumed during the financial year and the total value of all indigenous raw materials spare parts and components similarly consumed and the percentage of each to the total components	0.00	0.00
(d) The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders the total number of shares held by them on which the dividends were due and the year to which the dividends related	0.00	0.00
(e) Earnings in foreign exchange classified under the following heads namely :-		

Particulars	Amount in ₹	
	March 31, 2019	March 31, 2018
I. Export of goods calculated on F.O.B basis	0.00	0.00
II. Know-how professional and consultation fees;	0.00	0.00
III. Interest and Dividend ;	0.00	0.00
IV. Other Income indicating the nature thereof (Exchange Gain on Foreign Currency Trading)	18,48,898.00	14,89,831.00
Total	18,48,898.00	14,89,831.00

42. UTILIZATION OF PROCEEDS OF PUBLIC ISSUE

During the current year, the Company has raised by way of Public Issue ₹612.95 Crores of Non-Convertible Debentures and ₹48.23 Crores of Subordinated Debt to be utilized for its various financing activities including lending and investment and towards business operations as mentioned in the prospectus.

43. LEASE DISCLOSURES

Operating Lease:

Office premises are obtained on operating lease which is cancellable in nature. Operating lease payments are recognized as an expense in the Statement of profit and loss.

Finance Leases:

The Company has no finance leases during the year under review.

44. MERGER OF KOSAMATTAM MATHEW K CHERIAN FINANCIERS (P) LTD WITH KOSAMATTAM FINANCE LIMITED

A scheme of Amalgamation ("the Scheme") for the amalgamation of Mathew K. Cherian Financiers Private Limited (called "the Transferor Company"), with Kosamattam Finance Limited (the "Transferee Company"), with effect from April 1, 2016 ("the Appointed date") was sanctioned by the National Company Law Tribunal Division Bench, Chennai ("the NCLT"), vide its Order dated June 26, 2018 and certified copies of the Order of the NCLT sanctioning the Scheme were filed with the Registrar of Companies, Kerala and Lakshadweep on July 19, 2018

In accordance with the scheme:

- The Transferee Company has followed Pooling of Interest Method of accounting as per (AS) 14 'Accounting for Amalgamation' and as per Scheme of Arrangement approved by NCLT.
- The excess of face value of the shares held by the transferee Company over book value of the net assets of the Transferor Company taken over, amounting to ₹37.50 Lakhs has been debited to the Statement of Profit and Loss Account of the Transferee Company as per the Scheme and no amalgamation reserve or capital reserve on account of amalgamation was created.

Notes to financial statements

for the year ended 31st March, 2019

45. NOTES ON GOODS & SERVICES TAX										Amount in ₹
Particulars	Andhra Pradesh	Delhi	Gujarat	Karnataka	Kerala	Maharashtra	Puducherry	Tamil Nadu	Telangana	Total
Interest Income	22,16,45,103.48	5,32,32,181.00	1,99,34,533.00	64,18,18,084.00	1,07,38,03,330.42	10,12,54,397.00	2,62,15,789.00	2,16,89,61,330.92	3,12,66,836.00	4,33,81,31,584.82
Auction Proceeds of Gold *	8,59,53,885.00	2,92,41,748.00	-	20,91,78,596.00	19,26,59,094.00	1,95,92,232.00	80,35,437.00	41,90,46,036.00	1,12,37,864.00	97,49,44,892.00
Non-Interest Income on Financial Services										
Commissions	11,876.10	14,911.24	2,149.00	49,849.96	11,27,255.01	2,094.72	449.10	46,862.04	4,865.78	12,60,312.95
Demat Services	9,500.00	1,000.00	268.48	25,240.00	10,46,594.92	5,900.00	1,300.00	69,309.34	2,854.24	11,61,966.98
Insurance Services	-	-	-	-	10,34,772.48	-	-	-	-	10,34,772.48
Money Transfer Services	-	-	-	-	42,33,404.00	-	-	-	-	42,33,404.00
PAN Card Services**	6,292.44	-	1,906.80	76,462.68	7,20,051.36	1,906.80	-	2,60,468.88	381.36	10,67,470.32
Ticket Booking Services**	-	-	-	-	1,01,40,709.58	-	-	-	-	1,01,40,709.58
Ancillary Charges on Loan	12,57,596.64	3,30,356.03	57,634.98	36,63,037.91	98,84,346.95	83,680.96	1,41,795.75	1,20,45,431.08	1,36,436.22	2,76,00,316.52
Other Non-Operative Income										
Interest on Bank Deposit	-	-	-	-	8,67,65,871.12	-	-	-	-	8,67,65,871.12
Foreign Exchange	-	-	-	-	7,17,619.00	-	-	-	-	7,17,619.00
Income From Wind Mill	-	-	-	-	41,65,106.00	-	-	-	-	41,65,106.00
Agriculture Income	-	-	-	-	1,51,16,698.00	-	-	-	-	1,51,16,698.00
Sale/Transfer of Assets	-	-	-	-	39,65,970.00	-	-	-	-	39,65,970.00
Total	30,88,84,253.66	8,28,20,196.27	1,99,96,492.26	85,48,11,270.55	1,40,53,80,822.84	12,09,40,211.48	3,43,94,770.85	2,60,04,29,438.26	4,26,49,237.60	5,47,03,06,693.77

Note: *Auction proceed of Gold has been netted off with the outstanding value of such loan and shown as Interest Income in the Profit & Loss A/c

****Costs related to the particular income has been netted off in the Profit & Loss A/c**

46. DISCLOSURE PURSUANT TO PART A OF SCHEDULE V READ WITH REGULATION 34(3) AND 53(F) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Amount in ₹

Sl. No	Loans and Advances in the nature of Loans	Amount Outstanding as at March 31, 2019	Maximum Amount Outstanding during the year
(A)	To Subsidiaries	NA	NA
(B)	To Associates	NA	NA
(C)	To Firms/Companies in which Directors are Interested (other than (A) and (B) above)	Nil	Nil
(D)	Investments by the loanee in the shares of Parent Company and Subsidiary Company when the Company has made a loan or advance in the nature of loan	NA	NA

47. DISCLOSURE AS PER MASTER DIRECTION - NON-BANKING FINANCIAL COMPANY - SYSTEMICALLY IMPORTANT NON-DEPOSIT TAKING COMPANY AND DEPOSIT TAKING COMPANY (RESERVE BANK) DIRECTIONS, 2016

A. Schedule to the Balance Sheet of a Non-Banking Finance Company as per Annexure II of the Master Directions

(1)	Particulars	Amount Outstanding	Amount Overdue
	Liabilities Side :		
	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	1,62,143.97	Nil
	: Unsecured (other than falling within the meaning of public deposit)	23,151.00	Nil
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter – corporate loans and borrowings	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) Public Deposits	Nil	Nil
	(f) Other Loans (Specify nature)		
	i. Vehicle Loan	57.90	Nil
	ii. Cash Credit & OD	47,745.45	Nil
(2)	Breakup of (i)(f) above (outstanding public deposit inclusive in interest accrued thereon but not paid)		
	(a) in the form of unsecured debentures	Nil	Nil
	(b) in the form of partly secured debentures i.e, debentures where there is a shortfall in the value of security	Nil	Nil
	(c) other public securities	Nil	Nil
	*See note 1 below		
(3)	Assets Side:		Amount Outstanding
	Break-up of Loans and Advances including bills receivables[other than those included in (4) below]:		
	(a) Secured		2,30,786.01
	(b) Unsecured		3,966.54

Notes to financial statements

for the year ended 31st March, 2019

(4)	Break-up of Leased Assets and stock on hire and other assets counting toward AFC activities	
	(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) Asset on Hire	Nil
	(b) Repossessed Assets	Nil
	(iii) Other loans counting towards AFC activities	Nil
	(a) Loans where assets have been repossessed	Nil
	(b) Loans other than (a) above	
(5)	Break up of Investments :	
	Current Investments:	
	1. Quoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	Long Term Investments	
	1. Quoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
	2. Unquoted:	
	(i) Shares (a) Equity	Nil
	(b) Preference	Nil
	(ii) Debentures and Bonds	Nil
	(iii) Units of mutual funds	Nil
	(iv) Government Securities	Nil
	(v) Others (specify)	Nil
6)	Borrower group-wise classification of assets financed as in (3) and (4) above : (see note 2 below)	
	Category	Amount net of provisions
		Secured Unsecured Total
	1. Related Parties	
	(a) Subsidiaries	Nil Nil Nil
	(b) Companies in the same group	Nil Nil Nil
	(c) Other related parties	1,263.92 0.00 1,263.92
	2. Other than related parties	2,26,866.56 3,848.94 2,30,715.50
	Total	2,28,130.49 3,848.94 2,31,979.43

(7) Investor group-wise classification of all investments(current and long term) in shares and securities (both quoted and unquoted); (see note 3 below)		
Category	Market Value/ Break up or fair value or NAV	Unsecured
1. Related Parties		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	Nil	Nil
Total	Nil	Nil

(8) Other Information	
Particulars	Amount
(i) Gross Non – Performing Assets	
(a) Related Parties	Nil
(b) Other than related parties	4,840.32
(ii) Net Non-Performing Assets	
(a) Related Parties	Nil
(b) Other than related parties	2,979.88
(iii) Assets acquired in satisfaction of debt	Nil

*Notes:

- As defined in point xix of paragraph 3 of Chapter -2 of these Directions.
- Provisioning norms shall be applicable as prescribed in these Directions.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.

B. Disclosure as required by Annexure XIV of Master Direction

1. Disclosures

1.1 Capital

		Amount in ₹	
Sl. No	Particulars	Current Year	Previous Year
i)	CRAR (%)	18.46%	16.85%
ii)	CRAR – Tier I Capital (%)	13.43%	12.58%
iii)	CRAR – Tier II Capital (%)	5.03%	4.27%
iv)	Amount of subordinated debt raised as Tier – II capital(Discounted Value)	124.59	101.75
v)	Amount raised by issue of Perpetual Debt Instruments during the year	0.00	0.00
vi)	Amount raised by issue of Perpetual Debt Instruments	11.90	11.90
vii)	Percentage of PDI to Tier I Capital	3.31%	3.61%

Notes to financial statements

for the year ended 31st March, 2019

Calculation of Tier I Capital:

Particulars	Amount in ₹	
	Current Year	Previous Year
Paid Up Share Capital	203.60	202.17
Capital Reserve	0.09	0.09
Statutory Reserve	43.97	37.88
Security Premium	3.57	0.00
General Reserve	0.00	0.00
Reserve For CSR	0.00	0.00
Debenture Redemption Reserve	116.61	92.28
Profit & Loss Account	0.00	0.00
Perpetual Debt Instrument	11.90	11.90
Total	379.74	344.32
Less:		
Intangible Assets	3.26	1.34
Deferred Tax Assets	16.51	13.20
Total	19.77	14.54
Tire-1 capital	359.97	329.79

Calculation of Tier II Capital:

Particulars	Amount in ₹	
	Current Year	Previous Year
Subordinated Debt	124.59	101.75
45% of Revaluation Reserve	0.01	0.01
Provision for standard assets	9.95	9.77
Total	134.56	111.54

Weighted risk assets - On Balance Sheet Items:	Amount in ₹		
	Value of Asset	% of Weight	Risk Weighted Asset
1. On-Balance Sheet Items			
(i) Cash and bank balances including fixed deposits and certificates of deposits with banks			
a) Cash	17.28	0.00%	0.00
b) Bank Account	101.52	0.00%	0.00
c) Fixed Deposits	100.89	0.00%	0.00
(ii) Investments			
a. Approved Securities	0.00	0.00%	0.00
b. Bonds of public sector banks	0.00	20.00%	0.00
c. Fixed deposits / certificates of deposits / bonds of public financial institutions	0.00	100.00%	0.00
d. Shares of all companies and debentures / bonds / commercial papers of all companies and units of all mutual funds	0.00	100.00%	0.00

			Amount in ₹
Weighted risk assets - On Balance Sheet Items:	Value of Asset	% of Weight	Risk Weighted Asset
(iii) Non-Current Assets			
a) Income Tax Refundable	24.04	0.00%	0.00
b) Court Fee Refundable	0.11	100.00%	0.11
c) Interest Receivable on Loans and Advances	0.09	100.00%	0.09
d) Legal Charges Receivable	0.02	100.00%	0.02
(iv) Current Assets			
a. Stock on hire (net book value)	0.00	100.00%	0.00
b. Intercompany loans / deposits	0.00	100.00%	0.00
c. Loans and advances fully secured against deposits held by the company itself	0.00	0.00%	0.00
d. Loans to staff	12.70	0.00%	0.00
e. Other secured loans and advances considered good (Net of Provision):			
Gold Loan	2205.88	100.00%	2205.88
Rental Loan	0.36	100.00%	0.36
Mortgage Loans	84.22	100.00%	84.22
Micro Finance	8.26	100.00%	8.26
Other Loans	0.10	100.00%	0.10
f. Bills purchased / discounted			
g. Others :			
Security Deposits (BSE)	2.75	100.00%	2.75
Security Deposits (CDSL)	0.07	100.00%	0.07
Rent Deposit	12.84	100.00%	12.84
Telephone Deposit	0.12	100.00%	0.12
Money Lending Licence Deposit	0.05	100.00%	0.05
Other deposits	0.13	100.00%	0.13
Other Current Assets	211.05	100.00%	211.05
Advance Account and Other Deposits	1.35	100.00%	1.35
(v) Fixed Assets (net of depreciation)			
a. Assets leased out (net book value)	0.00	100.00%	0.00
b. Premises	88.97	100.00%	88.97
c. Furniture & Fittings	27.25	100.00%	27.25
d. Plant & Machinery	5.00	100.00%	5.00
e. Others	2.74	100.00%	2.74
(vi) Other Assets			
a. Income tax deducted at source (Net of Provision)	0.00	0.00%	0.00
b. Advance tax paid	0.00	0.00%	0.00
c. Interest due on Government Securities	0.00	0.00%	0.00

Notes to financial statements

for the year ended 31st March, 2019

Amount in ₹			
Weighted risk assets - On Balance Sheet Items:	Value of Asset	% of Weight	Risk Weighted Asset
d. Deferred Tax Asset	16.51	0.00%	0.00
e. Intangible Asset	3.26	0.00%	0.00
f. Capital Work In Progress	0.99	100.00%	0.99
2. Off Balance Sheet Items			
(i) Credit Against the Company not acknowledged as debt	54.32	50.00%	27.16
Total	2982.87		2679.51

1.2. Investments

Company has not made any investments during the current year and previous years.

1.3. Derivatives

Company has not entered in to any Derivative Transaction during the current year and previous years.

1.4. Disclosures relating to Securitization

Company has no securitization transaction during the current year and previous years.

1.5. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

Amount in ₹									
Particulars	1-30 Days	1-2 Months	2-3 Months	3-6 Months	6-1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
Liabilities									
Borrowings from Banks	236.78	0.00	0.00	29.74	210.93	0.00	0.00	0.00	477.45
Secured Debenture	0.59	29.80	131.81	184.46	153.73	796.16	294.79	29.97	1621.31
Unsecured Debenture	7.46	7.05	6.27	11.67	5.65	65.00	24.79	90.72	218.61
Other Borrowings-Vehicle Loan	0.02	0.02	0.02	0.06	0.11	0.35	0.00	0.00	0.58
Assets									
Advances	280.85	62.48	137.95	705.71	1113.58	29.41	0.15	0.00	2330.13
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

1.6. Exposures

i. Exposure to Real Estate Sector

Category	Current Year	Previous Year
a) Direct Exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	45.34	117.90
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	50.21	56.39

(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	NIL	NIL
b. Commercial Real Estate	NIL	NIL
Total Exposure to Real Estate Sector	95.55	174.29

ii. Exposure to Capital Market

₹ in Crores

Particulars	Current year	Previous Year
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	NIL	NIL
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	NIL	NIL
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	NIL	NIL
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	NIL	NIL
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	NIL	NIL
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	NIL	NIL
(vii) bridge loans to companies against expected equity flows / issues;	NIL	NIL
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	NIL	NIL
Total Exposure to Capital Market	NIL	NIL

iii. Details of financing of parent company products: NA
iv. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the applicable NBFC:

The Company has not exceeded the single borrowings and group borrower limits.

v. Unsecured Advances: Nil
2. Miscellaneous
i. Registration obtained from other Financial Sector Regulators

Company holds a full-fledged money changers license bearing license number FE. CHN.FFMC.40/2006 dated February 7, 2006 issued by the RBI which was valid up to February 29, 2020. Currently Company has 62 authorized service centres.

Company holds a Certificate of Registration dated March 30, 2016 bearing Registration Number - CA0179 issued by IRDA to commence/carry business in the capacity of a Corporate Agent (Composite) under the Insurance Regulatory and Development Authority Act, 1999, renewed up to 31, March 2022

Company holds a Certificate of Registration dated May 28, 2014 bearing registration number IN-DP-CDSL-717-2014 issued by the SEBI to act as Depository Participant in terms of Regulation 20 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996. The registration is valid up to May 27, 2019.

Company obtained registration as an AMFI Registered Mutual Fund Advisor (ARMFA), and was assigned a unique code-AMFI Registration Number (ARN) - 116785. The registration is valid up to November 24, 2019.

Company has obtained registration with Financial Intelligence Unit – India (FIU-IND) and was assigned registration No FINBF12988.

Notes to financial statements

for the year ended 31st March, 2019

Company has obtained registration under Goods and Service Tax Act, 2017 for various States as below.

SL No	STATE	GSTIN
1	ANDRAPRADESH	37AACCK4277A1ZQ
2	DELHI	07AACCK4277A1ZT
3	GUJARAT	24AACCK4277A1ZX
4	KARNATAKA	29AACCK4277A1ZN
5	KERALA	32AACCK4277A2ZZ
6	KERALA (ISD)	32AACCK4277A3ZY
7	MAHARASTRA	27AACCK4277A1ZR
8	PUDUCHERRY	34AACCK4277A1ZW
9	TAMILNADU	33AACCK4277A1ZY
10	TELANGANA	36AACCK4277A1ZS

ii. Penalties imposed by RBI and Other Financial Regulators

During current year Reserve Bank of India impose penalty of ₹5,00,000 for violation of KYC/AML Guidelines

iii. Related Party Transactions

Note No: 40

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

Company's debt instruments are rated by Credit Analysis and Research Ltd (CARE) for the initial public issues up to eighth tranche and then India Ratings & Research Private Limited assigned rating for the borrowings and remaining public issues. The Credit Rating assigned to borrowings of the Company is as follows-

Rating Agency	Facilities	Amount Rated	Outstanding as on March 31, 2019	Rating as on		Rating Definition
				March 31, 2019	March 31, 2018	
CARE	Non-Convertible Debenture	1500.00	420.11	CARE BBB- [CARE Tripple B Minus]	CARE BB+ [CARE Double B Plus]	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk. Modifiers {"+" (plus) / "-"(minus)} reflect the comparative standing within the category.
CARE	Subordinated Debt	115.00	89.79	CARE BBB- [CARE Tripple B Minus]	CARE BB [CARE Double B]	
India Ratings & Research	Bank Facilities	800.00	477.45	IND BBB [IND Triple B]	IND BBB- [IND Triple B Minus]	
India Ratings & Research	Non-Convertible Debenture	2150.00	1182.45	IND BBB [IND Triple B]	IND BBB- [IND Triple B Minus]	
India Ratings & Research	Subordinated Debt	170.00	90.72	IND BBB [IND Triple B]	IND BBB- [IND Triple B Minus]	

v. Remuneration of Directors

Note No: 40

3. Additional Disclosures

i. Provisions and Contingencies

₹ in Crores

	Current year	Previous Year
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account		
Provisions for depreciation on Investment	NIL	NIL
Provision towards NPA	9.79	2.95
Provision made towards Income tax	24.14	21.46
Other Provision and Contingencies (with details)	NIL	NIL
Provision for Standard Assets	0.18	2.30

ii. Draw Down from Reserves

There has been no draw down from Reserves during the current year and previous year

iii. Concentration of Deposits, Advances, Exposures and NPAs

a. Concentration of Advances

Particulars	₹ in Crores
Total Advances to twenty largest borrowers	90.87
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	3.90%

b. Concentration of Exposures

₹ in Crores

	Secured	Unsecured
Total Exposure to twenty largest borrowers / customers	37.61	7.47
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	1.62%	0.32%

c. Concentration of NPAs

Particulars	₹ in Crores
Total Exposure to top four NPA accounts	20.79

d. Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
1.	Agriculture & allied activities	NIL
2.	MSME	NIL
3.	Corporate borrowers	42.06%
4.	Services	NIL
5.	Unsecured personal loans	NIL
6.	Auto loans	NIL
7.	Other personal loans	1.26%

Notes to financial statements

for the year ended 31st March, 2019

₹ in Crores

Particulars	Current year	Previous Year
(i) Net NPAs to Net Advances (%)	1.28%	0.59%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	22.01	11.22
(b) Additions during the year	36.06	14.00
(c) Reductions during the year	9.67	3.21
(d) Closing balance	48.40	22.01
(iii) Movement of Net NPAs		
(a) Opening balance	13.19	5.35
(b) Additions during the year	24.56	10.37
(c) Reductions during the year	7.96	2.53
(d) Closing balance	29.79	13.19
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	8.82	5.87
(b) Provisions made during the year	11.50	3.63
(c) Write-off / write-back of excess provisions	1.71	0.68
(d) Closing balance	18.61	8.82

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

Name of the Joint Venture/ Subsidiary	Facilities	Amount Rated	Outstanding as on March 31, 2019
NA	NA	NA	NA

vi. Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
NA	NA

4. Disclosure of Complaints

i. Customer Complaints

(a) No. of complaints pending at the beginning of the year	0
(b) No. of complaints received during the year	35
(c) No. of complaints redressed during the year	35
(d) No. of complaints pending at the end of the year	0

48. Previous year's figures have been re-grouped/re-arranged, wherever necessary to conform to current year's classifications/disclosure.

See accompanying notes to Financial Statements
For and on behalf of the Board of Directors

As per our report of even date attached

Sd/-
Mathew K Cherian
Managing Director
DIN: 01286073

Sd/-
Laila Mathew
Whole Time Director
DIN: 01286176

Sd/-
For Vishnu Rajendran & Co
Chartered Accountants
FRN: 0047415

Sd/-
Sreenath Palakkattillam
Company Secretary
Place: Kottayam
Date: May 10, 2019

Sd/-
Annamma Varghese C
Chief Financial Officer

Sd/-
CA. P. A. Joseph M.Sc., FCA
Partner
M.No: 201101



KOSAMATTAM FINANCE LIMITED

KOSAMATTAM FINANCE LTD

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