

KLM Axiva Finvest Limited

January 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Non-convertible debentures - II	8.24	CARE BBB-; Stable	Reaffirmed
Non-convertible debentures - III	13.53 (Reduced from 39.37)	CARE BBB-; Stable	Reaffirmed
Non-convertible debentures - IV	40.03	CARE BBB-; Stable	Reaffirmed
Non-convertible debentures - V	44.38	CARE BBB-; Stable	Reaffirmed
Non-convertible debentures - VI	60.11 (Reduced from 80.37)	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to debt instruments of KLM Axiva Finvest Limited (KLM) continues to factor in the company's satisfactory track record, adequate capitalisation levels and stable asset quality.

However, ratings continue to be constrained by regional concentration of its loan portfolio, concentrated funding profile, evolving MIS system and process, moderate profitability, relatively higher exposure to riskier borrower segments and exposure to market risk of the gold jewellery held as security.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Improvement in geographical diversification and profitability with return on total assets (ROTA) of above 2% on a sustained basis along with sustenance of asset quality.
- Overall gearing improving to 5x or lesser on a sustained basis.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Moderation in asset quality with gross non-performing assets (GNPA) of above 4% on a sustained basis.
- Moderation in profitability with ROTA below 0.50% on a sustained basis.
- Tier I capital adequacy ratio (CAR) falling below 13%.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the entity shall maintain good asset quality and stable profitability, while maintaining adequate capitalisation levels in the medium-term.

Detailed description of key rating drivers:

Key strengths

Satisfactory track record of operations

KLM's current promoters assumed control of the company in 2014 and have successfully managed it for nearly a decade. KLM is promoted and led by Shibu Theckumpurath Varghese, Whole-time Director, who brings over 30 years of expertise in the lending business. The company benefits from guidance provided by seasoned professionals with deep experience in the financial sector, while its board comprises individuals with diverse and extensive expertise across fields. KLM's day-to-day operations are overseen by the Whole-time Director, supported by a highly experienced management team. As on September 30, 2025, the assets under

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

management (AUM) stood at ₹1,710 crore, of which, gold loans accounted for 68% followed by small and medium enterprise (SME) loans (24%), microfinance (MFI) loans (7%) and personal loans (1%).

Adequate capitalisation levels

As on March 31, 2025, the company reported a CAR and Tier-I CAR of 23.90% and 15.79%, respectively, against 23.62% and 15.61% as on March 31, 2024. The CAR and Tier-I CAR stood at 25.10% and 16.71%, respectively, as on September 30, 2025. Overall gearing ratio improved to 6.15x as on March 31, 2025, from 7.50x as on March 31, 2024. Overall gearing further improved to 5.62x as on September 30, 2025. While the current capitalisation levels remain adequate for present scale of operations, the company would require periodic capital infusion to support its growth trajectory.

Stable asset quality

The company's GNPA and Net NPA (NPA) stood at 1.99% and 1.12%, respectively, as on March 31, 2025, against 1.60% and 0.67% as on March 31, 2024. As on September 30, 2025, GNPA and NNPA marginally moderated to 2.21% and 1.19%, respectively. In absolute terms, GNPA increased to ₹33.23 crore as on March 31, 2025, from ₹27.53 crore as on March 31, 2024. Deterioration in asset quality was primarily attributable to the company's exposure to relatively riskier asset classes such as business loans, MFI loans and unsecured personal loans. The 90+ days past due (DPD) levels are higher in MFI loan (19.68%), Personal loans (2.53%) and SME loans (1.07%), whereas lower in gold loans (0.79%) as on September 30, 2025. The company's ability to improve the asset quality of its non-gold loan portfolio remains a key rating monitorable.

Key weaknesses

Moderate profitability

In FY25, KLM reported a profit after tax (PAT) of ₹20 crore on a total income of ₹341 crore against a PAT of ₹23 crore on a total income of ₹316 crore in FY24. The net interest margin (NIM) marginally declined to 8.22% in FY25 from 8.32% in FY24 due to high cash holding by the company. Operating expenses to average total assets increased to 7.35% in FY25 from 7.20% in FY24 due to increase in advertisement and business promotion expense, while credit costs remained low at 0.27% in FY25. Owing to the increase in operating expenses, return on total average assets (ROTA) moderated to 1.05% in FY25 compared to 1.27% in FY24.

In H1FY26, the company reported a PAT of ₹7 crore on a total income of ₹174 crore, with NIM and ROTA at 8.33% and 0.97%, respectively. Going forward, the company is expected to maintain ROTA in the range of 1-1.5% in the medium term.

Regional concentration of loan portfolio

KLM operates across Kerala, Karnataka, Tamil Nadu, Telangana, Andhra Pradesh and Maharashtra. The loan portfolio remains geographically diversified with 41% of the AUM in Kerala, 24% in Karnataka, 19% in Tamil Nadu, 8% in Telangana, 7% in Andhra Pradesh and 1% in Maharashtra as on June 30, 2025. As on September 30, 2025, the company had a network of 649 branches. Gold loans, which constitute ~68% of the total loan portfolio as on June 30, 2025, are offered across all branches. However, business loans, personal loans and microfinance loans are presently restricted to Kerala, resulting in portfolio concentration. The company is in the process of consolidating its operations through closure of unprofitable branches and, accordingly, the branch network is expected to remain largely stable in the medium term.

Concentrated funding profile

As on March 31, 2025, KLM's borrowing profile was predominantly retail (public and private placements) non-convertible debentures (NCDs) and subordinated debt accounting for 91.63% of the total outstanding borrowings of ₹1,575 crore, while the remaining 8.4% consisting of bank borrowings. As on September 30, 2025, NCDs and subordinated debt constituted 97.79% of the total borrowings of ₹1,571 crore, with the balance funded through bank facilities, including term loans and cash credit. Borrowings are expected to remain concentrated in debentures and subordinated debt in the medium term.

Relatively higher exposure to riskier borrower segments and inherent risk associated with gold loans

KLM's offers gold loans, business loans, MFI loans and personal loans. With respect to business loans, KLM is primarily lending to the SME segment, comprising low-income borrowers in the informal sector, which is a relatively riskier segment. Since this segment is highly susceptible to economic downturn, asset quality is a key monitorable. Unlike other asset classes, gold loans are backed by highly liquid collateral (gold), resulting in relatively higher recovery and low losses. One of the factors impacting ultimate recovery and influence quantum of losses is the market price of gold, which has exhibited volatility in the past, impacting recovery. The MFI sector continues to be impacted by inherent risk involved, including socio-political intervention risk and risks emanating from unsecured lending and marginal profile of borrowers, who are vulnerable to economic downturns.

Liquidity: Adequate

The company's liquidity remains adequate, with no negative cumulative mismatches in any time brackets up to one year per the asset liability management (ALM) statement, as on September 30, 2025. Gold loans and microfinance loans have a tenure of less than one year and other loans have tenure of around two years, which is relatively shorter in comparison to KLM's funding sources, NCD and Sub-debt, which are of longer tenure, supporting the ALM. KLM had unencumbered cash and cash equivalents of ₹81 crore as on September 30, 2025. The company maintains liquidity buffers equivalent to approximately two months of debt repayments and operating expenses.

Applicable criteria

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios - Financial Sector](#)

[Withdrawal Policy](#)

[Non Banking Financial Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

KLM was incorporated on April 28, 1997, as Needs Finvest Limited and registered as NBFC in the same year, by with the Reserve Bank of India. The current management took over the company in 2014 and renamed it to KLM Axiva Finvest India Limited. KLM is promoted and led by Shibu Theckumpurath Varghese, Whole-time Director. As on September 30, 2025, 38.02% of the shareholding is held by promoters, directors and their relatives and the remaining is held by other investors. The company offers products such as gold loans, business loans, personal loans, vehicle loans and MFI loans. Apart from lending, the company also offers foreign exchange services, money transfer and insurance brokerage services. As on September 30, 2025, KLM operates with a network of 649 branches across Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Maharashtra, and Telangana with its head office in Ernakulam, Kerala. As on September 30, 2025, the AUM stood at ₹1,710 crore, of which, gold loans accounted for 68% followed by SME loans (24%), MFI loans (7%) and personal loans (1%).

Brief Financials (₹ crore)	31-03-2024	31-03-2025	30-09-2025
Standalone	A	A	UA
Total income	316	341	174
Profit after tax (PAT)	23	20	7
Assets under management (AUM)	1,660	1,685	1,691
On-book gearing (x)	7.50	6.15	5.62
AUM / tangible net-worth (TNW) (x)	7.75	6.58	6.05
Gross non-performing assets (NPA) / gross stage 3 (%)	1.60	1.99	2.21
Return on managed assets (ROMA) (%)	1.27	1.05	0.76
Capital adequacy ratio (CAR) (%)	23.62	23.90	25.10

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Debentures-Nonconvertible debentures- II	INE01I507190	03-Oct-19	11.73%	02-Jan-26	8.24	CARE BBB-; Stable
Debentures-Nonconvertible debentures- III	INE01I507273	02-Jul-20	11.75%	01-Jul-25	0.00	Withdrawn
Debentures-Nonconvertible debentures- III	INE01I507281	02-Jul-20	12.00%	01-Jul-25	0.00	Withdrawn
Debentures-Nonconvertible debentures- III	INE01I507299	02-Jul-20	11.73%	01-Oct-26	13.53	CARE BBB-; Stable
Debentures-Nonconvertible debentures- IV	INE01I507372	30-Jul-21	11.25%	29-Jul-26	25.64	CARE BBB-; Stable
Debentures-Nonconvertible debentures- IV	INE01I507380	30-Jul-21	11.50%	29-Jul-26	3.63	CARE BBB-; Stable
Debentures-Nonconvertible debentures- IV	INE01I507398	30-Jul-21	NA*	29-Feb-28	10.76	CARE BBB-; Stable
Debentures-Nonconvertible debentures- V	INE01I507471	01-Nov-21	11.00%	31-Oct-26	32.18	CARE BBB-; Stable
Debentures-Nonconvertible debentures- V	INE01I507489	01-Nov-21	11.25%	31-Oct-26	4.59	CARE BBB-; Stable
Debentures-Nonconvertible debentures- V	INE01I507497	01-Nov-21	NA*	30-Jun-28	7.61	CARE BBB-; Stable
Debentures-Nonconvertible debentures- VI	INE01I507554	17-Mar-22	10.25%	15-Mar-25	0.00	Withdrawn
Debentures-Nonconvertible debentures- VI	INE01I507562	17-Mar-22	10.50%	15-Mar-25	0.00	Withdrawn
Debentures-Nonconvertible debentures- VI	INE01I507570	17-Mar-22	11.00%	16-Mar-27	45.04	CARE BBB-; Stable
Debentures-Nonconvertible debentures- VI	INE01I507588	17-Mar-22	11.25%	16-Mar-27	5.58	CARE BBB-; Stable
Debentures-Nonconvertible debentures- VI	INE01I507596	17-Mar-22	NA*	16-Nov-28	9.49	CARE BBB-; Stable

*NA – Not applicable (Zero Interest)

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)CARE BBB-; Stable (09-Jan-24) 2)Withdrawn (09-Jan-24)	1)CARE BBB-; Stable (25-Jan-23)
2	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (06-Jan-25)	1)CARE BBB-; Stable (09-Jan-24)	1)CARE BBB-; Stable (25-Jan-23)
3	Debentures-Non Convertible Debentures	LT	8.24	CARE BBB-; Stable	-	1)CARE BBB-; Stable (06-Jan-25)	1)CARE BBB-; Stable (09-Jan-24)	1)CARE BBB-; Stable (25-Jan-23)
4	Debentures-Non Convertible Debentures	LT	13.53	CARE BBB-; Stable	-	1)CARE BBB-; Stable (06-Jan-25)	1)CARE BBB-; Stable (09-Jan-24)	1)CARE BBB-; Stable (25-Jan-23)
5	Debentures-Non Convertible Debentures	LT	40.03	CARE BBB-; Stable	-	1)CARE BBB-; Stable (06-Jan-25)	1)CARE BBB-; Stable (09-Jan-24)	1)CARE BBB-; Stable (25-Jan-23)
6	Debentures-Non Convertible Debentures	LT	44.38	CARE BBB-; Stable	-	1)CARE BBB-; Stable (06-Jan-25)	1)CARE BBB-; Stable (09-Jan-24)	1)CARE BBB-; Stable (25-Jan-23)
7	Debentures-Non Convertible Debentures	LT	60.11	CARE BBB-; Stable	-	1)CARE BBB-; Stable (06-Jan-25)	1)CARE BBB-; Stable (09-Jan-24)	1)CARE BBB-; Stable (25-Jan-23)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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