

KERALA FINANCIAL CORPORATION			
STATEMENT OF ASSETS AND LIABILITIES			
	Particulars	As at 31.03.2023	As at 31.03.2022
		Audited	Audited
		Amt in Lakh	Amt in Lakh
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	42650.43	42,650.43
	(b) Reserves and surplus	29152.63	26,393.81
	(C) Share application money pending allotment	20000.00	0.00
2	Non-current liabilities		
	(a) Long-term borrowings	445520.66	2,87,855.50
	(b) Other non current liabilities	596.03	963.16
	(c) Long-term provisions	22318.44	17,319.69
3	Current liabilities		
	(a) Short-term borrowings	173171.68	1,43,031.21
	(b) Other current liabilities	5642.08	5,329.81
	(c) Short-term provisions	5802.22	2,379.04
	TOTAL	7,44,854.17	5,25,922.65
B	ASSETS		
1	Non-current assets		
	(a) Property, Plant and Equipment and Intangible Assets		
	(i) Property, Plant and Equipment	642.83	577.33
	(ii) Intangible Assets	98.47	157.04
	(b) Non-current investments	8451.14	6,045.10
	(c) Other non-current assets	462636.42	3,41,623.77
	(d) Deferred Tax Assets (net)	267.65	182.26
2	Current assets		
	(a) Current investments	44603.63	23,970.22
	(b) Cash and cash equivalents	6585.36	10,164.19
	(c) Other current assets	221568.67	1,43,202.74
	TOTAL	7,44,854.17	5,25,922.65

For and on behalf of the Board of Directors

Soya.K
Financial Controller

Premnath Ravindranath
Executive Director

Anil Kumar Parameswaran
Director

Sanjay Kaul IAS
Chairman & Managing Director



Place: Thiruvananthapuram
Date: 27.05.2023



As per our report of even date
For J A K S & Associates
Chartered Accountants
Firm Reg No: 001360S

Sebastian A. FCA
Partner, M No: 202874

U0IN:- 23202874BGSGVN5609

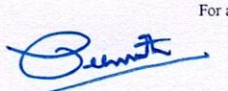
KERALA FINANCIAL CORPORATION						
STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED MARCH 31, 2023						
						(Rs. In Lakh)
Sl No	Particulars	Quarter ended			Year ended	Year ended
		31.03.2023	31.12.2022	31.03.2022	31.03.2023	31.03.2022
		Audited	Unaudited	Audited	Audited	Audited
	Revenue					
1	Interest Income	20,900.39	15,556.45	14,025.62	65,486.28	49,265.99
2	Other Income	950.09	937.85	917.53	3,951.23	2,550.82
3	Total revenue	21,850.48	16,494.29	14,943.16	69,437.51	51,816.81
	Expenses					
	(a) Interest expenses	11,656.58	10,965.51	6,699.47	41,159.07	28,627.64
	(b) Employee benefits expenses	882.48	804.63	1,010.93	3,083.01	3,199.90
	(c) Administrative Expenses	363.99	225.97	193.59	886.03	577.61
	(d) Depreciation and amortisation expense	2.12	2.51	4.79	166.80	213.76
	(e) Bad debts written off	-	-	8.94	10,540.90	10,015.75
4	Total expenditure	12,905.16	11,998.61	7,917.73	55,835.81	42,634.65
5	Operating Profit before exceptional and extraordinary items and tax	8,945.31	4,495.68	7,025.43	13,601.70	9,182.16
6	Extra ordinary items (Net of tax expense)	-	-	-	-	-
6	Operating Profit After exceptional and extraordinary items	8,945.31	4,495.68	7,025.43	13,601.70	9,182.16
7	Less: Provision for Bad and Doubtful debts / Other assets	1,249.69		1,420.27	4,998.75	5,681.10
8	Profit before tax	7,695.62	4,495.68	5,605.16	8,602.95	3,501.07
9	Tax expense:					
	Less: Current tax expense - (a) Provision for Income Tax	2,294.70	425.00	1,222.41	3,669.70	2,272.41
	(b) Provision for Deferred Tax	-	-	-	-85.39	-91.15
10	Net Profit after tax for the period	5,400.92	4,070.68	4,382.74	5,018.64	1,319.80
11	Paid up Equity share capital (Face value of Rs. 100/- per share)	42,650.43	42,650.43	42,650.43	42,650.43	42,650.43
12	Share Application money received pending allotment				20,000.00	-
13	Reserves excluding Revaluation reserves				29,919.81	26,752.21
14	Earnings per share (Equity shares of Rs 100/- each):					
	(a) Basic	12.66*	9.54*	10.42*	12.43	3.26
	(b) Diluted	12.66*	9.54*	10.42*	12.41	3.26

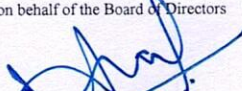
* Not Annualised

Previous period/year figures have been regrouped and rearranged wherever necessary to conform to current period presentation

For and on behalf of the Board of Directors

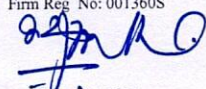

Soya K
Financial Controller


Premnath Ravindranath
Executive Director


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As per our report of even date
For J A K S & Associates
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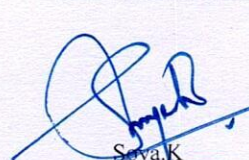

Seastin A. FCA
Partner, M No: 202874


Place: Thiruvananthapuram
Date: 27.05.2023

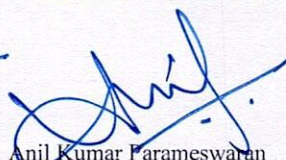


UDIN: 23202874B656VN5609


KERALA FINANCIAL CORPORATION		
CASH FLOW STATEMENT		
FOR THE PERIOD	For the year ended 31.03.2023	For the year ended 31.03.2022
	Amt in Lakh	Amt in Lakh
	Audited	Audited
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxes and prior period adjustments	8602.95	3501.07
Interest received on Fixed Deposits	-2421.53	-1923.10
Depreciation on fixed assets	166.80	213.76
Provision for Non Performing Assets/Other Assets	4998.75	5681.10
Premium on Forward Contract	0.00	-74.93
Interest and other costs of Non-SLR Bond	-408.80	7174.07
Prior period income	6117.81	0.00
Adjustment for changes in operating assets and liabilities		
Increase in Loans and Advances	(1,77,868.90)	(9,732.78)
Increase in borrowings from Banks	1,51,893.13	21,998.68
Decrease in Other Non-Current assets	62,849.98	5,863.95
Decrease in Other Current assets	(75,490.92)	(25,797.65)
Increase in Current liabilities	(3,811.71)	21,475.56
Increase in Other Non Current Liabilities	(367.13)	(284.49)
Less: Income tax paid	(2,875.00)	(1,734.00)
Net cash from operating activities	(28,614.57)	26,361.24
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(173.74)	(54.62)
Sale of Fixed Assets	0.00	0.72
Net cash used in investing activities	(173.74)	(53.90)
CASH FLOW FROM FINANCING ACTIVITIES		
Money received against Share Capital	20,000.00	0.00
Issue of Non SLR Bond	47,650.00	0.00
Redemption of Non-SLR Bond	(11,737.50)	(18,030.00)
Interest and other costs of Non-SLR Bond	(6,117.81)	(7,174.07)
Interest Received on Fixed Deposits	2,421.53	1,923.10
Net Investment in NCD	(8,399.78)	(5,993.74)
Proceeds from NCD	-	101.14
Net Deposit with Banks	(20,633.41)	2,851.85
Dividend and Dividend Tax paid	2,025.90	102.00
Addition to Special Reserve	0.53	0.00
Net cash used in financing activities	25,209.46	(26,219.72)
Net increase in cash and cash equivalents	(3,578.83)	87.62
Cash and cash equivalents at the beginning of the year	10164.19	10,076.58
Cash and cash equivalents at the end of the year	6,585.36	10,164.20


 Soya K
 Financial Controller



 Premnath Ravindranath
 Executive Director


 Anil Kumar Parameswaran
 Director

For and on behalf of the Board of Directors


 Sanjay Kaul IAS
 Chairman & Managing Director

As per our report of even date
 For J A K S & Associates
 Chartered Accountants
 Firm Reg No: 001360S


 Selastin A. FCA
 Partner, M No: 202874

Place: Thiruvananthapuram
 Date: 27.05.2023



VDIN: 23202874B 6S6VN5609

NOTES FORMING PART OF ACCOUNTS

1 Share Capital

The State Government vide GO(Ms) No.59/2023/Fin dated 30.03.2023 accorded sanction to enhance the Authorized share capital of the Corporation from Rs.50000 Lakh to Rs.100000 Lakh without diluting Government shares below 74%. Further the State Government vide GO(Ms) No.62/2023/Fin dated 31.03.2023 enhanced the paid up capital of Kerala Financial Corporation by Rs.20000 Lakh and released Rs.20000 Lakh as share capital contribution on 31.03.2023 itself to our STSB Account. However, the amount so credited was resumed to the consolidated fund of the State by way of a debit to the STSB account on the same day as part of the resumption process of funds lying in STSB accounts of various Departments, State owned PSUs, Autonomous institutions under the Govt of Kerala vide G.O.(Ms)No.22/2023/Fin dated 11.03.2023 and G.O.(Ms)No. 26/2023/Fin dated 23.03.2023. The balance has been confirmed by State Treasury Directorate.

The amount of Rs.20000 Lakh is shown as advance towards share capital pending allotment. Consequently, the Authorized capital of the Corporation is Rs.100000 Lakh and the paid up capital is Rs.62650.43 Lakh.

1. The details of shareholders holding more than 5% shares as on 31.03.2023 are as under:

Name of the Shareholders	As at 31.03.2023		As at 31.03.2022	
	No. of shares in Lakh	% to total shares	No. of shares in Lakh	% to total shares
Government of Kerala	620.27*	99.01	420.27	98.54

* Shares for Rs.20000 Lakh is pending allotment.

2. The shares held by the promoters as on 31.03.2023 are given below in compliance with Schedule III requirements.

Shares held by promoters at the end of the year				% Change during the year
Sl.No	Name of Promoter	No. of shares in Lakh	% of total shares	
1	Government of Kerala	620.27	99.006	Nil
2	SIDBI	6.13	0.978	Nil
3	LIC	0.07	0.011	Nil
4	SBI	0.02	0.003	Nil
5	Others	0.01	0.002	Nil
	Total	626.50		

3. Earnings per share

Calculation of EPS	31.03.2023	31.03.2022
a. Net profit including prior period items and extraordinary items after deducting current tax expenses	5,299.60	1,391.04
b. Number of Equity Shares outstanding (face value of Rs.100/- each)	426.50	426.50
Basic earnings per share (a) / (b)	12.43	3.26
c. Average number of weighted equity shares (42650428 existing +20000000 on account of amount received on 31.03.2023 and pending allotment) (face value of Rs.100/- each)	427.05	426.50
Diluted Earnings per share (a) / (c)	12.41	3.26

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2 Asset Classification and provisioning

1) Classification of Loans and Advances & Borrowings

The bifurcation of Loans & Advances and Borrowings due within 1 year and above 1 year is given below.

(Rs in Lakh)

Classification	Due within 1 year	Above year 1	Total
Loans & Advances	193125.57	459814.73	652940.30
a) Bills purchased and discounted	14192.57	0.00	14192.57
b) Term Loans	178933.00	459814.73	638747.73
Borrowings	173171.68	445709.02	618880.70

2) Loans and Advances restructured

The Corporation has extended relief measures like rehabilitation / reschedulement/ restructuring to borrowers eligible as per the Loan Monitoring Guidance Note (LMGN) approved by the Board. As per LMGN all loan assets in Standard, Substandard and Doubtful category are eligible for restructuring. Only Loss assets / No asset cases are not eligible. The Corporation has 553 loan accounts restructured as per RBI guidelines and classified under Standard category as follows. Additional provision of 5%/10% (minimum norms) amounting to Rs.4415.03 Lakh is kept in respect of these accounts as below.

In accordance with the COVID 19 pandemic resolution framework prescribed by RBI for Micro, Small and Medium (MSME) sector vide Circular no. DOR.No.BP.BC /4/21.04.048/2020-21 dated August 6, 2020, the Corporation had restructured 84 loan accounts amounting to Rs.14516.36 Lakh and classified under Standard category. Additional provision of 5% (minimum norms) amounting to Rs.725.82 Lakh has been made on these loans. Under Resolution framework for Covid-19 related stress as per RBI Circular dated May 5, 2021 (Resolution framework 2.0) the Corporation had restructured 428 loan accounts amounting to Rs.33790.79 Lakh have been restructured and classified under Standard category. Additional provision of 10% (minimum norms) amounting to Rs.3379.08 Lakh has been made on these loans. Further during the year 41 loan accounts amounting to Rs.6202.58 Lakh which have been restructured on account of extension of DCCO have been given additional provision of 5% (minimum norms) amounting to Rs.310.13 Lakh.

Other than loans restructured on account of relief measures announced by RBI, the corporation has restructured 56 loan accounts amounting to Rs.4477.36 Lakh and are classified under Substandard category. Provisioning has been made at 77% amounting to Rs.3447.57 Lakh on these loan accounts. During the year there was no diminution in the fair value of restructured advances.

3) Bad debts Written Off

During the year the corporation has written off 508 loan accounts amounting to Rs.10494.61 Lakh as bad Debts (technical write off to maintain asset quality) (72 accounts amounting to Rs.9959.09 Lakh written off during FY 2021-22). Further the Corporation has actually written off Rs.46.30 Lakh during the year (Rs.56.66 Lakh during FY 2021-22). Thus the total bad debts written off amounts to Rs.10540.90 Lakh during the year (Rs.10015.75 Lakh during FY 2021-22). Constructive steps have been initiated for the recovery of these accounts and the amounts as and when recovered are treated as revenue. Rs.10027.78 Lakh have been received as recovery from loans technically written off in earlier years (Rs.9243.54 Lakh during FY 2021-22). As on 31.03.2023, the balance outstanding of technically written off bad debts pending to be recovered amount to Rs.79214.87 Lakh.

4) Loan Recovery expenses

Rs.191.45 Lakh (Rs.123.25 Lakh during FY 21-22) are also written off and is shown under Loan Recovery expenses under Notes 17. This pertains to the amounts charged in the loan accounts on account of expenses related to loans written off in earlier years.



5) Provisioning

The corporation has provided 0.25% for SME sector, 0.40% for Medium sector and 1% for CRE sector and thus provision made is in line with the minimum prescribed by the RBI / SIDBI guidelines for standard advances. For non-performing assets, a judicious provision of 77% (62% in FY 2021-22) is made for all Substandard advances including secured portion of loans covered under CGTMSE. For the unsecured and uncovered portion of loans under CGTMSE, 100% provision is made. The total PCR works out to 84.89% as on 31st March 2023 (76.94% as on 31st March 2022) as per the RBI circular DBOD.No.BP.BC. 64 /21.04.048/2009-10 dated December 1, 2009 and Circular no. DBOD.No.BP.BC. 87 /21.04.048 /2010-11 dated April 21, 2011.

If the minimum provision required as per the RBI norms is made, the provision needed is only Rs.9758.82 Lakh, whereas the Corporation has provided an additional provision of Rs.7560.87 Lakh over and above the minimum RBI stipulated norms amounting to Rs.22318.44 Lakh.

a) The corporation has provided Rs.2226.73 Lakh for all standard advances which is the minimum provision required as per the RBI / SIDBI guidelines.

b) The Corporation has prudently maintained additional provision of 5%/10% (minimum norms) amounting to Rs.4415.03Lakh in respect of 553 loan accounts which are restructured as per RBI guidelines and classified under Standard category as mentioned in Note 2.2 (2) above.

c) The provision made in respect of Sub-standard category advances is Rs.15676.68Lakh. During the year, all the doubtful advances amounting to Rs.10494.61 Lakh are technically written off and charged to revenue account to maintain asset quality.

The total provision available during the FY was Rs.17319.69 Lakh and additional provision of Rs.4998.75 Lakh is made during this FY. The Operating profit before write off is Rs.24142.61 Lakh (Rs.19197.91 Lakh during PY). The Operating profit after write off is Rs.13601.70 Lakh (Rs.9182.16 Lakh during PY) and Net profit is Rs.5018.64 Lakh (Rs. 1319.80 Lakh during PY). The Gross NPA and Net NPA as on March 31,2023 are 3.11% and 0.74% respectively as against 3.27% and 1.28% as on March 31,2022.

6) Divergence in Asset Classification and Provisioning for NPAs

With reference to RBI circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, the divergence in asset classification and provisioning for NPA s for FY 2021-22 is given below.

(Rs in Lakh)

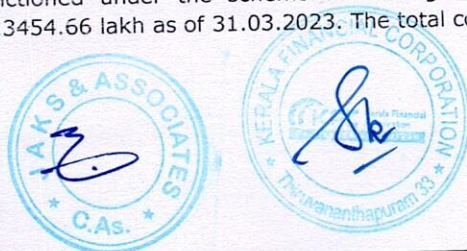
Sl No.	Particulars	Amount
1.	Gross NPAs as on March 31, 2022 as reported by the Corporation	15531.44
2.	Gross NPAs as on March 31, 2022 as assessed by RBI/ SIDBI	15531.44
3.	Divergence in Gross NPAs (2-1)	Nil
4.	Net NPAs as on March 31, 2022 as reported by the Corporation	5877.12
5.	Net NPAs as on March 31, 2022 as assessed by RBI/ SIDBI	5877.12
6.	Divergence in Net NPAs (5-4)	Nil
7.	Provisions for NPAs as on March 31, 2022 as reported by Corporation	17319.69
8.	Provisions for NPAs as on March 31, 2022 as assessed by RBI/ SIDBI	17319.69
9.	Divergence in provisioning (8-7)	Nil
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2022	1319.80
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2022 after taking into account the divergence in provisioning	1319.80

7) Assets taken over under Section 29

During the year no assets were taken over under section 29.

8) Recovery under Adalath Schemes

The Board of the Corporation at its meeting held on 10.11.2022 decided to provide a one-time window to settle doubtful loans under Special Recovery Drive (SRD) for Doubtful loans. A total of 71 cases were sanctioned under the scheme amounting to Rs.8362.24 lakh and 40 cases were settled amounting to Rs.3454.66 lakh as of 31.03.2023. The total collection including advance is Rs.5542.00 lakh.



9) Units under IBC, 2016

The Corporation has filed an Insolvency Petition under The Insolvency and Bankruptcy Code, 2016 against M/s.Sree Sankara Community for Ayurveda Consciousness Limited for a claim of Rs.2739.35 lakh. There are 4 other units financed by the Corporation and undergoing the process of CIRP/Liquidation on the basis of petitions filed by other Financial Creditors. The total claim admitted in favour of the Corporation in such cases are Rs. 14838.72 Lakh.

10) Physical possession under SARFAESI Act 2002

The Corporation has taken physical possession of M/s Oasis Packaged Drinking Water on February 2023. The total loan outstanding is Rs.325.86 Lakhs as on the date of possession.

11) Revenue Recovery

During the year the Corporation has initiated Revenue Recovery action against 25 units having principal outstanding of Rs.7478.46 Lakh.

3 Projects with Subsidies

a) KSEDMD

KSEDMD scheme was launched by Government of Kerala with KFC as the nodal agency to support young entrepreneurs in setting up new enterprises. The maximum eligible loan amount under this scheme was Rs.20 Lakh without any interest with a repayment period of 5years. The scheme was in operation from 2011 to 2017. The Corporation had received Rs.6228.91 Lakh from Govt. of Kerala for meeting the interest / expenses in connection with KSEDMD till FY 22-23. Rs.6231.58 Lakh has been spent till 31.03.2023 for the KSEDMD project. As on 31.03.2023, Rs.4.29 Lakh is receivable from the government and is shown under the head KSEDMD Interest receivable under Other Current assets. The Corporation has taken up with Government for providing the funds to meet the interest receivable and it is expected that the funds will be received during the FY 2023-24.

b) Chief Minister's Entrepreneurship Development Programme (CMEDP)

The scarcity of capital and inadequate availability of credit facilities are the major problems confronted by small entrepreneurs. Under the above backdrop, Govt. of Kerala has launched a special scheme called Chief Minister's Entrepreneurship Development Programme (CMEDP). The scheme envisaged a maximum loan amount of Rs. 50 Lakh with a repayment period upto 5 years at an interest rate of 7%, where 3% interest subvention is provided by Govt. of Kerala. During 2021-22, the Corporation sanctioned assistance worth Rs.1020.19 Lakh to 67 units and disbursed Rs.734.12 Lakh to 58 units under this scheme.

In November 2021, the scheme was revised to assist 500 MSME units every year and the loan amount was increased from Rs.50 lakh to Rs.200 lakh and the interest rate was reduced from 7% to 5%. The Govt of Kerala provides 3% as interest subvention under the scheme. During the FY 2022-23, the Corporation has sanctioned assistance worth Rs.30,704.82 Lakh to 383 units and disbursed Rs.14,456.76 Lakh under this scheme.

b) NORKA (NDPREM) scheme

NORKA ROOTS has formulated 'Norka Department Project for Rehabilitation of Return Emigrants' (NDPREM) Scheme' for returned immigrants. They will be eligible for Capital subsidy of 15% of project cost (Maximum Rs.3 Lakh) and interest subvention of 3% by NORKA Roots. During the year, the Corporation disbursed Rs.302.13 Lakh to 23 units under this scheme. The Corporation has received a capital subsidy of Rs 139.70 lakh from NORKA Roots as on 31.03.2023.

c) Start up loans – Comprehensive Scheme for financing Start ups

The Corporation started a Comprehensive Scheme for Financing Startups named 'Startup Kerala' to assist Startups during all stages of their growth starting from Productization/ Commercialization/ Scaling Up, Financing Working Capital Requirements of Startups for Executing Purchase/ Work Orders, Seed Loan Assistance to Startups for developing socially relevant products, Venture Debt etc. A pool of Rs.50 Crore was set aside for this purpose. The maximum assistance is Rs.25 lakh for productization, up to Rs.50 lakh for commercialization and up to Rs.100 lakh for Scaling up, subject to 90% of the project cost at each stage. Further, there are provisions for easy finance for executing Purchase Orders, discounting Bills and also for availing Venture Debt funding up to Rs.1000 lakh. During the year, the Corporation sanctioned Rs. 2028.00 lakhs to 21 startups and disbursed Rs.723.03 Lakhs.



4 Investments

Out of the investments of Rs. 126.44 Lakh, provision for diminution in value of investments of Rs.74.38 Lakh have been provided for investments other than KITCO, Kerala Infrastructure Fund Management Ltd and India SME Asset Reconstruction Co., being the value of investment in respect of companies under liquidation. The Corporation had decided to divest the stake in India SME Asset Reconstruction Co at Rs.9.80 per share to Dhansamridhi Finance Pvt Ltd as per the divestment proposal putforth by SIDBI, however the divestment process has been cancelled as RBI did not approve the proposal. For KITCO and Kerala Infrastructure Fund Management Ltd, the Corporation have valued the shares on the basis of latest available financial statements and found that the values are above book value.

The Corporation had invested Rs.6080 Lakh in April 2018 in Secured Redeemable NCDs issued by M/s. RCFL as part of compliance of Non SLR Bond Issue Series 2018. However due to the crisis in NBFC sector, the Company defaulted and the resolution process was initiated by RBI. The Corporation received Rs.810.23 Lakh till now as part of prorata distribution of funds by the Company which has been reduced from the invested amount and 100% provision is made for the balance principal amount as a matter of prudence.

During the year Corporation has invested Rs.2406.04 Lakh in NCDs in compliance with the covenant requirements of Non SLR Bond Issue Series 2019. The Corporation also hold investment in NCDs amounting to Rs.5993.75 Lakh in compliance with the covenant requirements of KFC Non SLR Bond Issue Series 2020.

5 Income Tax Assessments

Income tax return is filed up to Assessment year 2022-23. Assessment have been completed up to Assessment year 2022-23. Appeals filed by the Corporation are pending before Commissioner (Appeals) for the Assessment years 2009-10, 2012-13, 2013-14, 2014-15, 2016-17 and 2019-20. Appeals filed by the Department for the Assessment years 1999-2000 and 2002-03 before Income tax Appellate Tribunal have been remanded to Commissioner (Appeals). The Appeal filed for AY 2018-19 is pending for disposal with Commissioner (Appeals).

During the year, Corporation has received a total Income Tax refund of Rs.1561.67 Lakhs pertaining to AY 2018-19, 2020-21 and 2022-23. The advance income tax and provision for tax has been adjusted to retain the demands pending for the above years and current year. Hence an amount of Rs.1991.46 Lakhs advance tax is set off against provision for tax and excess provision of Rs.280.95 Lakhs is written back.

6 Deferred Tax Liabilities

The break-up of deferred Tax Liabilities / Assets in to major components of the respective balances is as given below:-

Rs. in Lakh			
Particulars	As on 31.03.2022	For the FY 2022-23	As on 31.03.2023
On Depreciation	53.81	-4.24	49.57
On income not received	-1143.59	-528.59	-1,672.18
On outstanding expenses	1272.04	618.22	1,890.26
	182.26	85.39	267.65

7 Indirect taxes

Service tax -

Service Tax was replaced by GST from July 2017. Litigations under Service Tax regime was settled through Sabka Vishwas Legacy Dispute Resolution Scheme (SVLDRS) except for OIO No.03/2018-19 dated 22.05.2018 with a demand of Rs.64.82 Lakhs, pending with CESTAT, Bangalore and OIO No.09/ST(DC)/DIV/2021-22 dated 28.07.2021 with a demand of Rs.30.53 Lakh pending for disposal with Commissioner (Appeals). SCN 08/2019/ST dated 11.04.2019 is pending with the Jurisdictional Assessing Officer for disposal.

Goods and Service Tax (GST)

GST was implemented all over the country w.e.f 01.07.2017. All the indirect tax registrations of Branch offices and Head Office are brought under one common registration under GST and is managed centrally from Head Office. The Annual Returns under GST regime, GSTR 9 and GSTR 9C are filed till FY 2021-22.



8 Related Party Disclosures as per AS 18

A. List of Related Parties

- Holding Company - NIL
- Subsidiary Companies - NIL
- Key Management Personnel – Sri Sanjay Kaul IAS , Chairman and Managing Director (from 01.06.2021 till date),

B. Related party Transactions

No remuneration is paid to Sri.Sanjay Kaul IAS during the year.

9 Impairment of Assets

The fixed assets are carried at written down value (WDV) consistently using appropriate depreciation rates. All other operating assets are carried at current / transaction value. In accordance with AS 28 – Impairment of Assets, an annual assessment was made on 31.03.2023, as to whether there is any indication that an asset or a class of assets is 'impaired' and since there were no incidences of such impairment indicators, no provision has been made.

10 Advance for fixed assets.

The Advance for Fixed assets of Rs.123.67 Lakh represents those amounts spent on fixed assets but is not ready for use as on 31.03.2023. This include Rs.24.53 lakhs paid to M/s Saraswat Infotech Pvt Ltd, towards advance payment for the implementation of Finacle Core Banking Solution in the Corporation. Since Saraswat Infotech Pvt Ltd (SIL) was not able to deliver the Finacle CBS on 10.10.2022 as committed, the contract was terminated as per the decision of the Board dated 10.11.2022 and SIL has been asked to refund the amount with interest and delay compensation.

11 Segment Reporting

The Corporation operates as a single unit with a single profit center and has concentrated its activity on term lending only as a single product.

A. Primary Segment (The Business Segment)

The Corporation operates mainly in the business segment of providing financial assistance to MSME and other sectors. All other activities revolve around the main business. Further, all activities are carried out within Kerala. As such, there are no separate reportable segments as per the provisions of AS 17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

B. Secondary Segment (The Geographical Segment)

The area of operation of the Corporation is confined within the state of Kerala. As a result separate segment information for different geographical segments is not required.

12 Contingent liabilities

The contingent liabilities as on 31.03.2023 are estimated as under

- On account of Income Tax Rs.290.21 Lakh
- On account of suits filed against the Corporation Rs. 96.07 Lakh
- On account of Service Tax Rs.95.35 Lakh
- On account of guarantees issued on behalf of Government contractors in Kerala- Rs.12534.94 Lakh

13 Assets acquired in satisfaction of claims

Assets acquired in satisfaction of claims amounting to Rs.400.34 Lakh relates to M/s.Jayalakshmi Builders, Thiruvananthapuram and is retained as such. The acquisition was done in the financial year 2008-09 and accounted as recovery from NPA account in that financial year. This amount will not affect the current or previous year profits reported in the current financial statements. This asset is tested for impairment and found that the present realizable value is Rs.566.54 Lakh which is more than its book value. The Corporation has retained the amount in non-current assets expecting settlement and as an additional support to the claims.

14 Suspense Account

The amount outstanding in Suspense Account amounting to Rs.318.95 Lakh as on 31.03.2023 comprises of unidentified credits received in loan accounts during year end, as per court orders, benefits to employees held back for want of details and amount to be refunded in respect of contractor loans. The balance amount lying in Suspense account as on date is being rectified.



15 Secured / Un-secured Loans.

The Corporation mobilizes resources from banks/ financial institutions as Term loan/ Working Capital Demand Loan/ Overdraft/ Foreign Currency Loan. During the year the Corporation availed loans amounting to Rs. 2,71,006.42 Lakh and repaid Rs. 1,18,381.57 Lakh. The loan outstanding as on 31.03.2023 is Rs. 5,06,830.70 Lakh out of which Rs. 76,499.99 Lakh is foreign currency loans taken from State Bank of India & South Indian Bank for tenors not exceeding 183 days on a fully hedged basis. All transactions in foreign currency are recognized at the exchange rate prevailing on the date of the transaction. The premium amortised during the year ended March 31, 2023 is Rs 3668.15 Lakh and the deferred premium as on March 31, 2023 is 781.40 Lakh. The balance outstanding of Foreign Currency Loan as on March 31, 2023 reinstated at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India (FEDAI) as on March 31, 2023 is Rs. 76,311.63 Lakh after adjusting the notional forex gain of Rs.188.36 Lakh.

16 Non SLR Bonds

The Corporation has listed the following NCDs in the Bombay Stock Exchange and the annual listing fees has been paid. The NCDs issued without Government guarantee are rated AA(SO) by two RBI / SEBI approved rating agencies. The Corporation remains the only PSU in the State, raising funds from the bond market, without Govt. guarantee. The total outstanding bonds of KFC as on 31.03.2023 aggregate to Rs.112050.00 as given below.

Rs in Lakh							
Sl No	Issue Date	Coupon	Amount Issued	Amount Outstanding	Maturity Date	Credit Rating	Asset Cover ⁺
1	24-Mar-23	8.90%	47650.00	47650.00	24-Mar-33	AA	100%
2	14-Sep-20	7.70%	25000.00	25000.00	14-Sep-30	AA	110%
3	09-Jul-19	8.99%	25000.00	25000.00	09-Jul-26	AA	125%
4	04-Apr-18	8.69%	25000.00#	3150.00	04-Apr-25	AA	125%
5	09-May-16	8.90%	25000.00#	6250.00	09-May-23	AA	125%
6	06-Jun-13	8.72%*	20000.00#	5000.00	06-Jun-23	A	-
		TOTAL	167650.00	112050.00			

* Issued with Government guarantee

Partial Redemption done

+ Asset cover maintained as per issue terms (secured by receivables)

In order to enable Debenture Trustees to take prompt action for enforcement of security in case of default in listed debt securities, a 'Recovery Expense Fund'(REF) equal to 0.01% of the issue size subject to maximum of Rs.25 Lakh shall be created, as per SEBI Circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated 22nd October 2020 which shall be utilized in a manner decided by holders of securities in case of default. The provisions of this circular were made applicable w.e.f. January 2021 and accordingly the amount deposited by Corporation towards REF with BSE as on March 31, 2023 is Rs.12.77 Lakh.

As per SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018 for fund raising by issuance of Debt Securities by Large Entities and disclosures and compliances thereof by Large Corporate, the Corporation had submitted necessary disclosures with Stock exchange from FY 2020 onwards. However, upon verification of the applicability of the above Circular, it is confirmed that even though the Corporation satisfy the first two conditions specified for being Large Corporate (ie. Securities listed on recognized stock exchanges and Long term borrowings outstanding for Rs.100 crores and above), the corporation is having a standalone rating of A+ only and rating of AA is assigned as part of a credit enhancement structure, hence not satisfying the third condition. Accordingly, the Corporation does not fall under Large Corporate category as per the framework mentioned in the aforesaid circular.

17 Employee Expenses

The total Employee benefits and expenses for the year amount to Rs.3083.01 Lakh (Rs.3199.90 Lakh during FY 21-22). This includes Employee Pay & Allowances for the year of Rs. 2737.00 Lakh (Rs. 2570.32 Lakh during FY 2021-22).

18 Employee Payments and Retirement Benefits

The Corporation contributes towards Group gratuity Scheme and Group Leave Encashment Scheme administered by Life Insurance Corporation of India (LIC) for eligible employees as per the actuarial valuation and demand raised by LIC and are reckoned as expenditure for the concerned period.



The Summary of actuarial assumptions used in valuation is as below.

- Discount rate 7.180%
- Salary escalation rate 5.00%
- Employee turnover rates – 2%
- Mortality rates - IALM 2012-14

The Fair value of the Plan assets and the Present value of obligations as at March 31, 2023 for both the schemes is as below.

Particulars	Rs in Lakh	
	PV of obligation	Fund value
Group gratuity Scheme	1137.92	1283.33
Group Leave Encashment Scheme	682.40	899.83

The Calculation of Liability/(asset) for both the schemes is as below.

SI No	Particulars	Gratuity	Leave encashment
1	Defined Benefit Obligation	1137.92	682.40
2	Fair value of plan assets	1283.33	899.83
3	Funded status -(surplus)/deficit	(145.41)	(217.43)
4	Unrecognised past service (cost)/credit	-	-
5	Liability/(asset)	(145.41)	(217.43)

The Calculation of actuarial gain/loss for both the schemes is as below.

SI No	Particulars	Gratuity	Leave encashment
1	Current service cost	56.32	147.86
2	Interest cost	74.98	47.46
3	Expected return on plan assets	(92.87)	(62.59)
4	Actuarial loss/(gains)	9.85	(136.85)

The contribution made to the fund is accounted as expenses and the excess amount in the fund is not recognised as asset in the Balance Sheet as per the accounting practice followed.

19 RR charges payable

The Corporation reimburses the remuneration paid by Government to Revenue Recovery staff who are officiating in the Corporation. The amounts have been paid for till FY 2013-14. Provision of Rs.907.22 Lakh has been made for the payment due from FY 2014-15 to FY 2021-22 as on 31.03.2022. The provision for the year 2022-23 is kept as Rs.45 Lakhs based on the calculations for last year. Hence as on 31.03.2023 the total amount provided is Rs.952.22 Lakh, break up is as below.

Year	Amount in Lakh
FY 2014-15	94.54
FY 2015-16	100.47
FY 2016-17	150.76
FY 2017-18	157.92
FY 2018-19	157.00
FY 2019-20	135.86
FY 2020-21	49.86
FY 2021-22	60.80
FY 2022-23	45.00
Total	952.22

The establishment charges have not been paid as there is dispute in the calculations made by the Corporation and demand given by the Revenue Department.



20 Interest Income and rebate

The rebate to customers for prompt payment is deducted from interest income for reporting in the financial statements during the year. The interest received on loans and advances and Interest rebate extended on loans during FY 22-23 are Rs.55443.83 Lakh and Rs.1079.42 Lakh (Rs.39957.62 Lakh and Rs.692.96 Lakh during FY 21-22) respectively.

21 Commission on Performance guarantees issued

The commission on performance guarantee provided is collected upfront from the customers for the full tenure of guarantee period. However, the commission in respect of the unexpired portion of the guarantee is reversed at the year end. During the FY, total commission collected upfront from Performance guarantees issued (including extension of Performance guarantees issued in previous FYs) amounts to Rs 408.19 Lakh (Rs. 107.40 Lakh during the FY 21-22), out of which Rs 93.13 Lakh pertains to this FY (Rs. 18.44 Lakh during the FY 21-22) and Rs 315.06 Lakh (Rs. 88.96 Lakh during the FY 21-22) pertains to future FYs.

Out of the unexpired portion of Commission accounted during FY 2021-22 (Rs.88.96 Lakh), Rs.35.84 Lakh is recognized as income during this year and out of the unexpired portion of Commission accounted during FY 2020-21 (Rs.73.35 Lakh), Rs.15.66 Lakh is recognized as income during this year and out of the unexpired portion of Commission accounted during FY 2019-20 (Rs.89.48 Lakh), Rs. 17.61 Lakh is recognized as income during this year. Thus, the total income recognised during the year is Rs.162.24 Lakh.

22 Ageing of trade payables and trade receivables

The Ageing of trade payables and trade receivables in compliance with amended Schedule III is NIL.

23 Provision for Income Tax

The income tax comprises of current and deferred tax. The provision for income tax is made as per the income tax rules and previous income tax assessments. The tax is calculated on income on receipt basis which is consistently followed by the corporation for the past years and the Income tax department also accepted the same for assessment purpose. The deferred tax assets and liabilities are recognised, for the expected tax consequences of temporary / timing differences between the WDV of assets, accrued income and expenditure.

Taxable income calculated as per IT Act	-	Rs. 14262.35 Lakh
Income tax thereon	-	Rs. 3589.55 Lakh

24 Dividend and Special Reserve Fund

The Board of Directors has proposed a dividend of 5% (Previous year -0.25%) for the year ended March 31, 2023, subject to the approval of the shareholders at the ensuing Annual General Meeting. The Capital adequacy ratio after considering the impact of proposed dividend is 25.02% as at March 31, 2023.

As per Section 35A of the SFC Act 1951, 0.50% of the dividend accruing to State Government and SIDBI amounting to Rs 10.66 Lakh will be transferred to Special reserve fund.

25 Grants and Subsidies

The receipts in the nature of grants and subsidies received are utilized for the purpose for which the same is granted. The undisposed portion of subsidies to loanes with respect to State subsidy is kept as other current liabilities and all other subsidies like Coconut Development Board Subsidy, Norka Subsidy, Central Subsidy etc are shown as Non Current Liabilities. For back ended subsidies with 'lock in' period, interest credit is calculated during such period and is credited to the loan account of such beneficiaries at the applicable interest rates. The interest on Coconut Development Board Subsidy of Rs. 48.57 Lakh (Rs.63.90 Lakh during FY 21-22) is shown under the head Interest and fund-expenses.



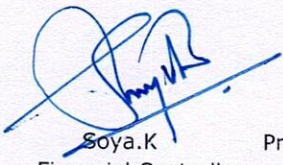
26 Prior period items

There are no prior period adjustment made during this year .

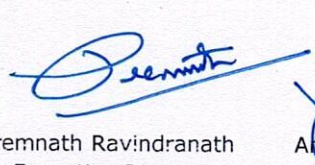
27 Previous Year's Figures

Previous year's figures have been regrouped and reclassified for better presentation wherever found necessary.

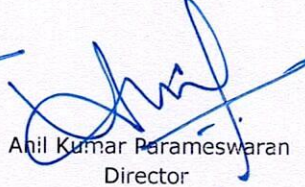
For and on behalf of the Board of Directors



Soya.K
Financial Controller



Premnath Ravindranath
Executive Director



Anil Kumar Parameswaran
Director



Sanjay Kaul IAS
Chairman & Managing Director

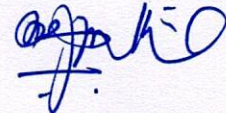


Thiruvananthapuram
Date: 27.05.2023

As per our report of even date

For J A K S & Associates
Chartered Accountants

Firm Reg No:001360 S



Selastin A. FCA

Partner, M No: 202874


UDIN:- 23202874B6S6VN5609.


Annexure-A

Disclosure required as per Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Year ended March 31, 2023

SI No	Particulars	Year ended March 31, 2023
A	Debt-Equity Ratio	6.68
B	Debt Service Coverage Ratio	NA
C	Interest Service Coverage Ratio	NA
D	Capital Redemption Reserve	NA
E	Debenture Redemption Reserve	NA
F	Net Worth	Rs. 925.70 Cr.
G	Net Profit after Tax	Rs. 50.19 Cr.
H	Earnings per Share	
	1) Basic (Rs.)	12.43
	2) Diluted (Rs.)	12.41
I	Current Ratio	NA
J	Long term debt to Working capital	NA
K	Bad debts to Accounts receivable	NA
L	Current Liability Ratio	NA
M	Total Debts to total Assets	0.83
N	Debtors turnover	NA
O	Inventory Turnover	NA
P	Operating Margin	NA
Q	Net profit Margin	NA
R	Sector specific equivalent Ratios	
	• CRAR	25.58
	• Gross NPA	3.11
	• Net NPA	0.74


Soya.K
Financial Controller


Premnath Ravindranath
Executive Director


Anil Kumar Parameswaran
Director


Sanjay Kaul
Chairman & Managing Director

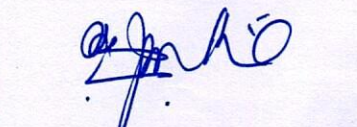


Thiruvananthapuram

Date: 27.05.2023

For J A K S & Associates
Chartered Accountants
Firm Reg No:001360S




Selastin A. FCA
Partner, M No: 202874

UDIN: 23202874BGSbVN5609