



KERALA FINANCIAL CORPORATION

HO: VELLAYAMBALAM, THIRUVANANTHAPURAM - 695 033

Phone : 0471- 2315891, 2737566

e-mail : mdoffice@kfc.org website : www.kfc.org



KFC/F&A/BOND/2025-26

21.05.2025

The Manager
BSE Limited
P J Towers,
Dalal Street,
Mumbai -400001

Dear Sir,

Sub: Outcome of Board Meeting held on 21-05-2025

In compliance with Regulation 52 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we hereby inform that the Board of Directors at their meeting held on Wednesday, the May 21, 2025 has inter-alia considered and approved Audited Financial Results of the Corporation for the quarter and year ended March 31, 2025. The figures were also reviewed by the Audit Committee at their meeting held on May 20, 2025.

The Board meeting approved the following items:

1. Audited Financial Results for the year ended on March 31, 2025 (financial results) together with the disclosures in accordance with Regulation 52(4) of the Listing Regulations and report of the statutory auditor issued thereon by M/s. JAKS & Associates, Chartered Accountants.
2. The Disclosure in accordance with Regulation 52(7) and 52(7A) of the Listing Regulations regarding utilization of issue proceeds of non-convertible securities for the quarter ended March 31, 2025.
3. The half-yearly disclosure of related party transactions for the half year ended March 31, 2025, pursuant to Regulation 23(9) of the Listing Regulations.
4. Disclosure of Security Cover in pursuance to Regulation 54(2) & 54(3) of SEBI (LODR) Regulations, 2015 for the year ended March 31, 2025.
5. Declaration of unmodified opinion pursuant to Regulation 52(3)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

കേരള ഫിനാൻഷ്യൽ കോർപ്പറേഷൻ

(1951-ലെ സ്റ്റോക്ക് ഫിനാൻഷ്യൽ കോർപ്പറേഷൻ ആക്റ്റ് നം. LXIII പ്രകാരം രൂപീകൃതമായത്)
വെള്ളയമ്പലം, തിരുവനന്തപുരം-695033

6. Extract of Audited Financial Results for the quarter and year ended March 31, 2025 being published in Newspaper.

The meeting terminated at 5.00 PM

Kindly take the same on record.

Thanking You,

Yours Faithfully,




NANDHINI VIJAYARAGHAVAN
Company Secretary
Kerala Financial Corporation


Company Secretary & Compliance Officer

| KERALA FINANCIAL CORPORATION | | | | | |
|--|--|------------------|------------------|------------------|------------------|
| STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2025 | | | | | |
| | | | | (Rs. In Lakh) | |
| Sl No | Particulars | Quarter ended | | Year ended | |
| | | 31.03.2025 | 31.12.2024 | 31.03.2025 | 31.03.2024 |
| | | Audited | Unaudited | Audited | Audited |
| | Revenue | | | | |
| 1 | Revenue from Operations | 22,331.83 | 20,668.96 | 81,350.02 | 80,376.75 |
| 2 | Other Income | 2,734.48 | 2,497.39 | 8,789.03 | 6,494.78 |
| 3 | Total Income | 25,066.31 | 23,166.35 | 90,139.05 | 86,871.54 |
| | Expenses | | | | |
| | (a) Interest expenses | 15,129.70 | 14,951.57 | 60,692.16 | 57,150.04 |
| | (b) Employee benefits expenses | 1,142.62 | 1,105.97 | 4,214.86 | 4,502.87 |
| | (c) Administrative Expenses | 590.87 | 200.05 | 1,265.21 | 972.87 |
| | (d) Depreciation and amortisation expense | 0.55 | 1.40 | 151.54 | 147.10 |
| | (e) Bad debts written off | - | - | 13,687.70 | 13,309.58 |
| 4 | Total expenditure | 16,863.74 | 16,259.00 | 80,011.48 | 76,082.46 |
| 5 | Operating Profit before exceptional and extraordinary items and tax | 8,202.57 | 6,907.35 | 10,127.58 | 10,789.08 |
| 6 | Add: Prior Period Income | - | - | - | - |
| 6 | Operating Profit After exceptional and extraordinary items | 8,202.57 | 6,907.35 | 10,127.58 | 10,789.08 |
| 7 | Less: Provision for Bad and Doubtful debts / Other assets | - | - | - | 135.09 |
| 8 | Profit before tax | 8,202.57 | 6,907.35 | 10,127.58 | 10,654.00 |
| 9 | Tax expense: | | | | |
| | Less: Current tax expense - (a) Provision for Income Tax | 300.00 | 700.00 | 2,504.48 | 2,660.34 |
| | (b) Provision for Deferred Tax | - | - | -2,192.82 | 589.26 |
| 10 | Net Profit after tax for the period | 7,902.57 | 6,207.35 | 9,815.91 | 7,404.39 |
| 11 | Paid up Equity share capital (Face value of Rs. 100/- per share) | 72,650.43 | 72,650.43 | 72,650.43 | 72,650.43 |
| 12 | Share Application money received pending allotment | - | - | 20,000.00 | - |
| 13 | Reserves excluding Revaluation reserves | - | - | 40,184.21 | 33,702.35 |
| 14 | Earnings per share (Equity shares of Rs 100/- each): | | | | |
| | (a) Basic | 10.88* | 8.54* | 13.90 | 10.19 |
| | (b) Diluted | 10.88* | 8.54* | 13.81 | 10.19 |

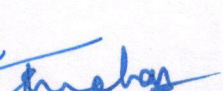
* Not Annualised

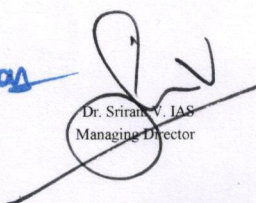
Previous figures are regrouped and rearranged wherever necessary to conform to current year's requirement.


 Nandhini V
 Company Secretary
 & Compliance Officer


 Soya K
 Financial Controller
 & Chief Financial officer

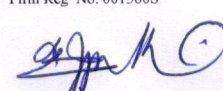

 Premnath Ravindranath
 Executive Director


 Manmohan Swain
 Director


 Dr. Srikanth V. IAS
 Managing Director



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


 Selastin A. FCA
 Partner, M No: 202874

Place: Thiruvananthapuram
 Date: 21-05-2025

UDIN: 25202874BM1ATB4436

| KERALA FINANCIAL CORPORATION | | | |
|-------------------------------------|---|--------------------|--------------------|
| STATEMENT OF ASSETS AND LIABILITIES | | | |
| | Particulars | As at 31.03.2025 | As at 31.03.2024 |
| | | Audited | Audited |
| | | Amt in Lakh | Amt in Lakh |
| A | EQUITY AND LIABILITIES | | |
| 1 | Shareholders' funds | | |
| | (a) Share capital | 72,650.43 | 72,650.43 |
| | (b) Reserves and surplus | 40,198.42 | 33,716.56 |
| | (C) Share application money pending allotment | 20,000.00 | 0.00 |
| 2 | Non-current liabilities | | |
| | (a) Long-term borrowings | 5,79,466.59 | 5,59,821.78 |
| | (b) Other non current liabilities | 420.90 | 509.12 |
| | (c) Long-term provisions | 22,453.53 | 22,453.53 |
| | (d) Deferred Tax Liabilities (net) | 0.00 | 321.61 |
| 3 | Current liabilities | | |
| | (a) Short-term borrowings | 2,01,378.31 | 1,64,994.69 |
| | (b) Other current liabilities | 8,202.77 | 7,411.16 |
| | (c) Short-term provisions | 6,137.01 | 9,962.56 |
| | TOTAL | 9,50,907.96 | 8,71,841.44 |
| B | ASSETS | | |
| 1 | Non-current assets | | |
| | (a) Property, Plant and Equipment and Intangible Assets | | |
| | (i) Property, Plant and Equipment | 887.40 | 777.96 |
| | (ii) Intangible Assets | 36.27 | 60.45 |
| | (b) Non-current investments | 3,810.49 | 6,250.83 |
| | (c) Other non-current assets | 5,92,520.90 | 5,70,438.54 |
| | (d) Deferred Tax Assets (net) | 1,871.21 | 0.00 |
| 2 | Current assets | | |
| | (a) Current investments | 92,372.59 | 59,032.42 |
| | (b) Cash and cash equivalents | 33,451.28 | 47,760.03 |
| | (c) Other current assets | 2,25,957.82 | 1,87,521.21 |
| | TOTAL | 9,50,907.96 | 8,71,841.44 |

V. Nandhini

Company Secretary

& Compliance Officer

Soya K

Financial Controller

& Chief Financial officer

Premnath Ravindranath

Executive Director

Manmohan Swain

Director

Dr. Srirani V. IAS

Managing Director



Place: Thiruvananthapuram
Date: 21-05-2025

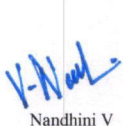


As per our report of even date
For J A K S & Associates
Chartered Accountants
Firm Reg No: 001360S


Selastin A. FCA
Partner, M No: 202874

UDIN: 25 202874 BM/ATB4436

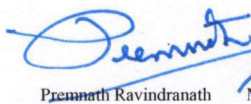
| KERALA FINANCIAL CORPORATION | | |
|---|----------------------------------|----------------------------------|
| CASH FLOW STATEMENT | | |
| FOR THE PERIOD | For the year ended 31.03.2025 | For the year ended 31.03.2024 |
| | Amt in Lakh | Amt in Lakh |
| | Audited | Audited |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before taxes | 10,127.58 | 10,654.00 |
| Interest received on Fixed Deposits | (7,444.56) | (5,521.51) |
| Depreciation on fixed assets | 151.54 | 147.10 |
| Provision for Non Performing Assets/Other Assets | 0.00 | 135.09 |
| Share Issue Expenses | 0.55 | 1.03 |
| Interest and other costs of Non-SLR Bond | 12,686.18 | 11,122.40 |
| Adjustment for changes in operating assets and liabilities | | |
| Increase in Loans and Advances | (64,365.90) | (83,892.42) |
| Increase in borrowings from Banks | 63,460.92 | 67,204.13 |
| Decrease in Other Non-Current assets | 42,283.53 | (23,909.70) |
| Decrease in Other Current assets | (35,932.12) | 37,489.18 |
| Increase in Current liabilities | (5,258.82) | 1,769.08 |
| Increase in Other Non Current Liabilities | (88.21) | (86.91) |
| Less: Income tax paid | (2,504.48) | (2,660.34) |
| Net cash from operating activities | 13,116.21 | 12,451.13 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (236.80) | (244.20) |
| Sale of Investments | 35.00 | 0.00 |
| Net cash used in investing activities | (201.80) | (244.20) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Money received against Share Capital | 20,000.00 | 10000.00 |
| Share issue expenses | (0.55) | (1.03) |
| Issue of Non SLR Bond | 0.00 | 58050.00 |
| Redemption of Non-SLR Bond | (7,432.50) | (19,130.00) |
| Interest and other costs of Non-SLR Bond | (12,686.18) | (11,122.40) |
| Interest Received on Fixed Deposits | 7,444.56 | 5,521.51 |
| Net Investment in NCD | 2,406.04 | 2,200.32 |
| Net Deposit with Banks | (33,340.17) | (14,428.79) |
| Dividend and Dividend Tax paid | (3,632.52) | (2,132.52) |
| Addition to Special Reserve | 18.16 | 10.66 |
| Net cash used in financing activities | (27,223.16) | 28,967.75 |
| Net increase in cash and cash equivalents | (14,308.75) | 41,174.67 |
| Cash and cash equivalents at the beginning of the year | 47,760.03 | 6,585.36 |
| Cash and cash equivalents at the end of the year | 33,451.28 | 47,760.03 |


Nandhini V

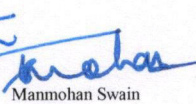
Company Secretary
& Compliance Officer


Soya K

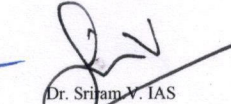
Financial Controller
& Chief Financial officer


Premnath Ravindranath

Executive Director


Manmohan Swain

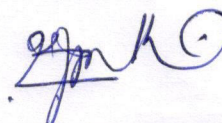
Director


Dr. Sriyam V. IAS

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: 21-05-2025

UDIN: 25202874BM1ATB4436

| KERALA FINANCIAL CORPORATION | | |
|--|--------------------|--------------------|
| NOTES FORMING PART OF BALANCE SHEET AS AT 31.03.2025 | | |
| | As at 31.03.2025 | As at 31.03.2024 |
| | Audited | Audited |
| | Amt in Lakh | Amt in Lakh |
| NOTE : 1 | | |
| SHARE CAPITAL | | |
| AUTHORISED CAPITAL | | |
| 10,00,00,000 Equity shares of Rs.100/- each | 1,00,000.00 | 1,00,000.00 |
| Issued, Subscribed and Fully Paid up Capital | | |
| Ordinary Shares | | |
| 72210678 Equity shares of Rs.100/- each | 72,210.68 | 72,210.68 |
| Special Shares | | |
| 4,39,750 Equity shares of Rs.100/- each | 439.75 | 439.75 |
| Advance for share capital | 20,000.00 | 0.00 |
| TOTAL | 92,650.43 | 72,650.43 |
| NOTE : 2 | | |
| RESERVES AND SURPLUS | | |
| (a) Spl. Reserve u/s 36(1)(viii) of IT Act, 1961 | | |
| As per last Balance Sheet | 14,913.37 | 14,097.11 |
| Added during the year | 278.20 | 816.25 |
| Total of (a) | 15,191.57 | 14,913.36 |
| (b) Spl. Reserve u/s 35(A) of SFCs Act, 1951 | 279.35 | 261.19 |
| (c) Revaluation Reserve | 14.21 | 14.21 |
| (e) Profit & Loss Account | 24,713.29 | 18,527.79 |
| TOTAL {(a)+(b)+(c)+(d)+(e)} | 40,198.42 | 33,716.55 |
| NOTE : 3 | | |
| LONG TERM BORROWINGS | | |
| SECURED (Hypothecation of receivables) | | |
| Refinance from IIFCL | 50,000.00 | 0.00 |
| LoC from State Bank of India | 1,26,850.00 | 1,14,816.41 |
| LOC from Federal Bank | 4,000.00 | 0.00 |
| LoC from Canara Bank | 76,161.44 | 87,011.95 |
| LoC from Union Bank of India | 8,749.86 | 17,083.27 |
| LoC from Bank of Maharashtra | 52,066.82 | 68,740.00 |
| LOC from South Indian Bank | 9,000.00 | 13,127.55 |
| LoC from Indian Bank | 55,750.00 | 48,800.00 |
| Loc from Bank of Baroda | 10,818.34 | 13,235.76 |
| LOC from Dhanalaxmi Bank | 11,621.12 | 7,498.84 |
| LOC from Indian Overseas Bank | 37,499.00 | 45,833.00 |
| Non-SLR Bond | 1,36,950.00 | 1,43,675.00 |
| TOTAL | 5,79,466.58 | 5,59,821.78 |
| NOTE: 4 | | |
| OTHER NON CURRENT LIABILITIES | | |
| Coconut Devp. Board Subsidy | 247.49 | 242.73 |
| Other Subsidy | 71.46 | 108.44 |
| Central Subsidy | 0.00 | 11.00 |
| Norka Subsidy | 101.96 | 146.94 |
| TOTAL | 420.91 | 509.11 |
| NOTE: 5 | | |
| LONG TERM PROVISIONS | | |
| (a) Provision for Bad and Doubtful debts | | |
| As per last Balance Sheet | 22,453.53 | 22,318.44 |
| Add: Provision made during the year | 0.00 | 135.09 |
| Total of (a) | 22,453.53 | 22,453.53 |



| | As at 31.03.2025 | As at 31.03.2024 |
|---|--------------------|--------------------|
| | Audited | Audited |
| | Amt in Lakh | Amt in Lakh |
| NOTE : 6 | | |
| SHORT TERM BORROWINGS | | |
| SECURED BORROWINGS (Hypothecation of receivables) | | |
| Ovedraft from State Bank of India | 5,014.02 | 4,998.72 |
| Short term loan from State Bank of India | 9,541.99 | 31.45 |
| Short term loan from HDFC Bank | 0.00 | 82.65 |
| Short term loan from Federal Bank | 45,000.00 | 45,000.00 |
| Short term loan from South Indian Bank | 5,000.00 | 5,040.64 |
| Non-SLR Bond (Current maturity) | 6,587.50 | 7,295.00 |
| Overdraft from City Union Bank | 2,414.18 | 975.17 |
| LOC FROM BANKS (Current maturity) | | |
| Loc from Union Bank of India | 6,666.68 | 3,333.34 |
| Loc from Federal Bank | 1,000.00 | 0.00 |
| Loc from Canara Bank | 34,141.56 | 32,016.86 |
| Loc from Indian Bank | 22,925.00 | 13,225.00 |
| Loc from State Bank of India | 38,000.19 | 30,499.92 |
| Loc from Bank of Baroda | 1,666.67 | 4,109.84 |
| Loc from Bank of Maharashtra | 8,336.00 | 8,343.84 |
| LOC from Dhanalaxmi Bank | 2,750.00 | 1,875.00 |
| LOC from Indian Overseas Bank | 8,334.00 | 4,167.00 |
| LOC from South Indian Bank | 4,000.00 | 4,000.00 |
| UNSECURED BORROWINGS | | |
| HDFC Bank Credit Card | 0.52 | 0.27 |
| TOTAL | 2,01,378.31 | 1,64,994.70 |
| NOTE : 7 | | |
| OTHER CURRENT LIABILITIES | | |
| State Subsidy | 52.64 | 103.49 |
| RR Commission Payable | 2.82 | 3.85 |
| Earnest Money Deposit | 7.10 | 2.10 |
| Suspense Account | 1,194.44 | 315.33 |
| Tax Deducted at Source | 1.54 | 64.62 |
| Other Salary Deductions | 0.28 | 0.13 |
| Other Sundry Deposits | 111.21 | 98.45 |
| Gratuity Payable | 3.44 | 62.10 |
| Outstanding Expenses | 1,108.31 | 1,081.48 |
| Salary Payable | 251.82 | 940.30 |
| Accrued Interest on Non SLR Bonds | 2,158.75 | 739.70 |
| Accrued Interest on LOC from banks | 2,033.81 | 1,359.98 |
| Audit Fee Payable | 5.09 | 4.59 |
| Concurrent Audit Fee payable | 10.40 | 8.40 |
| Staff Dues Retained | 8.28 | 0.82 |
| Unclaimed Dividend | 0.17 | 0.15 |
| Commission Received in Advance | 519.03 | 624.05 |
| Leave encashment payable | 0.07 | 41.93 |
| Foreign Currency Payable | 0.00 | 1,354.29 |
| CGST Payable | 39.99 | 26.15 |
| SGST Payable | 39.99 | 26.15 |
| IGST Payable | 0.08 | 0.07 |
| CGST & SGST TDS Payable | 1.15 | 0.72 |
| IGST TDS Payable | 0.00 | 3.18 |
| Excess Payable | 652.38 | 549.14 |
| TOTAL | 8,202.79 | 7,411.17 |
| NOTE : 8 | | |
| SHORT TERM PROVISIONS | | |
| (a) Provision for Taxation: | | |
| As per last Balance Sheet | 6,330.04 | 3,669.70 |
| Add: Provision made for the current year | 2,504.48 | 2,660.34 |
| Less : Adjusted against Advance Income Tax | 6,049.73 | 0.00 |
| : Excess Provision of earlier years written back | 280.31 | 0.00 |
| Total | 2,504.48 | 6,330.04 |
| (b) Proposed Dividend for the year | 3632.52 | 3,632.52 |
| TOTAL | 6,137.00 | 9,962.56 |



| NOTE : 9 FIXED ASSETS | | | | | | (Rs in Lakh) | | | | | |
|-------------------------|------|------------------------------|-----------------------------|--------------------------|---------------------------|---------------------------|------------------------------|------------------------------|---------------------------|------------------------------|----------------------|
| Particulars | Rate | Gross value as on 31.03.2024 | Additions During First Half | Additions During II Half | Additions During the Year | Deletions during the year | Gross value as on 31.03.2025 | Depreciation upto 31.03.2024 | Depreciation for the year | Depreciation upto 31.03.2025 | WDV as on 31.03.2025 |
| 1 | 2 | 3 | 4 | | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Land | 0% | | | | | | 11.62 | | - | | 11.62 |
| Building | 10% | 11.62 | - | - | - | - | 1,148.49 | 552.43 | 59.11 | 611.55 | 536.91 |
| Motor Vehicle | 15% | 946.52 | 192.13 | 9.83 | 201.96 | - | 177.18 | 161.26 | 2.39 | 163.65 | 13.53 |
| Electrical Fittings | 10% | 177.18 | - | - | - | - | 216.04 | 142.53 | 7.35 | 149.88 | 66.16 |
| Air Conditioner | 15% | 215.97 | - | 0.06 | 0.06 | - | 84.09 | 50.32 | 5.04 | 55.36 | 28.73 |
| Photocopier | 15% | 83.75 | - | 0.34 | 0.34 | - | 22.35 | 21.44 | 0.14 | 21.57 | 0.78 |
| Computer | 40% | 22.35 | - | - | - | - | 568.00 | 498.57 | 26.62 | 525.19 | 42.81 |
| Intangibles | 40% | 562.18 | 0.07 | 5.75 | 5.82 | - | 765.55 | 705.10 | 24.18 | 729.28 | 36.27 |
| Other office Equipments | 15% | 765.55 | - | - | - | - | 202.44 | 99.65 | 14.36 | 114.02 | 88.43 |
| Lift | 15% | 187.20 | 1.15 | 14.09 | 15.24 | - | 9.73 | 8.89 | 0.13 | 9.01 | 0.72 |
| Furniture | 10% | 9.73 | - | - | - | - | 269.01 | 165.19 | 10.00 | 175.18 | 93.83 |
| Solar Power Generator | 40% | 261.29 | - | 7.72 | 7.72 | - | 82.52 | 76.42 | 2.23 | 78.65 | 3.87 |
| Total | | 76.85 | 4.60 | 1.06 | 5.67 | - | 3,557.02 | 2,481.80 | 151.55 | 2,633.34 | 923.66 |
| Total (Previous Year) | | 3,323.19 | 197.95 | 38.85 | 236.81 | - | 3,320.20 | 2,334.70 | 147.10 | 2,481.80 | 838.40 |

For and on behalf of the Board of Directors

Nandhini V
Company Secretary
& Compliance Officer

Premnath Ravindranath
Executive Director

Mannohan Swain
Director

Dr. Suresh V. IAS
Managing Director



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

Place: Thiruvananthapuram
Date: 21-05-2025

Selastin A. FCA
Partner, M No: 202874

UDIN: 25202874 BMIA TB 4436

| | As at 31.03.2025 | As at 31.03.2024 |
|---|--------------------|--------------------|
| | Audited | Audited |
| | Amt in Lakh | Amt in Lakh |
| NOTE : 10 | | |
| NON CURRENT INVESTMENTS | | |
| Keltron Counters Ltd. | 1.47 | 1.47 |
| Kerala Spinners Ltd. | 2.00 | 2.00 |
| Vanjinad Leathers Ltd. | 4.91 | 4.91 |
| KITCO | 14.50 | 14.50 |
| India SME Asset Reconstruction Co. | 0.00 | 35.00 |
| Kerala Venture Capital Fund | 66.00 | 66.00 |
| Kerala Infrastructure Fund Management Ltd | 2.56 | 2.56 |
| Investment in NCD - RCFL | 5,269.77 | 5,269.77 |
| Investment in NCD - 7.74% SBI | 2,301.79 | 2,301.79 |
| Investment in NCD - 8.25% BOB | 1,491.63 | 1,491.63 |
| Investment in NCD -5.23% NABARD 31/01/2025 | 0.00 | 2,406.04 |
| Sub Total | 9,154.63 | 11,595.67 |
| Less : Provision for diminution in value of investments | 5,344.15 | 5,344.85 |
| TOTAL | 3,810.48 | 6,250.82 |
| NOTE : 11 | | |
| OTHER NON CURRENT ASSETS | | |
| Property Acquired in Satisfaction of Claims | 400.34 | 400.34 |
| House Loans to Employees | 1,708.55 | 1,471.09 |
| Conveyance Loan to Employees | 282.18 | 205.79 |
| Computer Loan to Employees | 3.76 | 3.68 |
| Personal Loan to Employees | 343.07 | 139.91 |
| Advance to Employees | 33.45 | 28.72 |
| Deposit with P&T | 0.01 | 0.01 |
| Other Deposits | 119.30 | 107.21 |
| Deposit with KSEB | 11.94 | 11.98 |
| Interest Accrued on Staff Loans | 967.49 | 862.60 |
| GTI Advance | 7.09 | 6.70 |
| Advance for Fixed Assets | 86.71 | 121.64 |
| Loans and Advances (Principal due above 1 year) | 5,88,557.01 | 5,67,078.86 |
| TOTAL | 5,92,520.90 | 5,70,438.53 |
| NOTE : 12 | | |
| CURRENT INVESTMENTS | | |
| Short Term Deposits with Banks | 92,372.59 | 59,032.42 |
| TOTAL | 92,372.59 | 59,032.42 |
| NOTE : 13 | | |
| CASH AND CASH EQUIVALENTS | | |
| Cash in hand | 0.57 | 0.41 |
| Bank Accounts | 33,450.71 | 47,759.62 |
| TOTAL | 33,451.28 | 47,760.03 |
| NOTE : 14 | | |
| OTHER CURRENT ASSETS | | |
| Advance Income Tax | 3,590.21 | 7,682.82 |
| Input Tax Credit | 28.61 | 50.84 |
| Income Tax Deducted at source | 928.67 | 277.46 |
| Stock of Stationery | 0.00 | 0.00 |
| Library | 0.00 | 0.00 |
| Rent Receivable | 9.28 | 14.26 |
| Prepaid Expenses | 14.21 | 14.27 |
| CGTMSE Fee | 1.67 | 2.58 |
| Subsidy Receivable from Govt | 17.28 | 17.41 |
| KSEDM Interest Receivable | 0.71 | 0.71 |
| Deferred Premium on Forward Contract | 0.00 | 1,202.86 |
| Kerala Innovation fund expenses Receivable | 18.88 | 0.16 |
| Interest Accrued on Loans & Advances | 3,176.80 | 3,016.97 |
| Interest Accrued on STD with Banks | 2,712.63 | 3,946.06 |
| CMEDP Interest Receivable | 2,617.00 | 1,434.35 |
| KAMS Interest subsidy | 155.54 | 80.50 |
| KSUM Interest Receivable | 33.37 | 18.05 |
| NORKA Interest Subvention | 0.12 | 0.00 |
| DSFV Interest Receivable | 11.24 | 8.08 |
| Loans & Advances (Principal Due within one year) | | |
| a) Bills purchased and discounted | 1,00,653.18 | 50,380.76 |
| b) Term Loans | 1,11,988.42 | 1,19,373.09 |
| TOTAL | 2,25,957.82 | 1,87,521.23 |



| | As at 31.03.2025 | As at 31.03.2024 |
|---|------------------|------------------|
| | Audited | Audited |
| | Amt in Lakh | Amt in Lakh |
| NOTE : 15 | | |
| REVENUE FROM OPERATIONS | | |
| Interest Received On Loans & Advances | 73,775.51 | 69,802.64 |
| Less : Interest rebate allowed on Loans | 2,030.22 | 1,617.62 |
| Net Interest Received On Loans & Advances | 71,745.29 | 68,185.01 |
| Loan Processing Fees | 964.52 | 918.66 |
| Recovery from written off loans | 8,484.06 | 11,179.87 |
| Switch over interest | 0.10 | 0.60 |
| Premium on pre-closure | 156.06 | 92.61 |
| TOTAL | 81,350.03 | 80,376.75 |
| NOTE : 16 | | |
| OTHER INCOME | | |
| Interest on Staff Loans | 173.50 | 120.93 |
| Interest on Bank Deposits | 7,444.56 | 5,521.51 |
| Interest received on IT refund | 56.71 | 0.00 |
| Other Income | 450.67 | 354.61 |
| Exchange gain on Forex | 133.31 | 0.00 |
| Rent Received | 56.72 | 76.19 |
| Income from Insurance Agency | 10.85 | 12.89 |
| RTI Application Fee Received | 0.01 | 0.01 |
| Consultancy Service Division Receipts | 0.55 | 0.81 |
| Commission exchange and brokerage | 462.15 | 407.85 |
| TOTAL | 8,789.03 | 6,494.80 |
| NOTE : 17 | | |
| INTEREST AND FUND EXPENSES | | |
| Interest on Bonds | 12,556.60 | 10,582.13 |
| Interest on Coconut Dev Board Subsidy & Norka Capital subsidy | 21.66 | 37.11 |
| Interest on Refinance from SIDBI | 0.00 | 0.00 |
| Interest on Line Of Credit from Banks | 45,007.04 | 42,835.53 |
| Guarantee Commission | 0.00 | 44.44 |
| Premium on Forward Contract | 2,976.73 | 2,832.28 |
| Exchange loss on Forex | 0.00 | 321.67 |
| Bond Issue Expenses | 88.26 | 457.68 |
| Share Issue Expenses | 0.55 | 1.03 |
| LOC Administrative Expenses | 41.31 | 38.15 |
| TOTAL | 60,692.15 | 57,150.02 |
| NOTE : 18 | | |
| EMPLOYEE BENEFITS AND EXPENSES | | |
| Pay & Allowances | 3,612.69 | 3,944.05 |
| Contribution to Employees' P.F | 179.68 | 140.92 |
| Contribution to NPS | 242.66 | 151.38 |
| Group Gratuity Insurance | 41.32 | 3.00 |
| Group E/L Encashment Insurance | 0.11 | 152.00 |
| Group Term Insurance | 13.30 | 8.40 |
| Other Staff Expenses | 125.10 | 103.12 |
| TOTAL | 4,214.86 | 4,502.87 |
| NOTE : 19 | | |
| ADMINISTRATIVE EXPENSES | | |
| Rent, Rates, Taxes & Insurance | 161.98 | 146.15 |
| Postage, courier and Telephone | 26.68 | 20.02 |
| Printing & Stationery | 15.11 | 19.24 |
| Vehicle Running & Maintenance | 18.48 | 19.25 |
| Repairs & Maintenance | 56.66 | 64.56 |
| Revenue Recovery expenses | 60.00 | 60.00 |
| Loan Recovery Expenses | 302.23 | 202.66 |
| Bank Charges and Commission | 2.06 | 4.65 |
| Audit Fees | 7.32 | 4.59 |
| Consultancy Charges | 116.32 | 49.57 |
| Legal Expenses | 8.05 | 17.82 |
| Books & Periodicals | 2.65 | 2.31 |
| Other Expenses | 288.30 | 213.91 |
| Travelling Expenses | 31.08 | 23.06 |
| Board / E.C. Meeting Expenses | 0.00 | 1.44 |
| Other Meeting Expenses | 6.32 | 8.48 |
| Concurrent Audit Fee | 59.30 | 47.38 |
| Advertisement and publicity | 74.73 | 36.36 |
| Business Development Expenses | 27.92 | 31.42 |
| TOTAL | 1,265.19 | 972.87 |

For and on behalf of the Board of Directors

Nandhini V. Company Secretary & Compliance Officer
 Soya K. Financial Controller & Chief Financial officer
 Premnath Ravindranath Executive Director
 Manmohan Swain Director
 Dr. Srikanth V. IAS Managing Director



Place: Thiruvananthapuram
 Date: 21-05-2025



As per our report of even date
 For JAKS & Associates
 Chartered Accountants
 Firm Reg No: 0013605

Selam A. FCA
 Partner, M No: 202874

UDIN: 25202874BMIA TB 3346

Note: 20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Corporate Information

The Kerala Financial Corporation is a State Financial Corporation having its area of operations in the state of Kerala and incorporated under the provisions of the State Financial Corporation Act, 1951. It was established as the Travancore Cochin Financial Corporation on 01.12.1953. Consequent to the reorganization of states on linguistic basis in November 1956, Kerala State was formed and the Travancore Cochin Financial Corporation was renamed as Kerala Financial Corporation. The Corporation is engaged in extending financial assistance to Micro, Small and Medium Enterprises in manufacturing and service sector in the state.

Basis of Preparation

The Financial Statements of the Corporation have been prepared and presented under the historical cost convention and on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the statutory requirements prescribed under the State Financial Corporation Act, 1951, the circulars and guidelines issued by the SIDBI and Reserve Bank of India ('RBI') from time to time, the Accounting Standards to the extent applicable and practices generally prevalent in the banking and financial sector in India and as per the Accounting Policy of the Corporation. The Corporation has adopted the format of Schedule III to the Companies Act as amended by Notification G.S.R.207(E), dated 24th March, 2021 to the extent applicable and Accounting standards issued by the Institute of Chartered Accountants of India, for better presentation of the financial statements.

The accounting policies adopted in the preparation of financial statements are in consistence with those of previous year except for the change in accounting policy, explained hereunder.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 . Uses of Estimates

The preparation of the Financial Statements, in conformity with Indian GAAP requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures relating to contingent assets and 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 material or immaterial adjustments to the carrying amounts of assets or liabilities in future periods. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.



1.2. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. All the revenue items are accounted on accrual basis. Income is recognised on accrual basis on performing assets and on realisation basis in respect of non-performing assets as per the prudential norms on income recognition, asset classification and provisioning prescribed by RBI/SIDBI. The Corporation debits the monthly interest in all the loan accounts on the first day of the subsequent month. Interest due is calculated and charged to the party on gross basis and the eligible rebate is credited to the party on payment of dues in time subject to their rating and other factors determining the rate of rebate. The rebate for prompt payment is deducted from interest income for reporting in the financial statements. Interest accrued on standard loans is recognized as interest income in the financials at the end of the financial year and is reversed on the first day of the next financial year.

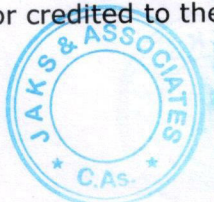
The commission on performance guarantee provided is collected upfront from the customers for the full tenure of guarantee period. However the commission in respect of the unexpired portion of the guarantee will be reversed at the end of the financial year. In case of completion/closure of facility before the specified tenure, corporation will reimburse the commission for the balance period, provided the commission for a minimum period of one year will be retained.

Recovery of loans and advances is appropriated first towards recovery of expenses, then towards interest and the balance, if any, towards principal. However, in the case of Compromise Settlement and sale of units taken over under the SFCs Act, 1951 and Revenue Recovery proceedings, the proceeds are apportioned first towards recovery of expenses and then towards principal amount and lastly towards interest, on satisfaction of the stipulated conditions. Recoveries from bad debts written-off are recognised in the Statement of Profit and Loss as revenue on receipt basis.

1.3. Investments

The classification and valuation of the securities and investments are done as per the Treasury & Investment Policy in compliance with the Accounting Standards and as per applicable regulatory and statutory norms laid down from time to time. Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as Non-current investments.

Investments classified under long term investments need not be marked to market and will be carried at acquisition cost on individual investment basis, unless it is more than the face value, in which case the premium should be amortized over the period remaining to maturity. Investments classified under Current Investments will be valued at lower of cost and fair value either on individual investment basis or by category of investment. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. The provision for diminution is made to recognize a decline, other than temporary, in the value of investments determined for each investment individually. Reduction in the carrying amount and reversals of such reductions are charged or credited to the profit and loss statement.



1.4. Loans and Advances

The Corporation provides Fund based and Non-fund based facilities to the customers. In case a non-fund based limit becomes NPA, its fund based limit also will be considered as NPA. In the reverse scenario, where fund based limit becomes NPA then its non-fund based limit is also categorized as NPA. However, the non-fund based limit will be live till the time it is invoked or cancelled.

1.5. Provision

1.6. Provisioning Norms and Provision Coverage Ratio (PCR)

General provisions are the minimum regulatory provisions as prescribed by RBI. Specific provisions are additional provisioning at rates higher than the rates prescribed by RBI. Floating provisions are provisions kept in addition to the Specific provisions and not used for making specific provisions or general provisions as per the extant prudential

guidelines. It is used only for contingencies under extraordinary circumstances for making specific provisions in impaired accounts.

Provisioning Coverage Ratio (PCR) is the ratio of provisioning to gross non-performing assets and indicates the extent of funds the Corporation has kept aside to cover loan losses. PCR is calculated as per the guidelines given vide 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.

The Corporation has the provisioning cushions consisting of general provisions, specific provisions as well as floating provisions, and are maintaining a total PCR including floating provisions, which is not less than 70 per cent.

Provision for standard advances are made at such rates subject to the minimum provisioning prescribed by the RBI / SIDBI guidelines for standard advances. Provisions for bad and doubtful debts are made in respect of non-performing advances based on overall portfolio quality, asset growth, economic conditions, Management's assessment and other risk factors subject to the minimum provisioning level prescribed by the RBI / SIDBI guidelines. Additional provisions are made against specific non-performing assets over and above what is stated above, if in the opinion of the management, is necessary. In case the specific provision available during a year is more than the required minimum or the ALCO recommended rates, the excess provision can be either written back or can be considered for that year as decided by ALCO. Floating provisions cannot be reversed by credit to the profit and loss account.

During the year the corporation has provided 0.25% for SME sector, 0.40% for Medium /Other sector and 1% for CRE sector for all standard advances and thus provision made is in line with the minimum prescribed by the RBI / SIDBI guidelines. A judicious provision of 77% (77% in FY 2023-24) 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.

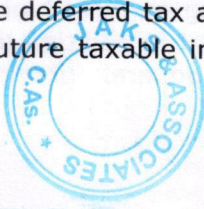
1.7. Taxes on Income

Income tax expense comprises current tax and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961, using the tax rates and laws that are enacted or substantively enacted as of the reporting date.

Until FY 2023-24, the Corporation followed the cash basis for computing taxable income. To bring consistency between accounting and tax reporting, the Corporation adopted the accrual method of computation under Section 145 of the Income Tax Act with effect from AY 2024-25. While the tax audit for FY 2023-24 was conducted using the accrual method, the statutory financial statements continued to reflect tax based on the cash method. Hence FY 2024-25 marks the first year in which both statutory financial reporting and income tax computation are aligned under the accrual method.

- Deferred tax is recognized in accordance with the applicable Accounting Standards in respect of all identified timing differences such as depreciation on fixed assets and other routine temporary differences. Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized only to the extent there is reasonable certainty of future taxable income to realize such assets. Deferred tax is



measured using the tax rates and laws that are enacted or substantively enacted as at the reporting date.

The Corporation until FY 2023-24, did not recognize deferred tax on Provision for bad and doubtful debts and Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961. This was due to the cash-based tax approach, which made it difficult to reliably estimate the timing of reversals of such provisions and reserves especially given the Corporation's status as a State Financial Corporation governed by a specific Central Act. In line with the prudence principle, deferred tax recognition was deemed inappropriate.

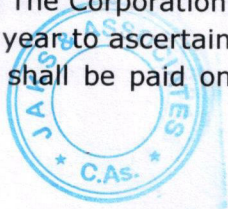
Following the adoption of the accrual basis of tax computation under Section 145 of the Income Tax Act and in view of the Expert Advisory Committee (EAC) opinion of ICAI which clarified that the Special Reserve under Section 36(1)(viii) is capable of reversal, the Corporation revised its approach to deferred tax recognition. Consequently, for FY 2024-25, the Corporation has recognized Deferred Tax Asset on Provision for Bad and Doubtful Debts and Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961. This change has been accounted for prospectively, and no restatement of prior period figures has been made.

1.8. Employee Payments and Retirement Benefits

Short-term employee benefits are recognized as expense in the profit and loss account of the year in which the related service is rendered. Terminal benefits to employees include Provident Fund (PF) payments, leave encashment and gratuity.

Defined contribution plan: Retirement benefit in the form of provident fund is a defined contribution plan wherein the contributions are charged to the Profit and Loss Account every year when the contributions to the fund are due and when services are rendered by the employees. The Corporation contributes 12% of Basic Pay+DA+Personal Pay to the Provident Fund which is administered by a duly constituted and approved independent trust by name KFC Employees Provident Fund Trust. The employees will be paid the balance outstanding in their PF account along with interest accumulated thereon at the date of superannuation. The Corporation has no obligation other than the contribution payable to the provident fund in this regard. The employees who joined after 01.04.2018 are not members of this Trust.

Defined Benefit Plan: The Corporation contributes towards gratuity fund administered by Life Insurance Corporation of India (LIC) for eligible employees and is covered under Group Gratuity scheme. The gratuity limit is fixed as per the Payment of Gratuity (Amendment) Act, 2018. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Corporation. Liability with regard to gratuity fund is accrued based on the actuarial valuation and demand raised by LIC. The premium is paid to LIC as demanded by them at the time of renewal of the scheme. The Corporation contributes towards the terminal encashment of earned leave to the employees under the Group Leave Encashment Scheme of LIC. The contribution to the fund is paid as per the actuarial valuation and demand raised by LIC. Under both these schemes, the settlement obligations remain with the Corporation, although LIC administers the schemes and determine the contribution premium required to be paid by the Corporation as per the valuation done by LIC. The Corporation take an independent external actuarial valuation as on 31st March every year to ascertain the position of funds vis a vis liability. The shortfall if any in the funds shall be paid on the basis of actuarial report of LIC /



external valuation whichever is less based on the fund position of the Corporation. The contribution made to the fund every year is accounted as expenses and hence the excess / shortfall amount in the fund if any is not recognised as asset / liability in the Balance Sheet. The Corporation neither recognizes the actuarial gain/loss in the P&L A/c, nor shows the liability/asset of fund in the Balance sheet. The Corporation is following this practice consistently during the past years and LIC has always met the liability in this regard. All the claims for the FY 2024-25 have been settled by LIC.

National Pension Scheme: This is a defined contribution scheme and is applicable to employees who joined the Corporation on or after 01.04.2018. 10% of Basic +DA + Personal Pay will be deducted from the employee's salary and 14% of Basic +DA + Personal Pay being the Corporation contribution will be credited to the NPS account of the employee on a monthly basis. They will not be eligible for employer PF contribution. The employees who joined before 01.04.2018 are given an option to contribute to NPS in three proportions. The Corporation contributes 14% and such contribution is charged to Profit and Loss Account.

1.9. Property, Plant & Equipment and Intangibles

In compliance with amended Schedule III requirements, Fixed Assets are renamed as 'Property plant and equipment and Intangibles'. The gross value of Intangibles, accumulated depreciation and depreciation till date are separately calculated and disclosed in 'Note 9 – Property Plant & Equipment and Intangibles'. The Land value of Rs.11.62 Lakh comprises of properties in the name of the Corporation. Fixed assets are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase and all expenditure like site preparation, installation costs, professional fees, borrowing costs etc., if capitalization criteria are met and are directly attributable to the cost of bringing the asset to its working condition for the intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Any subsidy/ reimbursement/ contribution received for installation and acquisition of any fixed assets is shown as deduction in the year of receipt. Where the asset is acquired in piecemeal and payment is being made in installments, all such payments are debited to 'Advance for fixed assets. When the asset is put to use, the amount so accumulated in advance account is transferred to the respective Asset account.

Individual assets costing up to Rs.5000 and assets in the nature of electronic items up to the value of Rs.10,000 are charged to revenue in full in the year of purchase. Depreciation on fixed assets shall be provided for on written down value (WDV) method and at the rates prescribed under the IT Act, 1961. Computer includes computer software for reporting under the block Plant & machinery as per the IT Act, 1961. Hence Computer software is not shown separately under intangible assets. Depreciation on fixed assets added/disposed of during the year/period is provided on pro-rata basis (that is full depreciation for assets used for more than six months and half depreciation for others) with reference to the date of addition/disposal.

1.10. Contingent Liabilities and Assets

A disclosure of contingent liability on Balance sheet date is made when there is:



- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or nonoccurrence of one or more uncertain future events not within the control of the Corporation; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Provisions and contingent liabilities are reviewed on each balance Sheet date. Contingent assets are neither recognized nor disclosed in the Balance Sheet.

1.11. Grants and subsidies

Grants and subsidies from Government and other agencies are accounted as per terms of respective agreements. The undisposed portion of subsidies to loanees 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 and will be disposed subject to the satisfaction of terms and conditions thereof by the beneficiaries. 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.

1.12. Leases

Operating lease rent payments and receipts are recognized as expense and income respectively in the statement of profit and loss every month as and when accrued or paid/received. Actual lease payments made during the year, unexpired portion of contracted lease (future expected lease payments) and provision for contingent rent if any recognized in P&L are disclosed where the Corporation is a lessee. Actual lease rent receipts recognized during the year and unexpired portion of contracted lease (future expected lease receipts) if any are disclosed. As a matter of prudence, no contingent rent is recognized in the P&L where the Corporation is a lessor.

1.13. Prior Period Items

Prior period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. The nature and amount of prior period items are separately disclosed in the statement of profit and loss in a manner that their impact on the current profit or loss can be perceived.

1.14. Extraordinary Items

Extraordinary items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly. Extraordinary items are disclosed in the statement of profit and loss as a part of net profit or loss for the period in a manner that its impact on current profit or loss can be perceived.



1.15. Special Reserve Fund

As per Section 35A of the SFC Act 1951, the SFC is required to establish a Special Reserve Fund to which shall be transferred such portion of the dividends accruing to State Government and the SIDBI on the shares of the SFC as may be fixed by agreement between State Government and SIDBI for being used for such purposes as are approved by the State Government and SIDBI. Accordingly a rate of 0.50% of the dividend accruing to State Government and SIDBI are transferred to Special reserve fund under Section 35A of SFC Act 1951. However, the dividends from FY 1991-1992 till FY 2018-19 were declared and paid without transferring 0.50% of dividend accruing to State Government and SIDBI to Special Reserve U/s 35A.

1.16. Dividend

Dividend is the share of profits that is payable to each shareholder of the Corporation. The dividend is paid out of current year profits only on the paid-up capital. The Board recommend the percentage of dividend payable on the equity shares and the shareholders at the Annual general meeting pass a resolution adopting the recommendation or may lower the percentage recommended. The dividend proposed by the Board is provided for in the financial statements of the Corporation and is paid only after it has been passed at the Annual general meeting of the shareholders.

1.17. Resource Mobilization

The Corporation mobilizes resources from banks/ financial institutions as Term loan/ Working Capital Demand Loan/ Overdraft/ Foreign Currency Loan. The loans from Banks and other financial institutions are secured by charge on receivables as primary security for the loan. There are no other charges created on any of the assets of the Corporation on account of borrowings. The Corporation mobilizes funds from debt market also by issuing Rated, Listed, Redeemable, Taxable, Non-Convertible Bonds with credit enhancement mechanism without government guarantee.

These are accounted as Short Term Borrowings and Long Term Borrowings from Banks/ FIs and Non SLR Bond Issues. The Current maturity of Long term borrowings is classified as Short term borrowings under the head Current Liabilities and the noncurrent portion is classified as Long term borrowings under the head Non Current Liabilities.

1.18. Cash flow Statement

Cash Flow statement is prepared on indirect basis as per AS 3 issued by ICAI and is part of the Annual accounts. The cash flow statement report cash flows during the period classified by operating, investing and financing activities. The Non-SLR Bonds issued by the Corporation are considered as cash flow from financing activity.

1.19. Earnings per share

The Corporation presents basic and diluted earnings per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the net income attributable to shareholders of the Corporation by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the net income attributable to equity



shareholders and the weighted average number of equity shares outstanding adjusted for the effect of all dilutive potential equity shares, including advance for share capital.

2. NOTES FORMING PART OF ACCOUNTS

2.1 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%. To strengthen the capital base and streamline equity position and networth of the Corporation, the Government has released Rs.20000 Lakh on 24.03.2025 vide GO.(Ms)No.34/2025/Fin dated 20.03.2025. The share capital so received is shown as 'Share application money pending allotment' in the Balance Sheet. The paid up capital is therefore increased to Rs.92650.43 Lakhs.

1. The details of shareholders holding more than 5% shares as on 31.03.2025 are as under:

| Name of the Shareholders | As at 31.03.2025 | | As at 31.03.2024 | |
|--------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | No. of shares in Lakh | % to total shares | No. of shares in Lakh | % to total shares |
| Government of Kerala | 920.27* | 99.327 | 720.27 | 99.142 |

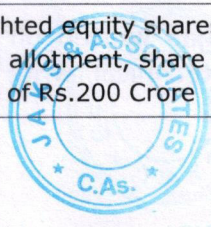
*includes Rs. 200.00 Lakh shares pending allotment

2. The shares held by the promoters as on 31.03.2025 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 | 920.27 | 99.327 | 0.00188 |
| 2 | SIDBI | 6.13 | 0.662 | -0.21564 |
| 3 | LIC | 0.07 | 0.008 | -0.20000 |
| 4 | SBI | 0.02 | 0.002 | -0.33333 |
| 5 | Others | 0.01 | 0.001 | 0.00000 |
| | Total | 926.50 | | |

3. Earnings per share

| Calculation of EPS | 31.03.2025 | 31.03.2024 |
|---|------------|------------|
| a. Net profit including prior period items and extraordinary items after deducting current tax expenses | 10096.23 | 7404.39 |
| b. Number of Equity Shares outstanding (face value of Rs.100/- each) | 726.50 | 726.50 |
| Basic earnings per share (a) / (b) | 13.90 | 10.19 |
| c. Average number of weighted equity shares (As the shares are pending allotment, share application money pending of Rs.200 Crore | 730.89 | 726.50 |



| | | |
|--|-------|-------|
| received on 24.03.2025, is considered for diluted EPS) | | |
| Diluted Earnings per share (a) / (c) | 13.81 | 10.19 |

2.2 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 1 year | Total |
|-----------------------------------|-------------------|--------------|-----------|
| Loans & Advances | 212641.60 | 588557.01 | 801198.61 |
| a) Bills purchased and discounted | 100653.18 | - | 100653.18 |
| b) Term Loans | 111988.42 | 588557.01 | 700545.43 |
| Borrowings | 201378.31 | 579466.58 | 780844.89 |

2) Loans and Advances restructured:

The Corporation has restructured 120 loan accounts during the year amounting to Rs. 14913.65 Lakh of which (i) 50 loan accounts amounting to Rs.7906.70 Lakh are classified under standard category on account of extension of DCCO with additional provision of 10% (minimum norms is 5%) amounting to Rs.790.67 Lakh (ii) 70 loan accounts amounting to Rs. 7006.94 Lakh are classified under Substandard category with provisioning of 77% amounting to Rs. 5395.35 Lakh.

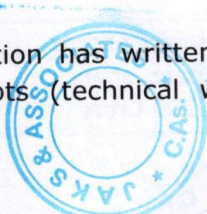
The Corporation had restructured loan accounts and classified under Standard category as per RBI guidelines in FY 20-21 and FY 21-22, of which 293 loan accounts amounting to Rs. 23,104.85 Lakh is outstanding as on, 31.03.2025. Additional provision of 10% (minimum norms 5%/10%) amounting to Rs. 2,310.48 Lakh is kept in respect of these accounts as below.

- (i) 41 loan accounts amounting to Rs.6210.31 Lakh 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. Additional provision of 10% (minimum norms is 5%) amounting to Rs.621.03 Lakh has been made on these loans.
- (ii) 252 loan accounts amounting to Rs. 16,894.54 Lakh under Resolution framework for Covid-19 related stress as per RBI Circular dated May 5, 2021 (Resolution framework 2.0). Additional provision of 10% (minimum norms) amounting to Rs. 1,689.45 Lakh has been made on these loans.

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 324 loan accounts amounting to Rs. 13,687.70 Lakh as bad Debts (technical write off to maintain asset quality) (663



| | | |
|---|---|--------------|
| 6 | DICGC / ECGC claims received and held pending adjustment | 0 |
| 7 | Part payment received and kept in Suspense Account or any other similar account | 0 |
| 8 | Total (Sum of column 4 of Row 4+ Row 5 + Row 6+ Row 7) | 30280.68 |
| 9 | Provision Coverage Ratio {(Row 8/Total of Column 3 of Row 4)*100} | 86.41 |

If the minimum provision required as per the RBI norms is made, the provision needed is only Rs. 8442.66 Lakh, whereas the Corporation has provided an additional provision of Rs.14010.87 Lakh over and above the minimum RBI stipulated norms amounting to Rs.22,453.53 Lakh.

a) The corporation has provided Rs.2,759.40 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 10% (minimum norms is 5%/10%) amounting to Rs.3,101.16 Lakh in respect of 343 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.16592.97 Lakh. During the year, all the doubtful advances amounting to Rs. 13,687.70 Lakh are technically written off and charged to revenue account to maintain asset quality.

The total provision available during the FY was Rs.22453.53 Lakh and the provision needed during the FY is 22328.06 Lakh. Hence no additional provision is made during this FY. The Operating profit before write off is Rs.23815.28 Lakh (Rs.24098.66 Lakh during PY). The Operating profit after write off is Rs.10127.58 (Rs. 10789.08 Lakh during PY) and Net profit is Rs.9815.91 Lakh (Rs.7404.39 Lakh during PY). The Gross NPA and Net NPA as on March 31,2025 are and 2.67% and 0.61% respectively as against 2.88% and 0.68% as on March 31,2024.

In accordance with the guidelines of RBI/SIDBI on asset classification, all loans and advances have been classified into Standard, Sub Standard and Doubtful Assets and provisioning is made as under.

| SI No | Category of Assets | Minimum provision required (%) as per RBI norms | | Provision actually made (%) and amount | | | |
|-------|--------------------------------|---|-----------------------|--|-----------------------|-----------------|-----------------------|
| | | | | During FY 24-25 | | During FY 23-24 | |
| | | % | Amount (Rs. In Lakhs) | % | Amount (Rs. In Lakhs) | % | Amount (Rs. In Lakhs) |
| 1 | Standard Assets- Micro & Small | 0.25 | 930.34 | 0.25 | 930.34 | 0.25 | 871.58 |

accounts amounting to Rs. 13309.57 Lakh written off during FY 2023-24). Constructive steps have been initiated for the recovery of these accounts and the amounts as and when recovered are treated as revenue. Rs.8484.06 Lakh have been received as recovery from loans technically written off in earlier years (Rs. 11179.87 Lakh during FY 2023-24). As on 31.03.2025, the balance outstanding of technically written off bad debts pending to be recovered amount to Rs.92785.15 Lakh (including Rs.13687.70 Lakh technically written off as on 31-03-2025).

4) Loan Recovery expenses

Rs.302.23 Lakh (Rs. 202.66 Lakh during FY 23-24) 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% (77% in FY 2023-24) 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 86.41% as on 31st March 2025 (85.92% as on 31st March 2024) 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.

| Amount in Rs. in Lakhs | | | | |
|--|--|---|--|---------------------|
| Provisioning Coverage Ratio (PCR) as on Mar 31, 2025 | | | | |
| 1 | 2 | 3 | 4 | 5 |
| Sl No | Particulars | Gross NPA Plus Technical / Prudential Write-off * | Specific Provisions held including provisions for diminution in fairvalue of the restructured accounts classified as NPAs plus Technical write off | Ratio of (4) to (3) |
| 1 | Sub-Standard Advances | 21356.69 | 3287.96 | 15.40 |
| 2 | Doubtful Advances (a+b+c) | 13687.70 | 13687.70 | 100.00 |
| | a < 1 year | 13687.70 | 13687.70 | 100.00 |
| | b 1-3 Years | 0.00 | 0.00 | |
| | c >3 years | 0.00 | 0.00 | |
| 3 | Advances classified as Loss Assets | 0.00 | 0.00 | |
| 4 | Total | 35044.39 | 16975.66 | 48.44 |
| 5 | Floating Provisions for Advances (only to the extent they are not used as Tier II Capital) | | | 13305.02 |

| | | | | | | | |
|---|--|------|----------------|------|-----------------|------|-----------------|
| | Standard Assets- Medium | 0.40 | 1498.68 | 0.40 | 1498.68 | 0.40 | 1336.11 |
| | Standard Assets- CRE | 1 | 330.38 | 1 | 330.38 | 1 | 329.56 |
| 2 | Additional provision for loans restructured as per RBI resolution framework for MSME sector vide Circular no. DOR.No.BP.BC /4/21.04.048/2020-21 dated August 6, 2020 | 5 | 310.52 | 10 | 621.03 | 10 | 1204.07 |
| 3 | Additional provision for loans restructured as per RBI resolution framework 2.0 for Covid-19 related stress as per RBI Circular dated May 5, 2021 | 10 | 1689.45 | 10 | 1689.45 | 10 | 2262.83 |
| 4 | Additional provision for loans restructured as per RBI guidelines on account of extension of DCCO during the FY 24-25 | 5 | 395.34 | 10 | 790.67 | 10 | 92.31 |
| 5 | Sub Standard Assets- FB limits | 15 | 3143.89 | 77 | 16264.09 | 77 | 16085.87 |
| | Sub Standard Assets- CGTMSE (Secured portion) | 15 | 44.71 | 77 | 229.52 | 77 | 189.27 |
| | Sub Standard Assets-CGTMSE (Un Secured portion) | 100 | 99.36 | 100 | 99.36 | 100 | 81.93 |
| 6 | Doubtful Assets (up to 1 year) | 25 | NA | NA | NA | NA | NA |
| | Total Provision made | | 8442.66 | | 22453.53 | | 22453.53 |

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 NPAs for FY 2023-24 is given below.

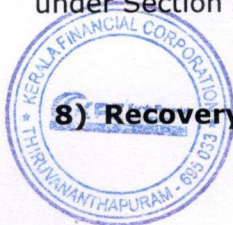
(Rs in Lakh)

| Sl No. | Particulars | Amount |
|--------|---|----------|
| 1 | Gross NPAs as on March 31, 2024 as reported by the Corporation | 21218.47 |
| 2 | Gross NPAs as on March 31, 2024 as assessed by RBI/ SIDBI | 21218.47 |
| 3 | Divergence in Gross NPAs (2-1) | Nil |
| 4 | Net NPAs as on March 31, 2024 as reported by the Corporation | 4861.40 |
| 5 | Net NPAs as on March 31, 2024 as assessed by RBI/ SIDBI | 4861.40 |
| 6 | Divergence in Net NPAs (5-4) | Nil |
| 7 | Provisions for NPAs as on March 31, 2024 as reported by Corporation | 22453.53 |
| 8 | Provisions for NPAs as on March 31, 2024 as assessed by RBI/ SIDBI | 22453.53 |
| 9 | Divergence in provisioning (8-7) | Nil |
| 10 | Reported Net Profit after Tax (PAT) for the year ended March 31, 2024 | 7404.39 |
| 11 | Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2024 after taking into account the divergence in provisioning | 7404.39 |

7) Assets taken over under Section 29

During the year 9 units were taken over with Principal outstanding of Rs.3350.81 Lakh under Section 29 of the SFC Act, 1951.

8) Recovery under Compromise Settlement Policy



During the year, the Board of the Corporation at its meeting held on 13.08.2024 approved Loan Compromise Settlement Policy (LCSP) to settle NPA loans. CS was sanctioned in 68 cases under the scheme for Rs.14627.00 lakh and 40 cases were settled amounting to Rs.6236.36 Lakh as on 31.03.2025. The total collection, including advance and partial remittance under CS is Rs.7726.42 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.3255.62 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 amounts to Rs.14254.71 Lakh.

10) Physical possession under SARFAESI Act 2002

The Corporation has taken physical possession of 3 units with Principal outstanding of Rs. 1533.07 Lakh under SARFAESI during the year.

11) Revenue Recovery

During the year the Corporation has initiated Revenue Recovery action against 133 units with a demand issued for Rs.27208.70 Lakh.

2.3 Loans to Government Public Sector Undertaking (PSU)

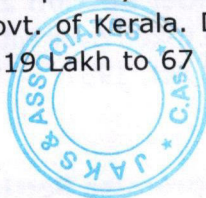
The Loan Portfolio of the Corporation as on 31.03.2025 includes the loans extended to the following Public Sector Undertaking (PSU) of Govt of Kerala.

| (Rs. In Lakh) | | | |
|---------------|---|--------------------------------------|--------------------------------------|
| SL no. | Name of Borrower | Balance outstanding as on 31-03-2025 | Balance outstanding as on 31-03-2024 |
| 1 | Kerala Infrastructure Investment Fund Board (KIIFB) | 1,16,675.97 | 83,335.30 |
| 2 | Kerala Social Security Pension Ltd (KSSPL) | 99,999.80 | 64,999.95 |
| 3 | Kerala State Electricity Board (KSEB) | 68,015.67 | 90,542.59 |
| 4 | Vizhinjam International Seaport Ltd(VISL) | 0 | 35,257.14 |
| | Total | 2,84,691.44 | 2,74,134.98 |

2.4 Projects with subsidies

a) 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). Initially the scheme was envisaged with 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 FY 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 2024-25, the Corporation has sanctioned assistance worth Rs.33745.28 Lakh to 371 units and disbursed Rs.27519.57 Lakh under this scheme. Rs.2628.24 Lakhs is receivable from the Govt as interest subsidy as on 31.03.2025 of which Rs. 1062.84 lakh pertain to FY 2023-24.

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 has sanctioned Rs. 57.50 Lakh to 3 units under this scheme. Rs 16.34 Lakh is received as capital subsidy from NORKA Roots during the FY 2024-25. An amount of Rs. 163.27 lakh is received as capital subsidy from NORKA Roots till 31.03.2025.

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. The maximum assistance is Rs.25 lakh for productization, up to Rs.50 lakh for commercialization and up to Rs.200 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. 2842 lakh to 24 Start-up units and disbursed Rs. 2016.01 lakh. Rs.32.08 lakh is receivable as interest subsidy from Kerala Startup Mission as on 31.03.2025 .

d) KFC Agro-based MSME Loan Scheme (KAMS)

Agro-based industries can play an important role in contributing to the overall development of the economy. The Hon. Finance Minister, in the Budget Speech 2022-23, had announced a Special Scheme for MSMEs in Agriculture Sector through KFC. The Government of Kerala has accorded administrative sanction for financing MSMEs in Agriculture Sector. Accordingly, the Corporation approved a special loan scheme for MSMEs in Agriculture Sector and the Scheme is named 'KFC Agro-based MSME Loan Scheme' (KAMS). The Government have extended the validity of the Scheme for the FY 2024-25. The rate of interest of the loans under the Scheme is 6% where 3% subsidy is given by the Govt of Kerala. During the FY 2024-25, the Corporation has sanctioned assistance worth Rs.1860.00 Lakh to 3 units and disbursed Rs.2844.44 Lakh under this scheme. Rs.155.54 Lakhs is receivable as interest subsidy from Govt of Kerala as on 31.03.2025 (Rs.80.50 Lakhs as on 31.03.2024).



2.5 Investments

Out of the investments of Rs. 91.44 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, being the value of investment in respect of companies under liquidation. During the FY 2024-25, the Corporation has divested the equity stake in ISARC of 35000 shares, at Rs.19/- per share as against the face value of Rs.10/-per share. 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.6,080 lakh in April 2018 in Secured Redeemable Non-Convertible Debentures issued by M/s. Reliance Commercial Finance Limited (RCFL), in compliance with the Non-SLR Bond Issue Series 2018. Subsequently, RCFL defaulted on its obligations to lenders and the Reserve Bank of India (RBI) initiated a resolution process in which Authum Investment and Infrastructure Limited was selected as the highest bidder under the resolution plan in July 2021. As per the approved plan, the Corporation was entitled to recover only 24.96% of the invested amount. Dissenting to this plan due to concerns over the resolution process and voting mechanism, the Corporation filed a writ petition before the Hon'ble High Court of Bombay in May 2022 and the matter is yet to be posted for hearing.

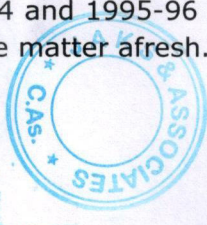
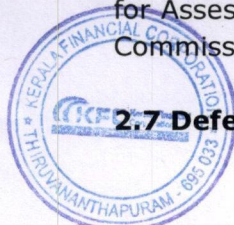
Meanwhile, the Hon'ble Supreme Court, in its order dated 30.08.2022, upheld the validity of the settlement process carried out by RBI and allowed the dissented stakeholders to negotiate directly with the successful bidder. Based on this, the bidder offered a revised settlement of 52% of the original investment plus 1% of future remittances with respect to the security mortgaged to the Corporation. This proposal was approved by the Board in Nov 2022 and the Government in May 2024 has conveyed that the Corporation's Board may take a suitable decision in the matter. However, as the writ petition challenging the resolution process and voting mechanism is still pending before the Hon'ble High Court, the revised settlement offer has not yet been implemented. As a prudent measure, the Corporation has already made 100% provision for the principal amount in excess of whatever amount received and hence any further amount received towards settlement will be credited to income.

The Corporation also hold investment in NCDs amounting to Rs.3793.43 Lakh in compliance with the covenant requirements of KFC Non SLR Bond Issue Series 2020.

2.6 Income Tax Assessments

Income tax return is filed up to Assessment year 2024-25. Assessment have been completed up to Assessment year 2024-25. 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 2018-19. Assessment was reopened u/s 147 for Assessment Years 2017-18, 2018-19 and 2020-21. The assessment for AY 2017-18 was completed without additional demand as per the order dated 16.07.2024. The assessment for AY 2018-19 and AY 2020-21 are pending for disposal. Writ petition filed by the Corporation for Assessment Years 1993-94 and 1995-96 have been remanded to the Chief/Additional Commissioner for deciding the matter afresh.

2.7 Deferred Tax Asset



The deferred tax assets and liabilities arising from timing differences between accounting income and taxable income has been recognised in accordance with Accounting Standard 22. The major components of deferred tax are as follows: -

| (in Lakh) | |
|--|-------------------|
| Particulars | 31.03.2025 |
| Deferred Tax Assets (DTA) | |
| Provision for doubtful debts | 5651.10 |
| Difference on account of depreciation (WDV method) | 43.52 |
| Deferred Tax Liabilities (DTL) | |
| Special reserve created u/s 36(1)(viii) | 3823.41 |
| Net Deferred Tax Asset as on 31.03.2025 | 1871.21 |
| Opening Balance of DTA/(DTL) | (321.61) |
| DTA/(DTL) recognised for FY 2024-25 | 2192.82 |

2.8 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 with a demand of Rs.93.88 Lakhs is pending with the Jurisdictional Assessing Officer for disposal.

Goods and Service Tax (GST)

GST was implemented across 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 2023-24.

SCN 95/2022-23(GST) dated 31.03.2023 was served on the Corporation with a demand of Rs.83.00 Lakhs in the matter of chargeability of GST under RCM against establishment charges of Revenue recovery staff reimbursed to Govt. The Order in Appeal No.TVM-GST-APP150-2024-25 on the matter confirming the demand was passed by Comm(A) on 12.11.2024. The appeal against the order is not filed as the GST Tribunal is not constituted yet.

2.9 Related Party Disclosures as per AS 18

A. List of Related Parties

- Holding Company - NIL
- Subsidiary Companies - NIL
- Key Managerial Personnel -



1. Sri Premnath Ravindranath - Managing Director (i/c) (from 27.03.2024 to 09.06.2024),
2. Sri. Sanjay Kaul IAS – Chairman & Managing Director (from 10.06.2024 to 30.08.2024)
3. Dr.Sriram Venkitaraman IAS - Managing Director (from 31.08.2024)
4. Smt.Soya K - Financial Controller & Chief Financial Officer,
5. Sri.Ram Ganesh R - Company Secretary & Compliance Officer (from 14.12.2023 to 22.08.2024)
6. Smt.Nandhini Vijayaraghavan - Company Secretary & Compliance Officer (from 18.09.2024)

B. Related party Transactions

No remuneration is paid to Sri.Sriram Venitaraman IAS during the year.

Salary and other perquisites :

Sri. Premnath Ravindranath – Rs. 46.10 Lakh

Smt. Soya K – Rs.34.78 Lakh

Sri. Ram Ganesh R – Rs.4.61 Lakh

Sri. Nandhini Vijayaraghavan – Rs.5.63 Lakh

2.10 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. An assessment of indicators of impairment of assets in accordance with Accounting Standard 28 – Impairment of Assets as at the balance sheet date and there has been no indication that an asset or a class of assets is 'impaired'. Accordingly, no impairment loss has been recognized in the books of account for the year ended 31.03.2025

2.11 Advance for fixed assets.

The Advance for Fixed assets of Rs.86.71 Lakh represents those amounts spent on fixed assets but is not ready for use as on 31.03.2025. This includes Rs.74.86 Lakhs paid to KADCO as advance payment for renovation of Ernakulam Branch Office. An advance of Rs.11.30 Lakh paid to National Informatics Centre for the development of MISAGO application for Case Management System is pending for deployment.

2.12 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.

2.13 Contingent liabilities

The contingent liabilities as on 31.03.2025 are estimated as under

- On account of Income Tax Rs.290.21 Lakh
- On account of suits filed against the Corporation Rs. 46.31 Lakh
- On account of Service Tax & GST Rs.178.36 Lakh
- On account of guarantees issued on behalf of Government contractors in Kerala- Rs.23965.39 Lakh

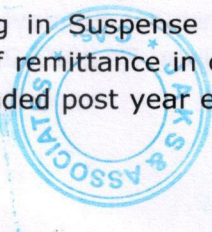
2.14 Assets acquired in satisfaction of claims (Title deeds of Immovable Property not held in name of the Company)

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 FY 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.662.00 Lakh (As per the Minutes of ADC dated 13.11.2024) which is more than its book value. Though E-sale was posted twice during the year, no bidders were there. The Corporation has retained the amount in Non-Current Assets expecting settlement and as an additional support to the claims.

| Relevant line item in the Balance sheet | Description of item of property | Gross carrying value | Title deeds held in the name of | Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director | Property held since which date | Reason for not being held in the name of the company |
|---|---------------------------------|----------------------|--------------------------------------|---|--------------------------------|--|
| Other non current assets | Land | 109.50 | Sri.Rajendra Babu & Sri.Balakrishnan | No | 26.10.2006 | Possession of property taken over u/s 29 of SFC Act |
| Other non current assets | Building | 290.84 | - | No | 26.10.2006 | Possession of property taken over u/s 29 of SFC Act. |

2.15 Suspense Account

The amount outstanding in Suspense Account amounting to Rs.1194.44 Lakh as on 31.03.2025 comprises of remittance in contractor loans of Rs.941.10 Lakh, out of which Rs.822.10 Lakhs is refunded post year end. Balance amount of Rs.253.34 Lakhs pertains



to unidentified credits received in loan accounts during year end and amount retained as per court orders etc. The balance amount lying in Suspense account as on date is being identified and rectified.

2.16 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. 2,71,964.13 Lakh and repaid Rs. 2,08,370.23 Lakh. The loan outstanding as on 31.03.2025 is Rs. 6,37,306.87 Lakh. The Corporation had converted Rupee Term Loans and WCDLs and availed as Foreign Currency Loans from State Bank of India & South Indian Bank for tenors not exceeding 183 days on a fully hedged basis. All transactions in foreign currency were recognized at the exchange rate prevailing on the date of the transaction. The premium paid during the year ended March 31, 2025 was Rs 2976.73 Lakh. All the loans denominated in Foreign Currencies were converted back to Rupee Term Loans and WCDLs before 31.03.2025 and no loans denominated in Foreign currencies are outstanding as on 31.03.2025.

2.17 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 31.03.2025 aggregate to Rs. 1,43,537.50 Lakh as given below.

| Rs in Lakh | | | | | | | |
|------------|------------|--------|---------------|--------------------|---------------|---------------|--------------------------|
| Sl No | Issue Date | Coupon | Amount Issued | Amount Outstanding | Maturity Date | Credit Rating | Asset Cover ⁺ |
| 1 | 13-Mar-24 | 8.89% | 30700.00 | 30700.00 | 13-Mar-34 | AA | 100% |
| 2 | 02-May-23 | 8.63% | 27350.00 | 27350.00 | 24-Mar-33 | AA | 100% |
| 3 | 24-Mar-23 | 8.90% | 47650.00 | 47650.00 | 24-Mar-33 | AA | 100% |
| 4 | 14-Sep-20 | 7.70% | 25000.00 | 25000.00 | 14-Sep-30 | AA | 110% |
| 5 | 09-Jul-19 | 8.99% | 25000.00 | 12500.00 | 09-Jul-26 | AA | 125% |
| 6 | 04-Apr-18 | 8.69% | 25000.00# | 337.50 | 04-Apr-25 | AA | 125% |

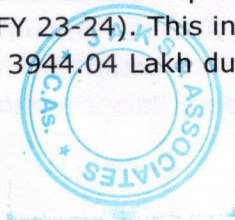
Partial Redemption done

+ 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, 2025 is Rs.18.57 Lakh.

2.18 Employee Expenses

The total Employee benefits and expenses for the year amount to Rs.4214.86 Lakh (Rs. 4502.87 Lakh during FY 23-24). This includes Employee Pay & Allowances for the year of Rs.3612.69 Lakh (Rs. 3944.04 Lakh during FY 2023-24). Govt has declared 3% increase



in the DA of employees on 20.03.2025 w.e.f 01.01.2022 for which a provision of Rs.251.82 Lakh is created in the Pay & Allowances.

2.19 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 6.58%
- Salary escalation rate 4.00%
- 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, 2025 for both the schemes is as below.

| Rs in Lakh | | |
|-------------------------------|------------------|------------|
| Particulars | PV of obligation | Fund value |
| Group gratuity Scheme | 1141.00 | 1156.29 |
| Group Leave Encashment Scheme | 734.13 | 1055.60 |

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

| Sl No | Particulars | Gratuity | Leave encashment |
|-------|---|----------|------------------|
| 1 | Defined Benefit Obligation | 1141.11 | 734.13 |
| 2 | Fair value of plan assets | 1156.29 | 1055.60 |
| 3 | Funded status -(surplus)/deficit | (15.30) | (321.47) |
| 4 | Unrecognised past service (cost)/credit | - | - |
| 5 | Liability/(asset) | (15.30) | (321.47) |

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

| Sl No | Particulars | Gratuity | Leave encashment |
|-------|--------------------------------|----------|------------------|
| 1 | Current service cost | 56.03 | 171.56 |
| 2 | Interest cost | 76.85 | 44.44 |
| 3 | Expected return on plan assets | (86.61) | (72.70) |
| 4 | Actuarial loss/(gains) | 10.18 | 22.93 |

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.



2.20 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.1012.21 Lakh has been made for the payment due from FY 2014-15 to FY 2023-24 as on 31.03.2024. The provision for the year 2024-25 is kept as Rs.60 Lakhs based on the calculations for last year. Hence as on 31.03.2025 the total amount provided is Rs.1072.21 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 |
| FY 2023-24 | 60.00 |
| FY 2024-25 | 60.00 |
| Total | 1072.21 |

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.

2.21 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 24-25 are Rs.73775.51 Lakh and Rs.2,030.22 Lakh (Rs. Rs.69,802.63 Lakh and Rs.1,617.62 Lakh during FY 2023-24) respectively.

2.22 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 357.12 Lakh (Rs. 619.00 Lakh during the FY 23-24), out of which Rs 153.90 Lakh pertains to this FY (Rs. 196.25 Lakh during the FY 23-24) and Rs 203.22 Lakh (Rs. 422.74 Lakh during the FY 23-24) pertains to future FYs.



Out of the unexpired portion of Commission accounted during:

- a) FY2023-24 (Rs.422.74Lakh), Rs.213.40Lakh is recognized as income during this year
- b) FY 2022-23 (Rs.147.05Lakh), Rs.66.98 Lakh is recognized as income during this year
- c) FY 2021-22 (Rs.34.17Lakh), Rs.17.32 Lakh is recognized as income during this year
- d) FY 2020-21 (Rs.15.12 Lakh), Rs.6.97 Lakh is recognized as income during this year.
- e) FY 2019-20 (Rs.4.98 Lakh), Rs. 3.58 Lakh is recognized as income during this year.

Thus, the total income recognised during the year is Rs. 462.15 Lakh.

2.23 Ageing of trade payables and trade receivables

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

2.24 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 accrual basis. The deferred tax assets and liabilities are recognised, for the expected tax consequences of temporary / timing differences.

| | | |
|---|---|------------------|
| Taxable income calculated as per IT Act | - | Rs. 9951.07 Lakh |
| Income tax thereon | - | Rs. 2504.48 Lakh |

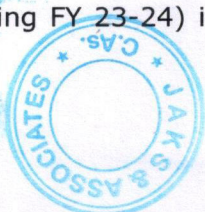
2.25 Dividend and Special Reserve Fund

The Board of Directors has proposed a dividend of 5% (Previous year -5%) for the year ended March 31, 2025, 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 28.65% as at March 31, 2025.

As per Section 35A of the SFC Act 1951, 0.50% of the dividend accruing to State Government and SIDBI amounting to Rs 18.16 Lakh will be transferred to Special reserve fund.

2.26 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 loanees 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 all back ended subsidies is Rs. 21.66 Lakh (Rs.37.11 Lakh during FY 23-24) is shown under the head Interest and fund-expenses.



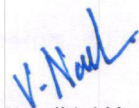
2.27 Prior period items

There are no prior period adjustment made during this year .

2.28 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



Nandhini V
Company Secretary
& Compliance Officer



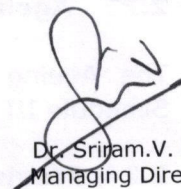
Soya K
Financial Controller
& Chief Financial officer



Premnath Ravindranath
Executive Director



Manmohan Swain
Director



Dr. Sriyam.V. IAS
Managing Director



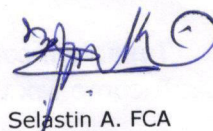
Thiruvananthapuram
Date: 21.05.2025



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:25202874BMIA TB4436

| KERALA FINANCIAL CORPORATION | | | | |
|--|-----------------|----------------|-----------------|----------------|
| Note: 21 | | | | |
| DISCLOSURE REQUIREMENTS: | | | | |
| | | | (Rs. in Lakh) | |
| | | | | |
| A. Capital | 2024-25 | | 2023-24 | |
| a) CRAR (%) | | 28.65 | | 25.52 |
| b) Risk Weighted Assets | | | | |
| 1) On Balance Sheet items | | 466845.00 | | 440925.55 |
| c) Share holding pattern as Balance Sheet date | | | | |
| | Amount | | Amount | |
| 1. Government of Kerala | 92,026.94 | 99.33 | 72026.94 | 99.14 |
| 2. SIDBI | 613.33 | 0.01 | 613.33 | 0.01 |
| 3. Commercial Banks, Insurance Cos. Pvt. Shareholders etc. | | | | |
| | 10.16 | 0.66 | 10.16 | 0.85 |
| TOTAL | 92650.43 | 100 | 72650.43 | 100 |
| d) Net worth | | 1,32,834.64 | | 1,06,352.78 |
| | | | | |
| B. Asset Quality and Credit Concentration: | Amount | | Amount | |
| a) Gross NPA under the prescribed assets classification categories | 21356.69 | 2.67 | 21218.47 | 2.88 |
| | | | | |
| b) Net NPAs under the prescribed asset classification categories | 4763.71 | 0.61 | 4861.40 | 0.68 |
| | | | | |
| c) Provisions: | | | | |
| | | 2024-25 | | 2023-24 |
| 1. Provision for Standard Assets | | 6096.46 | | 6096.46 |
| 2. Provision for NPA | | 16357.07 | | 16357.07 |
| 3. Provision for Investments | | 5344.15 | | 5344.85 |
| 4. Provision for Income Tax | | 2504.48 | | 2660.34 |
| 5. Provision for Deferred Tax Liability | | -2192.82 | | 589.26 |
| | | | | |
| | | 2024-25 | | 2023-24 |
| d) Movement in Net NPA (%) | | 0.61 | | 0.68 |







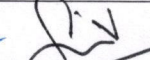
C. Liquidity:
(Rs. in Lakh)

a) Maturity pattern of Rupee assets.

| Items | | Less than or equal to 1 year | More than 1 year upto 3 years | More than 3 year upto 5 years | More than 5 years up to 7 years | More than 7 years up to 10 years | Total |
|-------------------|--|------------------------------|-------------------------------|-------------------------------|---------------------------------|----------------------------------|-------------|
| Total assets | | 2,12,641.60 | 2,79,603.15 | 1,88,858.32 | 75,059.72 | 45,035.82 | 8,01,198.61 |
| Total Liabilities | | 2,01,378.31 | 2,77,155.26 | 1,85,831.39 | 72,533.26 | 43,946.67 | 7,80,844.89 |

| | 2024-25 | 2023-24 | | |
|--|-------------|-------------|---------------|---------------|
| D. Operating Results: | | | (Rs. in Lakh) | (Rs. in Lakh) |
| a) Interest income as a percentage to average working funds - | 8.22 | 8.84 | | |
| Interest Income | 71,745.29 | 68,185.01 | | |
| Average Working Funds | 8,72,424.40 | 7,71,215.92 | | |
| b) Non-interest income as a percentage to Average Working Funds - | 2.11 | 2.42 | | |
| Non-interest income | 18,393.76 | 18,686.52 | | |
| Average Working Funds | 8,72,424.40 | 7,71,215.92 | | |
| c) Operating Profit (+) / Loss (-) as a % to Average Working Funds - | 1.16 | 1.40 | | |
| Operating Profit (+) / Loss (-) | 10,127.58 | 10,789.08 | | |
| Average Working Funds | 8,72,424.40 | 7,71,215.92 | | |
| d) Return on Average Assets - | 1.13 | 1.35 | | |
| Returns (operating profit + depreciation) | 10,279.12 | 10,936.18 | | |
| Average Assets | 9,11,374.70 | 8,08,347.80 | | |
| e) Net profit (+) / Loss (-) per employee | 53.06 | 39.39 | | |
| No. of employees | 185 | 188 | | |
| Net profit (+) / Loss (-) | 9,815.91 | 7,404.39 | | |

| Ratio | Formula | Components | Result |
|------------------------------------|---|---|--------|
| Current Ratio | Current Assets / Current Liabilities | Current | 1.63 |
| Debt - Equity Ratio | Total Debt / Shareholder's Equity | Total debt=Long term borrowings+Short term borrowings Shareholder's | 5.88 |
| Debt Service Coverage Ratio (DSCR) | Earnings available for debt service / Debt Service | Service = Net Profit before taxes + Non-cash operating expenses like depreciation and | 0.26 |
| Return on Equity (ROE) | Net Profits after taxes - Preference Dividend (if any) / Average Shareholder's Equity | Average Shareholder's Equity=(Opening SC+Free | 0.08 |
| Net Profit Ratio | Net Profit / Net Sales | Net Profit = Profit | 10.89% |
| Return on capital employed (ROCE) | and taxes / Capital Employed | Capital Employed = Tangible Net Worth | 0.07 |
| Return on investment (ROI) | Investment / Cost of | Net Return on | 10.59% |

 Nandhini V
Company Secretary & Compliance Officer
 Soya K
Financial Controller & Chief Financial officer
 Premnath Ravindranath
Executive Director
 Manmohan Swain
Director
 Dr. Srinivas V. IAS
Managing Director



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

Firm Reg No: 0013605

Selasin A. PCA

Partner, M No: 202874

Place: Thiruvananthapuram
Date: 21-05-2025

UDIN: 25202874BMIA TB4436

Annexure-A

Disclosure required as per Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended March 31, 2025

| Sl No | Particulars | Quarter ended March 31, 2025 |
|-------|-------------------------------------|------------------------------|
| A | Debt-Equity Ratio (times) | 5.88 |
| 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 1,32,834.64 Lakh |
| G | Net Profit after Tax | Rs. 9,815.92 Lakh |
| H | Earnings per Share | |
| | 1) Basic (Rs.) | 13.90 |
| | 2) Diluted (Rs.) | 13.81 |
| 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 (times) | 0.82 |
| N | Debtors turnover | NA |
| O | Inventory Turnover | NA |
| P | Operating Margin | NA |
| Q | Net profit Margin | NA |
| R | Sector specific equivalent Ratios | |
| | • CRAR | 28.65% |
| | • Gross NPA | 2.67% |
| | • Net NPA | 0.61% |

For and on behalf of the Board of Directors

Nandhini V

Company Secretary

Soya.K

Financial Controller

Premnath Ravindranath

Executive Director

Manmohan Swain

Director

Dr. Sriram.V. IAS

Managing Director

& Compliance Officer

& Chief Financial officer



Thiruvananthapuram

Date: 21.05.2025

UDIN: 25202874 BMIA TB 4436



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

INDEPENDENT AUDITOR'S REPORT

To

The Members
Kerala Financial Corporation
Thiruvananthapuram

Report on the Audit of the Financial Statements,

We have audited the Financial Statements of Kerala Financial Corporation (herein referred to as KFC), which comprise the Balance Sheet as on March 31, 2025 and the Profit and Loss account and the statement of Cash Flows for the Year Ended, and the Notes to the Financial Statements, including a summary of Significant Accounting Policies.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying Financial Statements give a True and Fair view of the Financial Position of the entity as on March 31, 2025 and of its Financial Performance and its cash flows for the year ended in accordance with the directives of SIDBI, State Financial Corporation Act and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section for our report. We are independent of the entity according to the ethical requirements that are relevant to our audit of the Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the opinion.

Emphasis of Matter

1. The corporation has restructured loan accounts amounting to Rs.31011.55 Lakh and classified as Standard assets, and accrued interest on these assets is about Rs.329.87 Lakh. The corporation has made additional provision of 10% on these assets and is included in the provision for bad debts.
2. The corporation applies a higher percentage of provision for bad debts on sub-standard assets than prescribed in the RBI Norms. Though the corporation does it on a conservative basis, the correct application of RBI Norms will have a material impact on the Profit and Loss account of the corporation.



3. With reference to Note No: 1.7 the corporation has taken the cumulative balance of special reserve under section 36(1)(viii) of IT Act, 1961 and Provision for doubtful debts till date for the first time for the calculation of Deferred Tax due to which the Deferred Tax Asset for the current year is Rs. 2,192.82 lakh.
4. The corporation has a property acquired against a defaulted loan with a value of Rs.400.34 Lakh shown as an asset in its Balance Sheet. This has been there for a very long time. The corporation has revalued the same on 10-10-2024 and decided to fix the Reserve Price of the Property at Rs. 662 lakhs. Though there are records available to substantiate the recoverability of the asset, the same is not getting materialised.
5. The corporation does not have a full-fledged system to verify whether the collateral securities are revalued once in every three years and updated in the loan database and accounting records with the revalued figures.
6. The Loan Portfolio of the Corporation as on 31.03.2025 includes the loans extended to the following Public Sector Undertaking (PSU) of Govt of Kerala.

(Rs. In Lakh)

| SL no. | Name of Borrower | Balance outstanding as on 31-03-2025 | Balance outstanding as on 31-03-2024 |
|--------|---|--------------------------------------|--------------------------------------|
| 1 | Kerala Infrastructure Investment Fund Board (KIIFB) | 1,16,675.97 | 83,335.30 |
| 2 | Kerala Social Security Pension Ltd (KSSP) | 99,999.80 | 64,999.95 |
| 3 | Kerala State Electricity Board (KSEB) | 68,015.67 | 90,542.59 |
| 4 | Vizhinjam International Seaport Ltd(VISL) | 0 | 35,257.14 |
| | Total | 2,84,691.44 | 2,74,134.98 |

We have found that these loans are secured only by the sovereign guarantee of the Govt of Kerala and does not have any other security.

7. The corporation has funded subsidy upfront to the tune of Rs.2,817.27 Lakh to the borrowers on certain loan schemes on behalf of Government of Kerala before collecting the subsidy amount from Government. This amount is subject to confirmation from Government of Kerala and the corporation has not taken any provision against it.
8. The Corporation had invested Rs.6,080 lakh in NCDs of M/s. Reliance Commercial Finance Ltd. in April 2018. Following default by the issuer, RBI initiated a resolution plan which was approved in July 2021 providing for recovery of only 24.96% for KFC. The Corporation dissented and filed a writ petition before the Hon'ble High Court of Bombay, which is pending. Pursuant to the Hon'ble Supreme Court's order dated 30.08.2022, the resolution bidder gave a revised settlement offer of 52% plus 1% of future remittances which was approved by the Board in Nov 2022. Government concurrence was received in May 2024, but implementation is pending due to the



ongoing writ petition. Full provision has been made for the unrecovered amount, and any future recovery will be recognized as income.

Our opinion is not modified in respect of these matters.

Other Matters

1. On our random verification, it is observed that the KYC updation of loan files for some loan documents pertaining to branches are not fully in order due to deficiency in documentation.
2. Suspense account shows a balance of Rs.1,194.44 lakh as on 31.03.2025, which includes Rs.941.10 lakh related to contractor loan remittances, of which Rs.822.10 lakh was refunded post year-end. The remaining Rs.253.34 lakh pertains to unidentified credits in loan accounts and amounts retained in compliance with court orders.
3. There are some liability accounts with subsidy received from various agencies but not yet released to the eligible borrowers. It may also be noted that for the subsidies payable to the borrowers which have already become NPA, the corporation may adjust the subsidies against the loan account balance with the approval from the authorities concerned.
4. We have come across instances where entire details of Insurance Policy such as Insurance Declared Value, Expiry Date, Lien Clause etc. are not updated in the system and hence not available for complete verification.
5. The Corporation has a mechanism to claim the secured portion under CGTMSE from the Central Government. These claims may be accounted for as receivables upon approval by the Government.
6. We have noticed certain limitations in the software system in generating specific reports required for verifying MSME classification etc directly from the ERP.
7. Accounting and Reporting Process of the Corporation is highly dependent on Information System Controls. We have observed data cleansing issues during the period of Audit. We are of the opinion that there is an inherent risk that any control lapses, incorrect input data, ineffective data migration procedures and wrong extraction of data may result in the financial accounting and Reporting records being misstated.

Our opinion is not modified in respect of these matters.



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

Management is responsible for the preparation and the Fair Presentation of the Financial Statements in accordance with the aforesaid Accounting Standards, and for such internal controls as management determines is necessary to enable the preparation of Financial Statement that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Place: Thiruvananthapuram
Date: 21-05-2025



For JAKS and Associates
Chartered Accountants
FRN No: 001360S

A handwritten signature in blue ink, appearing to read "Selastin Anthoniappan".

CA Selastin Anthoniappan
M. No.: 202874

UDIN: 25202874BMIATB4436



KERALA FINANCIAL CORPORATION

HO: VELLAYAMBALAM, THIRUVANANTHAPURAM - 695 033

Phone : 0471- 2315891, 2737566

e-mail : mdoffice@kfc.org website : www.kfc.org



KFC/F&A/BOND/BSE/2025-26

21.05.2025

The Manager
Listing Compliance
BSE Limited
P.J Tower, Dalal Street
Fort, Mumbai - 400 001

Dear Sir/Madam,

Sub:- Compliance under Regulation 52(7), 52 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.

Pursuant to Regulation 52(7) of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 and in compliance with SEBI operational Circular SEBI/HO/DDHS_ Div1/P/CIR/2022/0000000103 dated July 29, 2022 we are furnishing herewith Utilization of issue proceeds of non-convertible securities and Statement of deviation/variation for the quarter and year ended March 31, 2025.

Request you to kindly take the same on your record.

Thanking you.

For Kerala Financial Corporation

Nandhini Vijayaraghavan
Company Secretary & Compliance Officer

NANDHINI VIJAYARAGHAVAN
Company Secretary
Kerala Financial Corporation

A. Statement of utilization of issue proceeds:

| Name of the Issuer | ISIN | Mode of Fund Raising (Public issues/Private placement) | Type of instrument | Date of raising funds | Amount Raised | Funds utilized | Any deviation (Yes / No) | If Yes, then specify the purpose for which the funds were utilized | Remarks, if any |
|------------------------------|------|--|----------------------------|-----------------------|---------------|----------------|--------------------------|--|-----------------|
| Kerala Financial Corporation | - | Private Placement | Non-Convertible Debentures | NIL | NIL | NIL | No | NA | Nil |



NANDHINI VIJAYARAGHAVAN
Company Secretary
Kerala Financial Corporation

B. Statement of deviation/ variation in use of Issue proceeds:

| Particulars | | Remarks | | | | |
|---|-----------------------------|------------------------------|------------------------------|----------------|---|-----------------|
| Name of listed entity | | Kerala Financial Corporation | | | | |
| Mode of fund raising | | Private Placement | | | | |
| Type of instrument | | Non-Convertible Securities | | | | |
| Date of raising funds | | - | | | | |
| Amount raised | | - | | | | |
| Report filed for quarter ended | | 31-03.2025 | | | | |
| Is there a deviation/ variation in use of funds raised? | | No | | | | |
| Whether any approval is required to vary the objects of the issue stated in the prospectus/ offer document? | | NA | | | | |
| If yes, details of the approval so required? | | NA | | | | |
| Date of approval | | NA | | | | |
| Explanation for the deviation/ variation | | NA | | | | |
| Comments of the audit committee after review | | NA | | | | |
| Comments of the auditors, if any | | Nil | | | | |
| Objects for which funds have been raised and where there has been a deviation/ variation, in the following table: | | | | | | |
| Original Object | Modification Object, if any | Original Allocation | Modification allocation, any | Funds Utilised | Amount deviation/variation for the quarter according to the applicable object (in Rs. crore and in %) | Remarks, if any |
| Nil | NA | NA | NA | NA | Nil | Nil |
| Deviation could mean: | | | | | | |
| a. Deviation in the objects or purposes for which the funds have been raised. | | | | | | |
| b. Deviation in the amount of funds actually utilized as against what was originally disclosed. | | | | | | |

Name of signatory: Nandhini Vijayaraghavan**Designation: Company Secretary & Compliance officer**

NANDHINI VIJAYARAGHAVAN
Company Secretary
Kerala Financial Corporation



KERALA FINANCIAL CORPORATION

HO: VELLAYAMBALAM, THIRUVANANTHAPURAM - 695 033

Phone : 0471- 2315891, 2737566

e-mail : mdoffice@kfc.org website : www.kfc.org

75
Azadi Ka
Amrit Mahotsav



KFC/F&A/BSE/2025-26

21.05.2025

The Manager
Listing Compliance
BSE Limited
P.J Tower, Dalal Street
Fort, Mumbai - 400 001

Dear Sir,

Sub: Compliance with Regulation 23(9) of SEBI (LODR) Regulations, 2015 for the Quarter ended 31.03.2025

Ref: Extensive Corporate Governance and disclosure requirements Extended to Debt Listed Entities SEBI (LODR) (Fifth Amendment) Regulations, 2021

As per Regulation 23(9) SEBI (Listing Obligations and Disclosure Requirements), every listed entity shall be required to submit "disclosures of related party transactions" within 15 days from the date of publication of its financial results for the half year.

In this connection we hereby submit that the Board has approved the Audited Financials for the Quarter and Year ended March 31, 2025 in the meeting held on 21.05.2025 and that there no related party transactions for the said period. Kindly take the same on record.

Yours Faithfully

Nandhini Vijayaraghavan
Company Secretary & Compliance Officer

NANDHINI VIJAYARAGHAVAN
Company Secretary
Kerala Financial Corporation



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KFC/F&A/BSE/2025-26

21.05.2025

Listing Compliance Department,
BSE Limited,
PJ. Towers,
Dalal Street, Mumbai-400 001.

Dear Sir/Madam,

Subject: Declaration of unmodified opinion pursuant to Regulation 52(3)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I Nandhini Vijayaraghavan, Company Secretary of Kerala Financial Corporation having registered office at Vellayambalam, Thiruvananthapuram, Kerala hereby declare that the statutory auditors of the Company, M/s. Jaks & Associates, Chartered Accountants (Firm Registration No. 001360S) have issued an audit report with unmodified opinion on the annual audited financial results of the Company for the year ended March 31, 2025.

The declaration is given in compliance with Regulation 52(3)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) as amended from time to time and financial results and auditor's report is enclosed.

Kindly take the same on record.

For Kerala Financial Corporation

Nandhini Vijayaraghavan
Company Secretary & Compliance Officer

NANDHINI VIJAYARAGHAVAN
Company Secretary
Kerala Financial Corporation



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KFC/F&A/BSE/2025-26

21.05.2025

To,
The Manager
BSE Limited
PJ Towers
Dalal Street
Mumbai – 400001

Sub: Quarterly Intimation to Stock Exchange Compliance with Regulation 54 of SEBI (LODR) Regulations, 2015

Dear Sir,

Incompliance with Regulation 54 of SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 we hereby submit that we have maintained more than 100% asset cover on our Non-Convertible Debentures listed with BSE. Attaching herewith our Asset Cover Certificate for the quarter and year ended March 31, 2025.

Kindly take the same on record.

Thanking You,

Yours Faithfully

NANDHINI VIJAYARAGHAVAN
Company Secretary
Kerala Financial Corporation

Company Secretary & Compliance Officer

Statutory Audit Certificate

(In compliance with Regulation 54(1) and Regulation 56 (1) (d) of SEBI LODR Regulation, 2015)

This is to certify that Kerala Financial Corporation has complied with all the covenants mentioned in the Information Memorandum and/or Debenture Trust Deed of all the listed non-convertible debt securities of the corporation as detailed below.

| No. | Covenant | Particulars | | | |
|-----|---|--|------------------------------------|---|-----------------------------------|
| 1 | List of Bonds outstanding during the year ended 31 st March 2025 | Bond name | | Principal Amount (Rs in Crores) | |
| | | KFC 8.69% Non SLR Bond, issue series 1/2018 | | 3.38 | |
| | | KFC 8.99% Non SLR Bond, issue series 1/2019 | | 125.00 | |
| | | KFC 7.70% Non SLR Bond, issue series 1/2020 | | 250.00 | |
| | | KFC 8.90% Non SLR Bond, issue series 1/2023 | | 476.50 | |
| | | KFC 8.63% Non SLR Bond, issue series II/2023 | | 273.50 | |
| | | KFC 8.89% Non SLR Bond, issue series I/2024 | | 307.00 | |
| 2 | Present Credit Rating | Instrument Type | Amount outstanding (Rs. in Crores) | Infomerics Valuation and Rating Pvt Ltd | Acuite Ratings & Research Limited |



| | | | | |
|--|--------------|-------|--------------------|------------------------------------|
| | INE818F07054 | 3.38 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | INE818F07062 | 62.50 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | INE818F07088 | 62.50 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | INE818F07104 | 50.00 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | INE818F07112 | 50.00 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | INE818F07120 | 50.00 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | INE818F07138 | 50.00 | IVR AA / Stable | ACUITE AA/Stable to Negative |



| | | | | | |
|--|--|--------------|-------|--------------------|------------------------------------|
| | | INE818F07146 | 50.00 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07153 | 95.30 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07161 | 95.30 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07179 | 95.30 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07187 | 95.30 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07195 | 95.30 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07229 | 54.70 | IVR AA / Stable | ACUITE AA/Stable to Negative |



| | | | | | |
|--|--|--------------|-------|--------------------|------------------------------------|
| | | INE818F07237 | 54.70 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07211 | 54.70 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07245 | 54.70 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07203 | 54.70 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07252 | 61.40 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07260 | 61.40 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07278 | 61.40 | IVR AA / Stable | ACUITE AA/Stable to Negative |



| | | | | | |
|---|---|---|-------|-----------------|------------------------------|
| | | INE818F07294 | 61.40 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| | | INE818F07286 | 61.40 | IVR AA / Stable | ACUITE AA/Stable to Negative |
| 3 | Asset Cover Available | As detailed in table I below | | | |
| 4 | Previous due date for the payment of interest/ principal and whether the same paid or not | All interest and principal were paid on due date as per terms of issue. 1. KFC 8.99% Non SLR Bond issue series 1/2019- 09.01.2025 2. KFC 8.89% Non SLR Bond issue series I/2024- 13.03.2025 3. KFC 8.90% Non SLR Bond issue series I/2023- 31.03.2025 4. KFC 8.63% Non SLR Bond issue series II/2023- 31.03.2025 5. KFC 7.70% Non SLR Bond issue series I/2020- 14.03.2025 | | | |
| 5 | Next due date for payment of interest/ principal | 1. KFC 8.69% Non SLR Bond issue series 1/2018- 04.04.2025 2. KFC 8.89% Non SLR Bond issue series I/2024- 13.06.2025 3. KFC 8.90% Non SLR Bond issue series I/2023- 31.06.2025 4. KFC 8.63% Non SLR Bond issue series II/2023- 31.06.2025 | | | |
| 6 | Security Cover certificate | 5. Attached as Annexure-A | | | |

Certificate on Compliance of all the covenants/terms of the issue in respect of listed debt securities of the by listed entity.

We have examined the compliances made by Kerala Financial Corporation (the listed entity) in respect of the covenants/terms of the issue of the listed debt securities (NCD's) and certify that such covenants/terms of the issue have been complied by the listed entity.

This certificate is issued in compliance with regulation 54 (1) and Regulation 56 (1) (d) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015.

For JAKS and Associates

Chartered Accountants

FRN No:001360S



[Handwritten Signature]

CA Selastin Anthoniappan

M. No.:202874

Place: Thiruvananthapuram

Date:21-05-2025

UDIN:25202874BMLATE4530

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