Private & Confidential – For Private Circulation Only (This Key Information Document is neither a Prospectus nor a Statement in Lieu of Prospectus). This Key Information Document is prepared in conformity with SEBI CIRCULAR SEBI/HO/DDHS/POD1/P/CIR/2024/54 dated May 22, 2024 ("**SEBI Master Circular**") and other applicable SEBI circulars as amended/modified/supplemented from time to time.

Ref No.: KFCBOND/2/2025-26 Key Information Document dated: 22.07.2025

KEY INFORMATION DOCUMENT

KERALA FINANCIAL CORPORATION

(Incorporated under the State Financial Corporations Act No. LXIII of 1951)

Kerala Financial Corporation (the "**Corporation**" or "**Issuer**") is a public sector undertaking owned by the Government of Kerala and has been constituted under the State Financial Corporations Act, 1951.

For more information about our Corporation, please refer "*Issuer Information*" given in Section 7 of this Key Information Document

CIN: NA || **Date and Place of Incorporation:** 23.11.1953, Thiruvananthapuram, Kerala

Principal Place of Business: Vellayambalam, Thiruvananthapuram, Kerala-695033

Telephone: 0471- 2737500, 2311750, 2318319 || **Website:** www.kfc.org || **Email:** kfcbondissue@gmail.com

PAN: AABCK1316M

KEY INFORMATION DOCUMENT DATED 22.07.2025 IN RELATION TO ISSUE UNDER THE GENERAL INFORMATION DOCUMENT DATED 14.07.2025, BY WAY OF PRIVATE PLACEMENT OF UP TO 40,000 (FORTY THOUSAND ONLY) SENIOR, RATED, LISTED, SECURED, TAXABLE, REDEEMABLE, NON-CONVERTIBLE DEBT SECURITIES UNDER 5 DIFFERENT SUB-SERIES (A TO E) IN THE NATURE OF DEBENTURES OF FACE VALUE OF INR 1,00,000 (INDIAN RUPEES ONE LAKH ONLY) EACH FOR CASH AT PAR, AGGREGATING UPTO INR 400,00,00,000/- (INDIAN RUPEES FOUR HUNDRED CRORES ONLY) ("DEBT SECURITIES" / "NCDS"/ "DEBENTURES") WITH A BASE ISSUE SIZE OF INR 200,00,00,000 (INDIAN RUPEES TWO HUNDRED CRORES ONLY) ALONG WITH GREEN SHOE OPTION OF INR 200,00,00,000 (INDIAN RUPEES TWO HUNDRED CRORES ONLY), OUT OF WHICH THE ISSUER HAS ACCEPTED BIDS FOR SUBSCRIPTION OF BONDS FOR AN AGGREGATE AMOUNT OF INR 310,00,00,000 (INDIAN RUPEES THREE HUNDRED AND TEN CRORES ONLY), COMPRISING OF A BASE ISSUE SIZE OF INR 200,00,00,000 (INDIAN RUPEES TWO HUNDRED CRORES ONLY) ALONG WITH GREEN SHOE OPTION OF INR 110,00,00,000 (INDIAN RUPEES ONE HUNDRED AND TEN CRORES ONLY).

Any terms used under this Key Information Document will have the meaning defined under the General Information Document dated July 14, 2025 ("General Information Document"). This Key Information Document includes the final terms and details of the offer of the Debentures (*defined above*) and must be read in conjunction with General Information Document. To the extent any disclosures made by the Issuer under the General Information Document, have not been updated under this Key Information Document, please refer to such disclosures under the General Information Document. The requirement of filing a copy of this Key Information Document with the Registrar of Companies as required under sub-section (4) of Section 26 of the Companies Act, 2013 is not applicable since the Issuer is not a company under Companies Act, 2013.

GENERAL RISKS

Investment in non-convertible securities is risky, and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 6 of this Key Information Document. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

CREDIT RATING

The Debentures have been assigned a rating of (a) IVR AA/ Stable (IVR Double A with stable Outlook by Infomerics Valuation and Rating Limited pursuant to its letter dated December 9, 2024 ;(b) ACUITE AA | Stable by Acuite Ratings and Research Private Limited pursuant to its letter dated June 23, 2025. The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agency and should be evaluated independently of any other ratings. Please refer to Annexure I for rating letters for the above ratings along with press release/rationale by the credit rating agencies. The Credit Rating Agency has the right to suspend, withdraw the rating at any time on the basis of new information etc. The rating of the Credit Rating Agencies can be accessed at https://www.acuite.in/ and https://www.infomerics.com/ respectively.

LISTING

The Debentures to be issued through this Key Information Document are proposed to be listed on BSE acting as the Designated Stock Exchange for the Issue.

ISSUE SCHEDULE

ISSUE OPENING DATE	ISSUE CLOSING DATE	ISSUE EARLIEST CLOSING DATE	PAY-IN DATE	DEEMED DATE OF ALLOTMENT
22.07.2025	22.07.2025	N.A.	23.07.2025	23.07.2025

DETAILS ABOUT ARRANGERS AND ELIGIBLE INVESTORS

Arrangers: As set out in Section 7.5 of this Key Information Document

Eligible Investors: The Eligible Investors are the 'eligible investors' as defined in Section 1 of this Key Information Document

Underwriting: The Issue is not underwritten.

COUPON RATE	COUPON PAYMENT FREQUENCY	REDEMPTION DATE	REDEMPTION AMOUNT
8.58%	Quarterly	20.07.2035	**At Par**

THE NATURE, NUMBER, PRICE AND AMOUNT OF SECURITIES OFFERED, AND ISSUE SIZE (BASE ISSUE OR GREEN SHOE), AS MAY BE APPLICABLE.

Issue of secured, rated, listed, redeemable, taxable, non-convertible debentures of face value of INR 1,00,000/- (Indian Rupees One Lakh only) with base issue size aggregating up to INR 200 crores (Indian Rupees Two Hundred Crores Only) and with an option to retain oversubscription up to INR 200 Crores (Indian Rupees Two Hundred Crores Only), in total aggregating up to an amount of INR 400 Crores (Indian Rupees Four Hundred Crores Only) (collectively, the "**Debentures**");

Compliance Clause of EBP: The Issue is made on the Electronic Book Building Mechanism of BSE in compliance with SEBI Debt Regulations and EBP Guidelines. The General Information Document and this Key Information Document for each tranche or issuance of Debt Securities will be uploaded on the EBP of stock exchange in compliance with the applicable EBP Guidelines.

DETAILS OF KMP

COMPLIANCE OFFICER	COMPANY SECRETARY	CHIEF FINANCIAL OFFICER/ FINANCIAL CONTROLLER	PROMOTER
Name: Smt. Nandhini V Telephone Number: 04712737590 Email address: cs@kfc.org	Name: Smt. Nandhini V Telephone Number: 04712737590 Email address: cs@kfc.org	**Name:** Smt. Soya K **Telephone Number:** 0471-2737620 **Email ID:** soyak@kfc.org	Government Of Kerala

DETAILS OF INTERMEDIARIES

DEBENTURE TRUSTEE TO THE ISSUE	STATUTORY AUDITOR	REGISTRAR TO THE ISSUE
Name: Beacon Trusteeship Limited Address: 5W, 5th Floor, The Metropolitan, Bandra Kurla Complex, Bandra(East), Mumbai – 400 051 Tel: 022 – 46060278 Email: compliance@beacontrustee.co.in Website: www.beacontrustee.co.in Contact Person: Kaustubh Kulkarni	Name: Jaks & Associates Address: T.C. 9/2763 (12), Kulangara, 288, CSM Nagar, Edappazhinji, Thiruvananthapuram - 695 010 Telephone Number: +91 471 2723338 Email address: selastin@jaksllp.com Contact Person: CA Selastin A Website: N.A. Peer Review Number: 015382	Name: Cameo Corporate Services Limited Address: Subramanian Building, 1, Club House Road, Chennai 600 002 Tel No. +91-44-28460390 Fax No.: 91-44 - 28460129 Website: https://cambridge.cameoindia.com/ Email id: cameo@cameoindia.com Contact Person: Sreepriya.K

CREDIT RATING AGENCY	CREDIT RATING AGENCY
Name: Acuite Ratings & Research Limited Address: 708, Lodha Supremus, Lodha iThink Techno Campus, Kanjurmarg (East),Mumbai 400 042 Tel.: +91 2249294000 E-mail: info@acuite.in Website: www.acuite.in Contact Person: Parth Pandit	Name: Infomerics Valuation and Rating Limited Address: 1105, B Wing, Kanakia Wallstreet, Off. Andheri Kurla Road, Andheri (East), Mumbai – 400093 Tel No. +91-22-43471920 Website: www.infomerics.com Email id: vma@infomerics.com Contact Person: Sree Harsh

The Issue of the Debentures shall be subject to the provisions of the SEBI Debt Regulations, SEBI LODR Regulations, the terms and conditions of the GID and as modified/ supplemented by the terms of this Key Information Document to be filed with the Stock Exchanges, the Debenture Trust Deed and the Transaction Documents in relation to the Issue. Capitalized terms used here but not defined herein have the meaning ascribed to them in the General Information Document.

The Issuer reserves its sole and absolute right to modify (prepone/ postpone) the issue schedule for each Tranche of Debt Securities without giving any reasons or prior notice in accordance with applicable law. The issuer also reserves its sole and absolute right to change the Deemed Date of Allotment/Pay in date of each Tranche of Debt Securities without giving any reasons or prior notice.

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Issuer's Absolute Responsibility
The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Key Information Document read with the General Information Document contains all information with regard to the Issuer and the issue which is material in the context of the Issue, that the information contained in this Key Information Document read with the General Information Document is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

AMENDMENT TO THE GENERAL INFORMATION DOCUMENT

Through this Key Information Document, the following provisions of the General Information Document dated July 14, 2025 ("**General Information Document**"/ "**GID**") are amended as following:

Infomerics Valuation and Rating Limited had assigned a rating of IVR AA/ Stable (IVR Double A with stable Outlook to Debentures pursuant to its letter dated December 9, 2024. Now, Infomerics has reaffirmed the rating for the proposed Debentures as IVR AA/Stable through its revalidated rating letter dated 16.07.2025. All reference to ratting letter in Issue Document shall include this revalidated rating letter dated 16.07.2025 as enclosed in Annexure I of this Key Information Document. Infomerics Revalidated Rating Letter dated 16.07.2025 affirming rating as IVR AA/Stable

1. DEFINITIONS AND ABBREVIATIONS

In this Key Information Document, unless the context otherwise requires, the terms defined, and abbreviations expanded below, have the same meaning as stated in this section. Terms not defined herein shall have the meaning ascribed to them under the General Information Document. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

1.1 Issuer Related Terms

Term	Description
Auditors	means Jaks & Associates.
Directors/ Board of Directors/ Board	The Board of Directors of the Company for the time being and from time to time.
Issuer/We/Our/KFC	Kerala Financial Corporation
Promoter	Government of Kerala

1.2 Other Terms

Term	Description
Allot/ Allotment/ Allotted	Means the allotment of the Debt Securities pursuant to this Issue.
Applicable Law/ Applicable Laws	Means any statute, national, state, provincial, local, municipal, foreign, international, multinational or other law, treaty, code, regulation, ordinance, rule, judgment, notification, direction, order, decree, bye-law, approval of any Governmental Authority, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of or determination by, or any interpretation or administration having the force of law of any of the foregoing by any Governmental Authority having jurisdiction over the matter in question, whether in effect as of the

Term	Description
	date of this Information Memorandum or at any time thereafter in India.
Arranger(s)	Shall mean Lead Arranger and Other Arrangers "**Arranger(s)**" shall mean each one of them.
Beneficial Owner(s)	Person(s) holding the Debt Securities and whose name(s) is recorded as "Beneficial Owner" with the Depository (for the Debt Securities held in dematerialized form) as defined under clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996, as amended.
Business Day/Working Day	Shall mean all days on which commercial banks in Kerala, are open for business. In respect of bid/ issue period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Kerala are open for business. Further, in respect of the time period between the bid/ issue closing date and the listing of the NCDs on the Stock Exchange, working day shall mean all trading days of the Stock Exchange for NCD, excluding Saturdays, Sundays and bank holidays, as specified by SEBI.
Coupon	means, in respect of a Debenture for the Coupon Period, the amount of interest payable on the face value at the Coupon Rate, as set out in the section titled 'Issue Details' of this Key Information Document.
Coupon Rate	As set out in the section titled 'Issue Details' of this Key Information Document.
Credit Rating Agencies	Means Acuite Ratings and Research Limited and Infomerics Valuation and Ratings Limited. "**Credit Rating Agency**" shall mean each one of them.
Debenture Holders	Means the Eligible Investors who are, for the time being and from time to time, the holders of the Debt Securities.
Debenture Documents/ Debt Securities Documents	means (i) the Debenture Trust Deed and any amendatory or supplementary deed thereto; (ii) the Debenture Trustee Agreement; (iii) Security Documents (iii) the General Information Document and Key Information Document; and (iv) any other document that may be designated as a Debenture Document by the Debenture Trustee and the Company; and "Debenture Document" means any of them
Debenture Trustee	means trustee registered under the Debenture Trustee Regulations and acting for and on behalf of and for the benefit of the Debenture Holders, in this case being Beacon Trusteeship Limited.
Debenture Trustee Agreement/ Trustee Agreement	The agreement dated 11.07.2025, entered into between the Issuer and the Debenture Trustee, for the appointment of the Debenture Trustee.
Debt Security Trust Deed/ Debenture Trust Deed	The trust deed to be entered between the Issuer and the Debenture Trustee.

Term	Description
Debenture Trustee Master Circular	Means the Master Circular for Debenture Trustees' dated May 16, 2024 bearing reference number SEBI/HO/DDHS-PoD3/P/CIR/2024/46, as amended from time to time.
Debenture Trustee Regulations	Means the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended from time to time.
Deemed Date of Allotment/ Pay-In Date	As set out in the section titled '*Issue Details*' of this Key Information Document.
Depository	Means a depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, as amended from time to time, in this case being NSDL or CDSL.
Designated Stock Exchange/BSE/Stock Exchange(s)	BSE Limited
EBP Guidelines	Means the Guidelines for Electronic Bidding Platform issued by the relevant stock exchange and as updated, amended or modified from time to time.
Eligible Investor/Identified Investor	As set out in the section titled '*Issue Details*' of this Key Information Document.
Event of Default	As set out in the section titled '*Issue Details*' of this Key Information Document.
General Information Document	Means the General Information Document dated 14.07.2025
Governmental Authority	Means any: a) government (central, federal, state or otherwise) or sovereign state; b) any governmental agency, semi-governmental or judicial or quasi-judicial or administrative entity, department or authority, or any political subdivision thereof; c) international organisation, agency or authority, or including, without limitation, central bank, any stock exchange or any self-regulatory organization, established under any Applicable Law.
Identified Investors	Persons who are Eligible Investors or retail investors as the context may require under this Key Information Document for the NCDs.
Issue	Means issue of the Debentures pursuant to the terms of this Key Information Document and the General Information Document.
Issue Document/ Offer Document	Means this Key Information Document read with the General Information Document.

Term	Description
Key Information Document	Means this document, issued under the General Information Document and containing *inter alia* the terms and conditions regarding each series/ tranche (as applicable) of Debentures be issued under the Issue.
Lead Arranger	Means Trust Investment Advisors Private Limited
NCD	Non-Convertible Debentures/ Non-Convertible Debt Securities/ Non-Convertible Bonds.
Other Arranger(s)	Means collectively • Real Growth Securities Pvt. Ltd. • Taurus Corporate Advisory Services Limited • PRP Professional Edge Associates Private Limited
RBI Act	Reserve Bank of India Act, 1934, as amended from time to time.
Record Date	Means in relation to payment of interest in connection with the NCDs or repayment of principal in connection therewith, the date falling 15 (fifteen) calendar days prior to the date on which interest payment is due and payable, and/or in case of redemption, the Redemption Date or such other date as may be determined by the Board of Directors (as permitted under applicable law) thereof from time to time in accordance with the applicable law. In case the record date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day or a date notified by the Issuer in accordance with the applicable law to the Stock Exchanges, will be deemed as the record date. In case of maturity date (being the date of last redemption instalment) of the Debentures, the trading in the Debentures shall remain suspended between the record date and the Maturity Date.
Redemption Dates	The dates on which the Debt Securities shall be redeemed in accordance with the Redemption Schedule as set out in the section titled 'Issue Details' of this Key Information Document.
Registrar/Registrar to the Issue	Means the registrar to the Issue.
SEBI Act	Means the Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Debt Regulations	Means SEBI (Issue and Listing of Non-convertible Securities) Regulations, 2021 issued by SEBI, as amended from time to time.
SEBI LODR Regulations	Means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by SEBI, as amended from time to time.
SEBI Regulations/SEBI Guidelines	Means collectively, SEBI Act, SEBI Debt Regulations, SEBI LODR Regulations, Debenture Trustee Master Circular and Debenture Trustee Regulations, each as amended from time to time.
Transaction Documents	As set out in the section titled '*Issue Details*' of this Key Information Document.

Term	Description
QIB	Qualified Institutional Buyer
Wilful defaulter	Shall have the same meaning as under regulation (2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

1.3 Conventional General Terms and Abbreviations

Abbreviation	Full form
Acuite	Acuite Ratings and Research Limited
Court	Supreme Court of India or any other court of competent jurisdiction, as the context may require
Cr.	Crore
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant/ DP	A depository participant as defined under the Depositories Act
DM	Debt Market
DP ID	Depository Participant Identification Number
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EBP	Electronic Book Provider
Financial Year/ Fiscal Year/ FY	Period of 12 (twelve) months commencing from 1 April of each year and ending on 31 March of the immediately next year
ICCL	Indian Clearing Corporation Limited
IFS	International Financial Services Limited
Ind AS	Indian Accounting Standards
Infomerics	Infomerics Valuation and Rating Limited
Rs./INR/₹	Indian Rupees
N.A.	Not Applicable
NCDs	Non-Convertible Debentures
NSDL	National Securities Depository Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax

Abbreviation	Full form
RBI	The Reserve Bank of India constituted under the RBI Act
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
TDS	Tax Deducted at Source

2. DISCLAIMERS

NOTICE TO INVESTORS AND DISCLAIMERS

The Issue Document contains relevant information and disclosures required for the purpose of issuing of the Debt Securities. Any application by a person to whom the Issue Document has not been sent by the Issuer shall be rejected without assigning any reason.

The Issue described under the Issue Document has been authorised by the Issuer through a resolution of the Board of Directors dated March 12, 2024 read with the resolution passed by the asset liability management committee meeting dated June 19, 2025.

The Issue Document is neither a prospectus nor a statement in lieu of a prospectus. This Key Information Document is prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, read with applicable SEBI circulars as amended/modified/supplemented from time to time. The offering of Debt Securities, to be listed on the DM segment of BSE is being made strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. Nothing in the Issue Document shall constitute and/or deem to constitute an offer or an invitation to offer to the public or any section thereof to subscribe for or otherwise acquire the Debt Securities in general under any law for the time being in force.

The contents of the Issue Document are intended to be used only by those Identified Investors to whom the Issue Document is issued. It is not intended for distribution to any other person and should not be reproduced by the recipient. No invitation is being made to any person other than the Identified Investor to whom the Issue Document has been sent. Any application by a person to whom the Issue Document has not been sent by the Issuer shall be rejected without assigning any reason. Invitations, offers and sales of the Debt Securities shall only be made pursuant to the Issue Document. The person who is in receipt of the Issue Document shall maintain utmost confidentiality regarding the contents of the Issue Document and shall not reproduce or distribute in whole or part or make any announcement in public or to a third party regarding its contents, without the prior written consent of the Issuer. All Identified Investors are required to comply with the relevant regulations and guidelines applicable to them for investing in this Issue. It is the responsibility of the Identified Investors to have obtained all consents, approvals or authorizations required by them to participate in the Issue.

The Issue Document is issued by the Issuer. The Issue Document does not purport to contain all the information that any Identified Investor may require. Further, the Issue Document has been prepared for informational purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth herein.

The Issuer confirms that the information contained in the Issue Document is true and correct in all material respects and is not misleading in any material respect to the best of its understanding. All information considered adequate and relevant about the Issue and the Issuer has been made available in the Issue Document for the use and perusal of the Identified Investors and no selective or additional information would be available for a section of investors in any manner whatsoever. The Issuer does not undertake to update the Issue Document to reflect subsequent events after the date of the Issue Document and thus it should not be relied upon with respect to such subsequent events without first confirming its accuracy with the Issuer.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE ISSUE DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE ISSUE DOCUMENT. THE ISSUER HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS KEY INFORMATION DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

DISCLAIMER STATEMENT FROM THE ISSUER

The Issuer accepts no responsibility for statements made other than in the Issue Document (and any relevant pricing or other supplements), the advertisements or any other material expressly stated to be issued by or at the instance of the Issuer in connection with the issue of the Debt Securities and anyone placing reliance on any other source of information would be doing so at their own risk.

The purpose of the Issue Document is to provide general information about the Issuer and to assist recipients, who are willing and eligible to invest in the Debt Securities. Neither the Issue Document nor any other information supplied in connection with the Debt Securities is intended to provide the basis of any credit or other evaluation and any recipient of the Issue Document should not consider such receipt a recommendation to purchase any Debt Securities.

Each Identified Investor contemplating purchasing any Debt Securities should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the creditworthiness of the Issuer. Identified Investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debt Securities and should possess the appropriate resources to analyze such investment and the suitability of such investment to such Identified Investor's particular circumstances. By subscribing to the Issue, Identified Investors shall be deemed to have acknowledged that the Issuer does not owe them a duty of care in this respect. Accordingly, none of the Issuer's officers or employees shall be held responsible for any direct or consequential losses suffered or incurred by any recipient of the Issue Document as a result of or arising from anything expressly or implicitly contained in or referred to in the Issue Document or any information received by the recipient in connection with this Issue.

Neither the intermediaries nor their agents nor advisors associated with the issue of Debt Securities undertake to review the financial condition nor affairs of the Issuer during the duration of the arrangements contemplated by the Issue Document or have any responsibility to advise any Eligible Investor in the Debt Securities of any information coming to the attention of any other intermediary.

The Issue Document does not contain a statement purported to be made by an expert, unless the expert is a person who is not, and has not been, engaged or interested in the formation or promotion or management, of the Issuer and has given his written consent to the issue of the Issue Document and has not withdrawn such consent before the delivery of a copy of the Issue Document to the Registrar (as applicable) for registration.

DISCLAIMER IN RESPECT OF JURISDICTION

Issue of these Debt Securities have been or will be made in India to investors as specified under paragraph titled "*Who Can Apply*" in the Issue Document, who have been or shall be specifically approached by the Issuer. The Issue Document is not to be construed or constituted as an offer to sell or an invitation to subscribe to Debt Securities offered hereby to any person to whom it

is not specifically addressed. The Debt Securities are governed by and shall be construed in accordance with the existing Indian laws as applicable in the state of Kerala. Any dispute arising in respect thereof will be subject to the exclusive jurisdiction of the courts and tribunals of the city of Thiruvananthapuram.

DISCLAIMER OF THE RBI

The Debt Securities have not been recommended or approved by RBI nor does RBI guarantee the accuracy or adequacy of this Issue Document. It is to be distinctly understood that this Issue Document should not, in any way, be deemed or construed that the Debt Securities have been recommended for investment by RBI. Further, RBI does not take any responsibility either for the financial soundness of the Issuer, or the Debt Securities being issued by the Issuer or for the correctness of the statements made or opinions expressed in the Issue Document. Potential Investors may make investment decisions in respect of the Debt Securities offered in terms of this Issue Document solely on the basis of their own analysis and RBI does not accept any responsibility about servicing/ repayment of such investment.

DISCLAIMER OF INFOMERICS VALUATION AND RATINGS LIMITED

Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

DISCLAIMER OF ACUITE RATINGS AND RESEARCH LIMITED

An Acuite rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuite ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuite ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuite, Acuite's rating scale and its definitions. Any inadvertent omission or error in the rating letter which is discovered or brought to the notice of Acuite shall be rectified as soon as reasonably practicable not later than 48 hours of such discovery or notice. Such error or omission shall not render Acuite liable to any person for any kind of loss or damage including, but not limited to, any special, incidental, indirect or consequential damages caused by errors or omissions, provided such omission or error is rectified as soon as possible after discovery/notice.

STOCK EXCHANGE DISCLAIMER CLAUSE:

AS REQUIRED, A COPY OF THIS KEY INFORMATION DOCUMENT HAS BEEN FILED WITH THE STOCK EXCHANGE PURSUANT TO THE SEBI DEBT REGULATIONS. IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS KEY INFORMATION DOCUMENT WITH THE STOCK EXCHANGE SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY THE STOCK EXCHANGE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS DOCUMENT; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE STOCK EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE STOCK EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION /ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.

DISCLAIMER IN RESPECT OF ARRANGERS

The role of the Arrangers is confined to marketing and placement of the Debentures on the basis of this Key Information Memorandum as prepared by the Issuer. The Arrangers have neither scrutinized nor vetted nor reviewed nor has it done any due diligence for verification of the contents of this Key Information Memorandum. The Arrangers shall use this Key Information Memorandum for the purpose of soliciting subscription(s) from Eligible Investors in the Debentures to be issued by the Issuer on a private placement basis.

It is to be distinctly understood that the aforesaid use of this Key Information Memorandum by the Arrangers should not in any way be deemed or construed to mean that the Key Information Memorandum has been prepared, cleared, approved, reviewed or vetted by the Arrangers; nor should the contents to this Key Information Memorandum in any manner be deemed to have been warranted, certified or endorsed by the Arrangers including as to the correctness or completeness thereof.

The Issuer has prepared this Key Information Memorandum and the Issuer is solely responsible and liable for its contents. The Issuer will comply with all laws, rules and regulations and has obtained all regulatory, governmental, corporate and other necessary approvals for the issuance of the Debentures. The Issuer confirms that all the information contained in this Key Information Memorandum has been provided by the Issuer or is from publicly available information, and such information has not been independently verified by the Arrangers. No representation or warranty, expressed or implied, is or will be made, and no responsibility or liability is or will be accepted, by the Arrangers or their affiliates for the accuracy, completeness, reliability, correctness or fairness of this Key Information Memorandum or any of the information or opinions contained therein.

The Arrangers hereby expressly disclaims any responsibility or liability to the fullest extent for the contents of this Key Information Memorandum, whether arising in tort or contract or otherwise, relating to or resulting from this Key Information Memorandum or any information or errors contained therein or any omissions there from. Neither the Arrangers nor its affiliates, nor their respective directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of this document.

By accepting this Key Information Memorandum, the Eligible Investor accepts the terms of this Arrangers Disclaimer Key Information Document 10 which forms an integral part of this Key Information Memorandum and confirms that the Arrangers will not have any liability. Each person receiving this Key Information Memorandum acknowledges that such person has not relied on the Arrangers and/or its affiliates that may be associated with the Debentures in connection with either its assessment of the information (including accuracy), or its investment

decision. The Arrangers, after the date of this Key Information Memorandum, has no obligation to update any information or opinion, or notify any person of any information coming to its attention. The Issuer hereby declares that it has exercised due-diligence to ensure complete compliance of applicable disclosure norms in this Key Information Memorandum. The Arrangers (a) are not acting as trustee or fiduciary for the investors or any other person; and (b) is under no obligation to conduct any "know your customer" or other procedures in relation to any person.

The Arrangers are not responsible for: (a) the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Issuer or any other person in or in connection with this Key Information Memorandum or the Debentures; or (b) the legality, validity, effectiveness, adequacy or enforceability of this Key Information Memorandum or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with this Key Information Memorandum or the Debentures; or (c) any determination as to whether any information provided or to be provided to any investor by the Issuer is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise. The Arrangers and any affiliate and any of their respective directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this document. By accepting this Key Information Memorandum, the investor(s) confirm that the Arrangers will not have any such liability.

ISSUE OF DEBT SECURITIES IN DEMATERIALISED FORM

The Debt Securities will be issued only in dematerialized form. The Issuer has made arrangements with the Depositories for the issue of the Debt Securities in dematerialized form. Identified Investors will have to hold the Debt Securities in dematerialized form as per the provisions of Depositories Act. The DP's name, DP ID and beneficiary account number must be mentioned at the appropriate place in the application form. The Issuer shall take necessary steps to credit the Debt Securities allotted to the depository account of the investor. The Issuer shall ensure the Debt Securities are credited to the demat accounts of the Debenture Holders within [1 (one)] Trading Day from the Deemed Date of Allotment.

3. CONSENTS

a) Beacon Trusteeship Limited has given its written consent for its appointment vide consent letter dated 11.07.2025 bearing reference number BTL/DT/25-26/7094 (annexed hereto as Annexure G) as Debenture Trustee to the Issue.

b) Cameo Corporate Services Limited has given its written consent for its appointment vide consent letter dated 09.07.2025 bearing reference number CAM/DIR/KFC/Bond/2025 (annexed hereto as Annexure H) as Registrar to the Issue.

4. FORWARD-LOOKING STATEMENTS

Certain statements contained in the Issue Document that are not statements of historical fact constitute "forward-looking statements". Applicants can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "can", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "seek to", "shall", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Issuer are also forward-looking statements and accordingly, should be read together with such assumptions and notes thereto. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding Issuer's expected financial conditions, results of operations and cash flows, business plans are forward-looking statements. These forward-looking statements include statements as to Issuer's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in the Issue Document that are not historical facts.

Actual results may differ materially from those suggested by the forward-looking statements or financial projections due to certain known or unknown risks or uncertainties associated with the Issuer's expectations with respect to, but not limited to, actual future gains, losses or impact on net interest income and net income. By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated.

Factors that could cause actual results, performance or achievements of the Issuer to differ materially include, but are not limited to, those discussed in the sections entitled "*Risk Factors*" in the General Information Document.

Forward-looking statements and financial projections reflect current views as of the date of the Issue Document and are not a guarantee of future performance or returns to Eligible Investors. These statements and projections are based on certain beliefs and assumptions, which in turn are based on currently available information. Although the Issuer believes that the expectations and the assumptions upon which such forward-looking statements are based, are reasonable at this time, it cannot assure applicants that such expectations will prove to be correct or accurate. In any event, these statements speak only as of the date of the Issue Document or the respective dates indicated in the Issue Document. Issuer and the Promoter or any of their affiliates or advisors, undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise after the date of the Issue Document. If any of these risks and uncertainties materialize, or if any of the Issuer's underlying assumptions prove to be incorrect, the actual results of operations or financial condition or cash flow of the Issuer could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Issuer are expressly qualified in their entirety by reference to these cautionary statements.

5. LIMITS ON DISTRIBUTION

The Issue Document and any other information supplied in connection with the Issue Document are not for distribution (directly or indirectly) in any jurisdiction other than India unless the Issuer has intentionally delivered the Issue Document and any other information supplied in connection with the Issue Document in such jurisdiction and even then, only for the limited purpose intended by the Issuer. They are not an offer for sale of Debt Securities, nor a solicitation to purchase or subscribe for Debt Securities, in any jurisdiction where such offer, sale or solicitation would be unlawful. The Debt Securities have not been and will not be registered under the laws of any jurisdiction (other than India; to the extent mandatory under Applicable Laws in India). The distribution of the Issue Document in certain jurisdictions may be prohibited by law. Recipients are required to observe such restrictions and neither the Issuer accept any liability to any person in relation to the distribution of information in any jurisdiction.

6. RISK FACTORS

RISKS RELATING TO THE ISSUE:

Risks in relation to the security created in relation to the debt securities. Further, any risks in relation to maintenance of security cover or full recovery of the security in case of enforcement

While the debenture is secured against a charge to the tune of 100% of the principal and interest amount in favor of debenture trustee, and it is the duty of the debenture trustee to monitor that the security is maintained, however, the possibility of recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Other Risk Factors are as per section 6 of General Information Document

7. ISSUER INFORMATION

DETAILS OF THE PROMOTER OF THE ISSUER:

7.1 DETAILS OF CREDIT RATING, ALONG WITH THE LATEST PRESS RELEASE OF THE CREDIT RATING AGENCY IN RELATION TO THE ISSUE, AND A DECLARATION THAT THE RATING IS VALID AS ON THE DATE OF ISSUANCE AND LISTING. SUCH PRESS RELEASE SHALL NOT BE OLDER THAN ONE YEAR FROM THE DATE OF OPENING OF THE ISSUE

As per section 7 of General Information Document

7.2 NAME(S) OF THE STOCK EXCHANGE(S) WHERE THE NON-CONVERTIBLE SECURITIES ARE PROPOSED TO BE LISTED AND THE DETAILS OF IN-PRINCIPLE APPROVAL FOR LISTING OBTAINED FROM THESE STOCK EXCHANGE(S)

The Debentures are proposed to be listed on the wholesale debt market of BSE. The Issuer has received in-principle approval for listing from BSE vide their letter dated 16.07.2025, bearing reference no. DCS/COMP/BB/IP-PPDI/067/25-26. Please refer to Annexure A for a copy of the in-principle approval from BSE.

7.3 IF NON-CONVERTIBLE SECURITIES ARE PROPOSED TO BE LISTED ON MORE THAN ONE STOCK EXCHANGE(S) THEN THE ISSUER SHALL SPECIFY THE DESIGNATED STOCK EXCHANGE FOR THE ISSUE. THE ISSUER SHALL SPECIFY THE STOCK EXCHANGE WHERE THE RECOVERY EXPENSE FUND IS BEING OR HAS BEEN CREATED, AS SPECIFIED BY THE BOARD.

As per section 7 of General Information Document

7.4 ISSUE SCHEDULE:

Issue Opening Date	**22.07.2025**
Issue Closing Date	**22.07.2025**
Pay-in Date	**23.07.2025**
Deemed Date of Allotment	**23.07.2025**

7.5 NAME, LOGO, ADDRESSES, WEBSITE URL, EMAIL ADDRESS, TELEPHONE NUMBER AND CONTACT PERSON OF:

S. No	Particulars	Details
1.	Debenture Trustee to the Issue	Name: Beacon Trusteeship Limited Address: 5W, 5th Floor, The Metropolitan, Bandra Kurla Complex, Bandra(East), Mumbai – 400 051 Tel: 022 – 46060278 Email: compliance@beacontrustee.co.in Website: www.beacontrustee.co.in Contact Person: Kaustubh Kulkarni
2.	Credit Rating Agencies for the Issue	Name: Acuite Ratings & Research Limited Address: 708, Lodha Supremus, Lodha iThink Techno Campus, Kanjurmarg (East),Mumbai 400 042 Tel.: +91 2249294000 E-mail: info@acuite.in Website: www.acuite.in Contact Person: Parth Pandit
3.	Credit Rating Agencies for the Issue	Name: Infomerics Valuation and Rating Limited Address: 1105, B Wing, Kanakia Wallstreet, Off. Andheri Kurla Road, Andheri (East), Mumbai – 400093 Tel No. +91-22-43471920 Website: www.infomerics.com Email id: vma@infomerics.com

S. No	Particulars	Details
		Contact Person: Sree Harsh
4.	Registrar to the Issue	Name: Cameo Corporate Services Limited Address: Subramanian Building, 1, Club House Road, Chennai 600 002 Tel No. +91-44-28460390 Fax No +91-44-28460129 Website: https://cambridge.cameoindia.com/ Email id: cameo@cameoindia.com Contact Person: Sreepriya.K
5.	Statutory Auditors	Name: Jaks & Associates Address: T.C. 9/2763 (12), Kulangara, 288, CSM Nagar, Edappazhinji, Thiruvananthapuram - 695 010 Telephone Number: +91 471 2723338 Email address: selastin@jaksllp.com Contact Person: CA Selastin A Peer Review Number: 015382
6.	Guarantor	N.A.
7.	Lead Arranger	Name: Trust Investment Advisors Private Limited Address: 109/110, 1st Floor, Balarama Premises, Bandra Kurla Complex, Bandra East, Mumbai- 400051 Contact Person: Mr. Anindya Sen Telephone Number: 022-4084 5000 Email address: a.sen@trustgroup.in Website: https://trustgroup.in
8.	Other Arrangers	
	Arranger	Name: Real Growth Securities Pvt. Ltd. Address: 112 A, Jyoti Shikhar Building, District Centre, Janakpuri, New Delhi -110 058. Contact Person: Poonam Jodha Telephone Number: 9810943539 Email address: poonam.jodha@realgrowth.org.in Website: realgrowth.org.in
	Arranger	Name: Taurus Corporate Advisory Services Limited Address: 203, Cosmos Court, S.V. Road, Vile Parle West, Mumbai - 400056 Contact Person: Mr. Amar Gandhi Telephone Number: 022 61471166 Email address: mbd@taurusgrp.com Website: www.taurusgrp.com
	Arranger	Name: PRP Professional Edge Associates Private Limited Address: 507-508, 5th Floor, Eros City Square, Rosewood City, Sector - 49/50, Gurgaon - 122018, Haryana Contact Person: Sachin Negi Telephone Number: 0124-4249000 Email address: investment.services@prpedge.com Website: www.prpedge.com
9.	Legal counsel	Name: Cyril Amarchand Mangaldas Address: Peninsula Chambers, Peninsula Corporate Park, G.K. Marg, Lower Parel, Mumbai - 400 013 India Telephone Number: +91 22 66604455 Email Address: cam.mumbai@cyrilshroff.com Website: https://www.cyrilshroff.com/

7.6 ABOUT THE ISSUER

(a) Overview and a brief summary of the business activities of the Issuer

As per section 7 of General Information Document

(b) Structure of the group

As per section 7 of General Information Document

(c) Details of branches or units where the issuer carries on its business activities, if any:

As per section 7 of General Information Document

(d) A brief summary of the business activities of the subsidiaries of the Issuer:

As per section 7 of General Information Document

(e) Use of proceeds (in the order of priority for which the said proceeds will be utilized):

i. **purpose of the placement;** To meet the working capital requirements of the company

ii. **break-up of the cost of the project for which the money is being raised;** N.A

iii. **means of financing for the project;** N.A

iv. **proposed deployment status of the proceeds at each stage of the project.:** Not applicable since the issue proceeds are proposed to be deployed for working capital requirements of the Issuer

7.7 Expenses of the Issue:

The estimated breakdown of the total expenses along with a break up for each item of expense, including details of the fees payable (in terms of amount, as a percentage of total issue expenses and as a percentage of total issue size), as applicable:

Particulars	Amount (INR Lakhs) Excluding Taxes*	As Percentage of the Issue Size (In %)	As Percentage Of Total Expenses Of The Issue (In %)
Lead Manager(s) fees	N. A	N. A	N. A
Underwriting commission	N. A	N. A	N. A
Brokerage, selling, commission and upload fees	N. A	N. A	N. A
Fees payable to the registrars to the issue	0.50	0.00%	0.21%
Fees payable to the legal advisors	2.00	0.01%	0.83%
Advertising and marketing expenses	2.34	0.01%	0.97%
Fees payable to the regulators including stock exchanges	3.10	0.01%	1.28%
Expenses incurred on printing and distribution of issue stationary	N. A	N. A	N. A
Any other fees, commission and payments under whatever nomenclature	234.05	0.76%	96.72%

* All number in INR Lakhs

7.8 Financial Information:

(a) The audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of

three completed years which shall not be more than six months old from the date of the issue document or issue opening date, as applicable.

Please refer to **Annexure E** of this Key Information Document.

(b) Key Operational and Financial Parameters on consolidated and standalone basis: (audited by Jaks & Associates with a Peer Review Number 015382):

As per section 7 of General Information Document

(c) Details of any other contingent liabilities of the Issuer based on the last audited financial statements including amount and nature of liability:

As per section 7 of General Information Document

(d) The amount of corporate guarantee or letter of comfort issued by the Issuer along with details of the counterparty (viz. name and nature of the counterparty, whether a subsidiary, joint venture entity, group company etc.) on behalf of whom it has been issued

As per section 7 of General Information Document

7.9 Brief History of the Issuer since its incorporation

As per section 7 of General Information Document

(a) Details of share capital as at last quarter ended June 30, 2025

As per section 7 of General Information Document

(b) Changes in its capital structure as at last quarter ended June 30, 2025 (for the last three years)

As per section 7 of General Information Document

(c) Equity Share Capital History of the Issuer as on Last Quarter ended on June 30, 2025 and for the last three year

As per section 7 of General Information Document

(d) Details of any acquisition of or amalgamation with any entity in the preceding one year:

As per section 7 of General Information Document

(e) Details of any reorganization or reconstruction in the preceding one year:

As per section 7 of General Information Document

(f) Details of the shareholding of the Issuer as at the latest quarter end i.e., June 30, 2025 (as per the format specified under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

As per section 7 of General Information Document

(g) List of top 10 holders of equity shares of the Issuer as at the latest quarter end i.e., June 30, 2025

As per section 7 of General Information Document

7.10 Details regarding the directors of the Issuer

(a) Details of current directors of the Issuer as on the date of this Key Information Document

As per section 7 of General Information Document

(b) Details of change in directors of the Issuer in the preceding 3 (three) financial years as on the date of this Key Information Document and current financial year

As per section 7 of General Information Document

(c) Details of directors' remuneration and such particulars of the nature and extent of their interests in the Issuer (during the current year and preceding 3 (three) financial years):

i. Remuneration payable or paid to a director by the Issuer, its subsidiary or associate company; shareholding of the director in the company, its subsidiaries and associate companies on a fully diluted basis:

1. **Remuneration payable or paid to a director by the Issuer, its subsidiary or associate company:**

As per section 7 of General Information Document

2. **Shareholding of the director in the Issuer, its subsidiaries and associate companies on a fully diluted basis;**

As per section 7 of General Information Document

ii. Appointment of any relatives to an officer or place of profit of the Issuer, its subsidiary or associate company: As per section 7 of General Information Document

iii. Full particulars of the nature and extent of interest, if any, of every director:

As per section 7 of General Information Document

iv. Contribution being made by the directors as part of the offer or separately in furtherance of such objects:

As per section 7 of General Information Document

7.11 Any financial or other material interest of the directors, promoters, key managerial personnel or senior management in the Issue and the effect of such interest in so far as it is different from the interests of other persons: As per section 7 of General Information Document

7.12 Following details regarding the auditors of the Issuer:

(a) Details regarding the Auditor of the Issuer:

As per section 7 of General Information Document

(b) Details of change in auditors for preceding 3 (three) financial years and current financial year:

As per section 7 of General Information Document

7.13 Details of the following liabilities of the Issuer as at the end of the preceding quarter (i.e., March 31, 2025):

(a) Details of outstanding secured loan facilities:

As provided under **Annexure F** of this Key Information Document.

(b) Details of outstanding unsecured loan facilities of the Issuer

As provided under **Annexure F** of this Key Information Document.

(c) Details of outstanding non-convertible securities in the following format:

As provided under **Annexure F** of this Key Information Document.

(d) Details of commercial paper issuances as at the end of the last quarter in the following format:

As provided under **Annexure F** of this Key Information Document.

(e) List of top ten holders of non-convertible securities in terms of value (on a cumulative basis):

As provided under **Annexure F** of this Key Information Document.

(f) List of top ten holders of commercial paper in terms of value (on a cumulative basis):

As provided under **Annexure F** of this Key Information Document.

(g) The amount of corporate guarantee or letter of comfort issued by the issuer along with name of the counterparty (like name of the subsidiary, joint venture entity, group company, etc.) on behalf of whom it has been issued, contingent liability including debt service reserve account guarantees/ any put option etc. (Details of any outstanding borrowings taken/ debt securities issued for consideration other than cash). This information shall be disclosed whether such borrowing/ debt securities have been taken/ issued: in whole or part, at a premium or discount, or in pursuance of an option or not.

As per section 7 of General Information Document

(h) Details of bank fund based facilities / rest of the borrowing (if any including hybrid debt like FCCB, optionally convertible debentures/preference shares) from financial institutions / financial creditors

As per **Annexure F** of this Key Information Document.

(i) Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities, commercial paper (including technical delay) and other financial indebtedness including corporate guarantee or letters of comfort issued by the Issuer in the preceding 3 (three) years and current financial year.

As per section 7 of General Information Document

7.14 If the security is backed by a guarantee or letter of comfort or any other document of a similar nature, a copy of the same shall be disclosed. In case such document does not contain the detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the issue document.

NIL

7.15 Any material event/development or change having implications on the financials/ credit quality (e.g. any material regulatory proceedings against the Issuer/Promoter, litigations resulting in material liabilities, corporate restructuring event etc.) at the time of Issue which may affect the Issue or the investors decision to invest/ continue to invest in the non-convertible securities.

As per section 7 of General Information Document

7.16 Any litigation or legal action pending or taken by a Government Department or a statutory body or regulatory body during the last three years immediately preceding the year of the issue of prospectus against the Promoter:

As per section 7 of General Information Document

7.17 Details of default and non-payment of statutory dues for the preceding three financial years and current financial year:

As per section 7 of General Information Document

7.18 Details of pending litigation involving the issuer, promoter, director, subsidiaries, group companies or any other person, whose outcome could have material adverse effect on the financial position of the Issuer, which may affect the Issue or the investor's decision to invest / continue to invest in the debt securities and/ or non-convertible redeemable preference shares.

(a) Litigation with respect to the Issuer

As per section 7 of General Information Document

(b) Promoter and the Promoter Group

As per section 7 of General Information Document

(c) Litigations involving the Associates of the Promoter

As per section 7 of General Information Document

7.19 Details of acts of material frauds committed against the Issuer in the preceding three financial years and current financial year, if any, and if so, the action taken by the Issuer.

As per section 7 of General Information Document

7.20 Details of pending proceedings initiated against the issuer for economic offences, if any

As per section 7 of General Information Document

7.21 Related party transactions entered during the preceding three financial years and current financial year with regard to loans made or guarantees given or securities provided.

Please refer to Annexure D of this Key Information Document.

7.22 Consent of directors, auditors, bankers to issue, trustees, solicitors or advocates to the issue, legal advisors to the issue, registrar to the issue, and lenders (if required, as per the terms of the agreement) and experts

As per section 7 of General Information Document

7.23 A statement to the effect that the debenture trustee has consented to its appointment along with a copy of the agreement executed by the debenture trustee with the issuer in

accordance with Regulation 13 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 made accessible through a web-link or a static quick response code.

Beacon Trusteeship Limited, the debenture trustee has consented to its appointment in accordance with regulation 13 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. A copy of the letter obtained from the debenture trustee consenting to its appointment along with a copy of the agreement executed by the debenture trustee with the issuer in accordance with regulation 13 of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 is enclosed as Annexure G of this Key Information Document.

7.24 Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention

(i) The day count convention for dates on which the payments in relation to the non-convertible securities which need to be made: Actual / Actual

(ii) Procedure and time schedule for allotment and issue of securities:

Issue Opening Date	22.07.2025
Issue Closing Date	22.07.2025
Pay-in Date	23.07.2025
Deemed Date of Allotment	23.07.2025

(iii) Cash flows emanating from each series/ tranche (as applicable) of the Debt Securities by way of an illustration:

Per Bond of FV INR 1,00,000 each :

Days in Year	Days	Payment Dates	A	B	C	D	E	Total
		Issue Price per Bond	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	5,00,000
		Average Maturity (Years)	5.5	6.5	7.5	8.5	9.5	
		Price on Value Date	100000.00	100000.00	100000.00	100000.00	100000.00	500000.00
Issue Date		Wednesday, 23 July, 2025						
Value Date		Wednesday, 23 July, 2025	-1,00,000	-1,00,000	-1,00,000	-1,00,000	-1,00,000	-5,00,000
Acc. Int.	0	Wednesday, 23 July, 2025	0	0	0	0	0	0.00
365	91	Wednesday, 22 October, 2025	2139.12	2139.12	2139.12	2139.12	2139.12	10695.62
365	92	Thursday, 22 January, 2026	2162.63	2162.63	2162.63	2162.63	2162.63	10813.15
365	90	Wednesday, 22 April, 2026	2115.62	2115.62	2115.62	2115.62	2115.62	10578.08
365	91	Wednesday, 22 July, 2026	2139.12	2139.12	2139.12	2139.12	2139.12	10695.62
365	92	Thursday, 22 October, 2026	2162.63	2162.63	2162.63	2162.63	2162.63	10813.15
365	92	Friday, 22 January, 2027	2162.63	2162.63	2162.63	2162.63	2162.63	10813.15
365	90	Thursday, 22 April, 2027	2115.62	2115.62	2115.62	2115.62	2115.62	10578.08
365	91	Thursday, 22 July, 2027	2139.12	2139.12	2139.12	2139.12	2139.12	10695.62
366	92	Friday, 22 October, 2027	2156.72	2156.72	2156.72	2156.72	2156.72	10783.61
366	91	Friday, 21 January, 2028	2133.28	2133.28	2133.28	2133.28	2133.28	10666.39
366	91	Friday, 21 April, 2028	2133.28	2133.28	2133.28	2133.28	2133.28	10666.39
366	91	Friday, 21 July, 2028	2133.28	2133.28	2133.28	2133.28	2133.28	10666.39
365	91	Friday, 20 October, 2028	2139.12	2139.12	2139.12	2139.12	2139.12	10695.62
365	94	Monday, 22 January, 2029	2209.64	2209.64	2209.64	2209.64	2209.64	11048.22
365	88	Friday, 20 April, 2029	2068.60	2068.60	2068.60	2068.60	2068.60	10343.01
365	91	Friday, 20 July, 2029	2139.12	2139.12	2139.12	2139.12	2139.12	10695.62
365	94	Monday, 22 October, 2029	2209.64	2209.64	2209.64	2209.64	2209.64	11048.22
365	92	Tuesday, 22 January, 2030	2162.63	2162.63	2162.63	2162.63	2162.63	10813.15
365	90	Monday, 22 April, 2030	2115.62	2115.62	2115.62	2115.62	2115.62	10578.08
365	91	Monday, 22 July, 2030	2139.12	2139.12	2139.12	2139.12	2139.12	10695.62
365	92	Tuesday, 22 October, 2030	27162.63	2162.63	2162.63	2162.63	2162.63	35813.15
365	92	Wednesday, 22 January, 2031	26621.97	2162.63	2162.63	2162.63	2162.63	35272.49
365	90	Tuesday, 22 April, 2031	26057.81	2115.62	2115.62	2115.62	2115.62	34520.27
365	91	Tuesday, 22 July, 2031	25534.78	2139.12	2139.12	2139.12	2139.12	34091.27
366	92	Wednesday, 22 October, 2031		27156.72	2156.72	2156.72	2156.72	33626.89
366	92	Thursday, 22 January, 2032		26617.54	2156.72	2156.72	2156.72	33087.70
366	91	Thursday, 22 April, 2032		26066.64	2133.28	2133.28	2133.28	32466.48
366	91	Thursday, 22 July, 2032		25533.32	2133.28	2133.28	2133.28	31933.16
365	92	Friday, 22 October, 2032			27162.63	2162.63	2162.63	31487.89
365	91	Friday, 21 January, 2033			26604.34	2139.12	2139.12	30882.59
365	91	Friday, 22 April, 2033			26069.56	2139.12	2139.12	30347.81
365	91	Friday, 22 July, 2033			25534.78	2139.12	2139.12	29813.03
365	91	Friday, 21 October, 2033				27139.12	2139.12	29278.25
365	91	Friday, 20 January, 2034				26604.34	2139.12	28743.47
365	91	Friday, 21 April, 2034				26069.56	2139.12	28208.68
365	91	Friday, 21 July, 2034				25534.78	2139.12	27673.90
365	91	Friday, 20 October, 2034					27139.12	27139.12
365	94	Monday, 22 January, 2035					26657.23	26657.23
365	88	Friday, 20 April, 2035					26034.30	26034.30
365	91	Friday, 20 July, 2035					25534.78	25534.78
		TOTAL	**148253.75**	**156830.78**	**165407.87**	**173964.37**	**182538.49**	**826995.25**

Principal Only:

Days in Year	Days	Payment Dates	A	B	C	D	E	Total
		Issue Price per Bond	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000	5,00,000
		Average Maturity (Years)	5.5	6.5	7.5	8.5	9.5	
		Price on Value Date	100000.00	100000.00	100000.00	100000.00	100000.00	500000.00
Issue Date		Wednesday, 23 July, 2025						
Value Date		Wednesday, 23 July, 2025	-1,00,000	-1,00,000	-1,00,000	-1,00,000	-1,00,000	-5,00,000
Acc. Int.	0	Wednesday, 23 July, 2025	0	0	0	0	0	0.00
365	91	Wednesday, 22 October, 2025	0.00	0.00	0.00	0.00	0.00	0.00
365	92	Thursday, 22 January, 2026	0.00	0.00	0.00	0.00	0.00	0.00
365	90	Wednesday, 22 April, 2026	0.00	0.00	0.00	0.00	0.00	0.00
365	91	Wednesday, 22 July, 2026	0.00	0.00	0.00	0.00	0.00	0.00
365	92	Thursday, 22 October, 2026	0.00	0.00	0.00	0.00	0.00	0.00
365	92	Friday, 22 January, 2027	0.00	0.00	0.00	0.00	0.00	0.00
365	90	Thursday, 22 April, 2027	0.00	0.00	0.00	0.00	0.00	0.00
365	91	Thursday, 22 July, 2027	0.00	0.00	0.00	0.00	0.00	0.00
366	92	Friday, 22 October, 2027	0.00	0.00	0.00	0.00	0.00	0.00
366	91	Friday, 21 January, 2028	0.00	0.00	0.00	0.00	0.00	0.00
366	91	Friday, 21 April, 2028	0.00	0.00	0.00	0.00	0.00	0.00
366	91	Friday, 21 July, 2028	0.00	0.00	0.00	0.00	0.00	0.00
365	91	Friday, 20 October, 2028	0.00	0.00	0.00	0.00	0.00	0.00
365	94	Monday, 22 January, 2029	0.00	0.00	0.00	0.00	0.00	0.00
365	88	Friday, 20 April, 2029	0.00	0.00	0.00	0.00	0.00	0.00
365	91	Friday, 20 July, 2029	0.00	0.00	0.00	0.00	0.00	0.00
365	94	Monday, 22 October, 2029	0.00	0.00	0.00	0.00	0.00	0.00
365	92	Tuesday, 22 January, 2030	0.00	0.00	0.00	0.00	0.00	0.00
365	90	Monday, 22 April, 2030	0.00	0.00	0.00	0.00	0.00	0.00
365	91	Monday, 22 July, 2030	0.00	0.00	0.00	0.00	0.00	0.00
365	92	Tuesday, 22 October, 2030	25000.00	0.00	0.00	0.00	0.00	25000.00
365	92	Wednesday, 22 January, 2031	25000.00	0.00	0.00	0.00	0.00	25000.00
365	90	Tuesday, 22 April, 2031	25000.00	0.00	0.00	0.00	0.00	25000.00
365	91	Tuesday, 22 July, 2031	25000.00	0.00	0.00	0.00	0.00	25000.00
366	92	Wednesday, 22 October, 2031		25000.00	0.00	0.00	0.00	25000.00
366	92	Thursday, 22 January, 2032		25000.00	0.00	0.00	0.00	25000.00
366	91	Thursday, 22 April, 2032		25000.00	0.00	0.00	0.00	25000.00
366	91	Thursday, 22 July, 2032		25000.00	0.00	0.00	0.00	25000.00
365	92	Friday, 22 October, 2032			25000.00	0.00	0.00	25000.00
365	91	Friday, 21 January, 2033			25000.00	0.00	0.00	25000.00
365	91	Friday, 22 April, 2033			25000.00	0.00	0.00	25000.00
365	91	Friday, 22 July, 2033			25000.00	0.00	0.00	25000.00
365	91	Friday, 21 October, 2033				25000.00	0.00	25000.00
365	91	Friday, 20 January, 2034				25000.00	0.00	25000.00
365	91	Friday, 21 April, 2034				25000.00	0.00	25000.00
365	91	Friday, 21 July, 2034				25000.00	0.00	25000.00
365	91	Friday, 20 October, 2034					25000.00	25000.00
365	94	Monday, 22 January, 2035					25000.00	25000.00
365	88	Friday, 20 April, 2035					25000.00	25000.00
365	91	Friday, 20 July, 2035					25000.00	25000.00
		TOTAL	**100000.00**	**100000.00**	**100000.00**	**100000.00**	**100000.00**	**500000.00**

7.25 UNDERTAKING BY THE ISSUER

(a) Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the SEBI nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement on the cover page under the section 'General Risk'.

(b) The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Key Information Document contains all information with regard to the Issuer and the issue, that the information contained in the issue document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

(c) The Issuer has no side letter with any debenture holder except the one(s) disclosed in this Key Information Document. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.

7.26 Other details:

(a) **Creation of Debenture Redemption Reserve** ("**DRR**") – **relevant legislations and applicability:**

As per section 7 of General Information Document

(b) **Issue/instrument specific regulations – relevant details (Companies Act, 2013, guidelines issued by the Reserve Bank of India, etc.)**:

As per section 7 of General Information Document

(c) **Default in payment**:

In case of default (including delay) in payment of Interest and/or principal redemption on the due dates, additional interest at 2% p.a. or such other rate as may be prescribed under the Applicable Law over and above the applicable Coupon Rate will be payable by the Issuer for the defaulting period in respect of the Debentures shall be payable by the Issuer in accordance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and SEBI circulars, as amended from time to time.

(d) **Delay in listing**:

In case of delay in listing of the Debentures beyond [3 (three)] Working Days from the Issue Closing Date the Issuer shall pay penal interest to the Debenture Holders, of at least 1.00% p.a. over the Coupon Rate from the Deemed Date of Allotment until the listing of such Debentures on the entire outstanding amount pertaining to the Debentures.

(e) **Delay in allotment of securities**:

The Issuer will undertake the allotment of the Debentures within the specified timeline, and in the event of delay of the same, the Issuer shall pay such penalty / default interest as may be prescribed under Applicable Law.

(f) **Delay in execution of DTD:**

Where an issuer fails to execute the trust deed within the period specified in the SEBI Regulations, without prejudice to any liability arising on account of violation of the provisions of the Act and these regulations, the issuer shall also pay interest of at least two percent per annum or such other rate, as specified by the board to the holder of debt securities, over and above the agreed Coupon Rate (as applicable), till the execution of the trust deed.

(g) **Issue details**:

As per Summary of Terms as in this Key Information Document

(h) **Application process**:

Please refer to Issue Procedure

(i) **Disclosure required under form PAS-4 under Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any**:

N.A. since Issuer is not a company under the Companies Act, 2013.

(j) **Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project**:

N.A

7.27 If the proceeds from the Debentures will be utilized for:

S. No.	Particulars	Whether Applicable
1.	If the proceeds, or any part of the proceeds, of the issue of the debt securities/non-convertible redeemable preference shares are or is to be applied directly or indirectly: (i) in the purchase of any business; or (ii) in the purchase of an interest in any business and by reason of that purchase, or anything to be done in consequence thereof, or in connection therewith, the company shall become entitled to an interest in either the capital or profits and losses or both, in such business exceeding fifty per cent. thereof, a report made by a chartered accountant (who shall be named in the issue document) upon: A. the profits or losses of the business for each of the three financial years immediately preceding the date of the issue of the issue document; and B. the assets and liabilities of the business as on the latest date to which the accounts of the business were made up, being a date not more than one hundred and twenty days before the date of the issue of the issue document.	N.A.
2.	In purchase or acquisition of any immoveable property including indirect acquisition of immoveable property for which advances have been paid to third parties, disclosures regarding: (i) the names, addresses, descriptions and occupations of the vendors; (ii) the amount paid or payable in cash, to the vendor and where there is more than one vendor, or the company is a sub-purchaser, the amount so paid or payable to each vendor, specifying separately the amount, if any, paid or payable for goodwill; (iii) the nature of the title or interest in such property proposed to be acquired by the company; and (iv) the particulars of every transaction relating to the property completed within the two preceding years, in which any vendor of the property or any person who is or was at the time of the transaction, a promoter or a director or proposed director of the company, had any interest, direct or indirect, specifying the date of the transaction and the name of such promoter, director or proposed director and stating the amount payable by or to such vendor, promoter, director or proposed director in respect of the transaction:	N.A.

S. No.	Particulars	Whether Applicable
	Provided that the disclosures specified in sub-clauses (i) to (iv) above shall be provided for the top five vendors on the basis of value viz. sale consideration payable to the vendors. Provided further that for the remaining vendors, such details may be provided on an aggregated basis in the offer document, specifying number of vendors from whom it is being acquired and the aggregate value being paid; and the detailed disclosures as specified in sub-clauses (i) to (iv) above may be provided by way of static QR code and web link. If the issuer provides the said details in the form of a static QR code and web link, the same shall be provided to the debenture trustee as well and kept available for inspection as specified in clause (g) of paragraph 3.3.41 of this Schedule. A checklist item in the 'Security and Covenant Monitoring System' shall also be included for providing the detailed disclosures, as specified in sub-clauses (i) to (iv) above, to the debenture trustee and confirmation of the same by the debenture trustee.	
3.	If: (i) the proceeds, or any part of the proceeds, of the issue of the debt securities/non-convertible redeemable preference shares are or are to be applied directly or indirectly and in any manner resulting in the acquisition by the company of shares in any other body corporate; and (ii) by reason of that acquisition or anything to be done in consequence thereof or in connection therewith, that body corporate shall become a subsidiary of the company, a report shall be made by a Chartered Accountant (who shall be named in the issue document) upon A. the profits or losses of the other body corporate for each of the three financial years immediately preceding the issue of the issue document; and B. the assets and liabilities of the other body corporate as on the latest date to which its accounts were made up.	N.A.

7.28 The broad lending and borrowing policy including summary of the key terms and conditions of the term loans such as re-scheduling, prepayment, penalty, default; and where such lending or borrowing is between the Issuer and its subsidiaries or associates, matters relating to terms and conditions of the term loans including re-scheduling, prepayment, penalty, default:

As per section 7 of General Information Document

7.29 The aggregate number of securities of the issuer company and its subsidiary companies purchased or sold by the promoter group, and by the directors of the company which is a promoter of the issuer company, and by the directors of the issuer company and their relatives, within six months immediately preceding the date of filing the issue document with the Registrar of Companies.

N.A.

7.30 The matters relating to:

- Material Contracts:
- Time and place at which the contracts together with documents will be available for inspection from the date of issue document until the date of closing of subscription list.

As per section 7 of General Information Document

7.31 Reference to the relevant page number of the audit report which sets out the details of the related party transactions entered during the three financial years immediately preceding the issue of issue document.

As per section 7 of General Information Document

7.32 The summary of reservations or qualifications or adverse remarks of auditors in the three financial years immediately preceding the year of issue of issue document, and of their impact on the financial statements and financial position of the company, and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remarks.

Please refer to Annexure E of this Key Information Document

7.33 The details of (A) any inquiry, inspections or investigations initiated or conducted under the securities laws or Companies Act, 2013 or any previous companies law; (B) prosecutions filed, if any (whether pending or not); and (C) fines imposed or offences compounded, in the three years immediately preceding the year of issue of issue document in the case of the issuer being a company and all of its subsidiaries.

Please refer to Annexure E of General Information Document

7.34 The details of acts of material frauds committed against the issuer in the preceding three financial years and current financial year, if any, and actions taken by the issuer.

Please refer to Section 7 of General Information Document

7.35 Rights of Debenture Holders

Please refer to Section 7 of General Information Document

8. ISSUE PROCEDURE

The Issuer proposes to issue each series/ tranche (as applicable) of the Debt Securities on the terms set out in this General Information Document and the applicable Key Information Document subject to the provisions of the SEBI Debt Regulations, the SEBI LODR Regulations, the Trust Deed of the Issuer and other terms and conditions as may be incorporated in the relevant Debenture Trust Deed. This section applies separately to the issue of each series/ tranche (as applicable) of the Debt Securities, and to all applicants of such series/ tranche (as applicable).

The Issuer or any of its Promoter or directors of the Issuer is not a wilful defaulter as at the date of filing of this General Information Document and neither the Issuer or any of its Promoter or directors of the Issuer have been categorized as wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

8.1 Who Can Bid/Apply/Invest

All applicants are required to comply with the relevant regulations/ guidelines applicable to them for investing in the Issue as per the norms approved by Government of India, RBI or any other statutory body from time to time, including but not limited to SEBI Master Circular. The

contents of the Issue Document and any other information supplied in connection with the Issue Document or the Debt Securities are intended to be used only by those investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced or disseminated by the recipient.

The Issue will be under the electronic book mechanism as required in terms of the SEBI Master Circular.

However, out of the aforesaid class of investors eligible to invest, the Issue Document is intended solely for the use of the person to whom it has been sent by the Issuer for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving the Issue Document from the Issuer).

8.2 Documents to be provided by successful bidders

Investors need to submit the certified true copies of the following documents, along-with the application form, as applicable:

(a) Articles and Memorandum of Association/ Constitution/ Bye-laws;
(b) Board Resolution authorizing the investment and containing operating instructions;
(c) Power of Attorney/ relevant resolution/authority to make application;
(d) Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority;
(e) Copy of Permanent Account Number Card ("**PAN Card**") issued by the Income Tax Department;
(f) Necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable.

8.3 How to bid

Eligible Investors should refer the SEBI Master Circular for issuance of debt securities on private placement basis through an electronic book mechanism as available on web site of the relevant stock exchange. Eligible Investors will also have to complete the mandatory KYC verification process. Eligible Investors should refer to the EBP Guidelines of the relevant stock exchange. The Application Form will be filled in by each Investor. Applications for the Debt Securities must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English as per the instructions contained therein.

(a) The details of the Issue shall be entered on the EBP platform to be used by the Issuer for the respective Tranche or Issuance within the applicable timelines in accordance with the SEBI Master Circular.
(b) The Issue will be open for bidding for the duration of the bidding window that would be communicated through the Issuer's bidding announcement on the EBP Platform, before the start of the Issue / Bid Opening Date within the applicable timelines in accordance with the SEBI Master Circular.
(c) A bidder will enter the bid amount while placing their bids in the EBP Platform.

Some of the key guidelines in terms of the current SEBI master Circular on issuance of securities on private placement basis through an electronic book mechanism, are as follows:

8.4 Modification of Bid:

Investors may note that modification of bid is allowed during the bidding period / window. However, in the last 10 (ten) minutes of the bidding period / window, revision of bid is only allowed for improvement of price and/or upward revision of the bid amount placed by the investor.

8.5 Cancellation of Bid

Investors may note that cancellation of bid is allowed during the bidding period / window. However, in the last 10 (ten) minutes of the bidding period / window, no cancellation of bids is permitted.

8.6 Multiple Bids

Eligible Investors are permitted to place multiple bids on the EBP platform in line with the SEBI Master Circular.

8.7 Withdrawal of Issue

The Issuer may, at its discretion, may withdraw from the issue process on the following conditions:

(i) Non receipt of the bids upto the base issue size;
(ii) Bidder has defaulted on payment towards allotment, within the stipulated time frame, due to which the Issuer is unable to fulfil the base issue size;
(iii) cut-off yield (i.e. the highest yield at which a bid is accepted) in the issue is higher than the estimated cut-off yield (i.e. the yield estimated by the Issuer, prior to opening of issue) disclosed to the EBP, where the base issue size is fully subscribed.

Disclosure of estimated cut-off yield on the EBP platform to the eligible participants, pursuant to closure of the Issuer.

Provided that, in case an issuer withdraws issues on the EBP platform because of the cut-off yield being higher than the estimated cut-off yield, the EBP shall mandatorily disclose the estimated cut-off yield to the eligible participants.

However the Eligible Investors should refer to the SEBI Master Circular as prevailing on the date of the bid.

8.8 Manner of Bidding

The Issue will be through closed book bidding on the EBP platform as mentioned in relevant Key Information Document in line with SEBI Master Circular.

8.9 Method of Allotment

The allotment will be done on uniform yield basis in line with SEBI Master Circular.

8.10 Right to accept or reject bids

The Issuer reserves it's full, unqualified and absolute right to accept or reject any bid(s), in part or in full, without assigning any reason thereof and to make provisional / final allocations at its absolute discretion.

The application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

(a) Number of Debt Securities applied for is less than the minimum application size;
(b) Application money received not being from the Issuer account of the person/entity subscribing to the Debt Securities or from the Issuer account of the person/ entity whose name appears first in the Application Form, in case of joint holders;
(c) Issuer account details of the Applicants not given;
(d) Details for issue of Debt Securities in dematerialized form not given;
(e) PAN/GIR and IT circle/Ward/District not given;
(f) In case of applications under power of attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

In the event, if any Debt Securities applied for is/ are not allotted in full, the excess application monies of such Debt Securities will be refunded, as may be permitted.

8.11 How to fill the Application Form

(a) Applications should be for the number of Debt Securities applied by the Applicant. Applications not completed in the said manner are liable to be rejected.

(b) The name of the applicant's bank, type of account and account number must be filled in the Application Form.

(c) The Applicant or in the case of an application in joint names, each of the Applicant, should mention his/her PAN allotted under the Income -Tax Act, 1961 or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District. As per the provision of Section 139A (5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the certificates. Hence, the investor should mention their PAN/GIR No. Application Forms without this information will be considered incomplete and are liable to be rejected.

(d) All applicants are requested to tick the relevant column "Category of Investor" in the Application Form. Public/ private/ religious/ charitable trusts, provident funds and other superannuation trusts and other investors requiring "approved security" status for making investments. These are not approved securities as defined under the Insurance Act, 1938.

Applications should be for the number of Debt Securities applied by the Applicant. Applications not completed in the said manner are liable to be rejected. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

For further instructions about how to make an application for applying for the Debt Securities and procedure for remittance of application money, please refer to the Issue Details and the Application Form.

8.12 Terms of Payment

The full-face value of the Debt Securities applied for is to be paid along with the Application Form. Eligible Investor(s) need to send in the Application Form and the details of NEFT/RTGS for the full value of Debt Securities applied for.

8.13 Force Majeure

The Issuer reserves the right to withdraw the Issue prior to the Issue / Bid Closing Date in accordance with the SEBI Master Circular, in the event of any unforeseen development adversely affecting the economic and regulatory environment or otherwise.

8.14 Who can apply

The Eligible Investors as identified under this General Information Document read with relevant Key Information Document to be issued by the Issuer for the respective Tranche. The bidders should be registered/enrolled with the relevant EPB Platform. All the registered and eligible participants are required to update the necessary bank account and demat details before participating in the bidding process on relevant EPB Platform.

8.15 Application Procedure

Eligible Investors may apply through the relevant EBP Platform through electronic book mechanism in line with the SEBI Master Circular, as amended from time to time.

The settlement procedure shall be in accordance with the SEBI Master Circular read with relevant EBP Guidelines:

(a) Pay-in towards the allotment of Debt Securities shall be done from the account of the bidder, to whom allocation is to be made;

(b) Pay in shall be done through clearing corporation as intimated by the EBP to the bidder.

8.16 Applications under Power of Attorney

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/document, if any, must be lodged along with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Issuer or to the Registrar or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an Application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/or bye-laws along with other constitutional documents must be attached to the Application Form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed Application Form.

8.17 Application by Mutual Funds

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the asset management company/ trustees/ custodian clearly indicate their intention as to the scheme for which the application has been made.

The application forms duly filled shall clearly indicate the name of the concerned scheme for which application is being made and must be accompanied by certified true copies of:

(a) SEBI registration certificate

(b) Resolution authorizing investment and containing operating instructions

(c) Specimen signature of authorized signatories

8.18 Application by Provident Funds, Superannuation Funds and Gratuity Funds

The applications must be accompanied by certified true copies of

(a) Trust deed / bye laws /resolutions

(b) Resolution authorizing investment

(c) Specimen signatures of the authorized signatories

Those desirous of claiming tax exemptions on interest on application money are required to submit a certificate issued by the Income Tax officer along with the Application Form. For subsequent interest payments, such certificates have to be submitted periodically.

8.19 Acknowledgements

No separate receipts will be issued for the application money. However, the Issuer receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each Application Form.

8.20 Basis of allocation

The Debt Securities shall be allocated in accordance with applicable SEBI regulations, the provisions of the SEBI Master Circular of the Stock Exchange and other Applicable Laws.

8.21 Date of Subscription

The Date of Subscription shall be the date of realisation of proceeds of subscription money in the Designated Bank Account of relevant clearing corporation.

8.22 Signatures

Signatures should be made in English or in any of the Indian Languages. Thumb impressions must be attested by an authorized official of the Issuer or by a Magistrate/ Notary Public under his/her official seal.

8.23 Nomination Facility

Only individuals applying as sole applicant/joint applicant can nominate, in the prescribed manner, a person to whom his Debt Securities shall vest in the event of his death. Non-individuals including holders of power of attorney cannot nominate.

8.24 Eligible Investors

All Eligible Investors (as identified under relevant Key Information Document) are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue of Debt Securities.

Note: Participation by potential investors in the Issue may be subject to statutory and/or regulatory requirements applicable to them in connection with subscription to Indian securities by such categories of persons or entities. Applicants are advised to ensure that they comply with all regulatory requirements applicable to them, including exchange controls and other requirements. Applicants ought to seek independent legal and regulatory advice in relation to the laws applicable to them.

8.25 Procedure for Applying for Dematerialised Facility

(a) The applicant must have at least one beneficiary account with any of the DP's of NSDL/ CDSL prior to making the application.

(b) The applicant must necessarily fill in the details (including the beneficiary account number and DP - ID) appearing in the Application Form under the heading "Details for Issue of Debt Securities in Electronic/Dematerialised Form".

(c) Debt Securities allotted to an applicant will be credited to the applicant's respective beneficiary account(s) with the DP.

(d) For subscribing to the Debt Securities, names in the Application Form should be identical to those appearing in the details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details maintained with the DP.

(e) Non-transferable allotment advice/refund orders will be directly sent to the applicant by the Registrar to the Issue.

(f) If incomplete/incorrect details are given under the heading "Details for Issue of Debt Securities in Electronic/Dematerialised Form" in the Application Form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Issuer.

(g) For allotment of Debt Securities, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-a-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for the losses, if any.

(h) The redemption amount or other benefits would be paid to those Holders whose names appear on the list of beneficial owners maintained by the Registrar as on the Record

Date. In case of those Debt Securities for which the beneficial owner is not identified in the records of the Registrar as on the Record Date, the Issuer would keep in abeyance the payment of the redemption amount or other benefits, until such time that the beneficial owner is identified by the Registrar and conveyed to the Issuer, whereupon the redemption amount and benefits will be paid to the beneficiaries, as identified.

8.26 Depository Arrangements

The Issuer has made necessary depository arrangements with NSDL and CDSL for the Issue and holding of Debentures in the dematerialised form by investors. In this context, the Issuer has signed tripartite agreements as under:

(a) Tripartite Agreement between the Issuer, the Registrar and Transfer Agent and NSDL for offering Depository option to the investors.
(b) Tripartite Agreement between the Issuer, the Registrar and Transfer Agent and CDSL for offering Depository option to the investors.

8.27 Documents to be provided by Investors

Investors need to submit the following documents, as applicable:

(a) Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed/Statute (in case of a statutory body);
(b) Resolution authorising investment
(c) Power of Attorney to custodian
(d) Specimen signatures of the authorised signatories
(e) SEBI registration certificate (for Mutual Funds and Foreign Portfolio Investors)
(f) Government notification (in case of primary co-operative Issuer and regional rural Issuers);
(g) Form 15 AA for investors seeking exemption from Tax deduction at source from interest on the application money
(h) Copy of PAN card, if any; and
(i) Application Form (including RTGS/ NEFT details)

8.28 Applications to be accompanied with Bank Account Details

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank.

8.29 List of Beneficial Owners

The Issuer shall request the Depository to provide a list of Beneficial Owners as at the end of the Record Date. This shall be the list, which shall be considered for payment of the Redemption Premium and Redemption Amount, as the case may be.

8.30 Succession

In the event of winding-up of the holder of the Debt Security(s), the Issuer will recognize the executor or administrator of the concerned Holder(s), or the other legal representative as having title to the Debt Security(s). The Issuer shall not be bound to recognize such executor or administrator or other legal representative as having title to the Debt Security(s), unless such executor or administrator obtains probate or letter of administration or other legal representation, as the case may be, from a court having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or other legal representation, in order to recognize such holder as being entitled to the Debt Security(s) standing in the name of the concerned Holder on production of sufficient documentary proof and/or an indemnity.

9. OTHERS

(a) **Right of holder(s)**

Please refer to Section 9 of General Information Document

(b) **Modification of Rights**

Please refer to Section 9 of General Information Document

(c) **Future Borrowings**

Please refer to Section 9 of General Information Document

(d) **Notices**

Please refer to Section 9 of General Information Document

(e) **Minimum subscription**

INR 5,00,000 (Indian Rupees Five lakhs only) (comprising 1 Debenture of INR 1 lakh face value in each Sub-Series A to E) per investor

(f) **Underwriting**

The Issue is not underwritten.

(g) **Letter(s) of Allotment / Debt Securities Certificate(s) /Refund Order (s)/Issue of Letter(s) of Allotment**

Please refer to Section 9 of General Information Document

(h) **Issue of Debt Securities Certificate(s)**

Please refer to Section 9 of General Information Document

(i) **Trading of Debt Securities**

Please refer to Section 9 of General Information Document

(j) **Mode of Transfer of Debt Securities**

Please refer to Section 9 of General Information Document

(k) **Common Form of Transfer**

Please refer to Section 9 of General Information Document

(l) **Interest on Application Money**

N.A.

(m) **Interest on the Debt Securities**

As per Summary of Terms in Section 14 of this Key Information Document

(n) **Right to further issue under the ISINs**

Please refer to Section 9 of General Information Document

(o) **Right to Re-purchase, Re-issue or Consolidate the Debt Securities**

(p) Please refer to Section 9 of General Information Document

Deduction of Tax at Source

Please refer to Section 9 of General Information Document

(q) **Deemed Date of Allotment**

Please refer to Section 9 of General Information Document

(r) **PAN Number**

Please refer to Section 9 of General Information Document

10. DISPUTES & GOVERNING LAW

The Debt Securities are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof will be subject to the sole jurisdiction of courts of Thiruvananthapuram, Kerala.

11. DISCLOSURES PERTAINING TO WILFUL DEFAULT (IF ANY)

In case of listing of debt securities made on private placement, the following disclosures shall be made:

Please refer to Section 11 of General Information Document

12. UNDERTAKINGS

Please refer to Section 12 of General Information Document

13. OTHER DISCLOSURES

(a) Debt Securities shall be considered as secured only if the charged asset is registered with sub-registrar and registrar of companies or Central Registry of Securitization Asset Reconstruction and Security Interest or depository etc., as applicable or is independently verifiable by the Debenture Trustee;

(b) Terms and conditions of debenture trustee agreement including fees charged by debenture trustees(s), details of security to be created and process of due diligence carried out by the debenture trustee:

For the purpose of this Issue, the Issuer has agreed to pay to the Debenture Trustee sums of Rs. 19,600/- as the one-time acceptance fee and Rs. 0 as the annuity fee payable per annum. Terms and conditions of appointment of the Debenture Trustee and the due diligence to be carried out by the Debenture Trustee are further specified in the Debenture Trustee Agreement dated 11.07.2025. A copy of the Debenture Trustee Agreement is enclosed as Annexure G of this Key Information Document.

Details of security to be created: Please refer to Section 14 of this Key Information Document.

The Debenture Trustee shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Debenture Trustee by the holder(s) of the Debentures and shall further conduct itself, and comply with the provisions of all Applicable Laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Debenture Trustee. The Debenture Trustee shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, Debenture Trust Deed, Issue Document and all other related Transaction Documents, with due care, diligence and loyalty.

The Debenture Trustee shall be vested with the requisite powers for protecting the interest of holder(s) of the Debentures. The Debenture Trustee shall ensure disclosure of all material events on an on-going basis.

(c) Due Diligence Certificate – Please refer to the Annexure J of this Key Information Document

(d) Disclosure in terms of SEBI Circular on EBP platform

- Issue-wise Green Shoe Option exercised by the Issuer vis-a-vis the Base Issue Size and green shoe portion undertaken in the previous financial year: Please refer to Section 13 of General Information Document.

- If the Issuer opts for anchor portion, the details of the same shall be disclosed along with the relevant quantum allocated: N.A.

14. ISSUE DETAILS

Summary of Key Terms

Security Name	Kerala Financial Corporation Series I 2025
Issuer	Kerala Financial Corporation
Type of Instrument	Senior Rated, Listed, Secured, Taxable, Redeemable Non-Convertible Debentures / Bonds
Nature of Instrument (Secured or Unsecured)	Secured
Seniority (Senior or Subordinated)	Senior
Mode of Issue	Private Placement
Eligible Investors	(a) individuals; (b) Hindu Undivided Family (c) trust; (d) limited liability partnerships; (e) partnership firm(s); (f) portfolio managers registered with SEBI; (g) association of persons; (h) companies and bodies corporate including public sector undertakings; (i) scheduled commercial banks; (j) regional rural banks; (k) financial institutions; (l) insurance companies; (m) mutual funds; (n) foreign portfolio investors; and (n) any other investor eligible to invest in these Debentures in accordance with applicable law.
Listing (name of stock Exchange(s) where it will be listed and timeline for listing)	On Wholesale Debt Market segment of BSE. Listing application shall be filed with the Stock Exchange within 3 (three) Working Days from the Issue Closing Date. The Issuer shall seek listing permission from Stock Exchange within 3 (three) Working Days from the Issue Closing Date. In case of delay in listing of the Debentures beyond 3 (three) Working Days from the Issue Closing Date, the Issuer shall pay penal interest of 1% (one percent) per annum over and above the applicable Coupon, computed from the date of occurrence of such listing default until the date of listing.
Rating of the Instrument	Infomerics AA/ STABLE Acuite AA/ STABLE
Issue Size of tranche 1	INR 200 crores with a green shoe option to retain over subscription of INR 200 crores i.e. aggregate Issue size of INR 400 crores. The Issuer has accepted bids for subscription of Bonds for an aggregate amount of INR 310,00,00,000 (Indian Rupees Three Hundred and Ten Crores only), comprising of a base issue size of INR 200,00,00,000 (Indian Rupees Two Hundred Crores only) along with green shoe option of INR 110,00,00,000 (Indian Rupees One Hundred and Ten Crores Only).
Minimum Subscription	INR 5,00,000 (Indian Rupees Five lakhs only) (comprising 1 Debenture of INR 1 lakh face value in each Sub-Series A to E) per investor

Option to retain oversubscription (Amount)	Green shoe option of upto INR 200,00,00,000 (Indian Rupees Two Hundred Crores only).
Objects of the Issue / Purpose for which there is requirement of funds	Working capital requirements of the Issuer.
In case the issuer is a NBFC and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made in the following format:	Not Applicable
Details of the utilisation of the Proceeds	The net proceeds out of the issue after deduction of issue related expenses would be used by issuer for working capital requirements.
Coupon/Dividend Rate	8.58% per annum Payable Quarterly
Step Up / Step Down Coupon Rate	25 basis points for downgrade of every notch subject to minimum rating of 'AA-'. Any rating downgrade below 'AA-' (i.e., 'A+' or below) will give rights to investors/ Debenture holders for seeking mandatory premature redemption of the Debentures. For avoidance of doubt it is clarified that in the event that rating downgrade below AA- (i.e., A+ or below), occurs before the expiry of 1 (one) year from the deemed date of allotment of the Debentures and continues to exist/subsist on the day immediately following the expiry of 1 (one) year from the deemed date of allotment of the Debentures, the Debenture Holders shall have the right to seek mandatory premature redemption upon the expiry of 1 (one) year from the deemed date of allotment of the Debentures in the manner set out in the debenture documents, as if such rating downgrade event occurred after expiry of 1 (one) year from the deemed date of allotment of the Debentures. Such higher rates would be effective only from the date of downgrade. On exercise of the right of mandatory premature redemption by any Debenture holder, the Issuer needs to redeem the concerned Bonds within 30 (thirty) days from the date of notice of exercise of such right by such Debenture holder, failing which the same will be construed as an event of default. Further, in respect of the Debenture holders that do no exercise the right to seek mandatory premature redemption as set out above, existing step-up coupon shall be enhanced by additional 25 basis points on the bonds held by such Debenture holders. In case of any downgrade of rating being upgraded in future, the coupon rate(s) will be reversed, effective from the date of such upgrade, and subject to minimum initial coupon rate. For the avoidance of doubt, it is clarified that at no point of time, shall the Coupon be lower than initial Coupon applicable to the Bonds on the date of the Debenture Trust Deed. In the event of multiple ratings of the Issuer by any Rating Agency(ies), the lowest of all the ratings issued will be considered for this clause (Step Up/ Step Down Coupon Rate).
Coupon/Dividend Payment Frequency	Quarterly
Coupon/Dividend Payment Date(s)	First coupon would be paid on 22nd October, 2025 and thereafter as on dates stipulated in the Offer Document
Cumulative /Noncumulative, in case of dividend	Not Applicable
Coupon Type (fixed, floating or other structure)	Fixed

Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc).	Not Applicable
Day Count Basis	Actual/Actual Basis
Interest on Application Money	Not Applicable
Default Interest Rate	**Delay in Listing:** In case of delay in listing beyond 3 (three) Working Days from the Issue Closing Date, the Corporation will pay additional interest of 1% p.a. over the Coupon Rate to the Bond Holders from the deemed date of allotment till the listing of Bonds. Further, the Corporation shall be permitted to utilise proceeds of its subsequent two privately placed issues, only after receiving final listing approval from the Stock Exchange. **Payment Default** In case of default in payment of interest and/or principal redemption on the due dates, additional interest of @ 2% p.a. over the Coupon Rate will be payable by the issuer for the defaulting period on defaulted amount. **Delay in creation and perfection of security** In the event the security stipulated is not created and perfected within the timelines as stipulated in the column titled 'Security', additional interest of 1% (one percent) per annum or such higher rate as may be prescribed by law, shall be payable on the principal amount of the Bonds till the date of perfection of the security interest. **Delay in Execution of Debenture Trust Deed:** In case the Issuer has failed to execute the Debenture Trust Deed within the time period specified by SEBI; the Company shall pay additional interest of 2% p.a. (two per cent) per annum (or such other rate as specified by SEBI) over and above the Coupon Rate on the Nominal Value of the Debentures, from the date of such non-compliance till the date of execution the Debenture Trust Deed.
Tenor	STRPP with maturity from 6 years to 10 years under 5 different Sub-Series ("A" to "E"), with equal quarterly redemption in each Series, with the first redemption scheduled in the 21st quarter.

STRPP	As percentage of Issue	Amount as per base issue size (in crores)	Final Redemption Date
A	20%	40	July 22.2031
B	20%	40	July 22.2032
C	20%	40	July 22.2033
D	20%	40	July 21.2034
E	20%	40	July 20.2035
Total	100%	200	

Redemption Date	As stated in the above column related to tenor
Redemption Amount	At par (INR 1,00,000) per bond under each sub-series.
Redemption Premium / Discount	NIL
Issue Price	At par (INR 1,00,000) per bond under each sub-series.

Discount at which security is issued and the effective yield as a result of such discount	Not Applicable.
Premium/Discount at which security is redeemed and the effective yield as a result of such premium/discount	Not Applicable.
Put Date	Not Applicable.
Put Price	Not Applicable.
Call Date	Not Applicable.
Call Price	Not Applicable.
Put Notification Time (Timelines by which the investor need to intimate Issuer before exercising the put)	Not Applicable.
Call Notification Time (Timelines by which the Issuer need to intimate investor before exercising the call)	Not Applicable.
Face Value	Debentures under each sub-series would have a face value of INR 1,00,000 (Indian Rupees One Lakh) each.
Minimum Application and in multiples thereafter	Minimum subscription of INR 5,00,000 (Indian Rupees Five lakh) (comprising 1 Bond of INR 1 lakh face value in each Sub-Series A to E) and in multiples thereof.
Issue Timing	TBD
Issue / Bid Opening Date	July 22, 2025
Issue / Bid Closing Date	July 22, 2025
Date of earliest closing of the issue, if any	NA
Pay – in Date	July 23, 2025
Deemed Date of Allotment	July 23, 2025
Manner of allotment	The allotment will be done on uniform yield basis in line with Securities and Exchange Board of India Master Circular No. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024 issued under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and any amendments thereto read with updated operational guidelines for issuance of securities on private placement basis through the electronic book mechanism" issued by BSE and any amendments thereto.
Settlement mode of the Instrument	Settlement of the Issue will be done through Indian Clearing Corporation Limited. Please refer to the Payment Mechanism in this Key Information Document for further information.
Depository	NSDL and/or CDSL.
Disclosure of interest / Redemption Dates	As mentioned in cash flow.
Record Date	15 days prior to each Coupon Payment Date and Redemption Date. In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.
All covenants of the Issue (including side letters, accelerated payment clause etc.)	**COVENANTS RELATED TO THE ACCOUNTS** **PART A – OPERATION OF THE ACCOUNTS IN ORDINARY COURSE** Subject to the terms of the Accounts Agreement, until the Final Settlement Date, the Accounts shall be governed as per the mechanism stipulated below.

	In the event that the Due Amounts and/or Debt Service Reserve Amount or any shortfall thereof or in any other amounts payable in any of the Account(s) are not transferred to such Account(s) due to such day not being a Business Day, or otherwise, such shortfall shall be cumulated on a rolling basis and be carried forward and aggregated with the amounts payable on the immediately following Business Day. 1. Deposits into and Withdrawals from the Bond Servicing Account a. Deposits into the Bond Servicing Account i. On and from the 1st (first) day of each Servicing Quarter, Receivables equivalent to 2% (two percent) of the outstanding Secured Obligations payable on the immediately following Due Date (T), shall be remitted from the Revenue Account on each Business Day and credited to the Bond Servicing Account, such that the funding of an amount equivalent to the Due Amount is available in the Bond Servicing Account atleast 15 (fifteen) days prior to the Due Date (T-15 days) ("Funding Date"). Upon an amount equivalent to the Due Amount for the relevant Servicing Quarter being credited fully to the Bond Servicing Account, the Issuer shall be entitled to make a request to the Revenue Bank to stop the remittance to the Bond Servicing Account on each Business day, as set out in this Paragraph 1 (a) (i), till the end of such Servicing Quarter. ii. If the Bond Servicing Account is not funded with an amount equivalent to the Due Amount within the Funding Date in accordance with Paragraph 1 (a) (i) above, the Debenture Trustee shall issue a notice to the Issuer in the form set out in the Accounts Agreement ("Shortfall Notice"), calling upon the Issuer to fund the shortfall within the next 5 (five) days (T-10 days) from the date such notice ("Shortfall Funding Date"). iii. In the event an amount equivalent to the Due Amount is not funded by the Issuer in the Bond Servicing Account *within* the Shortfall Funding Date in accordance with Paragraph 1 (a) (ii) above, the Debenture Trustee shall transfer an amount equivalent to such shortfall from the DSRA to the Bond Servicing Account on the day immediately succeeding the Shortfall Funding Date (T- 9 days) to meet such shortfall in the Due Amount ("Final Funding Date"). The Debenture Trustee shall ensure to liquidate the amounts invested in the Permitted Investments made from the DSRA to ensure that adequate funds are available in the DSRA to transfer the funds to the Bond Servicing Account on T-9 day. iv. Upon utilisation of the Debt Service Reserve Amount in accordance with Paragraph 1 (a) (iii) above, the DSRA shall first be fully replenished in accordance with Paragraph 2 (a) (ii) below, upon notice issued by the Debenture Trustee to the Revenue Bank, in the form set out in the Accounts Agreement, pursuant whereof the Receivables available in the Revenue Account shall be transferred by the Revenue Bank to the Debt Service Reserve Account (pro-rata to the other series of Debentures issued by the Issuer and outstanding from time to time) on an ongoing basis until the amounts required to be maintained therein are available in the Debt Service Reserve Account. Thereinafter, the

	Receivables equivalent to 2% (two per cent) of the outstanding Secured Obligations payable on the immediately following Due Date shall continue to be remitted on each Business Day from the Revenue Account into the Bond Servicing Account in accordance with Paragraph 1 (a) (i) above. v. In the event an amount equivalent to the Due Amount is not available in the Bond Servicing Account even after utilisation of the amounts in the DSRA in accordance with Paragraph 1 (a) (iii) above, then the Debenture Trustee shall transfer such shortfall from the Cash Collateral Account into the Bond Servicing Account to meet the shortfall in the Due Amount and issue a Shortfall Notice to the Issuer to replenish the Cash Collateral Account within the next 30 (thirty) days from the date of issuance of Shortfall Notice. vi. Notwithstanding the terms of this Agreement that provide for the appropriation the Receivables from the Revenue Account or the transfer the funds from the other Accounts to the Bond Servicing Account, the obligation of the Issuer to fund the Bond Servicing Account to the extent of the Due Amount, within the timelines specified in this Paragraph 1 (Deposits into the Bond Servicing Account), shall continue until the Final Settlement Date. The Revenue Bank shall remit the amounts from the Revenue Account to the Bond Servicing Account in accordance with the standing instructions from the Issuer (in the form as more particularly set out in the Accounts Agreement) on or before 3.30 PM on the respective Business Day. The Revenue Bank shall have no obligation to ensure the receipt of the amount in the Bond Servicing Account. b. Withdrawals from the Bond Servicing Account (i) Until the Debenture Trustee issues an EOD Intimation Notice, the amounts lying to the credit of the Bond Servicing Account shall be permitted to be withdrawn in accordance with this Agreement, in the following order of priority until the Final Settlement Date: (A) in the event the Cash Collateral Amount is utilized to fund the Bond Servicing Account in accordance with Paragraph 1(a) (v) for payment of Due Amounts on the Due Date, pursuant thereto, all amounts available in the Bond Servicing Account after such Due Date, shall be remitted from the Bond Servicing Account to the Cash Collateral Account on an ongoing basis, until the Cash Collateral Account is replenished to the extent of the Cash Collateral Amount; (B) all the amounts credited to the Bond Servicing Account shall be utilised for the purposes of payment of the Secured Obligations, and, in the interim period of their utilisation, the same may be used for making Permitted Investments, in the manner more particularly set out in the Accounts Agreement. ii) Subject to the terms of the Accounts Agreement, and pending utilization of the amounts lying to the credit of the Bond Servicing Account for the purposes mentioned above, the Account Bank may utilise the credit balance in the Bond Servicing Account towards Permitted Investments, in accordance with prior written instructions

	of the Debenture Trustee. Provided that any such Permitted Investments shall be redeemed by the Account Bank at any time for the payment of any amounts specified above, either upon receipt of a written request by the Debenture Trustee for the same or in accordance with the terms of the Accounts Agreement. iii) The amounts specified in this clause shall constitute "Permitted Withdrawals from Bond Servicing Account". It is clarified that the Account Bank shall not be liable to check the priority of the payment and will act based on written instruction from the Debenture Trustee. 2. **<u>Deposits into and Withdrawals from the DSRA</u>** a. Deposits into the DSRA i.At least 1 (one) day prior to the Deemed Date of Allotment, an amount equivalent to the total servicing obligation (Principal & Interest) of the bonds proposed to be allottedpayable in the next two Quarters ("Debt Service Reserve Amount") shall be deposited by the Issuer into the DSRA, which shall be maintained by the Issuer till the Final Settlement Date. Further, prior to commencement of principal redemption (from the end of 21st and 22nd quarter), the DSRA would need to be suitably augmented within 15 days after the expiry of the 19th and 20th quarter to take care of this enhanced servicing liability. Provided that in the event the amounts maintained in the DSRA exceed the Debt Service Reserve Amount, then the difference between the amounts lying to the credit of the DSRA and the Debt Service Reserve Amount shall be transferred by the Account Bank to the Issuer, only if the Debenture Trustee requests the Account Bank to do so, and subject to there being no unresolved breach by the Issuer of any terms of the Transaction Documents. ii.In the event of a shortfall in the DSRA, all the Receivables (pro-rata to the other series of Debentures issued by the Issuer and outstanding from time to time) shall be remitted from the Revenue Account to the DSRA on an ongoing basis until the DSRA is replenished to the extent of the Debt Service Reserve Amount, and only thereafter amounts lying to the credit of the Revenue Account shall be transferred to the Bond Servicing Account in terms of Paragraph 1 (a) (iv). iii.In the event that the Debt Service Reserve Amount is utilised towards meeting the shortfall in the Bond Servicing Account in terms of Paragraph 1 (a) (iii) above, and the resulting shortfall in the DSRA is not cured by the Issuer within 30 (thirty) days from such Due Date, the Debenture Trustee shall transfer the amounts lying to the credit of the Cash Collateral Account to the DSRA until the **DSRA** is replenished up to an amount equivalent to the Debt Service Reserve Amount. iv.Notwithstanding the terms of the Transaction Documents that provide for the appropriation of the Receivables from the Revenue Account or the amounts from the Cash Collateral Account to the DSRA (as stated hereinabove), the obligation of the Issuer to fund the DSRA to the extent of the Debt Service Reserve Amount, within the timelines

specified in this Paragraph 2 (a) (Deposits into the DSRA) shall continue until the Final Settlement Date.

b. Withdrawals from the DSRA

i. In the event that the Bond Servicing Account is not funded to the extent of the Due Amount in accordance with Paragraph 1 (a) (i) above, the Debenture Trustee shall transfer funds from the DSRA to the Bond Servicing Account in accordance with Paragraph 1 (a) (iii) to meet the shortfall in the Due Amount.

ii. Subject to the terms of the Accounts Agreement, and pending utilization of the amounts lying to the credit of the DSRA for the purposes mentioned above, the Account Bank may utilise the credit balance in the DSRA towards Permitted Investments, in accordance with prior written instructions of the Debenture Trustee. Provided that any such Permitted Investments shall be redeemed by the Account Bank at any time for the payment of any amounts specified above, either upon receipt of a written request by the Debenture Trustee for the same or in accordance the terms of the Accounts Agreement.

iii. The amounts specified in this Paragraph 2 (b) (Withdrawals from the DSRA) shall constitute "Permitted Withdrawals from DSRA". It is clarified that the Account Bank shall not be liable to check the priority of the payment and will act based on written instruction from the Debenture Trustee.

3. <u>Deposits into and Withdrawals from the Cash Collateral Account</u>

a. Deposits into the Cash Collateral Account

(i) At least 1 (one) day prior to the Deemed Date of Allotment, an amount equivalent to the Cash Collateral Amount shall be deposited by the Issuer into the Cash Collateral Account, which shall be maintained by the Issuer till the Final Settlement Date.

(ii) In the event the Cash Collateral Amount is utilised from the Cash Collateral Account in terms of Paragraph 1 (a) (v) and Paragraph 2 (a) (iii) above, all amounts available in the Bond Servicing Account, shall be remitted from the Bond Servicing Account to the Cash Collateral Account on an ongoing basis until the Cash Collateral Account is replenished to the extent of the Cash Collateral Amount in accordance with Paragraph 1 (b) (i) (A) above.

(iii) In the event, the Issuer fails to replenish the shortfall in Cash Collateral Account in accordance with Paragraph 3 (a) (ii) above, the Debenture Trustee shall issue a Shortfall Notice calling upon the Issuer to replenish the Cash Collateral Account for an amount equivalent to the Cash Collateral Amount within 7 (seven) days from the date of issuance of such notice, failing which such an event will be construed as an Event of Default under the Transaction Documents.

b. Withdrawals from the Cash Collateral Account

(i) In the event the Bond Servicing Account and/or the DSRA are not funded to the extent of the Due Amount and/or Debt Service Reserve Amount as per Paragraph 1 (a)

	(i) and Paragraph 2 (a) (i) above respectively, the Debenture Trustee shall transfer funds from the Cash Collateral Account to the Bond Servicing Account in accordance with Paragraph 1 (a) (v) and/or the DSRA in accordance with Paragraph 2 (a) (iii). (ii) Subject to the terms of the Accounts Agreement, and pending utilization of the amounts lying to the credit of the Cash Collateral Account for the purposes mentioned above, the Account Bank may utilise the credit balance in the Cash Collateral Account towards Permitted Investments, in accordance with prior written instructions of the Debenture Trustee. Provided that any such Permitted Investments shall be redeemed by the Account Bank at any time for the payment of any amounts specified above, either upon receipt of a written request by the Debenture Trustee for the same or in accordance with the terms of the Accounts Agreement. (iii) The amounts specified in this Paragraph 3 (b) (Withdrawals from the Cash Collateral Account) shall constitute "Permitted Withdrawals from Cash Collateral Account". It is clarified that the Account Bank shall not be liable to check the priority of the payment and will act based on written instruction from the Debenture Trustee. (iv) The terms Permitted Withdrawals from Bond Servicing Account, Permitted Withdrawals from DSRA and Permitted Withdrawals from Cash Collateral Account are collectively referred to as "Permitted Withdrawals". It is hereby clarified by the Parties that the Permitted Withdrawals shall be made by the Account Bank from the Bond Servicing Account, the DSRA and/or the Cash Collateral Account (as the case may be) pursuant to the Debenture Trustee requesting the same to the Account Bank from time to time in the format set forth in the Accounts Agreement, without any instruction from the Issuer to the Account Bank. **PART B- INFORMATION COVENANTS** The Account Bank shall provide the statement of the Bond Servicing Account, Debt Service Reserve Account and the Cash Collateral Account as at the end of each Working Day to the Issuer and the Debenture Trustee, through email, on the addresses mentioned in the Accounts Agreement. The Issuer shall inform the Debenture Trustee as follows: (i) At least 1 (one) Business Day prior to the Funding Date (T-15) and Shortfall Funding Date (T-10), the balance in the Bond Servicing Account; (ii) At least 1 (one) Business Day prior to the Funding Date (T-15), Shortfall Funding Date (T- 10) and Final Funding Date (T-9), the monthly statement of the Bond Servicing Account, the DSRA and the Cash Collateral Account; (iii) At least 3 (three) Business Days prior to the Shortfall Funding Date (T- 10), the intention to redeem a Permitted Investment made from the Bond Servicing Account; (iv) At least 3 (three) Business Days prior to the Final Funding Date (T- 9), the intention to redeem a Permitted Investment from the Debt Service Reserve Account;

	(v) At least 1 (one) Business Day prior to the Final Funding Date (T-9), the requirement for withdrawal of funds from the DSRA for credit to the Bond Servicing Account; (vi) on each Due Date, the balance maintained in the **DSRA;** (vii) immediately pursuant to transfer of funds to the **DSRA** towards maintenance of Debt Service Reserve Amount, the balance maintained **in the DSRA;** (viii) on each Due Date, the balance maintained in the Cash Collateral Account; (ix) at least 7 (seven) Business Days prior to a Due Date, the balance maintained in the Cash Collateral Account; and (x) immediately pursuant to transfer of funds from the Cash Collateral Account to the Bond Servicing Account and/or DSRA, the balance maintained in the Cash Collateral Account. (xi) Other Information and reporting covenants as per Annexure L of the Key Information Document.
KFC Bond Servicing Account (BSA)	The Issuer would be required to open a designated escrow account - "KFC Bond Servicing Account Series 1 2025" exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders of this Series). This is a Regular Escrow Account and all funds in this account would be solely utilized for bond servicing throughout the tenor of the bonds.
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow account - "KFC Debt Service Reserve Account Series 1 2025" exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the Deemed Date of Allotment. Prior to commencement of principal redemption (from the end of 21st and 22nd quarter), the DSRA would need to be suitably augmented within 15 days after the expiry of the 19th and 20th quarter to take care of this enhanced servicing liability. Further, as the servicing liability would progressively come down after the peak, the Issuer would be permitted to take out the excess amount from DSRA progressively under intimation to the Debenture Trustee, subject to no unresolved breach of any covenant. The DSRA would be in the form of cash or cash equivalent (investment in Permitted Instruments and would remain escrowed in favour of the Debenture Trustee).
Cash Collateral Account	The Issuer shall, at least 1 (one) day prior to the Deemed Date of Allotment, create Permitted Investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") from the Cash Collateral Account for an amount equivalent to 10% (Ten percent) of the principal amount of the bonds proposed to be allotted and shall maintain it at 10% (Ten percent) of the outstanding principal amount of the Debentures till the Final Settlement Date ("Cash Collateral Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount in the Cash Collateral Account, which may be invested in as Permitted Investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account, as mentioned under structured payment mechanism, not getting cured within 30 days after servicing Due Date (i.e. T+30), the erosion shall be made good

	by transferring necessary amount of funds to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to replenish the Cash Collateral Amount within the next 30 days (i.e by T+60).
Permitted Investments	The funds in the Bond Servicing Account, DSRA and Cash Collateral Account, till such time being utilized would be allowed to be invested in permitted investments i.e. (i) fixed deposits with scheduled commercial banks having a rating of A1+ or higher for short term deposits and AA rating or higher for long term deposits; and/ or (ii) Central/ State government securities (including treasury bills and state development loans securities); iii) Corporate bonds and debentures issued by PSUs, Financial institutions, Insurance Companies, scheduled commercial banks, Govt owned NBFCs having a rating of AA or higher assigned by atleast 2 (Two) rating agencies registered with the Securities & Exchange Board of India under the SEBI (Credit Rating Agencies) Regulations, 1999; These Permitted Investments are to be pledged in favour of the Debenture Trustee. These Permitted Investments would be made & liquidated by the Debenture Trustee as per the instruction of the issuer from time to time. However, any investment of funds from the Bond Servicing Account, other than in Bank FDs, would be compulsorily liquidated by the Debenture Trustee on T-3 days, if not liquidated earlier. The investment in Bank FDs, out of funds lying in KFC Bond Servicing Account Series 1 2025 should have a maturity date at least 1 day prior to the next bond servicing date. Similarly, in case of any shortfall persisting in the KFC Bond Servicing Account Series 1 2025 on T-9 days, the Debenture Trustee should ensure availability of adequate funds to meet such shortfall in cash form in the DSRA, if required, through need-based liquidation of Permitted Investments.
Description regarding Security (where applicable) including type of security (movable / immovable / tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the Disclosure Document	The Debentures would be secured by way of 1. Exclusive charge on the 'KFC Bond Servicing Account' and on the amount transferred therein and the Permitted Investments made therefrom; 2. Exclusive charge on the 'KFC Debt Servicing Reserve Account' and the funds lying there-in and the Permitted Investments made therefrom; 3. Exclusive charge on Cash Collateral Account and the Permitted Investments made therefrom; and 4. Exclusive charge on specific current assets including book debts and receivables of the Corporation from identified borrowers. 5. The book value of such assets would provide 100% (one hundred percent) security cover on the outstanding bonds and interest accrued throughout its entire tenure.
Transaction Documents	1. the Debenture Trust Deed; 2. the Debenture Trustee Agreement; 3. the Deed of Hypothecation; 4. Accounts Agreement 5. the General Information Document and Key Information Document; 6. Tripartite Agreements; 7. Listing Agreement; 8. the Registrar and Transfer Agent Consent;

	9. Letter dated 09.12.2024 read with letter dated 16.07.2025 setting out the Credit Rating for the Debentures from Infomerics Valuation and Rating Limited 10. Letter dated 23.06.2025 setting out the Credit Rating for the Debentures from Acuite Ratings and Research Limited 11. Application made to Stock Exchange for seeking in-principle approval for listing of Debentures; and 12. any other document that may be mutually agreed as a Transaction Document by the Debenture Trustee and the Issuer.
Conditions Precedent to Disbursement	Please refer to Annexure M (Conditions Precedent and Conditions Subsequent) of this Offer Document.
Conditions Subsequent to Disbursement	Please refer to Annexure M (Conditions Precedent and Conditions Subsequent) of this Offer Document.
Event of Default ((including manner of voting /conditions of joining Inter Creditor Agreement ("ICA")	As is set out in the Debenture Trust Deed and shall include, without limitation, the following events: (a) Any payments due in respect of the Debentures have not been paid on the relevant Due date; (b) Failure of the issuer to replenish the erosion in DSRA and Cash Collateral Permitted Investment within the stipulated timelines (c) The breach by the Issuer of any covenant, obligation, and/or any other obligations provided for under the Transaction Documents if not cured within 30 days; (d) Occurrence of Material Adverse Effect; (e) Non-Creation, invalidity and unenforceability of Security including non-creation of Security within stipulated timelines. (f) Withdrawal or suspension of Credit Rating or credit rating downgraded to A+ or below by any of the rating agencies; (g) Application for initiation of any insolvency proceedings against the Issuer under any applicable bankruptcy / insolvency / winding up or other similar law (including the IBC) filed any time during the tenure of the NCDs and not stayed or dismissed within 7 (seven) days from the date of such filing. (h) Any of the representations or warranties provided by the Issuer under the Transaction Documents are found to be untrue, misleading or incorrect, when made or deemed to be made if not cured in 30 days; (i) Erosion in the value of security below 100% of the aggregate outstanding liabilities of debentures at any point (j) The State Government of Kerala ceasing to own at least 51% (Fifty One percent) of the Issuer or ceasing to Control the Issuer without obtaining the prior written consent of the Debenture Trustee. (k) Cross default. (l) Other Events of Default as per Annexure K of the Key Information Document.
Remedies	In the event of *occurrence* of the EOD mentioned above, each of the Bond Holders and Debenture Trustee shall have the following rights without requiring to give any notice: 1. To accelerate the payments under and in relation to the Debentures and make them immediately due and payable; 2. Enforce the Security 3. Take any other recourse available to the Investor/Debenture Trustee under law and/or in equity

	4. Any other consequence as may be customary to transactions of such nature and/or as advised by the consultants of the Issuer The escrowing rights on the KFC Bond Servicing Account would continue to remain active and operational till all the outstanding liabilities get settled.
Undertakings of the Issuer	(a) The complaints received in respect of the Issue shall be attended expeditiously and satisfactorily. (b) KFC shall forward the details of utilization of the funds raised through the Debentures duly certified by the statutory auditors of KFC, to the Debenture Trustees at the end of each half-year. (c) KFC shall disclose the complete name and address of the Debenture Trustee in the annual report. (d) KFC shall provide a compliance certificate to the Debenture Holders (on yearly basis) in respect of compliance with the terms and conditions of issue as contained in the Offer Document. (e) At all times until the Final Settlement Date, the State Government of Kerala shall not cease to own at least 51% (Fifty One percent) of the Issuer or cease to Control the Issuer, without the prior written consent of the Debenture Trustee (acting upon the instructions of each of the Debenture Holders); (f) All revenue collections of the Issuer shall be deposited solely in the unencumbered current account held by the Issuer with the Revenue Bank bearing account no. 10300200051862 ("Revenue Account"); (g) On the occurrence of an event of default, the Issuer shall not effect any withdrawals from the Revenue Account, without the prior written consent of the Debenture Trustee.
Creation of recovery expense fund	The Issuer has created requisite amount for Recovery Expense Fund in accordance with the SEBI REF Circular with the BSE Limited.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Please refer to rows in the Summary of Terms: 1. "Event of Defaults" 2. "Consequences to Events of Default" 3. "Default Interest Rate"
Provisions related to Cross Default	If the Issuer fails to make payment of any financial indebtedness when due or otherwise commits any breach of the provisions of any agreement entered into in respect of any financial indebtedness availed of by it (in respect of which breach either no cure period is available or where a cure period is available fails to cure such breach within the available cure period).
Debenture Trustee	Beacon Trusteeship Limited
Role and Responsibilities of Debenture Trustee	The roles and responsibilities of the Debenture Trustee shall be as per the Debenture Trust Deed.
Risk factors pertaining to the issue	Please refer to Risk Factors of the Offer Document.
Governing Law and Jurisdiction	The Debentures are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof will be subject to the exclusive jurisdiction of the courts at Kerala in India. However, nothing in the provisions shall limit any right of the Debenture Trustee/ Debenture Holders from initiating any proceedings in any other court or tribunal of competent jurisdiction.
Business Day Convention	If the coupon payment date falls on a Sunday or a holiday, the coupon payment shall be made on the next working day. However, the dates of the future payments would continue to be as per the schedule originally stipulated in the offer document. If the maturity date of the debentures, falls on a Sunday or a holiday, the redemption proceeds shall be paid on the previous working day. If a leap year (i.e. February

	29) falls during the tenor of the debentures, then the number of days shall be reckoned as 366 days (actual/ actual day count convention) for the entire year, irrespective of whether the interest/ dividend is payable annually, half yearly, quarterly or monthly.

Notes:
(a) If there is any change in coupon rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new coupon rate and the events which lead to such change should be disclosed.
(b) The list of documents which have been executed in connection with the issue and subscription of debt securities shall be annexed.
(c) The debt securities are secured to the extent of hundred per cent. of the amount of principal and interest or as per the terms of relevant Key Information Document, in favour of debenture trustee, it is the duty of the debenture trustee to monitor that the security is maintained.
(d) The issuer shall provide granular disclosures in their issue document, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue".

15. DECLARATION

The Issuer declares that all the relevant provisions in the regulations/guideline issued by SEBI and other Applicable Laws have been complied with and no statement made in the Issue Document is contrary to the provisions of the regulations/guidelines issued by SEBI and other Applicable Laws, as the case may be. The information contained in the Issue Document is subject to the information available with the Issuer. The extent of disclosures made in the Issue Document is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past. For any additional declarations, please refer to this Key Information Document.

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that the Issue Document contains all information with regard to the Issuer and the Issue (as set out in this Key Information Document, that the information contained in such Issue Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The Issuer confirms that the Permanent Account Number, Bank Account Number(s) of the Promoter of the Issuer and Permanent Account Number of the directors of the Issuer have been submitted to the stock exchange(s) on which the non-convertible securities are proposed to be listed, at the time of filing of the draft General Information Document.

Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk factors' given under section 6 '*General Risks*'.

The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the Issue Document. Any covenants later added shall be disclosed on the relevant stock exchange's website where the Debentures are listed.

DECLARATION BY THE AUTHORISED OFFICERS OF THE ISSUER

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section 6 '*General Risks*' of the General Information Document. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

We, Soya K, Financial Controller & Nandhini V, Company Secretary & Compliance Officer, authorized officers of the Issuer hereby confirm and declare that:

A. Except as intimated from time-to-time, the Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, and the rules and regulations made thereunder, including the compliances in relation to making a private placement and/or public issuance (as applicable) of the Debt Securities, and nothing in this Issue Document is contrary to the provisions of the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992~~, Companies Act, 2013~~ and the rules and regulations made thereunder;

B. the compliance with the SEBI Guidelines and other Applicable Laws does not imply that payment of interest or repayment of non-convertible debt securities, is guaranteed by the Central Government;

C. the monies received under the Issue shall be used only for the purposes and objects indicated in this Key Information Document;

D. whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association;

E. The contents of this Key Information Document have been perused by the Board of Directors, and the final and ultimate responsibility of the contents mentioned herein shall also lie with the Board of Directors.

F. We are duly authorised to attest as per this clause by the board of directors, by a resolution, a copy of which is annexed as Annexure B in this Issue Document.

G. it is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Issue Document.

We are authorised by the Board of Directors of the Issuer to sign this Key Information Document and declare that the subject matter of this Issue Document and matters incidental thereto have been complied with.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For Kerala Financial Corporation

Name: Soya K.
Designation: Chief Financial Officer
Date: 22.07.2025

Name: Nandhini V
Designation: Company Secretary and Compliance Officer
Date: 22.07.2025

Annexure A

BSE
The Power of Vibrance

DCS/COMP/BB/IP-PPDI/067/25-26

July 16, 2025

KERALA FINANCIAL CORPORATION
Vellayambalam, Thiruvananthapuram,
Kerala-695033

Dear Sir/Madam

Re: Private Placement of Listed, Non-Convertible Debt Securities in Multiple Series/ Tranches (as applicable) ("Debt Securities" or "Debentures" or "Ncds")under GID No: KFCBOND/2/2025-26 Dated July 14, 2025

We acknowledge receipt of your application on the online portal on June 11, 2025 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.

2. Payment of fees as may be prescribed from time to time.

3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.

4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.

5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time.

6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:
https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31

7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of such issuance. The details can be uploaded using the following links Electronic Issuance - Bombay Stock Exchange Limited (bseindia.com).

8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

9. ***Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.***

10. Company is further requested to comply with SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/56 dated April 13, 2023, (if applicable) read along with BSE Circular https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230428-18 and ensure compliance of the same.

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter or period of 1 year from the date of opening of the first offer of debt securities under the General information Document, which ever applicable. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/ incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,
For BSE Limited

Prasad Bhide
Assistant Vice President

Akshay Arolkar
Manager

Annexure B

KERALA FINANCIAL CORPORATION

HO: VELLAYAMBALAM, THIRUVANANTHAPURAM - 695 033
Phone : 0471- 2315891, 2737566
e-mail : mdoffice@kfc.org website : www.kfc.org

Extract of the Minutes of the 625th Board Meeting held at Head Office Kerala Financial Corporation, Vellayambalam Thiruvananthapuram, at 02.30 PM on 12.03.2024

Non-SLR Bond issues

The Board noted the balance outstanding of Non-SLR bonds issued by the Corporation.

The Board discussed the details of the fresh bond issue 1/2024 of Rs.500 crore and noted all the actions taken by ALCO w.r.t. the issue. ALCO held on 13.02.2024 decided to launch the issue of Rs.500 crore with base issue size of Rs.300 crore and Green shoe option to retain up to Rs.200 crore. The term sheet and RFP for the selection of arrangers were approved with all the terms same as that of the 2023 issue except to increase the minimum commitment amount from Rs.50 crore to Rs.100 crore.

The Board noted that the RFP was floated on 14.02.2024 keeping the bidding process on 21.02.2024. Six bids were received with the lowest quote by Real Growth Securities Pvt Ltd at 8.89% with a fee of 0.49%. Though the book-building process was done and all the bidders were requested one by one to match the L1 rate and Increase commitment, none of them agreed. So considering the current fund position and fund requirement, ensuing elections and other market conditions, ALCO negotiated with all the bidders to get Rs.50 crore each at 8.95% and fees of 0.49% for the base issue size of Rs.300 crore and decided to get the revised commitment letter from all the bidders in this regard. Meanwhile, ALCO decided to meet again on the next day to decide whether to finalise the coupon at 8.95%, which is a rate above L1 or whether to negotiate again at L1 rate of 8.89% or whether to go for retendering. Accordingly, ALCO again met on 22.02.2024 and noted that as per the RFP the book-building process can be done only to match the L1 rate and not any other rate and hence ALCO did a second round of the building process in which L1 and L2 agreed to increase their commitment to Rs.150 crore each. Thus the base issue of Rs.300 crore was met @8.89% and a fee of 0.49% by the L1 and L2 arrangers, Real Growth Securities Pvt Ltd and Tipsons Consultancy Services Pvt. Ltd respectively.

The Board was informed that the bidding on the BSE EBP platform was done on 12.03.2024 from 11 am to 1 pm and Rs.307 crore was raised. Accordingly, the arranger fee to be paid comes to Rs.1.48 crore being 0.49% of Rs.302 crore (excluding Rs.5 crore invested by KFC EPF Trust). The banking and allotment are on 13.03.2024 and the listing is proposed on 14.03.2024. The Board also noted that ALCO will invest the DSRA and cash collateral amount of Rs.44.50 crore under the category of permitted investments currently available in the market and till such time has placed Rs.44.50 crore as FD with HDFC Bank where the escrow account is maintained.

The Board noted that the dual credit rating of 'AA' by Acuite Rating & Research Ltd and Infomerics Valuation & Rating Pvt Ltd was taken for Rs.1000 crore. The rating is valid and hence new credit rating for the balance amount of Rs.693 crore is not required. The Board directed to complete the fundraising of the balance amount of Rs.693 crore in the first quarter of FY 2024-25.

The Board discussed and approved all the actions taken by ALCO in respect of the issue of 8.89% Non-SLR Bond Issue 1/2024 and passed the following resolutions:

(a) "Resolved that the Board took note of the closure of the "8.89% KFC Non-SLR Bonds Series 1/2024" bond issue raising Rs.307 crore on private placement basis with bid date on 12.03.2024 and allotment date on 13.03.2024"

(b) "Resolved that the Board approved all the resolutions passed by ALCO for issuing the 8.89% KFC Non-SLR Bonds Series 1/2024"

(c) Resolved that the Board approved raising the balance amount of Rs.693 crore by issue of Non-SLR Bonds in the FY 2024-25 and authorised ALCO to take necessary action in this regard.

For Kerala Financial Corporation

V. Nair

Company Secretary

-True Copy-

Annexure C

KERALA FINANCIAL CORPORATION
MINUTES OF THE ASSET LIABILITY MANAGEMENT COMMITTEE MEETING HELD ON 29.03.2025

Present:-

- Sri Sriram Venkitaraman IAS, MD - Chairman
- Sri Premnath Ravindranath, ED - Member
- Smt. Soya.K, FC - Member
- Smt. Nandhini Vijayaraghavan, CS - Member

1. Fund Position

The Committee reviewed the bank lines and surplus funds available as of 01.03.2025, amounting to Rs.217 crore. It noted that thought Rs.200 crore was initially planned to be set apart for meeting Q1 commitments, due to a higher-than-expected disbursement of nearly Rs.100 crore to KMCL and others, only Rs.100 crore is set apart for Q1 commitments, currently parked in LIC. As 30.03.2025 and 31.03.2025 are holidays, the Committee decided that any surplus funds received after banking hours on 29.03.2025 will be parked in the existing savings bank account.

2. **LOC Outstanding and Bank loan Availments:**

The Committee took note of the LOC outstanding as on 28.03.2025, along with interest rates, reset dates, and bank loan Availments and repayments after the last ALCO meeting held on 18.03.2025. It was further noted that a loan of Rs.500 crore from IIFCL was availed on 26.03.2025 at an interest rate of 8.56%, determined based on the 10-day average of the A+ rated Reuters 10-year rate curve.

3. **Fixed Deposit Renewals and Special Interest Approvals:**

The Committee noted the approval received vide Letter No. SS-1/374/2024-Fin (2880268) dated 26.03.2025 for two-day special interest rate of 9.15% on fixed deposit of Rs.200 crore placed in the Treasury Account which matured on 02.03.2025.

The Committee noted that the FD of Rs.200 crore placed on 31.03.2023 for 731 days at a special interest rate of 8.90% was maturing on 31.03.2025 and Federal Bank has sanctioned a short-term loan of Rs.200 crore against this Treasury FD at an interest rate of 8.75% and the FD is pledged with the bank. The Committee also noted that the FD is being renewed for one more year at 7% and the matter has been taken up with Govt for continuing the special rate of 8.90%.

4. **Share Capital Infusion:**

The Committee noted that the Government vide G.O.(Ms)No.34/2025/Fin dated 20.03.2025 approved share capital infusion of Rs.200 crore and the amount was credited to the Corporation's TSB account on 25.03.2025 thus increasing the Corporation's paid-up capital to Rs.926.50 crore. The Committee also decided to engage in discussions with merchant bankers and arrangers to explore viable proposals for enhancing the Corporation's net worth, given the limited scope for additional capital infusion within the authorized share capital ceiling of Rs.1000 crores.

5. **Non-SLR Bond Issue:**

The Committee reviewed the Corporation's bond issues and noted that no funds were raised through bond issue during the current financial year due to the change in credit rating outlook by Acuite Rating Agency from 'Stable' to 'Negative.' After discussion, the Committee decided to take necessary steps to have a detailed

discussion with the rating agency to get the credit rating outlook revised to 'Stable' in light of the Rs.200 crore share capital infusion and to explore raising funds from the bond market once the outlook is revised , subject to favorable interest rates, up to Rs.693 crore during FY 2025-26.

CS FC ED MD

FY 24-25

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)**

**Note: The Company is in the process of preparing financial results for the quarter ended 30th June, 2025 and the same shall be declared in accordance with the statutory timelines as per the relevant laws. Once the results are declared, the same shall be made available on the website of the Company. Accordingly, for the purpose of disclosure under the above clause the Company has furnished information based on the quarter and financial year ended 31st March, 2025.*

FY 23-24

2.8 RELATED PARTY DISCLOSURES AS PER AS 18

A. List of Related Parties

- Holding Company - NIL
- Subsidiary Companies - NIL
- Key Managerial Personnel – Sri Sanjay Kaul IAS , Chairman and Managing Director (from 01.06.2021 till 27.03.2024), Sri Premnath Ravindranath, Managing Director (i/c) (from 27.03.2024), Smt.Soya K -Financial Controller, Sri.Ram Ganesh R Company Secretary (from 14.12.2023)

B. Related party Transactions

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

Salary and other perquisites

Shri Premnath Ravindranath (Executive Director) – ₹31.24 Lakhs

Smt Soya K (Financial Controller) – ₹23.08 Lakhs

Shri Ram Ganesh R (Company Secretary) – ₹2.84 Lakhs (from 14.12.2023)

2.9 IMPAIRMENT OF ASSETS

The fixed assets are carried at written down value (WDV) consistently using appropriate depreciation rates. All other operating assets are carried at current / transaction value. In accordance with AS 28 – Impairment of Assets, an annual assessment was made on 31.03.2024, as to whether there is any indication that an asset or a class of assets is 'impaired' and since there were no incidences of such impairment indicators, no provision has been made.

2.10 ADVANCE FOR FIXED ASSETS.

The Advance for Fixed assets of ₹121.64 Lakh represents those amounts spent on fixed assets but is not ready for use as on 31.03.2024. This includes ₹74.86 Lakhs paid to KADCO as advance payment for renovation of Ernakulam Branch Office. During the Year 2022-23, ₹24.53 lakhs paid to M/s Saraswat Infotech Pvt Ltd, towards advance payment for the implementation of Finacle Core Banking Solution in the Corporation was included in advance payment against fixed assets. Since Saraswat Infotech Pvt Ltd (SIL) was not able to deliver the Finacle CBS on due date as committed, the contract was terminated as per the decision of the Board dated 10.11.2022 and SIL has refunded the full amount of ₹26.55 Lakhs being advance for assets initially billed along with a compensation of ₹0.96 Lakhs.

2.11 SEGMENT REPORTING

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

A. Primary Segment (The Business Segment)

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

B. Secondary Segment (The Geographical Segment)

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

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FY 22-23

2.7 Indirect taxes

Service tax -

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

Goods and Service Tax (GST)

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

2.8 Related Party Disclosures as per AS 18

A. List of Related Parties

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

B. Related party Transactions

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

2.9 Impairment of Assets

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

2.10 Advance for fixed assets.

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

2.11 Segment Reporting

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

Annexure E

ANNUAL REPORT

2022-23

Kerala Financial Corporation

we finance your dream

KERALA FINANCIAL CORPORATION
(INCORPORATED UNDER THE STATE FINANCIAL CORPORATIONS ACT No. LXIII OF 1951)
H.O. VELLAYAMBALAM, THIRUVANANTHAPURAM - 695033
Phone: 0471 - 2737500 (30 Lines) Fax : 2311750, 2318541, 2722090, 2313813
e-mail: kfc@kfc.org website : www.kfc.org

IS / ISO 9001
QMS

KFC/ F&A / 302 / 2023 **02.06.2023**

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 70th Annual General Meeting (AGM) of the shareholders of Kerala Financial Corporation will be held at the Head Office of the Corporation, Vellayambalam, Thiruvananthapuram on Monday, June 26, 2023 at 11.00 AM to transact the following businesses:

Ordinary Business

1. To consider and adopt the Balance Sheet as at March 31, 2023 and the Profit & Loss account for the year ended March 31, 2023 of the Corporation, the Report of the Board of Directors on the working of the Corporation for the Financial Year 2022-23 and the Auditor's Report on the said Balance Sheet and Accounts.
2. To appoint Statutory Auditors of the Corporation for the Financial Year 2023-24 under Section 37 (1) of the SFC Act 1951.
3. To declare dividend

Special Business

4. Issue of shares to State Government in Demat form.

   The Corporation's authorized and paid up capital as on March 31, 2022 was 50000.00 Lakh and Rs.42650.43 Lakh respectively. Government of Kerala vide GO(Ms) No.59/2023/fin dated 30.03.2023 have enhanced the Authorized share capital of Kerala Financial Corporation (KFC), from existing Rs. 50000.00 Lakh to Rs. 100000.00 Lakh on the recommendations of the Board of Directors of KFC dated 26.11.2020, KFC Annual General Meeting held on 31.08.2021 and SIDBI letter no. IFV:10960/KFC dated 05.08.2021. Further Government of Kerala vide GO(Ms) No.62/2023/fin dated 31.03.2023 infused Rs. 20000.00 Lakh to the paid up capital which is shown separately as Advance received against Share Capital under Shareholder's Funds as on 31.03.2023. Approval of Shareholders is sought to issue 2,00,00,000 shares at face value of Rs. 100/- per share amounting to Rs. 20000.00 Lakh to Government of Kerala by crediting the same to the Demat account of the Government of Kerala with Stock Holding Corporation of India Ltd (SHCIL). The consent of the shareholders be and is hereby accorded to the authorize Financial Controller, KFC to do all such acts, deeds, matters and things as they may deem necessary and/or expedient to give effect to the above Resolution.

5. To approve the proposal to raise funds not exceeding Rs. 100000.00 Lakh by way of issuance of non-convertible debentures on private placement basis.

By Order of the Board

Executive Director

Place : Thiruvananthapuram,
Date : 02-06-2023

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

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NOTES:

1. *The Share Register of the Corporation shall remain closed and transfer of shares will be suspended from 19.06.2023 to 26.06.2023 (both days inclusive).*

2. *The form of proxy is enclosed.*

3. *Voting rights of the shareholders shall be determined in terms of the provisions under Section 4F of the State Financial Corporations Act, 1951.*

4. *Any shareholder entitled to attend and vote at the meeting shall be entitled to appoint another person (whether a shareholder or not but not being an officer or employee of the Corporation) as his proxy to attend and vote instead of himself. No proxy shall be valid unless it is duly stamped and unless it, together with the power of attorney or other authority (if any) under which it is signed, or a copy of that power or authority certified by a notary public or a magistrate, is deposited at the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.*

5. *A shareholder being a Company including Small Industries Bank, Public Sector Banks, Co-operative Banks, Co-operative Societies and LIC may, by a resolution of its Directors, authorise any of its officials or any other person (not being an officer or employee of the Corporation) to act as its representative at the meeting. The copy of the resolution appointing him as a duly authorised representative certified to be true copy by the Chairman of the meeting at which it was passed shall have been deposited at the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.*

6. *The State Government may, by order in writing, authorise any of its officers, whether a Director of the Corporation or not, to act as its representative at the meeting. The copy of the order shall be deposited at the Head Office of the Corporation before the time fixed for the meeting.*

7. *The meeting shall be held, conducted, and the business thereat shall be transacted in adherence to the provisions of the State Financial Corporations Act 1951 (As amended up to date) and in terms of the provisions of the General Regulations of Kerala Financial Corporation.*

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KERALA FINANCIAL CORPORATION

H.O. – 'Aswathy', Vellayambalam,
Thiruvananthapuram – 695 033.

I, We.....(folio No.) of.....being a share holder of the Kerala Financial Corporation holding shares Nos.....

hereby appoint Shri/Smt.....of.....

(or failing him Shri/Smt.....of.....)

as my/our proxy to vote for me/us and on my/our behalf at a meeting of the shareholders of the Corporation to be held at.....on the.....day of.....

and at any adjournment thereof.

Signed this.....day of.....

Signature on Rs.1/-
Revenue Stamp

DIRECTORS' REPORT

To
The Stakeholders

The Board of Directors is pleased to place before you the 70th Annual Report of Kerala Financial Corporation (KFC) along with the Audited Balance Sheet as at March 31, 2023, the Profit and Loss Account and the Cash Flow Statement for the year ended March 31, 2023. The performance highlights are also given in the Annual Report for the year 2022-23.

KFC incorporated under the State Financial Corporations Act of 1951, has now become the best State Financial Corporation in India, playing a vital role in the industrialization of the State by providing financial assistance to Micro, Small and Medium Enterprises in the manufacturing and service sector. All along our constant endeavour has been to bring a sharper focus on the requirements of our customers and to provide the highest levels of service.

The Indian economy have moved on after its encounter with the pandemic, staging a full recovery ahead of many nations and have positioned itself to the pre-pandemic growth path during FY 2022-23. Resilient domestic macroeconomic and financial conditions and new growth opportunities from global geo-economics shifts has placed India at a advantageous position. Prompt and adequate measures by the RBI have reined in the rise in inflation and brought it within the Central Bank's tolerance limit.

The Government of Kerala had declared the Financial Year 2022-23 as the "Year of Enterprises". The objective of the initiative was to encourage and promote Micro, Small, and Medium level entrepreneurs in the State by creating one lakh new enterprises in Kerala during the FY 2022-23. The Government has achieved this ambitious target within a remarkable period of 250 days and 1.39 lakh enterprises started in the state during the FY. As part of this achievement, a sizeable amount of investment and new employment opportunities were created in the State. The State Government continues its policy of promoting growth and development of the economy, and ensures social protection and job creation despite the constraints imposed by the pandemic, natural calamities, and economic slowdown. The Government has come out with 'Kerala Industrial Policy 2023' which aims to reorient existing industries to adopt Fourth Industrial Revolution (4IR) technologies, enhancing their efficiency and competitiveness. Special emphasis is placed on achieving an Industry 4.0-ready industrial ecosystem by 2028 through responsible investments and fostering innovation.

In this "Year of Enterprises", KFC has stood behind the State Government, fulfilling the financial requirements of the budding as well as existing enterprises with a handholding & customer friendly approach. The loan portfolio of the Corporation surpassed Rs.5000 crore mark for the first time in a FY and reached Rs.6529.40 crore. Even though the repo rate was increased by 250 bps during

KERALA FINANCIAL CORPORATION KFC Kerala Financial Corporation THIRUVANANTHAPURAM - 695 033

the FY 2022-23 which ultimately affected the funding cost of the Corporation, the interest rates were not hiked by KFC even a single time during this period, and that too, when all the Banks were passing on the additional interest burden to their customers. With the support of the State Government, KFC continued to offer loans at attractive rates to the entrepreneurs. With the infusion of share capital of Rs.200 crore by the State Government, the Corporation could improve the Capital Adequacy Ratio (CRAR) to 25.58%. The Corporation announced new loan schemes and extended revival packages to various sectors. Corporation also conducted a special recovery drive for the settlement of doubtful assets and mobilised Rs.100.27 crore from the written off portfolio. Despite the diverse challenges, the Corporation remains resilient and has delivered a robust financial and operating performance with significant growth across various parameters. The key performance indicators are Sanction (up 11.49%), Disbursements (up 63.48%), Portfolio (up 37.44%), Profit (up 280.26%) and Gross NPA (down 4.89%), Net NPA (down 42.19%).

These encouraging figures reflecting an all-round balanced growth are the outcome of deliberate strategic efforts of a highly committed Professional Team of the Corporation who pursued the path of excellence, notwithstanding challenges. In addition to the excellent performance, an exceptional focus on credit quality, seamless processes and systems, ethical practices, and disclosures are the hallmarks of the Corporation with a strong regard for compliance. With a solid market reputation, credit quality and a well-capitalized position, Kerala Financial Corporation is positioned to accelerate growth and withstand any disruptions that may come, with innovative products and excellent customer service.

PERFORMANCE OF THE CORPORATION

The performance highlights of the Corporation for the last two FYs are as given below:

Rs in Lakh

Key Parameters	**2022-23**	**2021-22**
Portfolio Size	6,52,940.30	4,75,071.41
Sanctions	3,20,722.18	2,87,678.86
Disbursements	3,55,594.61	2,17,520.16
Recovery	2,33,241.69	2,43,046.80
Interest Income	54,364.41	39,264.66
Total Income	69,437.51	51,816.81
Total Expenditure	55,835.81	42,634.65
Op. Profit before technical write off of bad debts	24,142.60	19,197.91
Op. Profit after technical write off of bad debts	13,601.70	9,182.16
Net Profit before Tax	8,602.95	3,501.07
Net profit after tax	5,018.64	1,319.80
Basic EPS (in Rs.) [face value Rs.100/-]	12.43	3.26
Diluted EPS (in Rs.) [face value Rs.100/-]	12.41	3.26
Net worth	92,570.25	69,402.63

KERALA FINANCIAL CORPORATION KFC Kerala Financial Corporation THIRUVANANTHAPURAM - 695 033

Capital Adequacy Ratio %	25.58	22.41
Gross NPA as % of Gross Advances	3.11	3.27
Net NPA as % of Net Advances	0.74	1.28

BUSINESS ACHIEVEMENTS

Sanctions and Disbursements

During the year the Corporation took a conscious decision to rejig the existing portfolios to increase the support to MSMEs in the State without compromising on credit quality and pursuing stringent credit administration standards. The Corporation sanctioned financial assistance of Rs. 320722.18 Lakh during the FY 2022-23 as against Rs. 287678.86 Lakh during the previous FY. An amount of Rs. 355594.61 Lakh was disbursed during the FY 2022-23 as against Rs. 217520.16 Lakh during the previous FY .

Recovery

The Corporation has a well-built monitoring mechanism for recovery. The Board of the Corporation at its meeting held on 10.11.2022 decided to provide a one-time window to settle doubtful loans under Special Recovery Drive (SRD) for Doubtful loans. A total of 71 cases were sanctioned under the scheme amounting to Rs.8362.24 lakh and 40 cases were settled amounting to Rs.3454.66 lakh as of 31.03.2023. The total collection including advance is Rs.5542.00 lakh. During the year the Corporation has initiated Revenue Recovery action against 25 units having principal outstanding of Rs.7478.46 Lakh. The Corporation has taken physical possession of units with outstanding balance of Rs.325.86 Lakh. The Corporation has filed an Insolvency Petition under The Insolvency and Bankruptcy Code, 2016 against an unit for a claim of Rs.2739.35 lakh. There are 4 other units that are financed by the Corporation and undergoing the process of CIRP/Liquidation on the basis of petitions filed by other Financial Creditors. The total claim admitted in favour of the Corporation in such cases are Rs. 14838.72 Lakh.

The total recovery during the FY was Rs.233241.69 Lakh as against Rs. 243046.80 Lakh during the previous year. Out of the total recovery, 10027.28 Lakh (Rs. 9243.54 Lakh in Previous year) was by way of compromise settlement and recovery from written off loans.

Portfolio

The portfolio of the Corporation as on 31.03.2023 is Rs.652940.30 Lakh viz-a - viz Rs.475071.41 Lakh of 31.03.2022 registering a growth of 37.44%. The sector wise classification of Loans & Advances as on March 31, 2023 is furnished below.

Rs in Lakh

		As on 31.03.2023			As on 31.03.2022		
	Sector before woff	**No**	**Amount**	**%**	**No**	**Amount**	**%**
1	Manufacturing	2058	198580.44	30.41	2120	158451.23	33.35

KERALA FINANCIAL CORPORATION KFC THIRUVANANTHAPURAM - 695 033

2	Service	4189	423241.48	64.82	3957	286900.17	60.39
3	CRE	144	31118.38	4.77	163	29720.01	6.26
	Total	6391	652940.3	100.00	6240	475071.41	100.00

FINANCIAL PERFORMANCE

Profit

The Corporation reported a total income of Rs.69437.51 Lakh during the year as against Rs. 51816.81 Lakh during the FY 2021-22. The operating profit for the year under review increased by 48.13% to Rs.13601.70 Lakh as compared to Rs. 9182.16 Lakh during the previous year mainly due to higher recovery from technically written off assets of previous years. The Corporation has registered a Net profit of Rs.5018.64 Lakh as compared to Rs. 1319.80 Lakh during the previous year.

Dividend

The Board of Directors has proposed a dividend of 5% for the year ended March 31, 2023 (0.25% for the year ended March 31, 2022), subject to the approval of the shareholders at the ensuing Annual General Meeting. As per Section 35A of the SFC Act 1951, 0.50% of the dividend accruing to State Government and SIDBI amounting to Rs.10.66 Lakh will be transferred to Special reserve fund.

Capital & Reserves

The Corporation's paid up capital as on March 31, 2023 is Rs.42650.43 Lakh. The capital plus reserves of the Corporation has moved up by 33.38% from Rs. 69403.17 Lakh Lakh to Rs. 92,570.25 Lakh (comprising of paid-up equity capital of Rs.42650.43 Lakh and Advance received for share capital of Rs. 20000.00 Lakh and reserves of Rs. 29,919.82 Lakh). Government vide GO(Ms) No.62/2023/fin dated 31.03.2023 accorded sanction for enhancing the paid up capital of KFC by Rs. 20000 Lakh and the Corporation received Rs.20000 Lakh of share capital on 31.03.2023 which is shown separately as Advance received against Share Capital under Shareholder's Funds.

Shareholding pattern

The composition of shareholders as on March 31, 2023 is furnished below:

Shareholders	Amount(Rs in Lakh)	% of Shareholding
Government of Kerala	62026.94	99.005
SIDBI	613.33	0.979
LIC	7.1	0.011
SBI	2.1	0.003
Others	0.96	0.002
Total	62650.43	100.000

The Capital to Risk Weighted Assets Ratio (CRAR)

KERALA FINANCIAL CORPORATION KFC THIRUVANANTHAPURAM - 695 013

The Capital to Risk Weighted Assets Ratio (CRAR) of the Corporation as on March 31, 2023 according to Basel III guidelines is 25.58% (22.41 % as on March 31, 2022). The Capital adequacy ratio after considering the impact of proposed dividend will be 25.02% as at March 31, 2023.

Asset Quality

The Corporation gives utmost priority in maintaining the asset quality of the loan portfolio. As on 31.03.2023, the Standard assets stood at 96.89% of the loan portfolio. Despite the stress witnessed in the banking scenario on account of growing NPAs, the Corporation by strenuous recovery efforts and persistent monitoring has been successful in maintaining the Standard assets portfolio and reducing the Gross NPA to 3.11 % in March 2023 from 3.27% in the previous year. The net NPA stands at 0.74% in March 2023 as compared to 0.74% in the previous year. The Provision Coverage Ratio is maintained at a comfortable level of 84.89%.

Key Business Initiatives taken during the year

During the FY 2022-23, the Corporation has launched new loan schemes and products and also fine-tuned the existing processes to remain competitive. The key initiatives taken up are given below:

- **Enhancement of Loan Limit of CMEDP Edition-II.** The State Government vide GO(MS) No.101/2022/Fin dated 13.06.2022 accorded sanction to enhance the loan limit under the Chief Minister's Entrepreneurship Development Programme (CMEDP Edition-II) scheme from the existing Rs.100 lakh to Rs.200 lakh.

- **Launched KFC Agro-based MSME Loan Scheme (KAMS).** A special loan scheme named 'KAMS was launched with the aim of assisting MSMEs in the Agriculture sector. The maximum term loan is 90% of the project cost and the minimum loan amount is Rs.5 lakh. The gross interest rate is 10%. For loans up to Rs.1000 lakh, the State Government is bearing 3% interest subvention and KFC is bearing 2% rebate for prompt repayment, taking the net effective interest rate at 5%.

- **Launched KFC Working Capital Loan Scheme in association with City Union Bank.** KFC Working Capital Loan Scheme was launched by the Corporation under an arrangement with City Union Bank. In this scheme, WC facilities are provided to the borrowers by KFC. The entire WC facilities sanctioned by KFC to the borrower are provided by using the banking infrastructure of CUB. The WC facilities are operated through a designated Working Capital Transaction Account (WCTA) opened by the borrower with CUB. The operating limits, Drawing Power, rate of interest, etc. are set up in the WCTAS by KFC.

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- **Streamlining of Loan Processing & Sanction.** The existing system of loan processing and sanction was revised such as to ensure quality credit delivery in an effective and time-bound manner by clearly defining the delegation for loan processing and the delegation of power for various Sanction Committees. For the timely management of loan processing, the delegation of Business Review Committees (BRC) for according in-principle clearance was partially decentralized by creating Branch Office Level and Zonal Level BRCs.

- **Special Campaign for Business Development.** During June & July 2022, a special business development campaign was conducted with attractive offers including 50% processing fee waiver for new MSME applications, 0.25% interest discount for new MSME clients, etc.

- **Including GST in the Agreed Contract Value for arriving at the Eligibility of Work Execution Facility for Contractors.** The maximum loan eligibility of contractors under the Work Execution Facility was amended as 75% of the cost of work awarded including GST (excluding the cost of materials supplied or advance paid by the Work Issuing Authority).

- **Monitoring of Loans above Rs.2000 lakh.** It was decided to have an additional monitoring mechanism for loans above Rs.2000 lakh sanctioned by the Corporation. Monitoring of change in management/ auditor, tracking of repayment in loans availed by the entity & promoters from Banks, quarterly analysis of GST returns, Probe 42 report, etc. are being done.

- **Assistance to Infrastructure Projects.** As the Corporation has been appointed as the agent of the Government to assist large projects, to facilitate the projects coming under the Infrastructure category as per RBI guidelines, scheme-level amendments were done by adding the Infrastructure sector to the sector classification. The sector exposure was set without any upper cap as applicable to the Manufacturing sector.

- **Scheme for Assisting Procurement of Deep-Sea Fishing Vessels.** The Corporation implemented the scheme for assisting Traditional Fishermen through their primary fishermen co-operative societies to procure Deep-Sea Fishing Vessels to equip them to venture into the deep sea to exploit the under-tapped resources. The maximum loan amount is 90% of the project cost subject to an upper cap of Rs.70 lakh per society per vessel. The rate of interest is the rate applicable to the CMEDP scheme. The State Level Committee, with the Director of Fisheries as the Chairman, approves and finalizes the list of beneficiaries.

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- **Creating a Guarantee Pool through Bank for KFC Customers.** The Corporation started a guarantee limit (KFC Guarantee Pool) with Federal Bank by keeping an FD as 100% cash margin, so that KFC customers can avail of guarantee facility from the KFC Guarantee Pool of the Bank, wherever the guarantees issued by KFC are not accepted, especially in the case of large projects awarded by Central Government/ outside the State agencies.

- **Implementation of e-NACH Facility for Collection.** To streamline the monthly repayment in the loan accounts, the NACH facility was already implemented in the Corporation. During the FY 2022-23, an improved version of this facility, viz., e-NACH, was implemented and thereby the requirement of manually signed forms from the customer and the issues with regard to mandate rejections were avoided. Customers can get registered to e-NACH using their internet banking/ debit cards by authenticating the OTP received in their registered mobile numbers.

- **Special Recovery Drive for Doubtful Loans.** With the aim of increasing the profitability of the Corporation, the income from assets under doubtful category was targeted and a special recovery drive was conducted during FY 2022-23, providing a one-time window to settle doubtful category loan accounts at liberal terms.

- **Setting up Stressed Assets Recovery Branch**. In order to have a focused recovery mechanism, the Corporation decided to have Stressed Assets Recovery Branches (SARB) and the first of such branches was set up at Ernakulam. The main function of the SARB is the resolution of bad loans through the Insolvency & Bankruptcy Code (IBC) 2016 for companies and other recovery measures for non-companies.

Resource mobilisation

- **LOC from Commercial Banks.** The Corporation availed Rs.271006.42 Lakh as Term loan/ Working Capital Demand Loan/ Foreign currency loan from various Commercial Banks/ Financial Institutions and repaid Rs.118381.57 Lakh during the FY 2022-23. The aggregate outstanding LOC from Banks and other Financial Institutions at the year end was Rs.506830.70 Lakh. The Corporation is rated A+ for Bank borrowings from Acuite Rating Agency during the year, signifying a stable outlook.

- **Non SLR Bonds.** The Corporation raised Rs.47650 Lakh through bond issue during the FY 22-23. The aggregate outstanding Bonds at the year end was Rs.112050 Lakh. An amount of Rs.88.88 Lakh was paid to the State Government as Guarantee Commission for the outstanding bonds guaranteed by the State Government.

  The Corporation has listed the following NCDs in the Bombay Stock Exchange and the annual listing fees has been paid. The NCDs issued

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without Government guarantee are rated AA(SO) by two RBI / SEBI approved rating agencies. The Corporation remains the only PSU in the State, raising funds from the bond market, without Govt. guarantee. The total outstanding bonds of KFC as on 31.03.2023 aggregate to Rs.112050.00 Lakh as given below.

Rs in Lakh

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

* Issued with Government guarantee
# Partial Redemption done
+ Asset cover maintained as per issue terms (secured by receivables)

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

Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

The Corporation is a Member Lending Institution of CGTMSE which provides guarantee cover to collateral free loans up to Rs.50 Lakh. As on 31st March, 2023, 1455 accounts amounting to Rs.925.24 Lakh have been covered under the scheme.

Asset Liability Management (ALM)

The Corporation's business operations, sources of funds and risk factors have widened, necessitating appropriate steps to effectively deal with fund management and resources planning. The Asset Liability Management Committee (ALCO) actively manage the liquidity and continuously monitor, measure and manage the risks confronting the Corporation. The Corporation's Asset Liability Management (ALM) is aimed at strategic planning,

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implementation, and control processes that affect the maturity, quality and liquidity of the Corporation's assets and liabilities, thereby ensuring that the returns are commensurate with the level of risk taken. The ALCO met ...33... times during the year.

Risk Management

Risk is an integral part of financial institutions. The Corporation has applied focused efforts in creating risk awareness culture and building a comprehensive framework for identification, measurement and management of all material risks and is continuing to do so to strengthen the risk governance framework.

ISO Certification

The Quality Management System Certificate in respect of the products and/or services, IS/ ISO 9001-2015, was renewed by the Bureau of Indian Standards (BIS) after conducting a surveillance/ renewal audit. The current license is valid till 21st June, 2025. All the offices of the Corporation continue to hold the Quality Management System Certificate.

Audits

The accounts of the Corporation are audited on a quarterly basis by the Statutory Auditors. Apart from internal audit, Concurrent Audit of branch operations is also done through reputed firms of Chartered Accountants on a monthly basis. Further, audit of compromise settlement sanctions of above Rs.25 Lakh are carried out as a prudent control mechanism and risk mitigation measure. A pre-disbursement audit for disbursements above Rs.100 Lakh is also in place. The Comptroller & Auditor General of India has completed audit of the accounts of the Corporation up to the FY 2021-22.

Statutory Auditors

The shareholders at its 69th Annual General Meeting held on 2022, appointed M/s. JAKS Associates, Chartered Accountants (ICAI Firm Registration No. 301003E/E300005), as Statutory Auditors of the Corporation for the audit of the Corporation's accounts for the year 2022-23 .

Secretarial Audit and Secretarial Audit Report

As per Regulation 24A of SEBI (LODR), Regulations, 2015, SEBI Circular dated Feb 8th, 2019 & SEBI (LODR) (Fifth Amendment) Regulations, 2021 every listed entity shall undertake Secretarial Audit and the report has to be submitted within 60 days from the end of the financial year which shall be annexed to the Annual Report. As per SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018 for fund raising by issuance of Debt Securities by Large Entities and disclosures and compliances thereof by Large Corporate, the Corporation had submitted necessary disclosures with Stock exchange from FY 2020 onwards. However, upon verification of the applicability of the above Circular, it is confirmed that even though the Corporation satisfy the first two conditions specified for being Large Corporate (ie. Securities listed on recognized stock

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exchanges and Long term borrowings outstanding for Rs.100 crores and above), the corporation is having a standalone rating of A+ only and rating of AA is assigned as part of a credit enhancement structure, hence not satisfying the third condition. Accordingly, the Corporation does not fall under Large Corporate category as per the framework mentioned in the aforesaid circular.

Internal Financial Controls and its adequacy

The Corporation has put in place extensive internal control measures and processes to provide reasonable assurance regarding the reliability of financial reporting and the preparation and presentation of financial statements. These controls and processes are driven through various policies, procedures and certifications which are continuously reviewed, evaluated, and benchmarked against the best practices followed in the industry. Through continuous refinement and improvement of the internal inspection and vigilance system, the Corporation also ensures that internal controls are operating effectively.

Corporate Social Responsibility (CSR)

The Corporation believes that contributing value back to the society is our responsibility and has started a number of initiatives by stepping out from the traditional operational area to the vast arena of Corporate Social Responsibility. The corporation is engaged in CSR activities through KFC CARE, a society formed by KFC with its employees, both existing and retired as the members.

Participative Management

The Corporation believes in participative management. The rich experience of its officers can be fully utilized by increasing their participation in the decision making process. Realising this, extensive delegation has been given at different levels across the State at the Branch and Zonal levels. At the Head Office/ Zonal Office/ Branch Office, the committee concept is widely used and decision making has been transparent and consultative.

Future Plans

The Corporation is committed to achieve its goals by focusing on the major areas like asset quality, profitability, resilient loan book, appropriate organizational structure, responsible corporate governance framework and robust and latest digital technology. The Corporation has set a target to cross Rs.1000000 Lakh mark in the Loan and Advances portfolio by 31st March 2025. The policies and systems are being constantly reviewed to focus on consolidating the existing loan portfolio, giving thrust on building up quality assets and also becoming more competitive through necessary business development efforts.

The brief action plans and strategies to be implemented are as follows.

Increasing Loan Asset to Rs.10000 crore. The Corporation will revamp its policy and procedures to increase the credit flow to MSMEs and the Infrastructure sector so as to build the loan portfolio to Rs.10000 crore in the next two years. The focus will be on asset quality through cash flow-based lending.

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Expanding presence to new areas. With more products and sectors, the presence of KFC will be expanded to more places. The number of branch offices will be increased in a phased manner. Three Special Asset Recovery Branches (SARBs) will be started to have focussed recovery. Existing branches will upgraded as exclusive MSME Credit Branches to focus on small and mid-sized enterprises. Two Large Credit branches (LCB) will be set up for servicing large loans.

Funding Infrastructure Projects. The Corporation will enter into a consortium arrangement with Nationalized/ Scheduled Banks, other Government agencies and Financial Institutions for providing financial assistance to the basic infrastructure development projects of the State.

Loan Scheme for Ex-servicemen. A new loan scheme will be launched for ex-servicemen in the State to start new MSME units. Loans up to the amount of Rs.200 lakh will be provided by including under 'Chief Minister's Entrepreneurship Development Programme' (CMEDP) with 3% State Government subsidy.

Loans to Agriculture Sector. With State Government support, KFC will provide loans up to Rs.1000 lakh at an interest rate of 6% to encourage agri-industries, agri-start-ups, processing/ marketing/ trading of agri-products, food processing units, Warehouse, godown, cold storage, logistics support, etc.

Chief Minister's Entrepreneurship Development Programme (CMEDP). KFC will target assisting 500 MSMEs this year under the 'Chief Ministers Entrepreneurship Development Programme (CMEDP)'. Each of these enterprises is given financial assistance up to Rs.200 lakh at 6% annual interest including a 3% interest subvention from the Government.

KFC Startup Kerala Scheme. Under Startup Kerala Scheme, the Corporation supports Startups during Productisation/ Commercialization/ Scaling Up stage. The maximum assistance is Rs.25 lakh for productisation, Rs.50 lakh for commercialization and Rs.100 lakh for Scaling up, subject to 90% of the project cost in each stage. Loans up to Rs.1000 lakh are given for executing purchase orders and as venture debt without collateral. KFC will support 50 Startups this year under the scheme.

Kerala MSME Bill Discounting Platform (KMBDP). Discounting pending bills of MSMEs with State Government Departments/ PSUs will add liquidity to the MSME sector. A comprehensive online software connecting KFC, Government Departments, PSUs and MSMEs will be developed under the brand 'Kerala MSME Bill Discounting Platform (KMBDP)' to automate the entire operations.

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Loan Origination System. KFC will digitalise the entire loan journey by implementing Loan Origination System, where customers would need to upload minimum details online and their full details will be gathered and verified from public domains through APIs, without manual intervention.

Digital Document Execution (DDE) and E-Bank Guarantee. KFC will start Digital Document Execution (DDE) and e-Bank Guarantee in association with NeSL.

Corporate Governance

The Corporation is committed to adopting best corporate governance practices and believes that effective Corporate Governance is not just a requirement for regulatory compliance, but also a facilitator for the enhancement of stakeholders' value. The Corporation has been ensuring fairness, responsibility, accountability and transparency in all its dealings. The Corporation reiterates its commitment to pursue the highest standards of corporate governance such as empowerment and integrity of its employees, transparency in the decision-making process, fair & ethical dealings, and accountability to all the stakeholders. The various internal policies of the Corporation were reviewed by the Board during the year and wherever required necessary amendments are being done. ISO procedures are scrupulously complied with.

The Corporation has designated State Public Information Officers, Assistant State Public Information Officers and Appellate Officers for the Head Office as well as the Branch Offices for giving replies under RTI. Prompt action is taken for replying to the petitions received under RTI in a time-bound manner. 124 applications were received during the financial year. All applications have been disposed of within the time stipulated under RTI Act.

The Corporation has complied with provisions relating to the constitution of the Internal Complaints Committee under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy provides for protection against sexual harassment of women in the workplace and prevention and redressal of such complaints. The Corporation received one complaint during the financial year. During FY 22-23, no frauds were reported. During the year the Corporation has received few notices from BSE on various dates directing to pay fines/penalty for delay in intimation of record dates of Interest payments/Principal redemptions of Debentures and certain other regulations. The Corporation has submitted before BSE for waiver of fine/penalty and the matter is pending. Other than that mentioned above, there were no penalties or strictures imposed on the Corporation by the SEBI, BSE and/ or any other statutory authorities.

The Corporation is having a three-tier Corporate Governance structure, viz:

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a) The Board of Directors: The primary role of the Board is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals & targets, policies, reporting mechanism & accountability and decision-making process to be followed. The Board of the Corporation is responsible for the implementation and maintenance of adequate internal financial controls and has adopted the necessary policies and procedures for ensuring the orderly and efficient conduct of its business, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information and disclosures, as required under the various statutes.

(b) Apex Committees of the Board of Directors: The Board has Sub-Committees to oversee various functional aspects of the business and operations of the Corporation. The Committees are Executive Committee, Audit Committee, Sub-Committee for Policy Revision, Risk Management Committee, Stakeholder's Committee and the Nomination and Remuneration Committee. These committees focus on financial reporting, audit & internal controls, loan sanctions with exposure above Rs.2000 lakh, identification & resolution of various risks aspects in the business, compliance issues, sustainable development, various policy revisions, etc.

(c) Executive Management: The entire business and operations of the Corporation are managed by the Executive Management comprising of the Executive Director, General Managers, Financial Controller, HODs and Zonal Managers with clearly demarcated & well-defined responsibilities and delegations at different levels.

Board of Directors:

The details of the Board of Directors are given below:

Name	Designation	Tenure
Shri.Sanjay Kaul IAS, CMD	Chairman & Managing Director	01.06.2021 to till date
Shri.Sanjay Kaul IAS, Director	Secretary, Finance (Expenditure)	20.05.2020 to till date
Shri.Harikishore IAS, Director	Director, Industries & Commerce	12.08.2021 to till date
Shri.EK Harikumar, Director	Chief General Manager (Rtd), SBT	11.09.2017 to till date
Shri.Anilkumar Parameswaran, Director	Chartered Accountant	11.09.2017 to till date

Shri.Seetharaman V, Director	General Manager, SBI	07.08.2021 to 31.05.2023
Shri.Satyaki Rastogi, Director	General Manager, SIDBI	29.09.2021 to till date
Smt.Deepa Sivadasan, Director	Senior Divisional Manager, LIC	06.06.2019 to 10.08.2022
Shri.K V Karthikeyan, Director	Deputy General Manager, SIDBI	04.05.2022 to till date
Shri. Premkumar S, Director	Senior Divisional Manager, LIC	11.08.2022 to till date

Apex Committees:

The Board of the Corporation met six times during the year on 26.05.2022, 11.08.2022, 29.08.2022, 10.11.2022, 09.02.2023 and 31.03.2023.

The Executive Committee met seventeen times during the year on 25.04.2022, 17.05.2022, 07.06.2022, 16.06.2022, 28.06.2022, 05.07.2022, 01.08.2022, 29.08.2022, 19.10.2022, 03.11.2022, 10.11.2022, 17.12.2022, 12.01.2023, 27.01.2023, 04.02.2023, 23.03.2023 and 28.03.2023.

The Audit Committee met five times during the year on 25.05.2022, 01.06.2022, 11.08.2022, 09.11.2022 and 06.02.2023.

The Sub-Committee for Policy Revision met eight times during the year on 07.05.2022, 12.05.2022, 19.05.2022, 04.06.2022, 06.06.2022, 07.06.2022, 18.10.2022 and 06.02.2023.

The Risk Management Committee (RMC) met once during the year on 23.03.2023.

The Stakeholder's Committee (SHC) met once during the year on 23.03.2023.

The Nomination and Remuneration Committee (NRC) met once during the year on 23.03.2023.

Attendance of the Members in the Board and Apex Committee Meetings during FY 2022-23:

Type of Meeting	No. of Meetings held	Shri. Sanjay Kaul IAS	Shri. Harikishore IAS	Shri. EK Harikumar	Shri. Anilkumar Parameswaran	Shri. Seetharaman V	Shri. Satyaki Rastogi	Smt. Deepa Sivadasan	Shri. K V Karthikeyan	Shri. Premkumar S
Board	6	6	0	6	6	6	4	0	5	5
Audit	5	NA	NA	5	5	NA	NA	0	NA	0

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Com.										
Exec. Com	17	17	NA	17	17	NA	NA	0	NA	7
Sub Com.	8	NA	NA	8	8	NA	NA	NA	NA	NA
RMC	1	NA	NA	1	1	NA	NA	NA	NA	NA
SHC	1	NA	NA	1	1	NA	NA	NA	NA	1
NRC	1	NA	NA	1	1	NA	NA	NA	NA	0

Remuneration paid to Chairman & Managing Director

No remuneration is paid to Shri. Sanjay Kaul, IAS , the present Chairman and Managing Director.

Directors' Responsibility Statement

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities; and the Directors have prepared the annual accounts on a going concern basis.

To the best of the knowledge of the Directors and belief and according to the information and explanations obtained by them, your Directors make the following statements that:

(a) in the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(b) such accounting policies as mentioned in the Notes to the Financial Statements, have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation as at March 31,2023 and of the profit of the Corporation for the period;

(c) the applicable guidelines prescribed for SFCs have been followed and there has been no material departure. Accrual method of accounting is followed for standard assets and cash basis for non-performing assets from 2005-06;

(d) proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the SFC Act, 1951, Companies Act, 2013, SIDBI/ RBI Guidelines etc., for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;

(e) the annual accounts for the financial year ended on March 31, 2023 have been prepared on a going concern basis;

(f) proper internal financial controls had been laid down and that such financial controls were adequate and were operating effectively;

(g) that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;

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Acknowledgements

The Board of Directors places on record its gratitude to Government of Kerala, SIDBI, Other Governmental Agencies and Departments, Reserve Bank of India, SEBI and all other statutory/ regulatory authorities for the strong support and guidance during the year. The Board also wishes to express gratitude to the Banks/ Financial Institutions, Rating agencies, Trustees and Stock Exchange for the continued support received. The Board takes this opportunity to put on record its deep sense of gratitude for the continued support, patronage and goodwill to its shareholders, customers and vendors and looks forward to their continued association in the years ahead. The Board takes great pleasure in recording its appreciation of the dedicated services rendered by the erstwhile Directors on the Board and the Officers and Staff of the Corporation.

For and on behalf of the Board

Chairman and Managing Director

Thiruvananthapuram
01.06.2023

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JAKS & Associates
Chartered Accountants

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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 at March 31st 2023, 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 of the Financial Position of the entity as at 31st March 2023 and of its Financial Performance and its cash flows for the year the 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.54509.73 Lakh and classified as Standard assets, and accrued interest on these assets is about Rs.800 Lakh. The corporation has made additional provision of 5% -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.

JAKS & ASSOCIATES C.As.

3. The corporation has a portfolio of Bills Purchased and Discounted to the tune of Rs. 14192.57 Lakh as on 31/03/2023 and classified as standard assets. However, an aging analysis by due date for settlement of these assets is not available to ascertain the requirement for any additional provision to be taken.

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 and there are no adequate records available to substantiate the recoverability of this asset.

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. Govt of Kerala infused Rs.20000 Lakh on 31/03/2023 as share capital to the corporation. However, the same amount was resumed on the same day and reallocated it on 04/04/2023. We understand from the management that the amount was resumed on 31/03/2023 due to a technical issue of Govt of Kerala's year end closing process of its treasury activities. The corporation has showed the same as advance received for share capital as on 31/03/2023.

7. The corporation had provided the following loans to Public Sector Undertaking (PSU) of Govt of Kerala during the year 2022-23:
   i. Kerala Infrastructure Investment Fund Board (KIIFB) – Rs. 100000 Lakh
   ii. Kerala Social Security Pension Ltd (KSSP) – Rs. 50000 Lakh
   iii. Vizhinjam International Seaport Ltd (VISL) – Rs. 50000 Lakh
   iv. Kerala State Electricity Board (KSEB) – Rs.50000 Lakh

   We have found that the corporation has waived off processing fees on all these loans, and these loans are secured only by the sovereign guarantee of the Govt of Kerala and does not have any other security

   Our opinion is not modified in respect of these matters.

Other Matters

1. Though the corporation has a policy of carrying out physical verification of fixed assets once in a year, the corporation has not done the same for its branches during the year 2022-23.

2. 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.

3. 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,

JAKS & ASSOCIATES C.As.

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.

For JAKS and Associates
Chartered Accountants
FRN No:001360S

JAKS & ASSOCIATES C.As.

Place: Thiruvananthapuram
Date: 27/05/2023

CA Selastin Anthoniappan
M. No:.202874

UDIN: 23202874BGSGVN5609

KERALA FINANCIAL CORPORATION				
Balance Sheet as at 31.03.2023				
	Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
			Audited	Audited
			Amt in Lakh	Amt in Lakh
A	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	1	42,650.43	42,650.43
	(b) Reserves and surplus	2	29,152.63	26,393.81
	(c) Share application money pending allotment		20,000.00	0.00
2	**Non-current liabilities**			
	(a) Long-term borrowings	3	445,520.66	287,855.50
	(b) Other non current liabilities	4	596.03	963.16
	(c) Long-term provisions	5	22,318.44	17,319.69
3	**Current liabilities**			
	(a) Short-term borrowings	6	173,171.68	143,031.21
	(b) Other current liabilities	7	5,642.08	5,329.81
	(c) Short-term provisions	8	5,802.22	2,379.04
	TOTAL		**744,854.17**	**525,922.65**
B	**ASSETS**			
1	**Non-current assets**			
	(a) Property, Plant and Equipment and Intangible Assets			
	(i) Property, Plant and Equipment	9	642.83	577.33
	(ii) Intangible Assets	9	98.47	157.04
	(b) Non-current investments	10	8,451.14	6,045.10
	(c) Other non-current assets	11	462,636.42	341,623.77
	(d) Deferred Tax Assets (net)		267.65	182.26
2	**Current assets**			
	(a) Current investments	12	44,603.63	23,970.22
	(b) Cash and cash equivalents	13	6,585.36	10,164.19
	(c) Other current assets	14	221,568.67	143,202.74
3	Significant Accounting policies and Notes to Accounts	20		
	TOTAL		**744,854.17**	**525,922.65**

For and on behalf of the Board of Directors

Soya.K
Financial Controller

Premnath Ravindranath
Executive Director

Anil Kumar Parameswaran
Director

Sanjay Kaul IAS
Chairman & Managing Director

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

Selasin A. FCA
Partner M No: 202874

Place: Thiruvananthapuram
Date:27.05.2023

KERALA FINANCIAL CORPORATION				
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2023				
	Particulars	Note No.	31.03.2023	31.03.2022
			Audited	Audited
			Amt in Lakh	Amt in Lakh
A	**Continuing Operations**			
1	Revenue from Operations	15	65,486.28	49,265.99
2	Other Income	16	3,951.23	2,550.82
3	**Total revenue**		**69,437.51**	**51,816.81**
4	**Operating Expenses**			
	(a) Interest expenses	17	41,159.07	28,627.64
	(b) Employee benefits expenses	18	3,083.01	3,199.90
	(c) Administrative Expenses	19	886.03	577.61
	(d) Depreciation and amortisation expense		166.80	213.76
	(e) Bad debts written off		10,540.90	10,015.75
	Total expenditure		**55,835.81**	**42,634.66**
5	**Operating Profit before exceptional and extraordinary items and tax**		**13,601.70**	**9,182.15**
6	**Operating Profit After exceptional and extraordinary items**		**13,601.70**	**9,182.15**
7	Less: Provision for Bad and Doubtful debts / Other assets		4,998.75	5,681.10
8	**Profit before tax**		**8,602.95**	**3,501.05**
9	**Tax expense:**			
	Less: **Current tax expense** - (a) Provision for Income Tax		3,669.70	2,272.41
	(b) Provision for Deferred Tax		(85.39)	-91.15
B	**Discontinuing operations**		-	-
10	**Net Profit after tax for the period**		**5,018.64**	**1,319.79**
11	**Earnings per share (Equity shares of Rs 100/- each):**			
	(a) Basic		12.43	3.26
	(b) Diluted		12.41	3.26
C	**Profit and loss appropriation**			
	Balance in Profit & Loss A/c b/f		13,906.10	13,127.07
	Net Profit for the year		5,018.64	1,319.80
	Total profit available for appropriation		18,924.74	14,446.87
	Add: Income Tax provision written back		280.95	-
	Total		19,205.69	14,518.11
	Less:Appropriations			
	Proposed Dividend		2,132.52	106.63
	Transfer to Reserve u/s 36 (1) (viii)		1,501.01	505.39
	Balance Profit after appropriations		15,572.17	13,906.10
	Balance Profit carried to Balance sheet		**15,572.17**	**13,906.10**

For and on behalf of the Board of Directors

Soya.K
Financial Controller

Premnath Ravindranath
Executive Director

Anil Kumar Parameswaran
Director

Sanjay Kaul IAS
Chairman & Managing Director

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

Selastin A. FCA
Partner/M No: 202874

Place: Thiruvananthapuram
Date:27.05.2023

KERALA FINANCIAL CORPORATION		
CASH FLOW STATEMENT		
FOR THE PERIOD	**For the year ended 31.03.2023**	**For the Year ended 31.03.2022**
	Amt in Lakh	**Amt in Lakh**
	Audited	**Audited**
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxes and prior period adjustments	8,602.95	3,501.07
Interest received on Fixed Deposits	(2,421.53)	(1,923.10)
Depreciation on fixed assets	166.80	213.76
Provision for Non Performing Assets/Other Assets	4,998.75	5,681.10
Premium on Forward Contract	(408.80)	(74.93)
Interest and other costs of Non-SLR Bond	6,117.81	7,174.07
Adjustment for changes in operating assets and liabilities		
Increase in Loans and Advances	(177,868.90)	(9,732.78)
Increase in borrowings from Banks	151,893.13	21,998.68
Decrease in Other Non-Current assets	62,849.98	5,863.95
Decrease in Other Current assets	(75,490.92)	(25,797.65)
Increase in Current liabilities	(3,811.71)	21,470.94
Increase in Other Non Current Liabilities	(367.13)	(284.49)
Less: Income tax paid	(2,875.00)	(1,734.00)
Net cash from operating activities	**(28,614.57)**	**26,356.61**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(173.74)	(54.62)
Sale of Fixed Assets	-	0.72
Net cash used in investing activities	**(173.74)**	**(53.90)**
CASH FLOW FROM FINANCING ACTIVITIES		
Money received against Share Capital	20,000.00	-
Issue of Non SLR Bond	47,650.00	-
Redemption of Non-SLR Bond	(11,737.50)	(18,030.00)
Interest and other costs of Non-SLR Bond	(6,117.81)	(7,174.07)
Interest Received on Fixed Deposits	2,421.53	1,923.10
Net Investment in NCD	(8,399.78)	(5,993.74)
Proceeds from NCD	-	101.14
Net Deposit with Banks	(20,633.41)	2,851.85
Dividend	2,025.90	106.63
Addition to Special Reserve	0.53	-
Net cash used in financing activities	**25,209.46**	**(26,215.10)**
Net increase in cash and cash equivalents	(3,578.83)	87.61
Cash and cash equivalents at the beginning of the year	10,164.19	10,076.58
Cash and cash equivalents at the end of the year	**6,585.36**	**10,164.19**

For and on behalf of the Board of Directors

Siya K
Financial Controller

Premnath Ravindranath
Executive Director

Anil Kumar Parameswaran
Director

Sanjay Kaul IAS
Chairman & Managing Director

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

Sebastin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date:27.05.2023

KERALA FINANCIAL CORPORATION Thiruvananthapuram 33

J A K S & ASSOCIATES C.A.S.

KERALA FINANCIAL CORPORATION
NOTES FORMING PART OF BALANCE SHEET AS AT 31.03.2023

	As at 31.03.2023	As at 31.03.2022
	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**	**50,000.00**
Issued, Subscribed and Fully Paid up Capital		
Ordinary Shares		
42210678 Equity shares of Rs.100/- each	42,210.6780	42,210.68
Special Shares		
4,39,750 Equity shares of Rs.100/- each	439.75	439.75
Advance for share capital	20,000.00	
TOTAL	**62,650.43**	**42,650.43**
NOTE : 2		
RESERVES AND SURPLUS		
(a) Spl. Reserve u/s 36(1)(viii) of IT Act, 1961		
As per last Balance Sheet	12,596.11	12,090.72
Added during the year	1,501.01	505.39
Total of (a)	**14,097.12**	**12,596.11**
(b) Spl. Reserve u/s 35(A) of SFCs Act, 1951	250.53	250.00
(c) Revaluation Reserve	14.21	14.21
(d) Deferred Premium on Forward Contract	-781.40	-372.60
(e) Profit & Loss Account	15,572.17	13,906.10
TOTAL {(a)+(b)+(c)+(d)+(e)}	**29,152.63**	**26,393.82**
NOTE : 3		
LONG TERM BORROWINGS		
SECURED (Hypothecation of receivables)		
Refinance from IIFCL	0.00	11,250.00
LoC from State Bank of India	46,246.40	55,951.68
Foreign Currency Loan from SBI (Term Loan conversion)	52,211.63	0.00
LoC from Canara Bank	60,696.05	41,149.26
LoC from Union Bank of India	23,749.96	44,166.56
LoC from Bank of Maharashtra	85,412.00	32,410.00
Foreign Currency Loan from South Indian Bank (Term Loan conversion)	17,000.00	0.00
LoC from Indian Bank	36,975.00	18,850.00
Loc from Bank of Baroda	20,309.62	19,678.00
LOC from Dhanalaxmi Bank	10,000.00	0.00
Non-SLR Bond	92,920.00	59,400.00
UNSECURED		
Non-SLR Bond (Guaranteed by Government of Kerala)	0.00	5,000.00
TOTAL	**4,45,520.66**	**2,87,855.50**
NOTE: 4		
OTHER NON CURRENT LIABILITIES		
Coconut Devp. Board Subsidy	292.73	662.55
Other Subsidy	152.60	152.60
Central Subsidy	11.00	11.00
Norka Subsidy	139.70	137.01
TOTAL	**596.03**	**963.16**
NOTE: 5		
LONG TERM PROVISIONS		
(a) Provision for Bad and Doubtful debts		
As per last Balance Sheet	17,319.69	13,869.06
Add: Provision made during the year	4,998.75	3,450.62
Total of (a)	**22,318.44**	**17,319.68**

KERALA FINANCIAL CORPORATION KFC Kerala Financial Corporation

JAKS & ASSOCIATES C.A.s.

	As at 31.03.2023	As at 31.03.2022
	Audited	Audited
	Amt in Lakh	Amt in Lakh
NOTE : 6		
SHORT TERM BORROWINGS		
SECURED BORROWINGS (Hypothecation of receivables)		
Foreign Currency Loan from State Bank of India (WCDL conversion)	4,100.00	4,100.00
Short term loan from State Bank of India	19,999.99	24,999.97
Short term loan from Union Bank of India	10,000.00	6,000.00
Short term loan from HDFC Bank	82.62	92.77
Short term loan from Federal Bank	25,000.00	17,500.00
Short term loan from South Indian Bank	7,000.00	10,000.00
Non-SLR Bond (Current maturity)	14,130.00	6,737.50
Overdraft from City Union Bank	1,000.22	0.00
LOC FROM BANKS (Current maturity)	-	0.00
Loc from Union Bank of India	6,666.68	2,500.01
Loc from Federal Bank	-	0.00
Loc from Canara Bank	15,555.56	5,555.56
Loc from Indian Bank	11,800.00	4,201.29
Loc from State Bank of India	23,500.00	36,929.13
Loc from Bank of Baroda	909.09	2,291.66
Loc from Bank of Maharashtra	14,594.20	40.00
Refinance from IIFCL	10,833.33	17,083.33
Foreign Currency Loan from South Indian Bank	3,000.00	0.00
UNSECURED BORROWINGS		
Non-SLR Bond - Guaranteed by Government of Kerala (Current maturity)	5,000.00	5,000.00
	173,171.69	**143,031.22**
NOTE : 7		
OTHER CURRENT LIABILITIES		
State Subsidy	13.49	98.42
RR Commission Payable	43.42	0.96
Earnest Money Deposit	2.10	4.10
Suspense Account	318.95	560.28
Tax Deducted at Source	100.58	0.49
Other Salary Deductions	6.72	0.17
Other Sundry Deposits	110.25	255.46
Gratuity Payable	2.10	2.10
Outstanding Expenses	1,027.28	938.65
Salary Payable	0.11	0.00
Accrued Interest on Non SLR Bonds	1,183.53	1,467.85
Accrued Interest on LOC from banks	1,208.10	633.30
Audit Fee Payable	2.61	2.61
Concurrent Audit Fee payable	7.30	8.54
Unclaimed Dividend	0.12	0.12
PF Contribution Payable	0.56	0.00
Commission Received in Advance	412.91	166.95
Foreign Currency Payable	945.99	971.69
CGST Payable	26.37	33.22
SGST Payable	26.37	33.22
KF Cess, CGST & SGST TDS Payable	0.02	0.03
IGST TDS Payable	4.72	0.00
Excess Payable	198.48	151.67
TOTAL	**5,642.08**	**5,329.83**

KERALA FINANCIAL CORPORATION Thiruvananthapuram 33

J.A.K.S & ASSOCIATES C.As.

	As at 31.03.2023	As at 31.03.2022
	Audited	Audited
	Amt in Lakh	Amt in Lakh
NOTE : 8		
SHORT TERM PROVISIONS		
(a) Provision for Taxation:		
As per last Balance Sheet	2,272.41	5,465.54
Add: Provision made for the current year	3,669.70	2,272.41
Less : Adjusted against Advance Income Tax	1,991.46	5,155.49
: Excess Provision of earlier years written back	280.95	310.05
Total	3,669.70	2,272.41
(b) Proposed Dividend for the year	2,132.52	106.63
TOTAL	**5,802.22**	**2,379.04**
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.	35.00	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 - 8.80% Oriental Insurance	2,200.32	2,200.32
Investment in NCD -5.23% NABARD 31/01/2025	2,406.04	0.00
Sub Total	**13,795.99**	**11,389.95**
Less : Provision for diminution in value of investments	5,344.85	5,344.85
TOTAL	**8,451.14**	**6,045.10**
NOTE : 11		
OTHER NON CURRENT ASSETS		
Property Acquired in Satisfaction of Claims	400.34	400.34
House Loans to Employees	1,104.17	1,130.99
Conveyance Loan to Employees	191.56	136.28
Computer Loan to Employees	5.52	5.48
Personal Loan to Employees	89.69	111.13
Advance to Employees	23.67	15.44
Deposit with P&T	0.01	0.01
Other Deposits	91.43	82.97
Deposit with KSEB	11.98	11.53
Interest Accrued on Staff Loans	777.35	724.35
GTI Advance	2.29	2.23
Advance for Fixed Assets	123.67	47.42
Loans and Advances (Principal due above 1 year)	459,814.73	338,955.59
TOTAL	**462,636.41**	**341,623.76**
NOTE : 12		
CURRENT INVESTMENTS		
Short Term Deposits with Banks	44,603.63	23,970.22
TOTAL	**44,603.63**	**23,970.22**
NOTE : 13		
CASH AND CASH EQUIVALENTS		
Cash in hand	0.43	0.41
Bank Accounts	6,584.93	10,163.78
TOTAL	**6,585.36**	**10,164.19**

KERALA FINANCIAL CORPORATION Thiruvananthapuram 33

JAKS & ASSOCIATES C.As.

NOTE : 9 FIXED ASSETS											(Rs in Lakh)
Particulars	Rate	Gross value as on 31-03-2022	Additions During First Half	Additions During II Half	Additions During the Year	Deletions during the year	Gross value as on 31-03-23	Depreciation upto 31-03-2022	Depreciation for the year	Depreciation upto 31-03-2023	WDV as on 31-03-2023
1	2	3	4		4	5	6	7	8	9	10
Land	0%	11.62	-	-	-	-	11.62	-	-	-	11.62
Building	10%	711.52	94.16	10.47	104.63	-	816.15	482.67	32.82	515.50	300.65
Motor Vehicle	15%	177.18	-	-	-	-	177.18	155.15	3.30	158.46	18.72
Electrical Fittings	10%	215.97	-	-	-	-	215.97	125.31	9.07	134.37	81.60
Air Conditioner	15%	57.77	10.06	0.31	10.37	-	68.14	41.88	3.92	45.79	22.35
Photocopier	15%	22.35	-	-	-	-	22.35	21.09	0.19	21.28	1.07
Computer	40%	509.08	0.14	6.64	6.78	-	515.86	438.31	29.69	468.00	47.86
Intangibles	40%	756.22	6.97	0.09	7.06	-	763.28	599.18	65.62	664.80	98.47
Other office Equipments	15%	147.12	7.33	13.16	20.50	-	167.61	72.30	13.31	85.61	82.00
Lift	15%	9.73	-	-	-	-	9.73	8.56	0.18	8.74	0.99
Furniture	10%	206.87	21.92	2.48	24.40	-	231.27	147.80	8.22	156.02	75.25
Solar Power Generator	40%	76.85	-	-	-	-	76.85	75.66	0.48	76.13	0.72
Total		**2,905.28**	**140.58**	**33.15**	**173.74**	**-**	**3,076.01**	**2,167.91**	**166.80**	**2,334.70**	**741.30**
Total (Previous Year)		*2,848.37*	*46.48*	*8.14*	*54.62*	*0.72*	*2,902.27*	*1,954.14*	*213.76*	*2,167.90*	*734.37*

For and on behalf of the Board of Directors

Soyal K
Financial Controller

Premnath Ravindranath
Executive Director

Anil Kumar Parameswaran
Director

Sanjay Kaul IAS
Chairman & Managing Director

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

Sebastin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date:27.05.2023

	As at 31.03.2023	As at 31.03.2022
	Audited	Audited
	Amt in Lakh	Amt in Lakh
NOTE : 14		
OTHER CURRENT ASSETS		
Advance Income Tax	3,165.21	3,173.45
Input Tax Credit	60.79	13.76
Income Tax Deducted at source	59.04	75.83
Stock of Stationery	0.00	0.00
Library	0.00	0.00
Rent Receivable	16.11	9.45
Prepaid Expenses	6.25	1.84
CGTMSE Fee	6.71	4.40
Subsidy Receivable from Govt	17.41	28.28
KSEDM Interest Receivable	4.29	17.88
Kerala Innovation fund expenses Receivable	0.15	0.00
Share capital contribution receivable from Govt	20,000.00	0.00
Interest Accrued on Loans & Advances	2,693.25	2,611.51
Interest Accrued on STD with Banks	2,024.56	1,071.98
CMEDP & NORKA & KSUM Interest Receivable	389.30	78.54
Loans & Advances (Principal Due within one year)		
a) Bills purchased and discounted	14,192.57	10,648.15
b) Term Loans	178,933.00	125,467.66
TOTAL	**221,568.64**	**143,202.73**
NOTE : 15		
REVENUE FROM OPERATIONS		
Interest Received On Loans & Advances	55,443.83	39,957.62
Less : Interest rebate allowed on Loans	1,079.42	692.96
Net Interest Received On Loans & Advances	54,364.41	39,264.66
Loan Processing Fees	947.75	731.61
Recovery from written off loans	10,027.78	9,243.54
Switch over interest	3.30	3.50
Premium on pre-closure	143.04	22.68
TOTAL	**65,486.28**	**49,265.99**
NOTE : 16		
OTHER INCOME		
Interest on Staff Loans	110.49	105.64
Interest on Bank Deposits	2,421.53	1,923.10
Interest received on IT refund	126.99	0.00
Other Income	308.32	360.22
Exchange gain on Forex	731.51	0.00
Rent Received	84.99	83.90
Income from Insurance Agency	5.09	8.06
RTI Application Fee Received	0.02	0.01
Consultancy Service Division Receipts	0.05	0.00
Commision exchange and brokerage	162.24	69.90
TOTAL	**3,951.23**	**2,550.83**
NOTE : 17		
INTEREST AND FUND EXPENSES		
Interest on Bonds	5,670.65	6,943.10
Interest on Coconut Dev Board Subsidy	48.57	63.90
Interest on Line Of Credit from Banks	31,324.54	19,553.38
Guarantee Commission	88.88	177.22
Premium on Forward Contract	3,668.15	1,247.60
Exchange loss on Forex	0.00	588.68
Bond Issue Expenses	313.37	33.19
LOC Administrative Expenses	44.91	20.56
TOTAL	**41,159.07**	**28,627.63**

KERALA FINANCIAL CORPORATION Thiruvananthapuram 33

JAKS & ASSOCIATES C.As.

	As at 31.03.2023	As at 31.03.2022
	Audited	Audited
	Amt in Lakh	Amt in Lakh
NOTE : 18		
EMPLOYEE BENEFITS AND EXPENSES		
Pay & Allowances	2,737.00	2,570.32
Contribution to Employees' P.F	157.78	166.41
Contribution to NPS	88.75	78.61
Group Gratuity Insurance	2.92	5.00
Group E/L Encashment Insurance	5.00	0.00
Group Term Insurance	1.93	1.53
Other Staff Expenses	89.63	76.87
TOTAL	**3,083.01**	**2,898.74**
NOTE : 19		
ADMINISTRATIVE EXPENSES		
Rent, Rates, Taxes & Insurance	163.07	115.85
Postage, courier and Telephone	37.65	30.40
Printing & Stationery	16.29	12.32
Vehicle Running & Maintenance	13.67	13.11
Repairs & Maintenance	47.46	35.60
Revenue Recovery expenses	45.00	60.80
Loan Recovery Expenses	191.45	123.25
Bank Charges and Commission	7.61	3.70
Audit Fees	2.61	2.61
Consultancy Charges	74.55	40.34
Legal Expenses	13.40	3.95
Books & Periodicals	2.14	1.31
Other Expenses	156.73	68.59
Travelling Expenses	11.07	3.10
Board / E.C. Meeting Expenses	2.34	0.53
Other Meeting Expenses	6.75	5.97
Concurrent Audit Fee	43.23	36.49
Advertisement and publicity	43.96	14.14
CMEDP Expenses	0.17	3.42
Business Development Expenses	6.89	2.12
TOTAL	**886.04**	**577.60**

For and on behalf of the Board of Directors

Sreya.K
Financial Controller

Premnath Ravindranath
Executive Director

Anil Kumar Parameswaran
Director

Sanjay Kaul IAS
Chairman & Managing Director

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

Sebastin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date:27.05.2023

KERALA FINANCIAL CORPORATION
Thiruvananthapuram-33

J A K S & ASSOCIATES
C.As.

KERALA FINANCIAL CORPORATION			
Note: 21			
DISCLOSURE REQUIREMENTS:			
	(Amount Rs. in lacs)		
A. Capital		**2022-2023**	**2021-2022**
a) CRAR (%)		25.58	22.41
b) Risk Weighted Assets			
1) On Balance Sheet items		382012.00	317396.67
c) Share holding pattern as Balance Sheet date			
	Amount	**%**	**%**
1. Government of Kerala	62026.94	99.00	98.54
2. SIDBI	613.33	0.98	1.44
3. Commercial Banks, Insurance Cos. Pvt. Shareholders etc.	10.16	0.02	0.02
TOTAL	**62650.43**	**100**	**100.00**
d) Net worth	0.00	92570.24	69402.63
B. Asset Quality and Credit Concentration:	**Amount**	**%**	**%**
a) Gross NPA under the prescribed assets classification categories	20335.90	3.11	3.27
b) Net NPAs under the prescribed asset classification categories	4659.21	0.74	1.28
c) Provisions:			
		2022-23	**2021-22**
1. Provision for Standard Assets		6641.76	7665.37
2. Provision for NPA		15676.68	9654.32
3. Provision for Investments		5344.85	5344.85
4. Provision for Income Tax		3669.70	2272.41
5. Provision for Deferred Tax Liability		-85.39	-91.15
	2022-23	**2021-22**	**Variance**
d) Movement in Net NPA (%)	0.74	1.28	-0.54

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C. Liquidity:
(Rs. in lacs)

a) Maturity pattern of Rupee assets.

Items	Less than or equal to 1 year	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years up to 7 years	More than 7 years up to 10 years	Total
Total assets	183387.96	213472.88	151225.64	67566.22	37287.59	652940.29
Total Liabilities	173171.68	203620.28	145715.61	62783.13	33590.00	618880.70

	2022-23	2021-22
D. Operating Results:		
		(Rs. in lacs)
a) Interest income as a percentage to average working funds -	8.97	7.89
Interest Income	54,364.41	39,264.66
Average Working Funds	605,775.97	497,662.80
b) Non-interest income as a percentage to Average Working Funds -	2.49	2.52
Non-interest income	15,073.10	12,552.15
Average Working Funds	605,775.97	497,662.80
c) Operating Profit (+) / Loss (-) as a % to Average Working Funds -	2.25	1.85
Operating Profit (+) / Loss (-)	13,601.70	9,182.16
Average Working Funds	605,775.97	497,662.80
d) Return on Average Assets -	2.10	1.71
Returns (operating profit + depreciation)	13,768.50	9,395.92
Average Assets	655,631.40	550,293.80
e) Net profit (+) / Loss (-) per employee	25.74	6.70
No. of employees	195	197
Net profit (+) / Loss (-)	5,018.64	1,319.80

Ratio	Formula	Components	Result
Current Ratio	Current Assets/ Current Liabilities	Current Assets=Short Term Deposits with Banks+Cash & cash equivalents+Other current assets Current Liabilities=Short term borrowings+Other current liabilities	1.53
Debt - Equity Ratio	Total Debt/ Shareholder's Equity	Total debt=Long term borrowings+Short term borrowings Shareholder's Equity=Spl. Reserve u/s 36(1)(viii) of IT Act, 1961+Spl. Reserve u/s 35(A) of SFCs Act, 1951+Balance in Profit & Loss A/c+Share capital	6.68
Debt Service Coverage Ratio (DSCR)	Earnings available for debt service / Debt Service	Earning for Debt Service = Net Profit before taxes + Non-cash operating expenses like depreciation and other amortizations + Interest Debt service = Interest & Lease Payments + Principal Repayments.	0.30
Return on Equity (ROE)	Net Profits after taxes – Preference Dividend (if any) / Average Shareholder's Equity	Average Shareholder's Equity=(Opening SC+Free reserves+closing SC+free reserves)/2	0.06
Net Profit Ratio	Net Profit / Net Sales	Net Profit = Profit after tax	7.23%
Return on capital employed (ROCE)	Earning before interest and taxes / Capital Employed	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.06
Return on investment (ROI)	investment	Net Return on Investment=Net profit aftertaxes	8.01%

For and on behalf of the Board of Directors

Soyan
Financial Controller

Premnath Ravindranath
Executive Director

Anil Kumar Parameswaran
Director

Sanjay Kaul
Chairman & Managing Director

As per our report of even date
As per our report of even date

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

Selastin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date:27.05.2023

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 and the Accounting Standards to the extent applicable and practices generally prevalent in the banking and financial sector in India. 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.

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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 amortised 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 recognise 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.

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JAKS & ASSOCIATES C.As.

On disposal of an investment, the difference between carrying amount and net disposal proceeds are charged or credited to the profit and loss statement. Any amount received in future in respect of these investments will be credited to profit and loss statement. Interest, dividend or other receivables in connection with the investments are considered as income.

1.4. Loans and Advances

Advances are classified as performing and non-performing based on the RBI / SIDBI guidelines and are stated net of bad debts write-off. The provisions for possible losses on such advances are made at estimated rates which is equal to or more than the rates prescribed in the prudential norms, circulars and directives issued by RBI/SIDBI.The Current maturity of Loans & advances is classified as Other Current Assets (Note No.14) under the head Current Assets and the non current portion is classified as Other Non-current Assets (Note No.11) under the head Non Current Assets. The Current maturity of Long term borrowings is classified as Short term borrowings (Note No.6) under the head Current Liabilities and the non current portion is classified as Long term borrowings (Note No.3) under the head Non Current Liabilities.

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 categorised as NPA. However the non fund based limit will be live till the time it is invoked or cancelled.

Advances that are in Doubtful category are technically written off and charged to revenue account to maintain asset quality. Amount recovered against the bad debts written off in earlier years are recognised in the Profit and Loss Account as income of the year in which such amounts are received.

1.5. Provision

A provision is recognised when the Corporation has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and should be determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

1.6. Provisioning Norms and Provision Coverage Ratio (PCR)

In conformity with the prudential norms, provisions are given on the basis of classification of assets as prescribed by RBI / SIDBI . The Corporation follows the policy of building up provisioning when the profits are good, which can be used for absorbing losses in a downturn. The provisions are made at such rates as recommended by ALCO with the approval of the Board.

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

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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% (62% in FY 2021-22) is made for all Substandard advances including secured portion of loans covered under CGTMSE. For the unsecured and uncovered portion of loans under CGTMSE, 100% provision is made. The total PCR is maintained above 70% at 84.89% as on March 31, 2023.

1.7. Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax Laws used to compute the amounts will be those that are prescribed, at the reporting date. Deferred Taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws prescribed at the reporting date.

Deferred tax assets including the unrecognized deferred tax assets, if any, at each reporting date, are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which deferred tax assets can be realized. Deferred tax liabilities are recognized for all taxable timing differences. No provision for Deferred Tax Liabilities on Special Reserve created as per Section 36(1) (viii) of the Income Tax Act, 1961 since the reserve created is of having no reasonable certainty that the same would be adjusted / withdrawn in foreseeable future years and the period of time for the difference to be evened out is also not ascertainable.

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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 2022-23 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 an equivalent amount 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 an amount equal to the contribution of employees and such contribution is charged to Profit and Loss Account.

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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

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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 will be 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.

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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 government guarantee or 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.

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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%. Further the State Government vide GO(Ms) No.62/2023/Fin dated 31.03.2023 enhanced the paid up capital of Kerala Financial Corporation by Rs.20000 Lakh and released Rs.20000 Lakh as share capital contribution on 31.03.2023 itself to our STSB Account. However, the amount so credited was resumed to the consolidated fund of the State by way of a debit to the STSB account on the same day as part of the resumption process of funds lying in STSB accounts of various Departments, State owned PSUs, Autonomous institutions under the Govt of Kerala vide G.O.(Ms)No.22/2023/Fin dated 11.03.2023 and G.O.(Ms)No. 26/2023/Fin dated 23.03.2023. The balance has been confirmed by State Treasury Directorate.

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

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

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

* Shares for Rs.20000 Lakh is pending allotment.

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

Shares held by promoters at the end of the year				% Change during the year
Sl.No	Name of Promoter	No. of shares in Lakh	% of total shares	
1	Government of Kerala	620.27	99.006	0.467
2	SIDBI	6.13	0.978	-0.459
3	LIC	0.07	0.011	-0.006
4	SBI	0.02	0.003	-0.002
5	Others	0.01	0.002	0.000
	Total	626.50	100.000	

3. Earnings per share

Calculation of EPS	31.03.2023	31.03.2022
a. Net profit including prior period items and extraordinary items after deducting current tax expenses	5,299.60	1,391.04

b. Number of Equity Shares outstanding (face value of Rs.100/- each)	426.50	426.50
Basic earnings per share (a) / (b)	12.43	3.26
c. Average number of weighted equity shares (42650428 existing +20000000 on account of amount received on 31.03.2023 and pending allotment) (face value of Rs.100/- each)	427.05	426.50
Diluted Earnings per share (a) / (c)	12.41	3.26

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 1year is given below.

(Rs in Lakh)

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

2) Loans and Advances restructured

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

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

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

3) Bad debts Written Off

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

4) Loan Recovery expenses

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

5) Provisioning

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

				Amount in Rs. in Lakhs
Provisioning Coverage Ratio (PCR) as on Mar 31, 2023				
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	Ratio of (4) to (3)

				classified as NPAs plus Technical write off	
1	Sub-Standard Advances		20335.90	3117.07	15.33
2	Doubtful Advances (a+b+c)		10494.61	10494.61	100.00
	a	< 1 year	10494.61	10494.61	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**		30830.51	13611.67	44.15
5	Floating Provisions for Advances (only to the extent they are not used as Tier II Capital)				12559.62
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)				26171.29
9	**Provision Coverage Ratio** {(Row 8/Total of Column 3 of Row 4)*100}				**84.89**

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

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

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

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

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

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.

Sl No	Category of Assets	Minimum provision required (%) as per RBI norms		Provision actually made (%) and amount			
				During FY 22-23		During FY 21-22	
		%	Amount (Rs. In Lakhs)	%	Amount (Rs. In Lakhs)	%	Amount (Rs. In Lakhs)
1	Standard Assets- Micro & Small	0.25	817.33	0.25	817.33	0.25	710.10
	Standard Assets- Medium	0.40	1098.22	0.40	1098.22	0.40	566.40
	Standard Assets- CRE	1	311.18	1	311.18	1	339.01
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	725.82	5	725.82	5	926.31
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	3379.08	10	3379.08	10	5123.55
3	Additional provision for loans restructured as per RBI guidelines on account of extension of DCCO during the FY 22-23	5	310.13	5	310.13	5	0.00
4	Sub Standard Assets- FB limits	15	3003.32	80	15417.02	62	9467.48
	Sub Standard Assets– CGTMSE (Secured portion)	15	35.30	80	181.22	62	121.51
	Sub Standard Assets– CGTMSE (Un Secured portion)	100	78.45	100	78.45	100	65.33
5	Doubtful Assets (up to 1 year)	25	NA	NA	NA	NA	NA
	Total Provision made		**9758.82**		**22318.44**		**17319.69**

6) Divergence in Asset Classification and Provisioning for NPAs

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

(Rs in Lakh)

Sl No.	Particulars	Amount
1.	Gross NPAs as on March 31, 2022 as reported by the Corporation	15531.44
2.	Gross NPAs as on March 31, 2022 as assessed by RBI/ SIDBI	15531.44
3.	Divergence in Gross NPAs (2-1)	Nil
4.	Net NPAs as on March 31, 2022 as reported by the Corporation	5877.12

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5.	Net NPAs as on March 31, 2022 as assessed by RBI/ SIDBI	5877.12
6.	Divergence in Net NPAs (5-4)	Nil
7.	Provisions for NPAs as on March 31, 2022 as reported by Corporation	17319.69
8.	Provisions for NPAs as on March 31, 2022 as assessed by RBI/ SIDBI	17319.69
9.	Divergence in provisioning (8-7)	Nil
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2022	1319.80
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2022 after taking into account the divergence in provisioning	1319.80

7) Assets taken over under Section 29

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

8) Recovery under Adalath Schemes

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

9) Units under IBC ,2016

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

10) Physical possession under SARFAESI Act 2002

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

11) Revenue Recovery

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

2.3 Projects with Subsidies

a) KSEDM

KSEDM scheme was launched by Government of Kerala with KFC as the nodal agency to support young entrepreneurs in setting up new enterprises. The maximum eligible loan amount under this scheme was Rs.20 Lakh without any interest with a repayment period of 5years. The scheme was in operation from 2011 to 2017. The Corporation had received Rs.6228.91 Lakh from Govt. of Kerala for meeting the interest / expenses in connection with KSEDM till FY 22-23. Rs.6231.58 Lakh has been spent till 31.03.2023 for the KSEDM project. As on 31.03.2 023, Rs.4.29 Lakh is receivable from the government and is shown under the head KSEDM Interest receivable under Other

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Current assets. The Corporation has taken up with Government for providing the funds to meet the interest receivable and it is expected that the funds will be received during the FY 2023-24.

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

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

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

b) NORKA (NDPREM) scheme

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

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

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

2.4 Investments

Out of the investments of Rs. 126.44 Lakh, provision for diminution in value of investments of Rs.74.38 Lakh have been provided for investments other than KITCO, Kerala Infrastructure Fund Management Ltd and India SME Asset Reconstruction Co., being the value of investment in respect of companies under liquidation. The

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Corporation had decided to divest the stake in India SME Asset Reconstruction Co at Rs.9.80 per share to Dhansamridhi Finance Pvt Ltd as per the divestment proposal putforth by SIDBI, however the divestment process has been cancelled as RBI did not approve the proposal. For KITCO and Kerala Infrastructure Fund Management Ltd, the Corporation have valued the shares on the basis of latest available financial statements and found that the values are above book value.

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

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

2.5 Income Tax Assessments

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

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

2.6 Deferred Tax Liabilities

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

Rs. in Lakh

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

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2.7 Indirect taxes

Service tax -

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

Goods and Service Tax (GST)

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

2.8 Related Party Disclosures as per AS 18

A. List of Related Parties

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

B. Related party Transactions

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

2.9 Impairment of Assets

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

2.10 Advance for fixed assets.

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

2.11 Segment Reporting

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

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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.

2.12 Contingent liabilities

The contingent liabilities as on 31.03.2023 are estimated as under

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

2.13 Assets acquired in satisfaction of claims

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

2.14 Suspense Account

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

2.15 Secured / Un-secured Loans.

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

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India (FEDAI) as on March 31, 2023 is Rs. 76,311.63 Lakh after adjusting the notional forex gain of Rs.188.36 Lakh.

2.16 Non SLR Bonds

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

Rs in Lakh

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

* Issued with Government guarantee
# Partial Redemption done
+ Asset cover maintained as per issue terms (secured by receivables)

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

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

2.17 Employee Expenses

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

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2.18 Employee Payments and Retirement Benefits

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

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

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

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

Rs in Lakh

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

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

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

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

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

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

2.19 RR charges payable

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

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

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

2.20 Interest Income and rebate

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

2.21 Commission on Performance guarantees issued

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

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

2.22 Ageing of trade payables and trade receivables

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

2.23 Provision for Income Tax

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

KERALA FINANCIAL CORPORATION KFC Thiruvananthapuram 33

JAKS & ASSOCIATES C.As.

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

2.24 Dividend and Special Reserve Fund

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

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

2.25 Grants and Subsidies

The receipts in the nature of grants and subsidies received are utilized for the purpose for which the same is granted. The undisposed portion of subsidies to 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 Coconut Development Board Subsidy of Rs. 48.57 Lakh (Rs.63.90 Lakh during FY 21-22) is shown under the head Interest and fund-expenses.

2.26 Prior period items

There are no prior period adjustment made during this year .

2.27 Previous Year's Figures

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

For and on behalf of the Board of Directors

Saya.K	Premnath Ravindranath	Anil Kumar Parameswaran	Sanjay Kaul IAS
Financial Controller	Executive Director	Director	Chairman & Managing Director

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

Thiruvananthapuram

Date: 27.05.2023

KERALA FINANCIAL CORPORATION Thiruvananthapuram 33

J A K S & ASSOCIATES C.As.

Kerala Financial Corporation
we finance your dream

Head Office: Vellayambalam,
Thiruvananthapuram, Kerala - 695033, India
Call us: +91 471 2737576 / 566 / 500
Fax: +91 471 2311750, Email: info@kfc.org

keralafinancialcorporation keralafincorp KeralaFinCorp

KFC Kerala Financial Corporation

we finance your dream

ANNUAL REPORT

2023-24

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CELEBRATING

71st

YEAR OF

INCORPORATION

INCORPORATED ON 01.12.1953

Kerala Financial Corporation

we finance your dream

ANNUAL REPORT

2023-24

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Government of Kerala

Pinarayi Vijayan
CHIEF MINISTER

No. 526/Press/CMO/24 22 22 June, 2024.

MESSAGE

I am glad to note that the Kerala Financial Corporation's Annual Report 2024 is being published.

It is heartening that the KFC has achieved its best ever performance in the previous financial year by increasing its net profit to Rs. 74.04 crore. The loan portfolio has exceeded Rs. 7,000 crore with a low gross NPA of 2.88%.

It is worth mentioning that special schemes such as the Chief Minister's Entrepreneurship Development Programme and initiatives for Startups have enabled KFC to reach a wider section of the people. I am sure that KFC will continue to support MSMEs and Startups and achieve even greater success in the future. My best wishes to KFC and its customers.

Pinarayi Vijayan

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FINANCIAL YEAR
2023-24

BEST-EVER PERFORMANCE

Net Profit

₹ 74.04
CRORE

Loan Portfolio

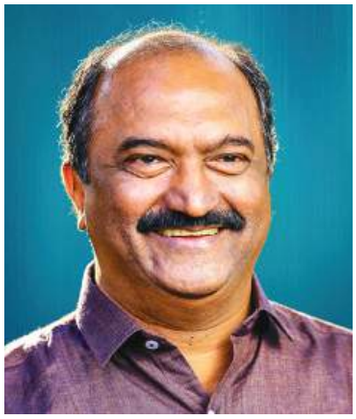
₹ 7368
CRORE

Net NPA
0.68%

Capital Adequacy Ratio
25.52%

Net Worth

₹ 1064
CRORE



Government of Kerala

K. N. BALAGOPAL

MINISTER FOR FINANCE

410/2024/M-Fin

Date: 17.07.2024

MESSAGE

I am happy to learn that Kerala Financial Corporation has performed well during the 2023-24 financial year. Compared to the previous year, the net profit after tax has increased by a substantial 47.54%. The loan portfolio growth of KFC is increased by 12.85%. With a 100 crore infusion of share capital by the State government, the Capital Adequacy Ratio (CRAR) of KFC has been maintained at 25.52%. Government-supported schemes like CMEDP Loans, Agro MSME Loans, and Startup Loans will improve the credit flow to the MSME sector. I extend my warm wishes to KFC and its stakeholders on this occassion.

K.N BALAGOPAL

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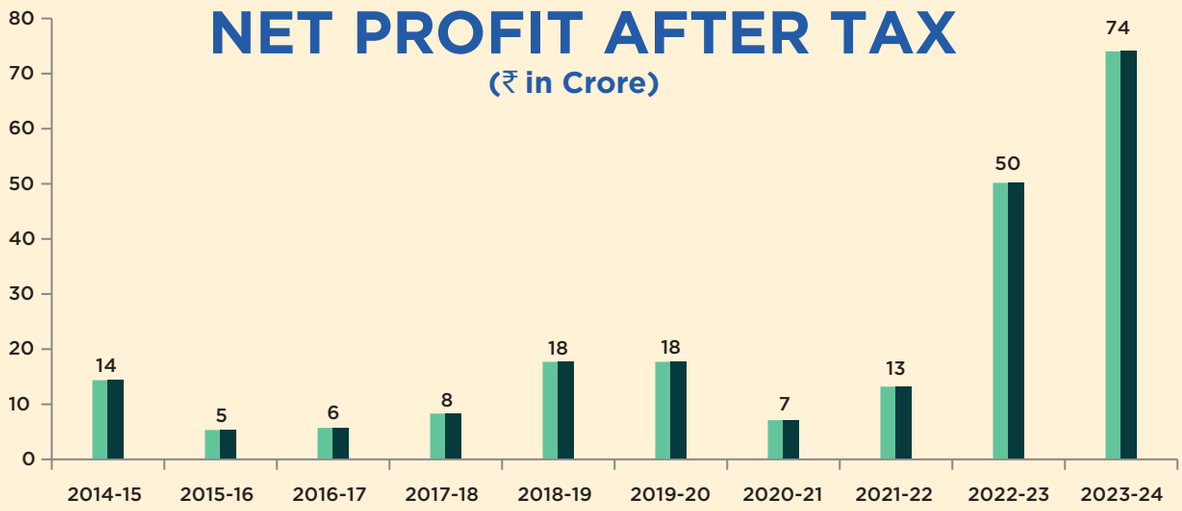
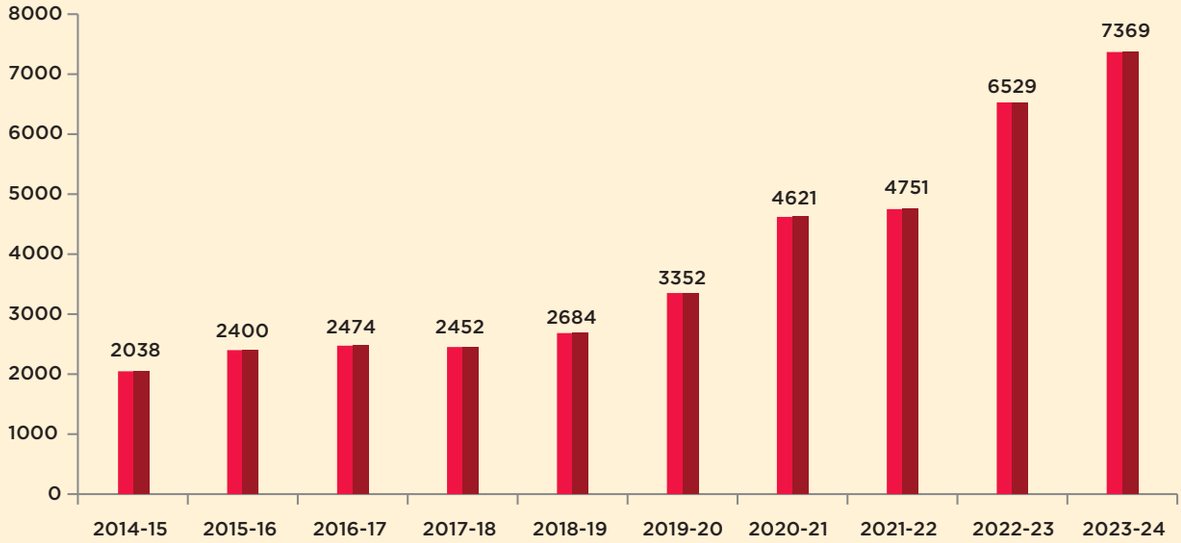
Perfomance Highlights 2023-24

NET PROFIT AFTER TAX
(₹ in Crore)

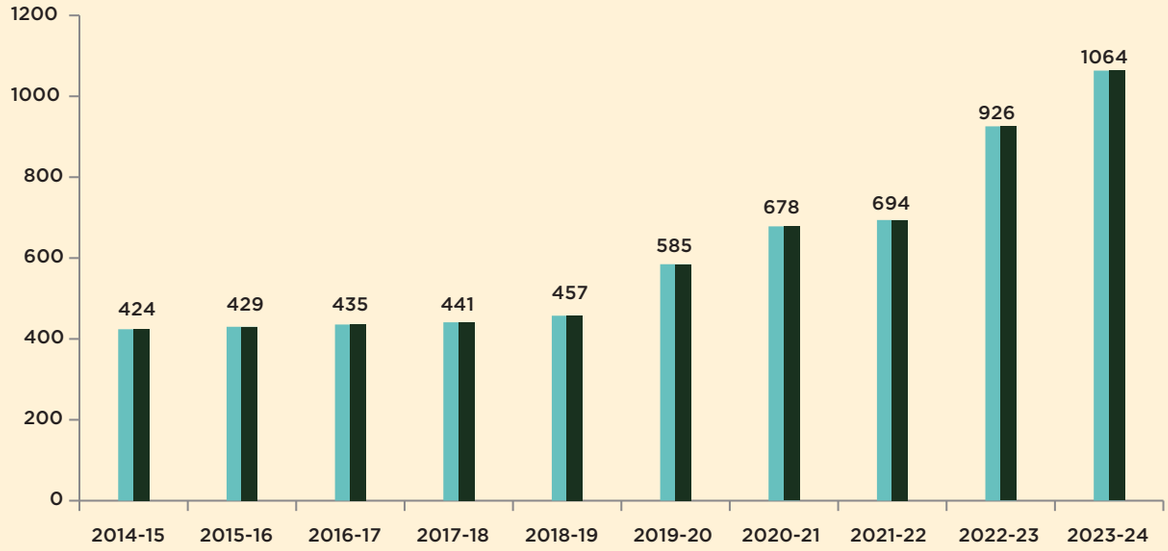


LOAN PORTFOLIO
(₹ in Crore)

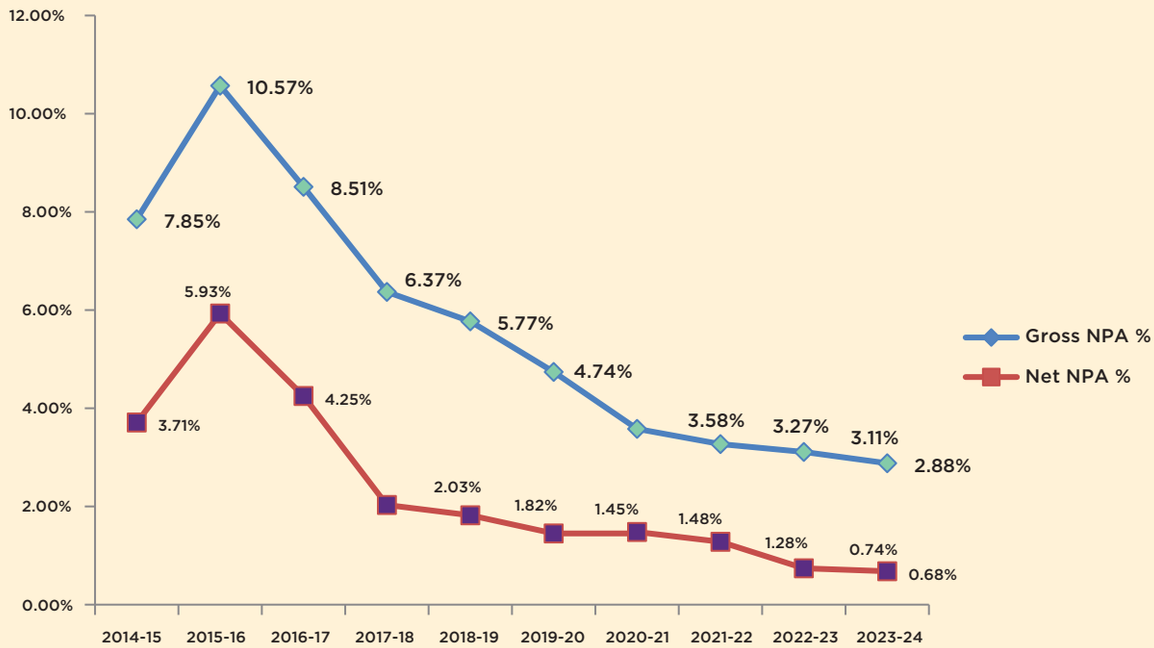


NET WORTH

(₹ in Crore)



NON- PERFORMING ASSET



Key Business Initiatives

Expanding presence to new areas. Started three Stressed Asset Recovery Branches (SARBs) at Thiruvananthapuram, Ernakulam and Kozhikode for focussed recovery. Two Large Credit branches (LCB) were set up at Thiruvananthapuram and Ernakulam for servicing big ticket size loans. Existing 16 branches were upgraded as MSME Credit Branches (MCBs) to focus on small and mid-sized enterprises.

Kerala MSME Bill Discounting Platform (KMBDP). KFC was onboarded as a financier in the Receivables Exchange of India Ltd (RXIL) platform, one of the RBI-approved Trade Receivables Discounting System (TReDS) platforms, under the brand 'Kerala MSME Bill Discounting Platform (KMBDP)' as announced by Hon. Finance Minister in his Budget Speech for FY 2022-23

Digital Document Execution. Implemented Digital Document Execution (DDE) in association with NeSL for paperless execution and storage of financial contracts to enhance the 'Ease of Doing Business' and save substantial resources.

Enhancement of CGTMSE Guarantee Ceiling. In line with CGTMSE Circular No.233/2023-24 dated 15.12.2023, the CGTMSE guarantee ceiling of the Corporation was enhanced to ₹200 lakh from the existing ceiling of ₹50 lakh.

Promoting Life Insurance Business. The Corporation has tied up Corporate Agency with Life Insurance Corporation of India, SBI Life Insurance Company Limited and HDFC Life Insurance Company Limited to promote life insurance products.

Loan Scheme for Ex-servicemen. Government vide GO (Ms) No.32/2024/Fin dated 15.03.2024 accorded sanction for implementing new loan scheme for Ex-Servicemen Entrepreneurs to start new MSMEs with a maximum assistance of ₹200 lakh per unit at a net effective rate of interest of 6% per annum.

Future Plans

Flagship Schemes of Government. Atleast 400 new MSME units will be assisted this FY under the Chief Minister's Entrepreneurship Development programme (CMEDP) and 100 Technology-based Startups under the Kerala Startup Scheme.

Scale-up Loan scheme for Mission 1000 initiative of the State Government. A special scale-up loan scheme will be formulated to support MSMEs identified by the Industries Department under the MSME Scale-up Mission (Mission 1000) aiming at scaling up of 1000 MSMEs into businesses with an average annual turnover of ₹100 crore in four years.

Setting up a new company to identify and agglomerate parcels of land available in Kerala. A new company will be set up to identify and agglomerate parcels of land available in Kerala suitable for industries and distribute the same among the entrepreneurs for basic infrastructure development in co-operation with KSFE and NRKs under the aegis of KFC.

Renovation of all Offices of the Corporation. All Offices of the Corporation will be renovated and modernized to have a customer friendly and better working environment. Two new offices will be opened at Thiruvananthapuram in new locations and MCB, South Zonal Office and SARB will be moved to those locations.

Digital Transformation. Aiming seamless customer-friendly service to borrowers, the Corporation will digitize and streamline the lending process from loan origination, sanction, disbursement and monitoring thereby improving the TAT.

Approach Us with Confidence

Incorporated in 1953, under SFC's Act 1951

Regulated by SIDBI in Operational matters

Follows RBI norms in lending

Lending to MSME sector of the State

Assisted more than 65,000 units

Asset Under Management above ₹8,500 Cr

Reporting profits consistently

ISO certified Organization

One of the best performing SFCs in India

AA rated PSU of the State

Our Product Range

- Term Loans
- Working Capital Loans
- Revolving Fund Loans
- Short Term Loans
- Contractor Loans
- Startup Loans
- Bill Discounting
- Guarantees
- Solvency Certificates
- Consultancy Services

We Provide

- Loans up to ₹50 crore
- Guarantees up to ₹50 crore
- Lowest Interest Rates, starting at 5%
- Fast Track processing of loan proposals
- Longest Moratorium Period, up to 3 years
- Longest Repayment Period, up to 20 years
- Online registration through www.kfc.org
- Transparent Procedures and No hidden charges
- In-principal clearance for loan sanction within 7 days

Our Major Loan Schemes

- LoC Scheme for MSMEs
- Loans to Tourism Sector
- Infrastructure Development Loans
- Asset-Backed MSME Revitalizing Loans
- KAMS - KFC Agro-based MSME Loan Scheme
- Kerala Vikas – Loans to Government Contractors
- Kerala MSME Bill Discounting Platform (KMBDP)
- Loans for Modernization of Existing Industrial Units
- Startup Kerala - Comprehensive Scheme for Financing Startups
- CMEDP - Chief Ministers Entrepreneurship Development Programme
- Support MSMEs - Scheme for Assisting MSMEs located at Industrial Estates

Chief Minister's Entrepreneurship Development Programme (CMEDP)

Scheme Highlights

- Flagship scheme of State Government
- Loans up to ₹200 lakh at 5% p.a interest
- 2% p.a interest under Norka Department Project for Returned Emigrants
- Loans for Startups and MSMEs
- Term Loans and Working Capital Loans
- Loans up to 90% of project cost
- Quick Processing on Easy Terms

Achievements so far

Assisted 2648 MSMEs with ₹726.66 crore so far

Created 25,000 direct employments

Comprehensive Scheme for Financing Startups

(Startup Kerala)

Scheme Highlights

Assistance to startups with scalable model
Should be registered with Kerala Startup Mission/ DIPP
Should have Corporate office and operations in Kerala
Shareholding by Indian promoters at least 51%

Assistance at various stages as follows:

- Productization : ₹25 lakh
- Commercialization: ₹50 lakh
- Scaling up: ₹200 lakh
- For Executing Purchase Order: ₹1000 lakh
- Venture Debt Funding: ₹1000 lakh

Achievements so far

Assisted 66 Startups with **₹70.28** crore so far

Created **515** direct employment

LoC for Government Contractors and MSMEs (Kerala Vikas)

- Loans for Government & Corporate Contractors and MSMEs
- Sanctioned as Line of Credit for five years
- Maximum facilities ₹100 crore
- Lowest Interest Rates and Speedy Processing
- Guarantees up to ₹50 crore per Contractor
- Work Execution Loans up to 80% of Contract Value
- Bill Discounting of Part/ Final Bills/ Promissory Notes
- Machinery Loans
- Solvency Certificates

Achievements so far

Assisted more than 1300 Contractors/ MSMEs so far

₹6900 crore LoCs sanctioned

Above 3600 Government works funded amounting to ₹4400 crore

KFC Agro-based MSME Loan Scheme (KAMS)

- Loans up to ₹1000 lakh at 6% annual interest.
- Loans to Agro-based MSMEs and Agro-based Startups
- Term Loans and Working Capital Loans
- Loans up to 90% of project cost
- Quick Processing on Easy Terms

Supporting MSMEs located at Industrial Estates

- Loans for setting up new units at Industrial Estates
- Loans for Modernization of existing units at Industrial Estates
- Term Loans/ Short Term Loans/ Working Capital loans/ Guarantees
- Loans up to 75% of project cost for new units
- Loans up to 90% of project cost for existing units
- Maximum loan ₹50 crore
- Interest rate starting from 5%

Kerala MSME Bill Discounting Platform (KMBDP)

- A white labelled TReDS platform for KFC
- System-driven, transparent, paperless and hassle-free platform
- PSUs, Corporates, MSMEs and Government Contractors eligible
- Should have BBB or better External Credit Rating.
- Factoring up to ₹50 crore
- Rate of interest starting at 10%

AWARDS AND RECOGNITIOS 2023 -24

FACT MKK Nayar Memorial Second Best Productivity Performance Award for Service Organisation

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Hues of Life best loan provider for the Food Industry

Hues of Life Best Loan Provider for Startups

BOARD OF DIRECTORS

Shri Sanjay Kaul IAS
Chairman & Managing Director

Shri Harikishore IAS
Director of Industries & Commerce, Govt. of Kerala

Shri E K Harikumar
Chief General Manager
SBT (Retd.)
(till 10.09.2023)

Shri Anilkumar Parameswaran
Chartered Accountant
(till 10.09.2023)

Shri Seetharaman V
General Manager, SBI
(till 31.05.2023)

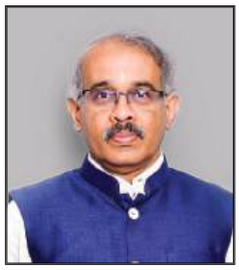
Shri Satyaki Rasotgi
General Manager, SIDBI
(till 21.05.2024)

Shri K V Karthikeyan
Dy. General Manager, SIDBI
(till 21.05.2024)

Shri Premkumar S
Sr. Divisional Manager, LIC

Sheshu Babu Palle
Dy. General Manager, SIDBI
(till 17.06.2023)

Shri Shaju Raphael
Deputy Genaral Manger, SIDBI
(Since 22.05.2024)



Shri Subbarao Sreepathy
Genaral Manger, SIDBI
(Since 22.05.2024)

Shri. Premnath Ravindranath
Managing Director (i/c)
(27.03.2024 - 10.06.2024)

PRINCIPAL OFFICERS

Executive Director
Shri Premnath Ravindranath

General Managers
Shri Ranjithkumar E R
Shri Ajithkumar K

Financial Controller
Smt Soya K

Deputy General Managers
Shri Adarsh R
Shri Rajesh R
Shri M Manisankar
Shri Anil John Abraham
Shri Prasad V

Company Secretary
Shri Ram Ganesh R

Statutory Auditor
JAKS & Associates,
Chartered Accountants
Thiruvananthapuram

Secretarial Auditor
M/s. K. Narayana Swamy & Co.
Company Secretaries

Registrar and Transfer Agent
CAMEO Corporate Services Ltd
www.cameoindia.com

Debenture Trustees
Catalyst Trusteeship Ltd
www.catalysttrustee.com

SBICAP Trusee Company Limited
www.sbicaptrustee.com

Beacon Trusteeship Ltd.
www.beacontrusteeship com

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the 71st Annual General Meeting (AGM) of the shareholders of Kerala Financial Corporation will be held at the Head Office of the Corporation, Vellayambalam, Thiruvananthapuram on Monday, June 24, 2024 at 11.00 AM to transact the following businesses:

Ordinary Business

a. To consider and adopt the Balance Sheet as at March 31, 2024 and the Profit & Loss account for the year ended March 31, 2024 of the Corporation, the Report of the Board of Directors on the working of the Corporation for the Financial Year 2023-24 and the Auditor's Report on the said Balance Sheet and Accounts.

b. To reappoint Statutory Auditors of the Corporation for the Financial Year 2024-25 under Section 37 (1) of the SFC Act 1951.

c. To declare dividend

Special Business

4. To approve the proposal to raise funds not exceeding ₹2,200 Crores by way of issuance of bonds on private placement basis.

Place : Thiruvananthapuram,
Date : 27-05-2024

By Order of the Board

Ram Ganesh R
Company Secretary

NOTES:

1. *The Share Register of the Corporation shall remain closed and transfer of shares will be suspended from 17.06.2024 to 24.06.2024 (both days inclusive).*

2. *The form of proxy is enclosed.*

3. *Voting rights of the shareholders shall be determined in terms of the provisions under Section 4F of the State Financial Corporations Act, 1951.*

4. *Any shareholder entitled to attend and vote at the meeting shall be entitled to appoint another person (whether a shareholder or not but not being an officer or employee of the Corporation) as his proxy to attend and vote instead of himself. No proxy shall be valid unless it is duly stamped and unless it, together with the power of attorney or other authority (if any) under which it is signed, or a copy of that power or authority certified by a notary public or a magistrate, is deposited at the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.*

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5. *A shareholder being a Company including Small Industries Bank, Public Sector Banks, Co-operative Banks, Co-operative Societies and LIC may, by a resolution of its Directors, authorise any of its officials or any other person (not being an officer or employee of the Corporation) to act as its representative at the meeting. The copy of the resolution appointing him as a duly authorised representative certified to be true copy by the Chairman of the meeting at which it was passed shall have been deposited at the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.*

6. *The State Government may, by order in writing, authorise any of its officers, whether a Director of the Corporation or not, to act as its representative at the meeting. The copy of the order shall be deposited at the Head Office of the Corporation before the time fixed for the meeting.*

7. *The meeting shall be held, conducted, and the business thereat shall be transacted in adherence to the provisions of the State Financial Corporations Act 1951 (As amended up to date) and in terms of the provisions of the General Regulations of Kerala Financial Corporation.*

.....

KERALA FINANCIAL CORPORATION

H.O. – 'Aswathy', Vellayambalam,

Thiruvananthapuram – 695 033.

I, We.....(folio No.) of.....being a share holder of the Kerala Financial Corporation holding shares Nos.....

hereby appoint Shri/Smt.....of.....

(or failing him Shri/Smt.....of.....)

as my/our proxy to vote for me/us and on my/our behalf at a meeting of the shareholders of the Corporation to be held at.....on the.....day of.....

and at any adjournment thereof.

Signed this.....day of.....

Signature on Rs.1/-
Revenue Stamp

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DIRECTORS' REPORT

Dear Stakeholders,

The Board of Directors takes pleasure in presenting the 71st Annual Report of Kerala Financial Corporation (KFC) for the financial year ended March 31, 2024. This report encapsulates a year of significant achievements, indicative of the initiatives of the Corporation taken for fostering entrepreneurship and contributing to Kerala's economic growth.

Kerala Financial Corporation (KFC), established under the State Financial Corporations Act of 1951, has consistently been recognized as a premier PSU supporting the Government of Kerala. Renowned for its diversified and professional services, KFC has played a pivotal role in nurturing entrepreneurs by offering innovative and customized financial solutions. With a predominant focus on Micro, Small, and Medium Enterprises (MSMEs), KFC has achieved remarkable success, evidenced by its highest-ever net profit since inception. KFC has crossed significant milestones in terms of sanctions, disbursements, recoveries, net worth, and NPA levels in the current year.

From fostering innovation to spearheading employment generation through entrepreneurship development, KFC has been a cornerstone of support for the State Government's vision. Aligned with Kerala Industrial Policy 2023, KFC's objectives converge on creating an industry friendly environment. In a significant milestone, KFC's loan portfolio exceeded ₹7,000 crore for the first time, reaching ₹7,368 crore , while its net worth surpassed ₹1,000 crore and touched ₹1,064 crore. With State Government support, KFC has continued to offer loans at competitive rates to entrepreneurs. The infusion of ₹100 crore in share capital by the State Government bolstered KFC's Capital Adequacy Ratio (CRAR) to 25.52%, enhancing its financial stability. Key performance indicators reflect a notable growth - Sanctions have increased by 4.04%, Disbursements by 14.42%, Portfolio expanded by 12.85%, Profit soared by 47.54%, and Gross NPA decreased by 7.40%, while Net NPA witnessed a decline of 4.39%.

Notably, it has played a crucial role in supporting start-ups across the State through the KFC Startup Kerala Scheme and facilitating access to resources for young entrepreneurs through the Chief Minister's Entrepreneurship Development Programme (CMEDP). Moreover, KFC's collaboration with the State Government in establishing a special company as announced by the Honourable Finance Minister in his Budget Speech, aimed at identifying and distributing parcels of land suitable for industries exemplifies its commitment to driving economic growth. This initiative, with an authorized share capital of ₹1000 crore, in partnership with Kerala State Financial Enterprise (KSFE) and Non-Resident Keralites (NRKs), demonstrates KFC's commitment towards infrastructure development and economic empowerment.

The commendable achievements reflecting an all-round balanced growth are a testament to the strategic initiatives spearheaded by the dedicated professional team in the Corporation. In addition to the excellent performance, an exceptional focus on credit quality, streamlined processes and systems, ethical practices, and transparent disclosures are the hallmarks of the Corporation with a strong emphasis on compliance. With a solid market reputation, robust credit quality and a fortified capital base, Kerala Financial Corporation is well positioned to accelerate the growth economic of the State.

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PERFORMANCE OF THE CORPORATION

The performance highlights of the Corporation for the last two FYs are as given below

₹ in lakh

Key Parameters	2023-24	2022-23
Portfolio Size	7,36,832.71	6,52,940.30
Sanctions	3,33,666.41	3,20,722.18
Disbursements	4,06,885.43	3,55,594.61
Recovery	3,90,110.42	2,33,241.69
Interest Income	68,185.01	54,364.41
Total Income	86,871.54	69,437.51
Total Expenditure	76,082.46	55,835.81
Op. Profit before technical write-off of bad debts	24,098.66	24,142.60
Op. Profit after technical write-off of bad debts	10,789.08	13,601.70
Net profit after tax	7,404.39	5,018.64
Basic EPS (in ₹.) [face value ₹100/-]	10.19	12.43
Diluted EPS (in ₹.) [face value ₹100/-]	10.19	12.41
Net worth	1,06,352.78	92,570.25
Capital Adequacy Ratio %	25.52	25.58
Gross NPA as % of Gross Advances	2.88	3.11
Net NPA as % of Net Advances	0.68	0.74

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BUSINESS ACHIEVEMENTS

Sanctions and Disbursements

During the year, the Corporation sanctioned financial assistance of ₹3,33,666.41 lakh during the FY 2023-24 as against ₹3,20,722.18 lakh during the previous FY. An amount of ₹4,06,885.43 was disbursed during the FY 2023-24 as against ₹3,55,594.61 lakh during the previous FY.

Recovery

The Corporation has a well-built monitoring mechanism for recovery of loans. During the year, the Board of the Corporation in its meeting held on 21.09.2023 approved a revised Loan Compromise Settlement Policy (LCSP) to settle NPA loans. CS was sanctioned in 73 cases under the scheme for ₹12,564.07 lakh and 33 cases were settled amounting to ₹3,259.72 lakh as of 31.03.2024. The total collection including advance under CS is ₹4,899.46 lakh. During the year the Corporation has initiated Revenue Recovery action against 125 units with a demand issued for ₹29,872.61 lakh. The Corporation has taken physical possession of four units with Principal outstanding of ₹2,338.54 under SARFAESI during the year. The Corporation has filed an Insolvency Petition under The Insolvency and Bankruptcy Code, 2016 against one unit for a claim of ₹2,739.35 lakh. There are five 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 ₹1,802.81 lakh.The total recovery during the FY was ₹3,90,110.42 lakh as against ₹2,33,241.69 lakh during the previous year.

Portfolio

The portfolio of the Corporation as on 31.03.2024 is ₹7,36,832.71 lakh viz-a-viz ₹6,52,940.30 lakh of 31.03.2023 registering a growth of 12.85%. The sector-wise classification of Loans & Advances as on March 31, 2024 is furnished below.

₹ in lakh

		As on 31.03.2024			As on 31.03.2023		
	Sector	**No**	**Amount**	**%**	**No**	**Amount**	**%**
1	Manufacturing	1639	1,02,153.41	13.86	2053	85,512.74	13.10
2	Service	4941	6,02,809.70	81.81	4194	5,36,309.18	82.14
3	CRE	120	31,869.60	4.33	144	31,118.38	4.77
	Total	**6700**	**7,36,832.71**	**100.00**	**6391**	**6,52,940.30**	**100.00**

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FINANCIAL PERFORMANCE

Profit

The Corporation reported a total income of ₹86,871.54 lakh during the year as against ₹69,437.5 lakh during the FY 2022-23. The Corporation has registered a Net profit of ₹7,404.39 lakh as compared to ₹5,018.6 lakh during the previous year.

Dividend

The Board of Directors has proposed a dividend of 5% for the year ended March 31, 2024, subject to the approval of the shareholders at the ensuing Annual General Meeting. As per Section 35A of the SFC Act 1951, 0.50% of the dividend accruing to the State Government and SIDBI will be transferred to the Special Reserve Fund.

Capital & Reserves

The Corporation's paid-up capital as on March 31, 2024 is ₹72650.43 lakh. The capital plus reserves of the Corporation have moved up by 14.89% from ₹92,570.24 lakh to ₹1,06,352.78 lakh.

Shareholding pattern

The composition of shareholders as on March 31, 2024 is furnished below:

Shareholders	Amount(₹ in lakh)	% of Shareholding
Government of Kerala	72,026.940	99.142
SIDBI	613.330	0.844
LIC	7.100	0.010
SBI	2.100	0.003
Others	0.960	0.001
Total	**72,650.430**	**100.000**

The Capital to Risk Weighted Assets Ratio (CRAR)

The Capital to Risk Weighted Assets Ratio (CRAR) of the Corporation as on March 31, 2024 according to Basel III guidelines is 25.52% (25.58% as on March 31, 2023). The CRAR of the Corporation after considering the impact of dividend will be 24.69% as on March 31, 2024.

Asset Quality

The Corporation gives utmost priority in maintaining the asset quality of the loan portfolio. As on 31.03.2024, the Standard assets stood at 97.12% of the loan portfolio. Despite the stress witnessed in the banking scenario on account of growing NPAs, the Corporation by strenuous recovery efforts and persistent monitoring has been successful in maintaining the Standard assets portfolio and reducing the Gross NPA to 2.88% in March 2024 from 3.11% in the previous year. The net NPA stands at 0.68% in March 2024 as compared to 0.74% in the previous year. The Provision Coverage Ratio is maintained at a comfortable level of 85.92%.

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Key Business Initiatives taken during the year

During the FY 2023-24, the Corporation has launched new loan schemes and products and also fine-tuned the existing processes to remain competitive. The key initiatives taken up are given below:

- **Expanding presence to new areas.** With more products and sectors, the presence of KFC has been expanded to more sectors. Three Stressed Asset Recovery Branches (SARBs) were started to have focussed recovery at Thiruvananthapuram, Ernakulam and Kozhikode. Two Large Credit branches (LCB) were set up for servicing large loans at Thiruvananthapuram and Ernakulam. The existing 16 branches are upgraded as exclusive MSME Credit Branches (MCBs) to focus on small and mid-sized enterprises.

- **Kerala MSME Bill Discounting Platform (KMBDP).** MSMEs' contribution to GDP/ Employment generation is significant and is the growth engine to Country's economy. To help MSMEs of the State, Hon. Finance Minister in his Budget Speech for FY 2022-23 announced the Kerala MSME Bill Discounting Platform (KMBDP). KFC was onboarded as a financier in the Receivables Exchange of India Ltd (RXIL) platform, one of the RBI-approved Trade Receivables Discounting System (TReDS) platforms, under the brand 'Kerala MSME Bill Discounting Platform (KMBDP)'.

- **Digital Document Execution.** Digital Document Execution (DDE) is a paperless mode of execution and storage of financial contracts, which will enhance the 'Ease of Doing Business' and save substantial resources. KFC has implemented Digital Document Execution (DDE) in association with NeSL.

- **Enhancement of CGTMSE Guarantee Ceiling.** In line with CGTMSE Circular No.233/2023-24 dated 15.12.2023, the CGTMSE guarantee ceiling of the Corporation is enhanced to ₹200 lakh from the existing ceiling of ₹50 lakh.

- **Promoting Life Insurance Business.** The Corporation has tied up Corporate Agency with Life Insurance Corporation of India, SBI Life Insurance Company Limited and HDFC Life Insurance Company Limited to promote life insurance products.

- **Loan Scheme for Ex-servicemen.** Government vide GO (Ms) No.32/2024/Fin dated 15.03.2024 had accorded sanction for implementing new loan scheme for Ex-Servicemen Entrepreneurs in the State to start new MSMEs with a target of 50 MSMEs every year with maximum assistance of ₹200 lakh per unit at a net effective rate of interest of 6% per annum.

- **Renovation of Head Office.** The renovation of the Head Office building of the Corporation to a modern style building was carried out.

Awards and Recognitions 2023-24

a. FACT MKK Nayar Memorial Best Productivity Performance Award for Service Organisation
b. Hues of Life best loan provider for the Food Industry
c. MSME Excellence Awards from Hues of Life Best Loan Provider for Startups

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Resource mobilisation

- **LOC from Commercial Banks.** The Corporation availed ₹2,16,014.49 lakh as Term loan/ Working Capital Demand Loan/ Foreign currency loan from various Commercial Banks/ Financial Institutions and repaid ₹1,49,132.22 lakh during the FY 2023-24. The aggregate outstanding LOC from Banks and other Financial Institutions at the year-end was ₹5,73,712.97 lakh. The Corporation is rated A+ for Bank borrowings from Acuite Rating Agency during the year, signifying a stable outlook.

- **Non-SLR Bonds.** The Corporation raised ₹58,050 lakh through bond issue during the FY 23-24. The aggregate outstanding Bonds at the year-end was ₹1,50,970 lakh.

Listing

The Corporation has listed the following NCDs in the Bombay Stock Exchange and the annual listing fees have been paid. The NCDs 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 31.03.2024 aggregate to ₹1,50,970.00 lakh as given below.

(₹ In Lakh)

Sl No	Issue Date	Coupon	Amount Issued	Amount Outstanding	Maturity Date	Credit Rating	Asset Cover+ %
1.	13-Mar-24	8.89%	30,700	30,700	13-Mar-34	AA	100
2.	02-May-23	8.63%	27,350	27,350	24-Mar-33	AA	100
1	24-Mar-23	8.90%	47,650	47,650	24-Mar-33	AA	100
2	14-Sep-20	7.70%	25,000	25,000	14-Sep 30	AA	110
3	09-Jul-19	8.99%	25,000	#18,750	09-Jul-26	AA	125
4	04-Apr-18	8.69%	25,000	#1,520	04-Apr-25	AA	125
		TOTAL	**1,67,650**	**1,50,970**			

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 ₹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, 2024 is ₹18.57 lakh.

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Asset Liability Management (ALM)

The Corporation's business operations, sources of funds and risk factors have widened, necessitating appropriate steps to effectively deal with fund management and resources planning. The Asset Liability Management Committee (ALCO) actively manage the liquidity and continuously monitor, measure and manage the risks confronting the Corporation. The Corporation's Asset Liability Management (ALM) is aimed at strategic planning, implementation, and control processes that affect the maturity, quality and liquidity of the Corporation's assets and liabilities, thereby ensuring that the returns are commensurate with the level of risk taken. The ALCO met 28 times during the year.

Risk Management

Risk is an integral part of financial institutions. The Corporation has applied focused efforts in creating risk awareness culture and building a comprehensive framework for the identification, measurement and management of all material risks and is continuing to do so to strengthen the risk governance framework.

ISO Certification

The Quality Management System Certificate in respect of the products and/or services, IS/ ISO 9001-2015, was renewed by the Bureau of Indian Standards (BIS) after conducting a surveillance/ renewal audit. The current license is valid till 21st June, 2025. All the offices of the Corporation continue to hold the Quality Management System Certificate.

Other Financial Service Activities

IRDA has approved the Corporation for acting as a Corporate Agent (composite) for procuring or soliciting insurance business. The Corporation has now reregistered itself with IRDA as per IRDAI (Registration of Corporate Agents) Regulations 2015 and the registration is valid till 4th September 2026. A Board approved Policy on the manner of soliciting and servicing insurance products is in place. The Policy includes the approach to be followed by the corporate agent in having single or multiple tie-ups, the partners in the tie-ups, the business mix, the type of products sold, the grievance redressal mechanism and reporting requirements.

Audits

The accounts of the Corporation are audited on a quarterly basis by the Statutory Auditors. Apart from internal audit, Concurrent Audit of branch operations is also done through reputed firms of Chartered Accountants on a monthly basis. Further, audit of compromise settlement sanctions of above ₹25 lakh are carried out as a prudent control mechanism and risk mitigation measure. A pre-disbursement audit for disbursements above ₹100 lakh is also in place. The Comptroller & Auditor General of India has completed audit of the accounts of the Corporation up to the FY 2022-23.

Statutory Auditors

The shareholders at its 70th Annual General Meeting held on 26.06.2023, reappointed M/s. JAKS Associates, Chartered Accountants (ICAI Firm Registration No. 301003E/E300005), as Statutory Auditors of the Corporation for the audit of the Corporation's accounts for the year 2023-24.

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Secretarial Audit and Secretarial Audit Report

Applicability of SEBI (LODR) (5th Amendment) Regulations, 2021

As per Regulation 15(1A) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 - w.e.f. 7.9.2021), the provisions of Regulations 15 to 27 of Chapter IV shall apply to a listed entity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of Rupees Five Hundred Crores and above. Further, these provisions shall be applicable to a 'high-value debt listed entity' on a 'comply or explain' basis until 31.03.2023 and on a mandatory basis thereafter. In view of the above, KFC had made representation to SEBI/ BSE vide its letters dt. 30.1.2023, 20.2.2023 15.3.2023 & 13.05.2024 seeking certain exemption/ relaxation from complying with Reg.17(1C), Reg.17(4), Reg.17(10), Reg.17A, Reg.25 & Reg.26 of Chapter IV (Corporate Governance) of SEBI (LODR) Regulations, 2015. The matter is pending with SEBI/BSE for a decision. In the meantime, SEBI has extended the date of 'comply or explain' option until 31.3.2025.

Secretarial Audit Report

Pursuant to Regulation 24A of the SEBI (LODR) Regulations, 2015 read with Section 204 of the Companies Act, 2013, the Board has appointed M/s. K. Narayana Swamy & Co., Practicing Company Secretaries, Bengaluru (FCS 1838 / CP 9878 / Peer Review Cert. No.1744/2022) as the Secretarial Auditor for conducting the Secretarial Audit of KFC for the year ended 31st March, 2024. The Report of the Secretarial Auditor is attached as Annexure.

Internal Financial Controls and its Adequacy

The Corporation has put in place extensive internal control measures and processes to provide reasonable assurance regarding the reliability of financial reporting and the preparation and presentation of financial statements. These controls and processes are driven through various policies, procedures and certifications which are continuously reviewed, evaluated, and benchmarked against the best practices followed in the industry. Through continuous refinement and improvement of the internal inspection and vigilance system, the Corporation also ensures that internal controls are operating effectively.

Corporate Social Responsibility (CSR)

The Corporation believes that contributing value back to the society is our responsibility and has started a number of initiatives by stepping out from the traditional operational area to the vast arena of Corporate Social Responsibility. The corporation is engaged in CSR activities through KFC CARE, a society formed by KFC with its employees, both existing and retired as the members.

Participative Management

The Corporation believes in participative management. The rich experience of its officers can be fully utilized by increasing their participation in the decision-making process. Realising this, extensive delegation has been given at different levels across the State at the Branch and Zonal levels. At the Head Office/ Zonal Office/ Branch Office, the committee concept is widely used and decision-making has been transparent and consultative.

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Future Plans

- **Setting up a new company to identify and agglomerate parcels of land available in Kerala.** A special company will be set up to identify and agglomerate parcels of land available in Kerala suitable for industries and distribute the same among the entrepreneurs for basic infrastructure development to aim for infrastructure development. This company having an authorised share capital of ₹1000 crore, will be formed in co-operation with KSFE and NRKs under the aegis of KFC.

- **Renovation of all Offices of the Corporation.** The Corporation will renovate and modernise all Offices to have a customer friendly better working environment. Two new offices will be opened at Thiruvananthapuram in new locations and will move MCB, South Zonal Office and SARB to those locations.

- **Flagship Schemes of Government.** 400 MSME units will be assisted this year under the Chief Minister's Entrepreneurship Development Scheme (CMEDP) and 100 Technology-based Startups under the Kerala Startup Scheme.

- **Scale-up Loan scheme for Mission 1000 initiative of the State Government.** KFC will formulate a special scale-up loan scheme of up to ₹20 crore to provide financial assistance to Micro, Small, and Medium Enterprises (MSMEs) identified by the Industries Department under the MSME Scale-up Mission (Mission 1000) scheme aimed at scaling up 1000 MSMEs in the State into businesses with an average annual turnover of ₹100 crore in four years.
- **Digital Transformation.** With the aim of extending seamless customer-friendly service to the borrowers and to remain updated with the latest technology developments, the Corporation proposes an overall digital transformation which will act as a powerful catalyst to Business Growth in terms of Revenues, Market Share, Business Segments, Opportunities and Volumes. It will include strategies to digitize and streamline the lending process from loan origination, sanction, disbursement and monitoring. , Improving the TAT from loan enquiry till disbursement, Data analytics powered credit decision making.

Corporate Governance

The Corporation is committed to adopting best corporate governance practices and believes that effective Corporate Governance is not just a requirement for regulatory compliance, but also a facilitator for the enhancement of stakeholders' value. The Corporation has been ensuring fairness, responsibility, accountability and transparency in all its dealings. The Corporation reiterates its commitment to pursue the highest standards of corporate governance such as empowerment and integrity of its employees, transparency in the decision-making process, fair & ethical dealings, and accountability to all the stakeholders. The various internal policies of the Corporation were reviewed by the Board during the year and wherever required necessary amendments are being done. ISO procedures are scrupulously complied with.

The Corporation has designated State Public Information Officers, Assistant State Public Information Officers and Appellate Officers for the Head Office as well as the Branch Offices for giving replies under RTI Act 2005. Prompt action is taken for replying to the petitions received under RTI in a time-bound

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manner. All applications have been disposed of within the time stipulated under RTI Act.

The Corporation has complied with provisions relating to the constitution of the Internal Complaints Committee under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy provides for protection against sexual harassment of women in the workplace and prevention and redressal of such complaints. During FY 23-24, no frauds were reported. During the year the Corporation has received a few notices from BSE on various dates directing to pay fines/penalties for delay in intimation of record dates of Interest payments/ Principal redemptions of Debentures and certain other regulations. The Corporation has submitted before BSE for waiver of fine/ penalty and the matter is pending. Other than that mentioned above, there were no penalties or strictures imposed on the Corporation by the SEBI, BSE and/ or any other statutory authorities.

The Corporation has a three-tier Corporate Governance structure, viz:

a. **The Board of Directors:** The primary role of the Board is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals & targets, policies, reporting mechanism & accountability and decision-making process to be followed. The Board of the Corporation is responsible for the implementation and maintenance of adequate internal financial controls and has adopted the necessary policies and procedures for ensuring the orderly and efficient conduct of its business, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information and disclosures, as required under the various statutes.

b. **Apex Committees of the Board of Directors:** The Board has Sub-Committees to oversee various functional aspects of the business and operations of the Corporation. The Committees are Executive Committee, Audit Committee, Sub-Committee for Policy Revision, Risk Management Committee, Stakeholder's Committee and the Nomination and Remuneration Committee. These committees focus on financial reporting, audit & internal controls, loan sanctions with exposure above ₹2000 lakh, identification & resolution of various risks aspects in the business, compliance issues, sustainable development, various policy revisions, etc.

c. **Executive Management:** The entire business and operations of the Corporation are managed by the Executive Management comprising of the Executive Director, General Managers, Financial Controller, Head of Departments and Zonal Managers with clearly demarcated & well-defined responsibilities and delegations at different levels.

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Board of Directors

The details of the Board of Directors are given below:

Name	Designation	Tenure
Shri.Sanjay Kaul IAS, Chairman	Secretary, Government of Kerala	01.06.2021 to till date
Shri.Sanjay Kaul IAS, MD	Secretary, Government of Kerala	01.06.2021 to 26.03.2024 11.06.2024 to till date
Shri.Sanjay Kaul IAS, Director	Secretary, Government of Kerala	20.05.2020 to till date
Shri.Harikishore IAS, Director	Director, Industries & Commerce	12.08.2021 to till date
Shri.EK Harikumar, Director	Chief General Manager (Rtd), SBT	11.09.2017 to 10.09.2023
Shri.Anilkumar Parameswaran, Director	Chartered Accountant	11.09.2017 to 10.09.2023
Shri.Seetharaman V, Director	General Manager, SBI	07.08.2021 to 31.05.2023
Shri.Satyaki Rastogi, Director	General Manager, SIDBI	29.09.2021 to 21.05.2024
Shri.KV Karthikeyan, Director	Deputy General Manager, SIDBI	04.05.2022 to 21.05.2024
Shri.Premkumar S, Director	Senior Divisional Manager, LIC	11.08.2022 to till date
Shri.Sheshu Babu Palle, Director	General Manager, SBI	17.06.2023 to till date
Shri.Subbarao Sreepathy, Director	General Manager, SIDBI	22.05.2024 to till date
Shri.Shaju Raphael, Director	Deputy General Manager, SIDBI	22.05.2024 to till date
Shri.Premnath Ravindranath, MD (i/c)	Executive Director, KFC	27.03.2024 to 10.06.2024

Apex Committees:

The Board of the Corporation met eight times during the year on 27.05.2023, 21.07.2023, 09.08.2023, 25.09.2023, 07.11.2023, 06.12.2023, 09.02.2024 and 12.03.2024.

The Executive Committee met thirteen times during the year on 06.05.2023, 01.06.2023, 07.06.2023, 21.06.2023, 21.07.2023, 23.08.2023, 08.09.2023, 27.09.2023, 24.11.2023, 13.12.2023, 08.01.2024, 06.02.2024 and 06.03.2024.

The Audit Committee met six times during the year on 06.05.2023, 27.05.2023, 09.08.2023, 07.11.2023, 08.02.2024 and 27.03.2024.

The Sub-Committee for Policy Revision met three times during the year on 22.05.2023, 31.05.2023 and 06.06.2023.

The Risk Management Committee (RMC) met twice during the year on 06.06.2023 and 08.02.2024.

The Stakeholder's Committee (SHC) met once during the year on 08.02.2024.

The Nomination and Remuneration Committee (NRC) met once during the year on 10.11.2023.

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Attendance of the Members in the Board and Apex Committee Meetings during the FY 2023-24:

Type of Meet-ing	No. of Meet-ings held	Shri. Sanjay Kaul IAS	Shri. Hari kishore IAS	Shri. EK Hari kumar	Shri. Anil kumar Parameswaran	Shri. Satyaki Rastogi	Shri. K V Karthikeyan	Shri. Prem kumar S	Shri. Sheshu Babu Palle
Board	8	8	0	3	3	4	5	8	6
Audit Com.	6	NA	0	3	3	2	0	3	3
Exec. Com	13	13	0	7	7	2	0	10	6
Sub Com.	3	NA	0	3	3	0	0	0	0
RMC	2	NA	0	1	1	0	0	1	1
SHC	1	NA	0	0	0	0	0	1	1
NRC	1	NA	0	0	0	1	0	1	1

Remuneration paid to Key Managerial Personnel

No remuneration is paid to Shri.Sanjay Kaul, IAS, Chairman. The Salary and other perquisites paid to other KMPs are as follows.

Shri.Premnath Ravindranath, MD(in charge) – ₹31.24 lakh, Smt.Soya K, Financial Controller – ₹23.08 lakh and Shri.Ram Ganesh R, Company Secretary (from 14.12.2023) – ₹2.84 lakh.

Directors' Responsibility Statement

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities; and the Directors have prepared the annual accounts on a going concern basis.

To the best of the knowledge of the Directors and belief and according to the information and explanations obtained by them, your Directors make the following statements that:

a. in the preparation of the annual accounts for the financial year ended March 31, 2024, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
b. such accounting policies as mentioned in the Notes to the Financial Statements, have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation as at March 31, 2024 and of the profit of the Corporation for the period;
c. the applicable guidelines prescribed for SFCs have been followed and there has been no material departure. Accrual method of accounting is followed for standard assets and cash basis for non-

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performing assets from 2005-06;

d. proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the SFC Act, 1951, Companies Act, 2013, SIDBI/ RBI Guidelines etc., for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;

e. the annual accounts for the financial year ended on March 31, 2024 have been prepared on a going concern basis;

f. proper internal financial controls had been laid down and that such financial controls were adequate and were operating effectively;

g. that proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;

Acknowledgements

The Board of Directors places on record its gratitude to the Government of Kerala, SIDBI, Other Governmental Agencies and Departments, Reserve Bank of India, SEBI, IRDA and all other statutory/ regulatory authorities for the strong support and guidance during the year. The Board also wishes to express gratitude to the Banks/ Financial Institutions, Rating agencies, Trustees and Stock Exchange for the continued support received. The Board takes this opportunity to put on record its deep sense of gratitude for the continued support, patronage and goodwill to its shareholders, customers and vendors and looks forward to their continued association in the years ahead. The Board takes great pleasure in recording its appreciation of the dedicated services rendered by the erstwhile Directors on the Board and the Officers and Staff of the Corporation.

For and on behalf of the Board

Sanjay Kaul IAS
Chairman

Thiruvananthapuram
27.05.2024

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SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

[Pursuant to Regulation 24A (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with

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

To,
The Members,
Kerala Financial Corporation.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by KERALA FINANCIAL CORPORATION - Pan No. AABCK1316M (hereinafter called 'the Corporation / KFC'). The Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Corporation's books, papers, minute books, forms and returns filed and other records maintained by the Corporation and also the information provided by the Corporation, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that, in our opinion, the Corporation has during the audit period ended on 31st March, 2024 complied with the statutory provisions listed hereunder and also that the Corporation has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Corporation for the financial year ended on 31st March, 2024 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the Rules made thereunder; (Not Applicable);
NOTE: KFC is not a Company registered under the Companies Act, but was established under the State Financial Corporations Act, 1951 and governed by the KFC General Regulations, 2003 approved by Government of Kerala and SIDBI.

II. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder (Not Applicable);

III. The Depositories Act, 1996 and the Rules made there under;

IV. Foreign Exchange Management Act, 1999 and the Rules made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and ExternalCommercial Borrowings (Not Applicable); and

V. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), viz.,

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not Applicable) (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable)

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not Applicable)

(e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not Applicable)

(f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(h) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;

(i) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009 to the extent applicable;

(j) Securities and Exchange Board of India (Debenture Trustee) Regulations,1993 (in relation to obligations of Issuer Company) to the extent applicable; & (k) TheSecurities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not Applicable);

We have also examined the following Specific Laws and Regulations as applicable to the Corporation based on the information received and records maintained by the Corporation on test-check basis:

VI. Specific Laws –

a. State Financial Corporations Act, 1951 &

b. KFC General Regulations, 2003,

VII. General & Labour Laws -

a. Payment of Wages Act, 1936

b. Employees Provident Funds and Miscellaneous Provisions Act, 1952

c. Payment of Gratuity Act, 1972

d. Contract Labour (Regulation and Abolition) Act, 1970

e. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 &

f. Other applicable Labour Laws, Rules & Regulations thereof.

The Management has also represented and confirmed that all the laws, rules, regulations, orders, standards and guidelines as are specifically applicable to the Corporation have been complied with. Apart from the above, we have also examined the compliance of applicable Secretarial Standards/ Guidelines issued by Institute of Company Secretaries of India (ICSI) with specific reference to meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

Accordingly, we state that during the year under review there were adequate systems and processes in place to monitor and ensure compliance with various applicable Specific, General & Labour laws and that the Corporation has complied with the provisions of the Acts, Rules, Regulations, Orders,

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Standards, Guidelines, etc., mentioned above, subject to the following -

1. KFC has appointed a qualified Company Secretary as the Compliance Officer in termsof Regulation 6 (1) of SEBI (LODR) Regulations, 2015 read with Section 203 (1)(ii) of the Companies Act, 2013 on 14th December, 2023.
2. KFC is not a Company registered under the Companies Act, but was esstablished under the State Financial Corporations Act, 1951 and govered by the KFC GeneralRegulations, 2003 approved by Government of Kerala andSIDBI As such, KFC is not in a position to fully comply with the requirements of SEBI Circular No.SEBI/HO/CFD/CMD-2/P/CIR/2021/567 dt. 31.5.2021 regarding Compliance Reports on Corporate Governance.
3. KFC is also not able to fully comply with Secretarial Standards/ Guidelines issued by Institute of Company Secretaries of India (ICSI) with specific reference to meetings of the Board of Directors (SS-1) and General Meetings (SS-2) since the Corporation was not having a qualified Company Secretary till 13th December, 2023
4. The policy on PIT is being framed and the same will be approved by the Board and implemented soon.
5. KFC has since issued notices to the bond holders to claim the unclaimed outstanding amounts (Ref Regulation 61A of SEBI (LODR), Regulations, 2015.
Any amount remaining unclaimed will be transferred to Investor Education and Protection Fund.
6. There were delays regarding intimation of Board Meeting date and Record date to BSE resulting in levy of minor penalties. However, subsequent to the above notices from BSE, there is no delay with required systems in place.

We have not examined compliance by the Corporation of the applicable financial laws, maintenance of financial records, etc., since the same are subject to review by statutory auditors and other designated professionals.

We report that:
Adequate notices were given to all Directors to schedule the Board Meetings and the Agenda and detailed notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the Meeting.
As per the minutes of the Board Meetings duly recorded and signed by the Chairman, the decisions at the Meetings were unanimous inasmuch as minutes of the Meetings are self-explanatory.

We also report that based on the information provided and representation made by the Corporation and upon review of compliance mechanism established by the Corporation, we are of the opinion that there were adequate systems and processes in the Corporation commensurate with the size and operations of the Corporation to monitor and ensure compliance with all applicable Laws.

In this connection, we report that:

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1. As per Regulation 15(1A) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 - w.e.f. 7.9.2021), the provisions of Regulations 15 to 27 of Chapter IV shall apply to a listed entity which has listed its non- convertible debt securities and has an outstanding value of listed non-convertible debt securities of Rupees Five Hundred Crores and above. Further, these provisions shall be applicable to a 'high value debt listed entity' on a 'comply or explain' basis until 31.3.2023 and on a mandatory basis thereafter. In view of the above, KFC has made representation to SEBI/BSE vide its letters dt. 30.1.2023; 20.2.2023 & 15.3.2023 seekingcertain exemption / relaxation from complying with Reg.17(1C), Reg.17(4), Reg.17(10), Reg.17A, Reg.25 & Reg.26 of Chapter IV (Corporate Governance) of SEBI (LODR) Regulations, 2015, as a Special Case, in view of the unique situation in which the KFC is placed. SEBI has initially extended the timeline till 31st March, 2024 for HDVLEs for mandatory applicability of listing norms, i.e., Reg.16 to 27 of SEBI (LODR), Regulations 2015. Subsequently, SEBI has further extended the timelione till 31st March, 2025. KFC has vide letter No.KFC/F&A/Bond/2024-25 dt.13.5.2024 has once again requestedSEBI/BSE to grant exemption from complying with Reg.17(1C), Reg.17(4), Reg.17(10), Reg.17A, Reg.25 & Reg.26 of Chapter IV (Corporate Governance) of SEBI (LODR) Regulations, 2015.

2. KFC raised Rs.580.5 Crores through Bonds Issue during the year under review. The aggregate outstanding Bonds at the year end was Rs 1509.7 Crores.

3. There were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the affairs of the Corporation

For K. Narayana Swamy & Co.,
Company Secretaries

(K. Narayana Swamy)
FCS 1838 / CP 9878
Peer Review Cert. No.1744/2022

UDIN NO.F001838F000389698

Place : Bengaluru
Date : 17th May, 2024

Note: This Report is to be read with our letter of even date which is annexed as 'Annexure - A' and forms an integral part of this Report.

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'Annexure - A'

To,
The Members,
Kerala Financial Corporation.

Our Report of even date is to be read along with this letter.

Maintenance of secretarial records is the responsibility of the Management of the Corporation. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Corporation like, Income Tax, GST, etc., as the same were dealt with under separate audit/s.

Wherever required, we have obtained the Management representations about the compliance of applicable Laws, Rules and Regulations and happening of events.

The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards and Guidelines is the responsibility of the Management in terms of Section 134 (5) (f) of the Companies Act, 2013. Our examination was limited to the verification of procedures on test-check basis.

The Secretarial Audit Report is neither an assurance as to the future viability of the Corporation nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Corporation.

For K. Narayana Swamy & Co.,
Company Secretaries

(K. Narayana Swamy)
FCS 1838 / CP 9878
Peer Review Cert. No.1744/2022
UDIN NO.F001838F000389698

Place : Bengaluru
Date : 17th May, 2024

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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 at March 31, 2024 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 of the Financial Position of the entity as at March 31, 2024 and of its Financial Performance and its cash flows for the year the 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 ₹35,592.11 Lakh and classified as Standard assets, and accrued interest on these assets is about ₹448.34 Lakh. The corporation has made additional provision of 10% on theseassets 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 .The corporation has a property acquired against a defaulted loan with a value of ₹400.34 Lakh shown as an asset in its Balance Sheet. This has been there for a very long time. Though there are records available to substantiate the recover ability of the asset, the same is not getting materialised.

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4. 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.

5. The Loan Portfolio of the Corporation as on 31.03.2024 includes the loans extended to the following Public Sector Undertaking (PSU) of Govt of Kerala.

(₹ In Lakh)

SL no.	Name of Borrower	Sanctioned limit	Balance outstanding
1	Kerala Infrastructure Investment Fund Board (KIIFB)	1,00,000.00	83,335.30
2	Kerala Social Security Pension Ltd (KSSP)	65,000.00	64,999.95
3	Vizhinjam International Seaport Ltd (VISL)	50,000.00	35,257.14
4	Kerala State Electricity Board (KSEB)	1,35,000.00	90,542.59
	Total	**3,50,000.00**	**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.

6. The corporation has funded subsidy upfront to the tune of ₹1522.93 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.

7. With reference to Note No.2.23 the corporation has been filing its income tax return based on cash system of accounting though the corporation follows accrual system of accounting. We understand that this policy has created a situation wherein the income tax department seeks for lot of clarifications causing delay in concluding assessments. Therefore, in our opinion, the corporation should switch to filing of income tax returns on accrual basis in order to avoid anticipated litigations with the department atleast for the future years.

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 consists of unidentified credits received in loan accounts during year end, amount retained as per court orders and amount to be refunded in respect of contractor loans. Therefore, we are not in a position to quantify the impact on the Profit & Loss A/c.

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.

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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. We have noticed software system deficiencies in generating the required reports for our verification. We could not generate all the necessary reports required for our audit purpose directly from the ERP.

6. 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.

For JAKS and Associates
Chartered Accountants
FRN No:001360S

Place: Thiruvananthapuram
Date: 27/05/2024

CA Selastin Anthoniappan
M. No:.202874

UDIN:24202874BKCZGI8168

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BALANCE SHEET AS AT 31.03.2024

(₹ In Lakh)

	Particulars	Note No.	As at 31.03.2024	As at 31.03.2023
A	**EQUITY AND LIABILITIES**			
1	Shareholders' funds			
	(a) Share capital	1	72,650.43	42,650.43
	(b) Reserves and surplus	2	33,716.56	29,934.02
	(c) Share application money pending allotment		0.00	20,000.00
2	**Non-current liabilities**			
	(a) Long-term borrowings	3	559,821.78	445,520.66
	(b) Other non current liabilities	4	509.11	596.03
	(c) Long-term provisions	5	22,453.53	22,318.44
	(d)Deferred Tax Liabilities (net)		321.61	
3	**Current liabilities**			
	(a) Short-term borrowings	6	164,994.69	173,171.68
	(b) Other current liabilities	7	7,411.16	5,642.08
	(c) Short-term provisions	8	9,962.56	5,802.22
	TOTAL		**871,841.43**	**745,635.56**
B	**ASSETS**			
1	**Non-current assets**			
	(a) Property, Plant and Equipment and Intangible Assets			
	(i) Property, Plant and Equipment	9	777.95	642.83
	(ii) Intangible Assets	9	60.45	98.47
	(b) Non-current investments	10	6,250.83	8,451.14
	(c) Other non-current assets	11	570,438.54	462,636.42
	(d) Deferred Tax Assets (net)		0.00	267.65
2	**Current assets**			
	(a) Current investments	12	59,032.42	44,603.63
	(b) Cash and cash equivalents	13	47,760.03	6,585.36
	(c) Other current assets	14	187,521.21	222,350.06
3	Significant Accounting policies and Notes to Accounts	20		
	TOTAL		**871,841.43**	**745,635.56**

For and on behalf of the Board of Directors

Ram Ganesh R
Company Secretary

Soya K
Financial Controller

Seshu Babu Palle
Director

Premnath Ravindranath
Managing Director (i/c)

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

Selastin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date: 27-05-2024

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2024

(₹ In Lakh)

	Particulars	Note No.	31.03.2024	31.03.2023
A	**Continuing Operations**			
1	Revenue from Operations	15	80,376.76	65,486.28
2	Other Income	16	6,494.80	3,951.23
3	**Total Income**		**86,871.56**	**69,437.51**
4	**Operating Expenses**			
	(a) Interest expenses	17	57,150.02	41,159.07
	(b) Employee benefits expenses	18	4,502.87	3,083.01
	(c) Administrative Expenses	19	972.87	886.03
	(d) Depreciation and amortisation expense		147.10	166.80
	(e) Bad debts written off		13,309.58	10,540.90
	Total expenses		**76,082.44**	**55,835.81**
5	**Operating Profit before exceptional and extraordinary items and tax**		**10,789.08**	**13,601.70**
6	**Operating Profit After exceptional and extraordinary items**		**10,789.08**	**13,601.70**
7	Less: Provision for Bad and Doubtful debts / Other assets		135.09	4,998.75
8	**Profit before tax**		**10,653.99**	**8,602.95**
9	**Tax expense:**			
	Less: **Current tax expense** - (a) Provision for Income Tax		2,660.34	3,669.70
	(b) Provision for Deferred Tax		589.26	-85.39
B	**Discontinuing operations**		-	-
10	**Net Profit after tax for the period**		**7,404.39**	**5,018.64**
11	**Earnings per share (Equity shares of Rs 100/- each):**			
	(a) Basic		10.19	12.43
	(b) Diluted		10.19	12.41
C	**Profit and loss appropriation**			
	Balance in Profit & Loss A/c b/f		15,572.17	13,906.10
	Net Profit for the year		7,404.39	5,018.64
	Total profit available for appropriation		22,976.56	18,924.74
	Add: Income Tax provision written back		-	280.95
	Total		22,976.56	19,205.69
	Less: Appropriations			
	Proposed Dividend		3,632.52	2,132.52
	Transfer to Reserve u/s 36 (1) (viii)		816.25	1,501.00
	Balance Profit after appropriations		18,527.79	15,572.17
	Balance Profit carried to Balance sheet		**18,527.79**	**15,572.17**

For and on behalf of the Board of Directors

Ram Ganesh R
Company Secretary

Soya K
Financial Controller

Seshu Babu Palle
Director

Premnath Ravindranath
Managing Director (i/c)

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

Place: Thiruvananthapuram
Date: 27-05-2024

Selastin A. FCA
Partner, M No: 202874

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2024

(₹ In Lakh)

FOR THE PERIOD	31-03-2024	31-03-2023
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxes and prior period adjustments	10,654.00	8,602.95
Interest received on Fixed Deposits	(5,521.51)	(2,421.53)
Depreciation on fixed assets	147.10	166.80
Provision for Non Performing Assets/Other Assets	135.09	4,998.75
Share Issue Expenses	1.03	-
Interest and other costs of Non-SLR Bond	11,122.40	6,117.81
Adjustment for changes in operating assets and liabilities		
Increase in Loans and Advances	(83,892.41)	(1,77,868.89)
Increase in borrowings from Banks	67,204.13	1,51,893.13
Decrease in Other Non-Current assets	(15,509.91)	62,849.98
Decrease in Other Current assets	37,489.18	(75,899.71)
Increase in Current liabilities	1,769.08	(1,679.19)
Increase in Other Non Current Liabilities	(86.91)	(367.13)
Less: Income tax paid	(2,660.34)	(2,875.00)
Net cash from operating activities	**20,850.93**	**(26,482.02)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(244.20)	(173.74)
Net cash used in investing activities	**(244.20)**	**(173.74)**
CASH FLOW FROM FINANCING ACTIVITIES		
Money received against Share Capital	10,000.00	20,000.00
Share Issue Expenses	(1.03)	-
Issue of Non SLR Bond	58,050.00	47,650.00
Redemption of Non-SLR Bond	(19,130.00)	(11,737.50)
Interest and other costs of Non-SLR Bond	(11,122.40)	(6,117.81)
Interest Received on Fixed Deposits	5,521.51	2,421.53
Net Investment in NCD	(6,199.47)	(8,399.78)
Proceeds from NCD	-	-
Net Deposit with Banks	(14,428.79)	(20,633.41)
Dividend	(2,132.52)	(106.63)
Addition to Special Reserve	10.66	0.53
Net cash used in financing activities	**20,567.96**	**23,076.93**
Net increase in cash and cash equivalents	41,174.69	(3,578.83)
Cash and cash equivalents at the beginning of the year	6,585.36	10,164.19
Cash and cash equivalents at the end of the year	**47,760.05**	**6,585.36**

For and on behalf of the Board of Directors

Ram Ganesh R
Company Secretary

Soya K
Financial Controller

Seshu Babu Palle
Director

Premnath Ravindranath
Managing Director (i/c)

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

Selastin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date: 27-05-2024

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NOTES FORMING PART OF BALANCE SHEET AS AT 31.03.2024

(₹ In Lakh)

	As at 31.03.2024	As at 31.03.2023
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		
7,22,10,678 Equity shares of Rs.100/- each	72,210.68	42,210.68
Special Shares		
4,39,750 Equity shares of Rs.100/- each	439.75	439.75
Advance for share capital	0.00	20,000.00
TOTAL	**72,650.43**	**62,650.43**
NOTE : 2		
RESERVES AND SURPLUS		
(a) Spl. Reserve u/s 36(1)(viii) of IT Act, 1961		
As per last Balance Sheet	14,097.11	12,596.11
Added during the year	816.25	1,501.01
Total of (a)	**14,913.36**	**14,097.12**
(b) Spl. Reserve u/s 35(A) of SFCs Act, 1951	261.19	250.53
(c) Revaluation Reserve	14.21	14.21
(d) Profit & Loss Account	18,527.79	15,572.17
TOTAL {(a)+(b)+(c)+(d)}	**33,716.55**	**29,934.03**
NOTE : 3		
LONG TERM BORROWINGS		
SECURED (Hypothecation of receivables)		
LoC from State Bank of India	0.01	46,246.40
Foreign Currency Loan from SBI (Term Loan conversion)	1,14,816.40	52,211.63
LoC from Canara Bank	87,011.95	60,696.05
LoC from Union Bank of India	17,083.27	23,749.96
LoC from Bank of Maharashtra	68,740.00	85,412.00
Foreign Currency Loan from South Indian Bank (Term Loan conversion)	13,127.55	17,000.00
LoC from Indian Bank	48,800.00	36,975.00
Loc from Bank of Baroda	13,235.76	20,309.62
LOC from Dhanalaxmi Bank	7,498.84	10,000.00
LOC from Indian Overseas Bank	45,833.00	0.00

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(₹ In Lakh)

	As at 31.03.2024	As at 31.03.2023
Non-SLR Bond	1,43,675.00	92,920.00
TOTAL	**5,59,821.78**	**4,45,520.66**
NOTE: 4		
OTHER NON CURRENT LIABILITIES		
Coconut Devp. Board Subsidy	242.73	292.73
Other Subsidy	108.44	152.60
Central Subsidy	11.00	11.00
Norka Subsidy	146.94	139.70
TOTAL	**509.11**	**596.03**
NOTE: 5		
LONG TERM PROVISIONS		
(a) Provision for Bad and Doubtful debts		
As per last Balance Sheet	22,318.44	17,319.69
Add: Provision made during the year	135.09	4,998.75
Total of (a)	**22,453.53**	**22,318.44**
NOTE : 6		
SHORT TERM BORROWINGS		
SECURED BORROWINGS (Hypothecation of receivables)		
Foreign Currency Loan from State Bank of India (WCDL conversion)	4,998.72	4,100.00
Short term loan from State Bank of India	31.45	19,999.99
Short term loan from Union Bank of India	0.00	10,000.00
Short term loan from HDFC Bank	82.65	82.62
Short term loan from Federal Bank	0.00	25,000.00
Foreign Currency Loan from South Indian Bank (CCBD Conversion)	5,040.64	7,000.00
Non-SLR Bond (Current maturity)	7,295.00	14,130.00
Overdraft from City Union Bank	975.17	1,000.22
LOC FROM BANKS (Current maturity)		
Loc from Union Bank of India	3,333.34	6,666.68
Loc from Federal Bank	45,000.00	0.00
Loc from Canara Bank	32,016.86	15,555.56
Loc from Indian Bank	13,225.00	11,800.00
Loc from State Bank of India	0.00	23,500.00
Foreign Currency Loan from State Bank of India (Term Loan conversion)	30,499.92	0.00

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(₹ In Lakh)

	As at 31.03.2024	As at 31.03.2023
Loc from Bank of Baroda	4,109.84	909.09
Loc from Bank of Maharashtra	8,343.84	14,594.20
Refinance from IIFCL	0.00	10,833.33
LOC from Dhanalaxmi Bank	1,875.00	0.00
LOC from Indian Overseas Bank	4,167.00	0.00
Foreign Currency Loan from South Indian Bank	4,000.00	3,000.00
UNSECURED BORROWINGS		
Non-SLR Bond - Guaranteed by Government of Kerala (Current maturity)	0.00	5,000.00
HDFC Bank Credit Card	0.27	0.00
	1,64,994.70	**1,73,171.69**
NOTE : 7		
OTHER CURRENT LIABILITIES		
State Subsidy	103.49	13.49
RR Commission Payable	3.85	43.42
Earnest Money Deposit	2.10	2.10
Suspense Account	315.33	318.95
Tax Deducted at Source	64.62	100.58
Other Salary Deductions	0.13	6.72
Other Sundry Deposits	98.45	110.25
Gratuity Payable	62.10	2.10
Outstanding Expenses	1,081.48	1,027.28
Salary Payable	940.30	0.11
Accrued Interest on Non SLR Bonds	739.70	1,183.53
Accrued Interest on LOC from banks	1,359.98	1,208.10
Audit Fee Payable	4.59	2.61
Concurrent Audit Fee payable	8.40	7.30
Staff Dues Retained	0.82	0.00
Unclaimed Dividend	0.15	0.12
PF Contribution Payable	0.00	0.56
Commission Received in Advance	624.05	412.91
Leave encashment payable	41.93	0.00
Foreign Currency Payable	1,354.29	945.99
CGST Payable	26.15	26.37
SGST Payable	26.15	26.37

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(₹ In Lakh)

	As at 31.03.2024	As at 31.03.2023
IGST Payable	0.07	0.00
CGST & SGST TDS Payable	0.72	0.02
IGST TDS Payable	3.18	4.72
Excess Payable	549.14	198.48
TOTAL	**7,411.17**	**5,642.08**
NOTE : 8		
SHORT TERM PROVISIONS		
(a) Provision for Taxation:		
As per last Balance Sheet	3,669.70	2,272.41
Add: Provision made for the current year	2,660.34	3,669.70
Less : Adjusted against Advance Income Tax	0.00	1,991.46
: Excess Provision of earlier years written back	0.00	280.95
Total	6,330.04	3,669.70
(b) Proposed Dividend for the year	3,632.52	2,132.52
TOTAL	**9,962.56**	**5,802.22**
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.	35.00	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 - 8.80% Oriental Insurance	0.00	2,200.32
Investment in NCD -5.23% NABARD 31/01/2025	2,406.04	2,406.04
Sub Total	11,595.67	13,795.99
Less : Provision for diminution in value of investments	5,344.85	5,344.85
TOTAL	**6,250.82**	**8,451.14**

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(₹ In Lakh)

NOTE : 9 FIXED ASSETS

Particulars	Rate	Gross value as on 31-03-2023	Additions During First Half	Additions During II Half	Additions During the Year	Deletions during the year	Gross value as on 31-03-2024	Depreciation upto 31-03-2023	Depreciation for the year	Depreciation upto 31-03-2024	WDV as on 31-03-2024
1	2	3	4		4	5	6	7	8	9	10
Land	0%	11.62	-	-	-	-	11.62	-	-	-	11.62
Building	10%	816.15	7.03	123.34	130.37	-	946.52	515.50	36.94	552.4 3	394.10
Motor Vehicle	15%	177.18	-	-	-	-	177.18	158.46	2.81	161.26	15.91
Electrical Fittings	10%	215.97	-	-	-	-	215.97	134.37	8.16	142.53	73.44
Air Conditioner	15%	68.14	-	15.61	15.61	-	83.75	45.79	4.52	50.32	33.44
Photocopier	15%	22.35	-	-	-	-	22.35	21.28	0.16	21.44	0.91
Computer	40%	515.86	10.78	35.54	46.32	-	562.18	468.00	30.56	498.57	63.61
Intangibles	40%	763.28	2.27	-	2.27	-	765.55	664.80	40.30	705.10	60.45
Other office Equipments	15%	167.61	3.68	15.91	19.59	-	187.20	85.61	14.05	99.65	87.55
Lift	15%	9.73	-	-	-	-	9.73	8.74	0.15	8.89	0.84
Furniture	10%	231.27	2.82	27.20	30.02	-	261.29	156.02	9.17	165.19	96.10
Solar Power Generator	40%	76.85	-	-	-	-	76.85	76.13	0.29	76.42	0.43
Total		**3,079.01**	**26.58**	**217.60**	**244.18**	**-**	**3,320.19**	**2,334.70**	**147.11**	**2,481.80**	**838.40**
Total (Previous Year)		2,902.27	140.59	33.14	173.74	-	3,076.01	2,167.90	166.80	2,334.70	741.30

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(₹ In Lakh)

	As at 31.03.2024	As at 31.03.2023
NOTE : 11		
OTHER NON CURRENT ASSETS		
Property Acquired in Satisfaction of Claims	400.34	400.34
House Loans to Employees	1,471.09	1,104.17
Conveyance Loan to Employees	205.79	191.56
Computer Loan to Employees	3.68	5.52
Personal Loan to Employees	139.91	89.69
Advance to Employees	28.72	23.67
Deposit with P&T	0.01	0.01
Other Deposits	107.21	91.43
Deposit with KSEB	11.98	11.98
Interest Accrued on Staff Loans	862.60	777.35
GTI Advance	6.70	2.29
Advance for Fixed Assets	121.64	123.67
Loans and Advances (Principal due above 1 year)	5,67,078.86	4,59,814.73
TOTAL	**5,70,438.53**	**4,62,636.41**
NOTE : 12		
CURRENT INVESTMENTS		
Short Term Deposits with Banks	59,032.42	44,603.63
TOTAL	59,032.42	44,603.63
NOTE : 13		
CASH AND CASH EQUIVALENTS		
Cash in hand	0.41	0.43
Bank Accounts	47,759.62	6,584.93
TOTAL	**47,760.03**	**6,585.36**
NOTE : 14		
OTHER CURRENT ASSETS		
Advance Income Tax	7,682.82	3,165.21
Input Tax Credit	50.84	60.79
Income Tax Deducted at source	277.46	59.04
Stock of Stationery	0.00	0.00
Library	0.00	0.00
Rent Receivable	14.26	16.11
Prepaid Expenses	14.27	6.25
CGTMSE Fee	2.58	6.71
Subsidy Receivable from Govt	17.41	17.41
KSEDM Interest Receivable	0.71	4.29
Deferred Premium on Forward Contract	1,202.86	781.40
Kerala Innovation fund expenses Receivable	0.16	0.15
Share capital contribution receivable from Govt	0.00	20,000.00

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(₹ In Lakh)

	As at 31.03.2024	As at 31.03.2023
Interest Accrued on Loans & Advances	3,016.97	2,693.25
Interest Accrued on STD with Banks	3,946.06	2,024.56
CMEDP Interest Receivable	1,434.35	379.48
KAMS Interest subsidy	80.50	8.04
KSUM Interest Receivable	18.05	1.85
NORKA Interest Subvention	0.00	-0.07
DSFV Interest Receivable	8.08	0.00
Loans & Advances (Principal Due within one year)		
a) Bills purchased and discounted	50,380.76	14,192.57
b) Term Loans	1,19,373.09	1,78,933.00
TOTAL	**1,87,521.23**	**2,22,350.04**
NOTE : 15		
REVENUE FROM OPERATIONS		
Interest Received On Loans & Advances	69,802.64	55,443.83
Less : Interest rebate allowed on Loans	1,617.62	1,079.42
Net Interest Received On Loans & Advances	68,185.02	54,364.41
Loan Processing Fees	918.66	947.75
Recovery from written off loans	11,179.87	10,027.78
Switch over interest	0.60	3.30
Premium on pre-closure	92.61	143.04
TOTAL	**80,376.76**	**65,486.28**
NOTE : 16		
OTHER INCOME		
Interest on Staff Loans	120.93	110.49
Interest on Bank Deposits	5,521.51	2,421.53
Interest received on IT refund	0.00	126.99
Other Income	354.61	308.32
Exchange gain on Forex	0.00	731.51
Rent Received	76.19	84.99
Income from Insurance Agency	12.89	5.09
RTI Application Fee Received	0.01	0.02
Consultancy Service Division Receipts	0.81	0.05
Commision exchange and brokerage	407.85	162.24
TOTAL	**6,494.80**	**3,951.23**
NOTE : 17		
INTEREST AND FUND EXPENSES		
Interest on Bonds	10,582.13	5,670.65
Interest on Coconut Dev Board Subsidy & Norka Capital subsidy	37.11	48.57
Interest on Line Of Credit from Banks	42,835.53	31,324.54

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(₹ In Lakh)

	As at 31.03.2024	As at 31.03.2023
Guarantee Commission	44.44	88.88
Premium on Forward Contract	2,832.28	3,668.15
Exchange loss on Forex	321.67	0.00
Bond Issue Expenses	457.68	313.37
Share Issue Expenses	1.03	0.00
LOC Administrative Expenses	38.15	44.91
TOTAL	**57,150.02**	**41,159.07**
NOTE : 18		
EMPLOYEE BENEFITS AND EXPENSES		
Pay & Allowances	3,944.05	2,737.00
Contribution to Employees' P.F	140.92	157.78
Contribution to NPS	151.38	88.75
Group Gratuity Insurance	3.00	2.92
Group E/L Encashment Insurance	152.00	5.00
Group Term Insurance	8.40	1.93
Other Staff Expenses	103.12	89.63
TOTAL	**4,502.87**	**3,083.01**
NOTE : 19		
ADMINISTRATIVE EXPENSES		
Rent, Rates, Taxes & Insurance	146.15	163.07
Postage, courier and Telephone	20.02	37.65
Printing & Stationery	19.24	16.29
Vehicle Running & Maintenance	19.25	13.67
Repairs & Maintenance	64.56	47.46
Revenue Recovery expenses	60.00	45.00
Loan Recovery Expenses	202.66	191.45
Bank Charges and Commission	4.65	7.61
Audit Fees	4.59	2.61
Consultancy Charges	49.57	74.55
Legal Expenses	17.82	13.40
Books & Periodicals	2.31	2.14
Other Expenses	213.91	156.73

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(₹ In Lakh)

	As at 31.03.2024	As at 31.03.2023
Travelling Expenses	23.06	11.07
Board / E.C. Meeting Expenses	1.44	2.34
Other Meeting Expenses	8.48	6.75
Concurrent Audit Fee	47.38	43.23
Advertisement and publicity	36.36	43.96
CMEDP Expenses	0.00	0.17
Business Development Expenses	31.42	6.89
TOTAL	**972.87**	**886.04**

For and on behalf of the Board of Directors

Ram Ganesh R
Company Secretary

Soya K
Financial Controller

Seshu Babu Palle
Director

Premnath Ravindranath
Managing Director (i/c)

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

Selastin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date: 27-05-2024

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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 and the Accounting Standards to the extent applicable and practices generally prevalent in the banking and financial sector in India. 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

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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.

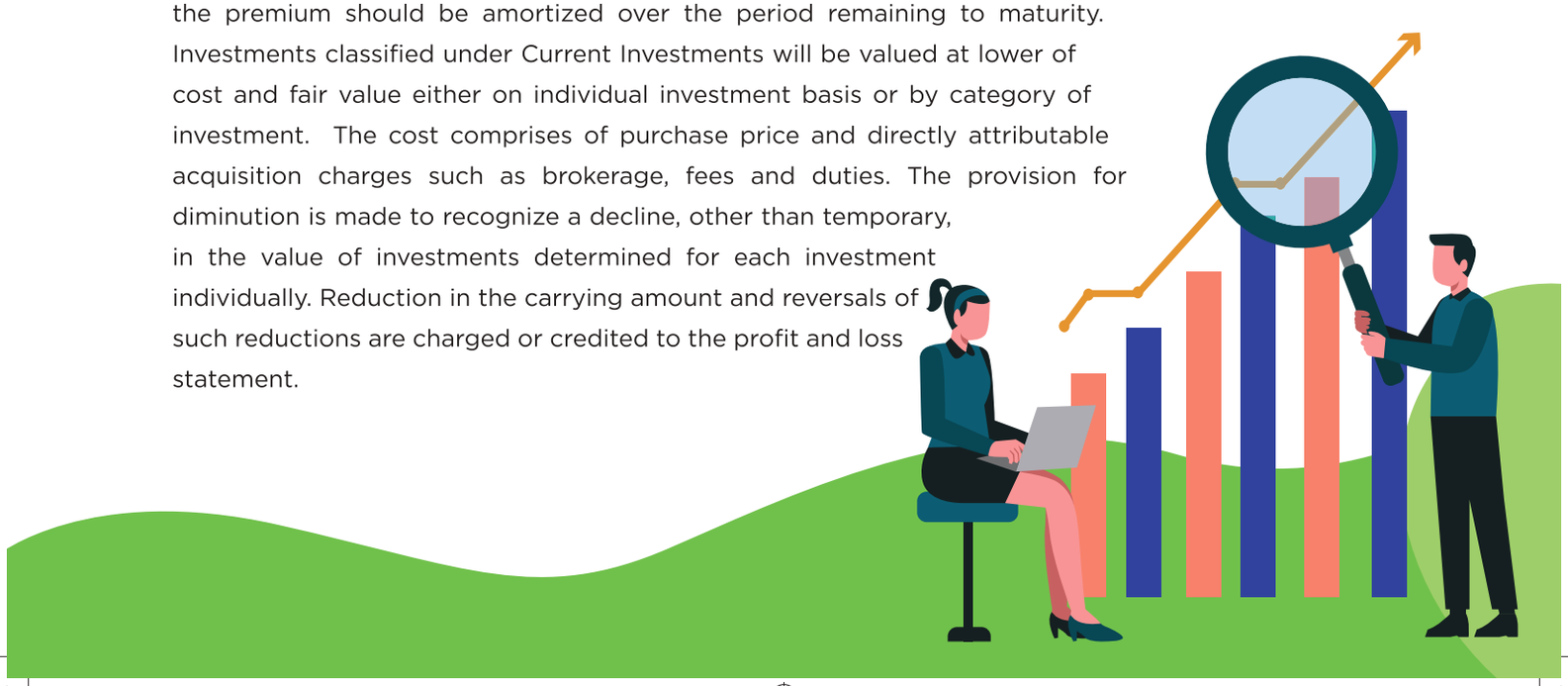
The commission on performance guarantee provided is collected upfront from the customers for the full tenure of guarantee period. However the commission in respect of the unexpired portion of the guarantee will be reversed at the end of the financial year. In case of completion/closure of facility before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



On disposal of an investment, the difference between carrying amount and net disposal proceeds is charged or credited to the profit and loss statement. Any amount received in future in respect of these investments will be credited to profit and loss statement. Interest, dividend or other receivables in connection with the investments are considered as income.

1.4. LOANS AND ADVANCES

Advances are classified as performing and non-performing based on the RBI / SIDBI guidelines and are stated net of bad debts write-off. The provisions for possible losses on such advances are made at estimated rates which is equal to or more than the rates prescribed in the prudential norms, circulars and directives issued by RBI/SIDBI.The Current maturity of Loans & advances is classified as Other Current Assets (Note No.14) under the head Current Assets and the non-current portion is classified as Other Non-current Assets (Note No.11) under the head Non-Current Assets. The Current maturity of Long term borrowings is classified as Short term borrowings (Note No.6) under the head Current Liabilities and the non-current portion is classified as Long term borrowings (Note No.3) under the head Non-Current Liabilities.

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.

Advances that are in Doubtful category are technically written off and charged to revenue account to maintain asset quality. Amount recovered against the bad debts written off in earlier years are recognized in the Profit and Loss Account as income of the year in which such amounts are received.

1.5. PROVISION

A provision is recognized when the Corporation has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and should be determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

1.6.PROVISIONING NORMS AND PROVISION COVERAGE RATIO (PCR)

In conformity with the prudential norms, provisions are given on the basis of classification of assets as prescribed by RBI / SIDBI. The Corporation follows the policy of building up provisioning when the profits are good, which can be used for absorbing losses in a downturn. The provisions are made at such rates as recommended by ALCO with the approval of the Board.

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 2022-23) 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 is maintained above 70% at 85.92% as on March 31, 2024.

1.7. TAXES ON INCOME

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax Laws used to compute the amounts will be those that are prescribed, at the reporting date. The tax is calculated on income on receipt basis which is consistently followed by the corporation for

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the past years and the Income tax department has also accepted the same for assessment purpose. Deferred Taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws prescribed at the reporting date.

Deferred tax assets including the unrecognized deferred tax assets, if any, at each reporting date, are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which deferred tax assets can be realized. Deferred tax liabilities are recognized for all taxable timing differences. No provision for Deferred Tax Liabilities on Special Reserve created as per Section 36(1) (viii) of the Income Tax Act, 1961 since the reserve created is of having no reasonable certainty that the same would be adjusted / withdrawn in foreseeable future years and the period of time for the difference to be evened out is also not ascertainable.

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

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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 2023-24 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 (from 01.04.2023) 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

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-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 will be transferred to Special reserve fund under

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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 government guarantee or 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.

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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 ₹50,000 Lakh to ₹1,00,000 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 ₹10,000 Lakh on 06.03.2024 vide GO.(Ms) No.24/2024/Fin dated 29.02.2024 and GO.(Ms)No.26/2024/Fin dated 04.03.2024. The shares to Government of Kerala were allotted on 12.03.2024 by the Board in its 625th Meeting. The paid up capital is therefore increased to ₹72,650.43 Lakhs

1.The details of shareholders holding more than 5% shares as on 31.03.2024 are as under:

Name of the Share-holders	As at 31.03.2024		As at 31.03.2023	
	No. of shares in Lakh	% to total shares	No. of shares in Lakh	% to total shares
Government of Kerala	720.27	99.142	620.27	99.01

2.The shares held by the promoters as on 31.03.2024 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	720.27	99.142	0.1369
2	SIDBI	6.13	0.844	(0.1347)
3	LIC	0.07	0.010	(0.0015)
4	SBI	0.02	0.003	(0.0004)
5	Others	0.01	0.001	(0.0002)
	Total	726.50	100.00	

3. EARNINGS PER SHARE

Calculation of EPS	31.03.2024	31.03.2023
a. Net profit including prior period items and extraordinary items after deducting current tax expenses	7404.39	5,299.60
b. Number of Equity Shares outstanding (face value of Rs.100/- each)	726.50	426.50
Basic earnings per share (a) / (b)	**10.19**	**12.43**
c. Average number of weighted equity shares (As the shares are fully allotted, no change in equity)	726.50	427.05
Diluted Earnings per share (a) / (c)	**10.19**	**12.41**

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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 1year is given below.

₹ in Lakh

Classification	Due within 1 year	Above 1 year	Total
Loans & Advances	1,69,753.85	5,67,078.86	7,36,832.71
a) Bills purchased and discounted	50,380.76	0	50,380.76
b) Term Loans	1,19,373.09	5,67,078.86	6,86,451.95
Borrowings	1,64,994.69	5,59,821.78	7,24,816.47

2) LOANS AND ADVANCES RESTRUCTURED :

The Corporation has restructured 78 loan accounts during the year amounting to ₹3,898.93 Lakh of which (i) 6 loan accounts amounting to ₹923.09 Lakh are classified under standard category on account of extension of DCCO with additional provision of 10% (minimum norms is 10%) amounting to ₹92.31 Lakh (ii) 72 loan accounts amounting to ₹2,975.85 Lakh are classified under Substandard category with provisioning of 77% amounting to ₹2,291.40 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 383 loan accounts amounting to ₹34,669.02 Lakh is outstanding as on 31.03.2024. Additional provision of 10% (minimum norms 5%/10%) amounting to ₹3,466.90 Lakh is kept in respect of these accounts as below.

- 68 loan accounts amounting to ₹12,040.68 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 ₹1,204.07 Lakh has been made on these loans.
- 315 loan accounts amounting to ₹22,628.35 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 ₹2,262.83 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 663 loan accounts amounting to ₹13,301.37 Lakh as bad Debts (technical write off to maintain asset quality) (508 accounts amounting to ₹10,494.61 Lakh written off during FY 2022-23). Further the Corporation has actually written off ₹8.21 Lakh during the year (₹46.30 Lakh during FY 2022-23). Thus the total bad debts written off amounts to ₹13,309.58 Lakh during the year (₹10,540.90 Lakh during FY 2022-23). Constructive steps have been initiated for the recovery of these accounts and the amounts as and when recovered are treated as revenue. ₹11,179.87 Lakh have been received as recovery from loans technically written off in earlier years (₹10,027.78 Lakh during FY 2022-23). As on 31.03.2024, the balance outstanding of technically written off bad debts pending to be recovered amount to ₹84,671.34 Lakh.

4) LOAN RECOVERY EXPENSES

Rs.202.66 Lakh (Rs.191.45 Lakh during FY 22-23) are also written off and is shown under Loan Recovery

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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 2022-23) 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 85.92% as on 31st March 2024 (84.89% as on 31st March 2023) 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.

₹ in Lakh

Provisioning Coverage Ratio (PCR) as on Mar 31, 2024					
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		21218.47	3252.41	15.33
2	Doubtful Advances (a+b+c)		13301.37	13301.37	100.00
	a	< 1 year	13301.37	13301.37	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**		**34519.84**	**16553.78**	**47.95**
5	Floating Provisions for Advances (only to the extent they are not used as Tier II Capital)				13104.66
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)				**29658.44**
9	**Provision Coverage Ratio** {(Row 8/Total of Column 3 of Row 4)*100}				**85.92**

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If the minimum provision required as per the RBI norms is made, the provision needed is only ₹8,700.68 Lakh, whereas the Corporation has provided an additional provision of ₹13,752.85 Lakh over and above the minimum RBI stipulated norms amounting to ₹22,453.53 Lakh.

a. The corporation has provided ₹2,537.25 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 ₹3,559.21 Lakh in respect of 389 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.16,357.07 Lakh. During the year, all the doubtful advances amounting to Rs.13,301.37 Lakh are technically written off and charged to revenue account to maintain asset quality.

The total provision available during the FY was ₹22,318.44 Lakh and additional provision of ₹135.09 Lakh is made during this FY. The Operating profit before write off is ₹24,098.66 Lakh (₹24,142.61 Lakh during PY). The Operating profit after write off is Rs.10,789.08 Lakh (₹13,601.70 Lakh during PY) and Net profit is ₹7,404.39 Lakh (₹5,018.64 Lakh during PY). The Gross NPA and Net NPA as on March 31,2024 are 2.88% and 0.68% respectively as against 3.11% and 0.74% as on March 31,2023.

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.

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Sl No	Category of Assets	Minimum provision required (%) as per RBI norms		Provision actually made (%) and amount			
				During FY 23-24		During FY 22-23	
		%	Amount (₹ In Lakhs)	%	Amount (₹ In Lakhs)	%	Amount (₹ In Lakhs)
1	Standard Assets- Micro & Small	0.25	871.58	0.25	871.58	0.25	817.33
	Standard Assets- Medium	0.40	1336.11	0.40	1336.11	0.40	1098.22
	Standard Assets- CRE	1	329.56	1	329.56	1	311.18
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	602.03	10	1204.07	5	725.82
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	2262.83	10	2262.83	10	3379.08
3	Additional provision for loans restructured as per RBI guidelines on account of extension of DCCO during the FY 22-23	5	46.15	10	92.31	5	310.13
4	Sub Standard Assets	15	3133.61	77	16085.87	77	15417.02
	Sub Standard Assets– CGTMSE (Secured portion)	15	36.87	77	189.27	77	181.22
	Sub Standard Assets–CGTMSE (Un Secured portion)	100	81.93	100	81.93	100	78.45
5	Doubtful Assets (up to 1 year)	25	NA	NA	NA	NA	NA
	Total Provision made	**8700.68**		**22453.53**		**22318.44**	

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6) DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING FOR NPAS

With reference to RBI circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, the divergence in asset classification and provisioning for NPA s for FY 2022-23 is given below.

₹ in Lakh

Sl No.	Particulars	Amount
1.	Gross NPAs as on March 31, 2023 as reported by the Corporation	20335.90
2.	Gross NPAs as on March 31, 2023 as assessed by RBI/ SIDBI	20335.90
3.	Divergence in Gross NPAs (2-1)	Nil
4.	Net NPAs as on March 31, 2023 as reported by the Corporation	4659.21
5.	Net NPAs as on March 31, 2023 as assessed by RBI/ SIDBI	4659.21
6.	Divergence in Net NPAs (5-4)	Nil
7.	Provisions for NPAs as on March 31, 2023 as reported by Corporation	22318.44
8.	Provisions for NPAs as on March 31, 2023 as assessed by RBI/ SIDBI	22318.44
9.	Divergence in provisioning (8-7)	Nil
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2023	5018.64
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2023 after taking into account the divergence in provisioning	5018.64

7) ASSETS TAKEN OVER UNDER SECTION 29

During the year 8 units were taken over with Principal outstanding of Rs.3493.73 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 21.09.2023 approved Loan Compromise Settlement Policy (LCSP) to settle NPA loans. CS was sanctioned in 73 cases under the scheme for ₹12564.07 lakh and 33 cases were settled amounting to ₹3259.72 lakh as of 31.03.2024. The total collection including advance under CS is ₹4899.46 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 ₹2739.35 lakh. There are 5 other units financed by the Corporation and undergoing

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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 ₹1802.81 Lakh.

10) PHYSICAL POSSESSION UNDER SARFAESI ACT 2002

The Corporation has taken physical possession of 4 units with Principal outstanding of ₹2338.54 Lakh under SARFAESI during the year.

11) REVENUE RECOVERY

During the year the Corporation has initiated Revenue Recovery action against 125 units with a demand issued for ₹29872.61 Lakh.

2.3 PROJECTS WITH SUBSIDIES

a) KSEDM

KSEDM scheme was launched by Government of Kerala with KFC as the nodal agency to support young entrepreneurs in setting up new enterprises. The maximum eligible loan amount under this scheme was ₹20 Lakh without any interest with a repayment period of 5years. The scheme was in operation from 2011 to 2017. The Corporation had received ₹6233.20 lakh from Govt. of Kerala for meeting the interest / expenses in connection with KSEDM till FY 23-24. ₹6233.92 lakh which includes current year interest of ₹0.71 Lakhs, has been spent till 31.03.2024 for the KSEDM project.

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

The scarcity of capital and inadequate availability of credit facilities are the major problems confronted by small entrepreneurs. Under the above backdrop, Govt. of Kerala has launched a special scheme called Chief Minister's Entrepreneurship Development Programme (CMEDP). Initially the scheme was envisaged with a maximum loan amount of ₹50 Lakh with a repayment period upto 5 years at an interest rate of 7%, where 3% interest subvention is provided by Govt. of Kerala. During 2021-22, the Corporation sanctioned assistance worth ₹1020.19 Lakh to 67 units and disbursed ₹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 ₹50 lakh to ₹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 2023-24, the Corporation has sanctioned assistance worth ₹28585.39 Lakh to 315 units and disbursed Rs.28182.14 Lakh under this scheme. ₹1434.35 Lakhs is receivable from the Govt as interest subsidy as on 31.03.2024 of which ₹1054.86 pertain to FY 2023-24 and ₹379.48 lakh pertain to FY 22-23.

c) 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 ₹3 Lakh) and interest subvention of 3% by NORKA ROOTS. During the year, the Corporation has disbursed ₹1057.62 Lakh to 93 units under this scheme. ₹146.94 Lakh is received as capital subsidy from NORKA Roots as on 31.03.2024.

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

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The Corporation started a Comprehensive Scheme for Financing Startups named 'Startup Kerala' to assist Startups during all stages of their growth starting from Productization/ Commercialization/ Scaling Up, Financing Working Capital Requirements of Startups for Executing Purchase/ Work Orders, Seed Loan Assistance to Startups for developing socially relevant products, Venture Debt etc. A pool of ₹50 Crore was set aside for this purpose. The maximum assistance is ₹25 lakh for productization, up to ₹50 lakh for commercialization and up to ₹100 lakh for Scaling up, subject to 90% of the project cost at each stage. Further, there are provisions for easy finance for executing Purchase Orders, discounting Bills and also for availing Venture Debt funding up to ₹1000 lakh. During the year, , the Corporation sanctioned ₹2059 lakhs to 10 Start-up units and disbursed ₹2555.46 Lakh.

e) 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 2023-24. 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 2023-24, the Corporation has sanctioned assistance worth ₹4984.00 Lakh to 11 units and disbursed ₹2303.74 Lakh under this scheme.

f) Scheme For Assisting Traditional Fisherman to Procure Mechanized Deep Sea Fishing Vessel

This scheme was devised for promoting deep-sea fishing with the aim to increase overall fish production in a responsible and sustainable manner. The assistance will be made available for deep-sea fishing vessels through their societies. The Government of Kerala has accorded administrative sanction for "providing Mechanized Deep Sea Fishing Vessel to Traditional Fishermen of Kerala", under PMMSY, with an additional State subsidy. As per the GO, the beneficiary contribution comes to ₹71.40 lakh, which is proposed to be arranged as a loan from the Corporation under CMEDP scheme. The scheme envisaged with a maximum loan amount of ₹70 Lakh with a repayment period upto 5 years at an interest rate of 5%, where 3% interest subvention is provided by Govt. of Kerala. During the FY 2023-24, the Corporation has sanctioned assistance worth ₹420.00 Lakh to 6 units and disbursed ₹342.66 Lakh under this scheme.

2.4 INVESTMENTS

Out of the investments of ₹126.44 Lakh, provision for diminution in value of investments of ₹74.38 Lakh have been provided for investments other than KITCO, Kerala Infrastructure Fund Management Ltd and India SME Asset Reconstruction Co.(ISARC), being the value of investment in respect of companies under liquidation. The Corporation has decided to divest the stake in ISARC at ₹13.60 per share as per the present divestment proposal which is under process. 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.

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The Corporation had invested ₹6080 Lakh in April 2018 in Secured Redeemable NCDs issued by M/s. RCFL as part of compliance of Non SLR Bond Issue Series 2018. Considering the resolution process in the company, the Corporation has made 100% provision for the principal amount in excess of whatever amount received as a matter of prudence.

The Corporation also hold investment in NCDs amounting to ₹6199.47 Lakh in compliance with the covenant requirements of KFC Non SLR Bond Issue Series 2019 and 2020.

2.5 INCOME TAX ASSESSMENTS

Income tax return is filed up to Assessment year 2023-24. Assessment have been completed up to Assessment year 2023-24. 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. 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.

2.6 DEFERRED TAX LIABILITIES

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

₹ in Lakh

Particulars	As on 31.03.2023	For the FY 2023-24	As on 31.03.2024
On Depreciation	49.57	-6.40	43.17
On income not received	-1,672.18	-693.40	-2,365.58
On outstanding expenses	1,890.26	110.55	2,000.81
	267.65	**-589.25**	**-321.60**

2.7 INDIRECT TAXES

Service tax

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

Goods and Service Tax (GST)

GST was implemented all over the country w.e.f 01.07.2017. All the indirect tax registrations of Branch offices and Head Office are brought under one common registration under GST and is managed centrally from Head Office. The Annual Returns under GST regime, GSTR 9 and GSTR 9C are filed till FY 2022-23. SCN 95/2022-23(GST) dated 31.03.2023 was served on the Corporation with a demand of ₹83.00 Lakhs in the matter of chargeability of GST under RCM against establishment charges of Revenue recovery staff reimbursed to Govt. The matter is pending with Commissioner (Appeals) for disposal.

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2.8 RELATED PARTY DISCLOSURES AS PER AS 18

A. List of Related Parties

- Holding Company - NIL
- Subsidiary Companies - NIL
- Key Managerial Personnel – Sri Sanjay Kaul IAS , Chairman and Managing Director (from 01.06.2021 till 27.03.2024), Sri Premnath Ravindranath, Managing Director (i/c) (from 27.03.2024), Smt.Soya K -Financial Controller, Sri.Ram Ganesh R Company Secretary (from 14.12.2023)

B. Related party Transactions

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

Salary and other perquisites

Shri Premnath Ravindranath (Executive Director) – ₹31.24 Lakhs

Smt Soya K (Financial Controller) – ₹23.08 Lakhs

Shri Ram Ganesh R (Company Secretary) – ₹2.84 Lakhs (from 14.12.2023)

2.9 IMPAIRMENT OF ASSETS

The fixed assets are carried at written down value (WDV) consistently using appropriate depreciation rates. All other operating assets are carried at current / transaction value. In accordance with AS 28 – Impairment of Assets, an annual assessment was made on 31.03.2024, as to whether there is any indication that an asset or a class of assets is 'impaired' and since there were no incidences of such impairment indicators, no provision has been made.

2.10 ADVANCE FOR FIXED ASSETS.

The Advance for Fixed assets of ₹121.64 Lakh represents those amounts spent on fixed assets but is not ready for use as on 31.03.2024. This includes ₹74.86 Lakhs paid to KADCO as advance payment for renovation of Ernakulam Branch Office. During the Year 2022-23, ₹24.53 lakhs paid to M/s Saraswat Infotech Pvt Ltd, towards advance payment for the implementation of Finacle Core Banking Solution in the Corporation was included in advance payment against fixed assets. Since Saraswat Infotech Pvt Ltd (SIL) was not able to deliver the Finacle CBS on due date as committed, the contract was terminated as per the decision of the Board dated 10.11.2022 and SIL has refunded the full amount of ₹26.55 Lakhs being advance for assets initially billed along with a compensation of ₹0.96 Lakhs.

2.11 SEGMENT REPORTING

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

A. Primary Segment (The Business Segment)

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

B. Secondary Segment (The Geographical Segment)

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

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2.12 CONTINGENT LIABILITIES

The contingent liabilities as on 31.03.2024 are estimated as under

- On account of Income Tax ₹290.21 Lakh
- On account of suits filed against the Corporation ₹110.57 Lakh
- On account of Service Tax & GST ₹178.36 Lakh
- On account of guarantees issued on behalf of Government contractors in Kerala- ₹21754.07 Lakh

2.13 ASSETS ACQUIRED IN SATISFACTION OF CLAIMS

Assets acquired in satisfaction of claims amounting to ₹400.34 Lakh relates to M/s.Jayalakshmi Builders, Thiruvananthapuram and is retained as such. The acquisition was done in the financial year 2008-09 and accounted as recovery from NPA account in that financial year. This amount will not affect the current or previous year profits reported in the current financial statements. This asset is tested for impairment and found that the present realizable value is ₹691.75 Lakh (valuation dated 27.10.2023) 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.

2.14 SUSPENSE ACCOUNT

The amount outstanding in Suspense Account amounting to ₹315.33 Lakh as on 31.03.2024 comprises of unidentified credits received in loan accounts during year end, amount retained as per court orders and amount to be refunded in respect of contractor loans. The balance amount lying in Suspense account as on date is being rectified.

2.15 SECURED / UN-SECURED LOANS.

The Corporation mobilizes resources from banks/ financial institutions as Term loan/ Working Capital Demand Loan/ Overdraft/ Foreign Currency Loan. During the year the Corporation availed loans amounting to ₹2,16,014.49 Lakh and repaid ₹1,49,132.22 Lakh. The loan outstanding as on 31.03.2024 is ₹5,73,712.97 Lakh out of which ₹1,72,349.91 Lakh is foreign currency loans taken from State Bank of India & South Indian Bank for tenors not exceeding 183 days on a fully hedged basis. All transactions in foreign currency are recognized at the exchange rate prevailing on the date of the transaction. The premium amortised during the year ended March 31, 2024 is ₹2,832.28 Lakh and the deferred premium as on March 31, 2024 is ₹1,202.86 Lakh. The balance outstanding of Foreign Currency Loan as on March 31, 2024 reinstated at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India (FEDAI) as on March 31, 2024 is ₹1,72,483.22 Lakh after adjusting the notional forex loss of ₹133.31 Lakh.

2.16 NON SLR BONDS

The Corporation has listed the following NCDs in the Bombay Stock Exchange and the annual listing fees has been paid. The NCDs issued without Government guarantee are rated AA(SO) by two RBI / SEBI approved rating agencies. The Corporation remains the only PSU in the State, raising funds

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from the bond market, without Govt. guarantee. The total outstanding bonds of KFC as on 31.03.2024 aggregate to ₹1,50,970.00 Lakh as given below.

₹ 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#	18750.00	09-Jul-26	AA	125%
6	04-Apr-18	8.69%	25000.00#	1520.00	04-Apr-25	AA	125%
		TOTAL	**180700**	**150970**			

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 ₹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, 2024 is ₹18.57 Lakh.

2.17 EMPLOYEE EXPENSES

The total Employee benefits and expenses for the year amount to ₹4464.00 Lakh (₹3083.01 Lakh during FY 22-23). This includes Employee Pay & Allowances for the year of ₹3905.18 Lakh (₹2737.00 Lakh during FY 2022-23). Pay revision is implemented in the Corporation wef 01.07.2021. Govt has declared 2% increase in the DA of employees w.e.f 01.01.2021. The Employee pay and allowances include a provision of ₹940.30 Lakhs being pay revision arrear and DA arrear which is paid in the next financial year.

2.18 EMPLOYEE PAYMENTS AND RETIREMENT BENEFITS

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

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

- Discount rate 6.97%
- Salary escalation rate 5.00%
- Employee turnover rates – 2%
- Mortality rates - IALM 2012-14

The Fair value of the Plan assets and the Present value of obligations as at March 31, 2024 for both the schemes is as below.

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₹ in Lakh

Particulars	PV of obligation	Fund value
Group gratuity Scheme	1205.17	1237.95
Group Leave Encashment Scheme	799.69	1122.84

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

₹ in Lakh

Sl No	Particulars	Gratuity	Leave encashment
1	Defined Benefit Obligation	1,205.17	799.69
2	Fair value of plan assets	1,237.95	1,122.84
3	Funded status -(surplus)/deficit	(32.78)	(323.15)
4	Unrecognised past service (cost)/credit	-	-
5	Liability/(asset)	(32.78)	(323.15)

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

₹ in Lakh

Sl No	Particulars	Gratuity	Leave encashment
1	Current service cost	56.54	162.75
2	Interest cost	76.7	39.85
3	Expected return on plan assets	(91.06)	(66.64)
4	Actuarial loss/(gains)	71.37	69.80

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.

2.19 RR CHARGES PAYABLE

The Corporation reimburses the remuneration paid by Government to Revenue Recovery staff who are officiating in the Corporation. The amounts have been paid for till FY 2013-14. Provision of ₹952.22 Lakh has been made for the payment due from FY 2014-15 to FY 2022-23 as on 31.03.2023. The provision for the year 2023-24 is kept as ₹60 Lakhs based on the calculations for last year. Hence as on 31.03.2024 the total amount provided is ₹1012.21 Lakh, break up is as below.

Year	₹ 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
Total	**1012.21**

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.

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2.20 INTEREST INCOME AND REBATE

The rebate to customers for prompt payment is deducted from interest income for reporting in the financial statements during the year. The interest received on loans and advances and Interest rebate extended on loans during FY 23-24 are ₹69,802.63 Lakh and ₹1,617.62 Lakh (₹55443.83 Lakh and ₹1079.42 Lakh during FY 22-23) respectively.

2.21 COMMISSION ON PERFORMANCE GUARANTEES ISSUED

The commission on performance guarantee provided is collected upfront from the customers for the full tenure of guarantee period. However, the commission in respect of the unexpired portion of the guarantee is reversed at the year end. During the FY, total commission collected upfront from Performance guarantees issued (including extension of Performance guarantees issued in previous FYs) amounts to ₹619.00 Lakh (₹408.19 Lakh during the FY 22-23), out of which ₹196.25 Lakh pertains to this FY (₹93.13 Lakh during the FY 22-23) and ₹422.74 Lakh (₹315.06 Lakh during the FY 22-23) pertains to future FYs.

Out of the unexpired portion of Commission accounted during:

a. FY 2022-23 (₹315.06 Lakh), ₹168.02 Lakh is recognized as income during this year
b. FY 2021-22 (₹88.96 Lakh), ₹18.96 Lakh is recognized as income during this year
c. FY 2020-21 (₹73.35 Lakh), ₹13.70 Lakh is recognized as income during this year
d. FY 2019-20 (₹89.48 Lakh), ₹10.91 Lakh is recognized as income during this year.

Thus, the total income recognised during the year is ₹407.85 Lakh.

2.22 AGEING OF TRADE PAYABLES AND TRADE RECEIVABLES

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

2.23 PROVISION FOR INCOME TAX

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

Taxable income calculated as per IT Act	-	₹10570.34 Lakh
Income tax thereon	-	₹2660.34 Lakh

2.24 DIVIDEND AND SPECIAL RESERVE FUND

The Board of Directors has proposed a dividend of 5% (Previous year -5%) for the year ended March 31, 2024, 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 24.69% as at March 31, 2024.
As per Section 35A of the SFC Act 1951, 0.50% of the dividend accruing to State Government and SIDBI amounting to ₹18.16 Lakh will be transferred to Special reserve fund.

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2.25 GRANTS AND SUBSIDIES

The receipts in the nature of grants and subsidies received are utilized for the purpose for which the same is granted. The undisposed portion of subsidies to 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 of Coconut Development Board Subsidy is ₹37.11 Lakh (₹48.57 Lakh during FY 22-23) is shown under the head Interest and fund-expenses.

2.26 PRIOR PERIOD ITEMS

There are no prior period adjustment made during this year .

2.27 PREVIOUS YEAR'S FIGURES

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

For and on behalf of the Board of Directors

Ram Ganesh R Company Secretary	Soya K Financial Controller	Seshu Babu Palle Director	Premnath Ravindranath Managing Director (i/c)

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

Selastin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date: 27-05-2024

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Note: 21			
DISCLOSURE REQUIREMENTS:			
			₹ in lakh
A. Capital	**2023-24**		**2022-2023**
a) CRAR (%)		25.52	25.58
b) Risk Weighted Assets			
1) On Balance Sheet items		440925.55	382012.00
c) Share holding pattern as Balance Sheet date			
	Amount	%	%
1. Government of Kerala	72026.94	99.14	99.00
2. SIDBI	613.33	0.01	0.98
3. Commercial Banks, Insurance Cos. Pvt. Shareholders etc.	10.16	0.00	0.02
TOTAL	**72650.43**	**100.00**	**100.00**
d) Net worth	0.00	1.06	92,570.24
B. Asset Quality and Credit Concentration:	**Amount**	**%**	**%**
a) Gross NPA under the prescribed assets classification categories	21218.47	2.88	3.11
b) Net NPAs under the prescribed asset classification categories	4861.40	0.68	0.74
c) Provisions:		**2023-24**	**2022-23**
1. Provision for Standard Assets		6096.46	6641.76
2. Provision for NPA		16357.07	15676.68
3. Provision for Investments		5344.85	5344.85
4. Provision for Income Tax		2660.34	3669.70
5. Provision for Deferred Tax Liability		589.26	-85.39
	2023-24	**2022-23**	**Variance**
d) Movement in Net NPA (%)	0.68	0.74	-0.06

For and on behalf of the Board of Directors

Ram Ganesh R
Company Secretary

Soya K
Financial Controller

Seshu Babu Palle
Director

Premnath Ravindranath
Managing Director (i/c)

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

Selastin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date: 27-05-2024

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₹ **in Lakh**

C. Liquidity:						
a) Maturity pattern of Rupee assets.						
Items	Less than or equal to 1 year	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years up to 7 years	More than 7 years up to 10 years	Total
Total assets	169753.85	265980.8	166679.37	84435.13	49983.56	736832.71
Total Liabilities	164994.69	263798.03	164883.75	82720	48420	724816.47
	2023-24	**2022-23**				
D. Operating Results:						
a) Interest income as a percentage to average working funds -	19.17	8.97				
Interest Income	68185.02	54364.41				
Average Working Funds	355634.62	605775.97				
b) Non-interest income as a percentage to Average Working Funds -	5.25	2.49				
Non-interest income	18686.54	15073.1				
Average Working Funds	355634.62	605775.97				
c) Operating Profit (+) / Loss (-) as a % to Average Working Funds -	3.03	2.25				
Operating Profit (+) / Loss (-)	10789.08	13601.7				
Average Working Funds	355634.62	605775.97				
d) Return on Average Assets -	1.35	2.1				
Returns (operating profit + depreciation)	10936.18	13768.5				
Average Assets	808347.8	655631.4				
e) Net profit (+) / Loss (-) per employee	39.39	25.74				
No. of employees	188	195				
Net profit (+) / Loss (-)	7404.39	5018.64				

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Ratio	Formula	Components	Result
Current Ratio	Current Assets/ Current Liabilities	Current Assets=Short Term Deposits with Banks+Cash & cash equivalents+Other current assets Current Liabilities=Short term borrowings+Other current liabilities	1.71
Debt - Equity Ratio	Total Debt/ Shareholder's Equity	Total debt=Long term borrowings+Short term borrowings Shareholder's Equity=Spl. Reserve u/s 36(1)(viii) of IT Act, 1961+Spl. Reserve u/s 35(A) of SFCs Act, 1951+Balance in Profit & Loss A/c+Share capital	6.82
Debt Service Coverage Ratio (DSCR)	Earnings available for debt service / Debt Service	Earning for Debt Service = Net Profit before taxes + Non-cash operating expenses like depreciation and other amortizations + Interest Debt service = Interest & Lease Payments + Principal Repayments.	0.39
Return on Equity (ROE)	Net Profits after taxes – Preference Dividend (if any) / Average Shareholder's Equity	Average Shareholder's Equity=(Opening SC+Free reserves+closing SC+free reserves)/2	0.07
Net Profit Ratio	Net Profit / Net Sales	Net Profit = Profit after tax Net Sales = Revenue from operations+other income	8.52%
Return on capital employed (ROCE)	Earning before interest and taxes / Capital Employed	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.08
Return on investment (ROI)	Net Return on Investment/Cost of investment	Net Return on Investment=Net profit aftertaxes Cost of investment=Share capital	10.19%

For and on behalf of the Board of Directors

Ram Ganesh R
Company Secretary

Soya K
Financial Controller

Seshu Babu Palle
Director

Premnath Ravindranath
Managing Director (i/c)

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

Selastin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date: 27-05-2024

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SECTOR WISE LOAN OUTSTANDING AS ON 31.03.2024

₹ in Lakh

Sector	Standard		Sub standard		Total	
	No of loans	Amount	No of loans	Amount	No of loans	Amount
CRE	115	31441.42	5	428.18	120	31869.60
MANUFACTURING	1417	96929.78	222	5223.63	1639	102153.41
SERVICE	4646	587243.04	295	15566.66	4941	602809.70
Grand Total	6178	715614.24	522	21218.47	6700	736832.71

BRANCH WISE BREAKUP OF LOAN OPERATIONS DURING THE YEAR 2023-24

BRANCH	Sanction	Disbursement	Recovery	Portfolio
Alappuzha	4,876.80	8,535.05	8,272.50	11,589.19
Eranakulam	15,234.30	19,793.11	18,326.20	40,470.55
Kannur	7,735.31	7,976.05	8,964.11	18,752.11
Kasaragod	15,220.00	36,130.90	27,640.81	57,316.96
Kattappana	2,728.50	3,760.57	4,554.94	10,821.20
Kollam	14,605.07	19,520.49	15,477.97	36,767.45
Kottayam	3,730.00	3,161.25	3,651.76	8,527.32
Kozhikode	13,316.00	17,286.87	16,201.46	40,752.40
LCB Ernakulam	26,812.00	8,183.78	419.66	7,949.87
LCB Thiruvananthapuram	164,459.24	153,823.65	65,754.90	92,326.36
Malappuram	6,533.00	29,003.08	26,429.60	33,289.55
Palakkad	3,914.50	4,201.09	4,332.06	13,326.43
Pathanamthitta	3,340.00	3,843.71	3,731.41	8,295.35
Perumbavoor	10,533.96	11,652.89	6,863.46	20,324.76
SARB (CZ) Ernakulam	—	—	1,736.88	1,588.06
SARB (NZ) Kozhikode	—	—	2,932.87	7,034.82
SARB (SZ) Thiruvananthapuram	—	—	4,524.35	3,860.84
Thiruvananthapuram	23,664.76	53,330.24	141337.3	271,490.90
Thodupuzha	2,030.00	3,192.91	3,691.81	6,713.97
Thrissur	8,901.73	8,792.98	14,301.68	28,292.51
Wayanad	6,031.24	14,696.82	10,964.69	17,342.13
GRAND TOTAL	**333,666.41**	**406,885.44**	**390,110.42**	**736,832.71**

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HIGHLIGHTS OF PERFOMANCE

₹ in Lakh

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	1	2	3	4	5	6	7	8	9	10
Applications Sanctioned Amount	94745	102599	38531	72393	164495	165788	414649	287679	320722	3,33,666
Disbursement Amount	65709	83836	65527	60023	81579	144615	370921	217520	355595	4,06,885
Recovery Amount	68427	75820	87428	94467	90000	108209	285129	243047	233242	3,90,110
Number of Loan accounts	4498	5264	5497	4439	4231	4884	5985	6240	6391	6,700
Balance Outstanding Amount	203818	240019	247411	245179	268401	335190	462113	475071	652940	7,36,833
Authorised Capital	35000	35000	35000	35000	35000	50000	50000	50000	100000	100000
PAID UP CAPITAL										
State Government	21563	21563	21563	21563	22027	33027	42027	42027	62027	72027
SIDBI	613	613	613	613	613	613	613	613	613	613
Others	10	10	10	10	10	10	10	10	10	10
Total	22186	22186	22186	22186	22650	33650	42650	42650	62650	72650
INCOME										
Interest on Loans	30915	29976	35195	36557	40475	38694	45988	48508	65486	80,377
Other Income	167	872	1277	1131	2351	2351	3106	3309	3951	6495
Total	31082	30848	36472	37688	42826	41045	49094	51817	69438	86872
EXPENDITURE										
Interest on Bonds	4675	5454	6917	6677	8129	8950	9165	6943	5671	10582
Interest on Refinance & other borrowings	9278	10921	12599	11847	10014	12381	19963	19617	31373	43194
Fund Raising expenses	417	526	558	521	451	455	584	2067	4115	3374
Employee benefit expenses	2595	2701	2864	3407	3610	3152	3418	3200	3083	4503
Administrative Expenses	527	523	503	640	671	713	394	454	886	886
TOTAL	17492	20125	23441	23092	22875	25651	33524	32281	45128	62539
	2013-14	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2022-23**	**2023-24**
Profit / Loss before depreciation/Bad debt write off/Provisions	13590	10722	13032	14596	19951	15441	15569	19535	24309	24246
Depreciation	53	129	184.37	96	84	199	283	214	167	147
Bad debts Written off	4280	5867	12061.13	12481	16767	10715	12385	10139	10541	13310
Provision for Bad & Doubtful debts/other assets	3811	2692	0	515	419	1520	1618	5681	4999	135
Net Profit/Loss before Tax	1437	533	787	1504	2665	3007	1283	3501	8603	10654
Net Worth	42392	42917	43545	44108	45741	58475	67835	69044	92570	106353
Gross NPA(%)	7.85	10.57	8.51	6.37	5.77	4.74	3.58	3.27	3.11	2.88
Net NPA(%)	3.71	5.93	4.25	2.03	1.82	1.45	1.48	1.28	0.74	0.68
Share Capital issued	989	0	0	0	464	11000	9000	0.00	20000	10000
Bonds issued	20000	0	25000	0	25000	25000	25000	0.00	47650	58050
Borrowings from Banks & FIs	32799	56201	35000	67000	60900	197955	332751	354749	506831	573718
Repayment of Bonds	0	5000	5000	5000	10000	5150	35683	18030	11738	19130
Repayment of Borrowings from Banks & FIs	24751	23216.7	28753	48037	66054	108044	188752	107701	118382	149132
										Amount
Cumulative Sanction up to 31.03.2024										26,62,788
Cumulative Disbursement up to 31.03.2024										23,92,207

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HAIL STONE

Kerala Financial Corporation

we finance your dream

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2024-2025 ANNUAL REPORT

KERALA FINANCIAL CORPORATION
(INCORPORATED UNDER THE STATE FINANCIAL CORPORATIONS ACT No. LXIII OF 1951)
H.O. VELLAYAMBALAM, THIRUVANANTHAPURAM - 695033
Phone: 0471 - 2737500 (30 Lines) Fax : 2311750, 2318541, 2722090, 2313813
e-mail: kfc@kfc.org website : www.kfc.org

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the 72nd Annual General Meeting (AGM) of the shareholders of Kerala Financial Corporation will be held at Head Office**,** Aswathy, Vellayambalam**,** Thiruvananthapuram – 695033 on, **30th** June 2025 at **2**.**3**0 **P**M to transact the following businesses:

Ordinary Business

1. To consider and adopt the Balance Sheet as at March 31, 2025 and the Profit & Loss account for the year ended March 31, 2025 of the Corporation, the Report of the Board of Directors on the working of the Corporation for the Financial Year 2024-25 and the Auditor's Report on the said Balance Sheet and Accounts.

2. To reappoint Statutory Auditors of the Corporation for the Financial Year 2025-26 under Section 37 (1) of the SFC Act 1951.

"RESOLVED THAT pursuant to the provisions of Section 37(1) of the State Financial Corporations Act, 1951, M/s. JAKS & Associates, Chartered Accountants, Thiruvananthapuram (Firm Registration No. 001360S), be and is hereby re-appointed as the Statutory Auditors of the Corporation to hold office from the conclusion of this Annual General Meeting until the conclusion of the 73rd Annual General Meeting of the Corporation, at a remuneration of Rs. 4,59,200/- (Rupees Four Lakhs Fifty-Nine Thousand Two Hundred only), as per the revised fee structure stipulated by the Reserve Bank of India vide their Circular No.CO.DOS.RPD.No.S7223/08:91:038/2023-24 dated 12th December 2023;

RESOLVED FURTHER THAT the services of the said Statutory Auditors may also be utilized for certification and other permissible professional work, and a separate remuneration of Rs. 50,000/- (Rupees Fifty Thousand only) plus applicable taxes and reimbursement of actual out-of-pocket expenses may be paid for such additional assignments, as may be mutually agreed upon."

3. To declare dividend for the Financial Year 2024–25.

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Special Business

4. Appointment of Secretarial Auditor

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to Regulation 24(A) and Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), read with the provisions of Section 204(1) of the Companies Act, 2013 (the "Act") and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and as per the recommendations of Board of Directors of the Corporation, the consent of the shareholders be and is hereby accorded to the appointment of M/s K. Narayana Swamy & Co, Practising Corporation Secretaries, FCS 1838/CP 9878 and Peer Review Certificate No. 1744/2022, as the Secretarial Auditor of Kerala Financial Corporation for a term of five consecutive years commencing from the financial years from FY 2025-26 to FY 2029-30, to hold office from the conclusion of this AGM until the conclusion of the 77th AGM."

RESOLVED FURTHER THAT the Board of Directors of the Corporation be and are hereby authorised to fix the annual remuneration of the Secretarial Auditor including the revision in the remuneration during the tenure, if any, plus applicable taxes in consultation with the said Secretarial Auditor, in addition to reimbursement of all out of expenses and to do all such acts, deeds and things, as may be necessary to give effect to the above Resolution."

5. Appointment of Dr. A. Jayathilak IAS as Chairman

To consider and, if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

RESOLVED THAT, the nomination of Dr. A. Jayathilak IAS as Chairman of Kerala Financial Corporation, as made by the Small Industries Development Bank of India (SIDBI) in consultation with the Government of Kerala under the provisions of Section 15 of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000 and appointed vide G.O. (Rt) No. 4088/2024/GAD dated 10.09.2024 (Read: G.O. (Rt) No. 3874/2024/GAD dated 30.08.2024), and who took charge on 28th October 2024, be and is hereby noted and approved;

RESOLVED FURTHER THAT, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid nomination of Dr. A. Jayathilak IAS as Chairman of the Corporation

be and is hereby approved by the shareholders, for a period not exceeding five years with effect from 28th October 2024 or until further orders, whichever is earlier, and on such terms and conditions as may be specified by SIDBI in consultation with the Government of Kerala."

6. Appointment of Dr. Sriram Venkitaraman IAS as Managing Director

To consider and, if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT**, the appointment of Dr. Sriram Venkitaraman IAS as the Managing Director of Kerala Financial Corporation, as made by the Government of Kerala in consultation with the Small Industries Development Bank of India (SIDBI), pursuant to the provisions of Section 17 of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, and appointed vide G.O. (Rt) No. 3874/2024/GAD dated 30.08.2024, and who took charge on 31st August 2024, be and is hereby noted and approved;

RESOLVED FURTHER THAT, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid appointment of Dr. Sriram Venkitaraman IAS as Managing Director of the Corporation be and is hereby approved by the shareholders, for a period not exceeding five years with effect from 31st August 2024 or until further orders, whichever is earlier, and on such terms and conditions as may be fixed by the Government of Kerala."

7. Appointment of Shri Manmohan Swain as Nominee Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, the nomination of Shri Manmohan Swain as Nominee Director on the Board of Kerala Financial Corporation, as made by State Bank of India pursuant to Section 10(d) of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, and communicated vide their letter Ref No. GM/PE/23-24/64 dated 04.09.2024, be and is hereby noted and approved;

RESOLVED FURTHER THAT, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid nomination of Shri Manmohan Swain as Nominee Director of the Corporation be and is hereby approved by the shareholders, for a period of five years with effect from 04th September 2024 or until further orders, whichever is earlier."

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8. Appointment of Shri Subbarao Sreepathy as Nominee Director

To consider and, if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT**, the nomination of Shri Subbarao Sreepathy as Nominee Director on the Board of Kerala Financial Corporation, as made by the Small Industries Development Bank of India (SIDBI) pursuant to the provisions of Section 10(c) of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, and communicated vide their letter No. SIC/No0.L000322474/KFC/Nom.Dir dated 22nd May 2024, be and is hereby noted and approved;

RESOLVED FURTHER THAT, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid nomination of Shri Subbarao Sreepathy as Nominee Director of the Corporation be and is hereby approved by the shareholders, for a period of five years with effect from 22nd May 2024 or until further orders, whichever is earlier."

9. Appointment of Shri Shaju Raphel as Nominee Director

To consider and, if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT**, pursuant to the provisions of Section 10(c) of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, Shri Shaju Raphel, who was appointed as the Nominee Director of Kerala Financial Corporation pursuant to the nomination by the Small Industries Development Bank of India (SIDBI) vide their letter No. SIC/No0.L000322474/KFC/Nom.Dir dated 22nd May 2024, be and is hereby noted and approved;

RESOLVED FURTHER THAT, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of Shri Shaju Raphel as Nominee Director of the Corporation be and is hereby approved by the shareholders, for a period of five years with effect from 22nd May 2024 or until further orders, whichever is earlier."

10. Appointment of Shri Ajish B as Nominee Director

To consider and, if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

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"RESOLVED THAT, pursuant to the provisions of Section 10(d) of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, Shri Ajish B, who was appointed as the Nominee Director of Kerala Financial Corporation pursuant to the letter from Life Insurance Corporation of India, Letter No. Ref. IBO/ND Cell/SS dated 19.05.2025, be and is hereby noted and approved;

RESOLVED FURTHER THAT, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of Shri Ajish B as Nominee Director of the Corporation be and is hereby approved by the shareholders for a period of five years with effect from 19th May 2025 or until further orders, whichever is earlier."

By Order of the Board

V. Nan

Nandhini Vijayaraghavan
Company Secretary

Place : Thiruvananthapuram,
Date : 21.05.2025

Registered Office:
'Aswathy',
Vellayambalam,
Thiruvananthapuram-695033

NOTES:

1. *The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") read with Rule 22 of the Companies (Management and Administration) Rules, 2014 ("Rules"), each as amended and any other related provisions of the Act (including any statutory modifications or re-enactment thereof, for the time being in force) setting out the material facts relating to the proposed resolution and the reasons thereof is annexed hereto and forms part of this Notice.*

2. *The Share Register of the Corporation shall remain closed and transfer of shares will be suspended from 16.06.2025 to 23.06.2025 (both days inclusive).*

3. *The form of proxy is enclosed.*

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4. *Voting rights of the shareholders shall be determined in terms of the provisions under Section 4F of the State Financial Corporations Act, 1951.*

5. *Any shareholder entitled to attend and vote at the meeting shall be entitled to appoint another person (whether a shareholder or not but not being an officer or employee of the Corporation) as his proxy to attend and vote instead of himself. No proxy shall be valid unless it is duly stamped and unless it, together with the power of attorney or other authority (if any) under which it is signed, or a copy of that power or authority certified by a notary public or a magistrate, is deposited at the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.*

6. *A shareholder being a Company including Small Industries Bank, Public Sector Banks, Co-operative Banks, Co-operative Societies and LIC may, by a resolution of its directors, authorize any of its officials or any other person (not being an officer or employee of the Corporation) to act as its representative at the meeting. The copy of the resolution appointing him as a duly authorized representative certified to be true copy by the Chairman of the meeting at which it was passed shall have been deposited at the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.*

7. *The State Government may, by order in writing, authorise any of its officers, whether a Director of the Corporation or not, to act as its representative at the meeting. The copy of the order shall be deposited at the Head Office of the Corporation before the time fixed for the meeting.*

8. *The meeting shall be held, conducted, and the business thereat shall be transacted in adherence to the provisions of the State Financial Corporations Act 1951 (As amended up to date) and in terms of the provisions of the General Regulations of Kerala Financial Corporation.*

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KERALA FINANCIAL CORPORATION

H.O. – 'Aswathy', Vellayambalam,
Thiruvananthapuram – 695 033.

I, We.....(folio No.) of.....being a share holder of the Kerala Financial Corporation holding shares Nos..... hereby appoint Shri/Smt..... of.....(or failing him Shri/Smt.....of.....) as my/our proxy to vote for me/us and on my/our behalf at a meeting of the shareholders of the Corporation to be held at.....on the.....day of.....and at any adjournment thereof.

Signed this.....day of.....

Signature on Rs.1/- Revenue Stamp

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EXPLANATORY STATEMENT

Item No.4

Pursuant to the provisions of Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Board of Directors at their meeting held on May 21, 2025, approved and recommended the appointment of Mr. K. Narayana Swamy, a Practicing Corporation Secretary (FCS 1838 / CP 9878) and Peer Review Certificate No. 1744/2022, Proprietor of M/s K. Narayana Swamy & Co., as the Secretarial Auditor of the Corporation on the following terms and conditions:

a. Term of appointment: For a period of five (5) consecutive years from April 1, 2025, to March 31, 2030.

b. Fees: The Board of Directors of the Corporation are authorised to fix the annual remuneration of the Secretarial Auditor including the revision in the remuneration during the tenure, if any, plus applicable taxes, in consultation with the said Secretarial Auditor in addition to reimbursement of all out of expenses, on the recommendation of the Audit Committee.

c. Basis of recommendation: The recommendation is based on the fulfillment of the eligibility criteria and qualifications prescribed under the Companies Act, Rules made thereunder, and SEBI Listing Regulations. In making the recommendation, the Board has also considered the experience, capability, independent assessment, audit experience and evaluation of the quality of audit work performed by Mr. Narayana Swamy in the past.

d. Credentials: Mr. K. Narayana Swamy is a seasoned professional with over 30 years of rich corporate experience, specializing in secretarial audits and corporate compliance across diverse industries. Academically, he holds a distinguished set of qualifications, viz., B.Com, LL.B, PGDPM and Fellow Member of the Institute of Corporation Secretaries of India (FCS), New Delhi. Mr. Narayana Swamy was the Chairman of the Bangalore Chapter of the Institute of Company Secretaries of India, New Delhi (ICSI) for two terms, viz., 1995 & 1996 and later was the Chairman of the Southern India Regional Council of ICSI for the year 2002. He was also member of the High Power Secretarial Standard Board (SSB) constituted by ICSI and member of the Editorial Advisory Board of Chartered Secretary, a monthly journal published by ICSI. He has given his consent to act as the Secretarial Auditor of the Corporation and has confirmed that his appointment, if approved, would be within the prescribed limits and that he is not disqualified from being appointed as Secretarial Auditor under the relevant provisions of the Companies Act, Rules made thereunder, and SEBI Listing Regulations.

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None of the Directors, Key Managerial Personnel, or their respective relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Item No.5

Dr. A. Jayathilak IAS has been nominated as the Chairman of Kerala Financial Corporation by the Small Industries Development Bank of India (SIDBI) in consultation with the Government of Kerala, in accordance with the provisions of Section 15(1) of the State Financial Corporations Act, 1951, as amended by the State Financial Corporations (Amendment) Act, 2000 vide G.O. (Rt) No. 4088/2024/GAD dated 10.09.2024, read with G.O. (Rt) No. 3874/2024/GAD dated 30.08.2024, issued by the General Administration (AIS A) Department, Government of Kerala. Dr. A. Jayathilak IAS assumed charge as Chairman on 28th October 2024. As per Section 15 of the said Act, the Chairman shall be nominated by SIDBI in consultation with the State Government. At present, Dr. A. Jayathilak IAS serves as the Chief Secretary to the Government of Kerala. He has been appointed as Chairman for a period of Five years with effect from 28th October 2024 or until further orders, whichever is earlier. The terms and conditions governing his appointment shall be as determined by the Government of Kerala in consultation with SIDBI, as applicable.

The approval of the shareholders is being sought for noting and approving this nomination, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable to High Value Debt listed entities.

None of the Directors, Key Managerial Personnel of the Corporation or their relatives except Dr. A Jayathilak IAS, is in any way, concerned or interested, financially or otherwise, in the resolution.

Item No. 6

Dr. Sriram Venkitaraman IAS was appointed as the Managing Director of Kerala Financial Corporation by the Government of Kerala in consultation with the Small Industries Development Bank of India (SIDBI), pursuant to Government Order G.O. (Rt) No. 3874/2024/GAD dated 30.08.2024, in accordance with the provisions of Section 17 of the State Financial Corporations Act, 1951, as amended by the State Financial Corporations (Amendment) Act, 2000. He assumed charge as Managing Director on 31st August 2024. As per Section 17 of the Act, the Managing Director shall be appointed by the State Government in consultation with SIDBI. Dr. Sriram Venkitaraman IAS is currently serving as Director, Agriculture Development & Farmers Welfare, Government of Kerala. He has been appointed as Managing Director of the Corporation for a period of five years with effect from 31st

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August 2024 or until further orders, whichever is earlier. The terms and conditions governing his appointment shall be as determined by the Government of Kerala."

The approval of the shareholders is being sought in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable to High Value Debt-listed entities.

None of the Directors or Key Managerial Personnel of the Corporation or their relatives, except Dr. Sriram Venkitaraman IAS, is in any way concerned or interested, financially or otherwise, in the resolution.

Item No. 7

Shri Manmohan Swain was appointed as Nominee Director pursuant to a letter from State Bank of India, Letter Ref No. GM/PE/23-24/64 dated 4th September 2024. He took charge as Nominee Director of Kerala Financial Corporation on 4th September 2024. While the appointment is made under Section 10(d) of the State Financial Corporations Act, 1951, and the State Financial Corporations (Amendment) Act, 2000, the approval of the shareholders is now being sought to comply with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Shri Manmohan Swain is the General Manager – N W III of State Bank of India, Trivandrum Circle. Accordingly, Shri Manmohan Swain is appointed as Nominee Director for a period of five years with effect from 4th September 2024 or until further orders, whichever is earlier.

The approval of the shareholders is being sought in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable to High Value Debt-listed entities.

None of the Directors, Key Managerial Personnel of the Corporation or their relatives, except Shri Manmohan Swain, is in any way concerned or interested, financially or otherwise, in the resolution.

Item No. 8

Shri Subbarao Sreepathy was appointed as Nominee Director pursuant to a letter from SIDBI, Letter No. SIC/No0.L000322474/KFC/Nom.Dir dated 22nd May 2024, and has taken charge as Nominee Director of Kerala Financial Corporation on 22nd May 2024. While the appointment is made under Section 10(c) of the State Financial Corporations Act, 1951, and the State Financial Corporations (Amendment) Act, 2000, the approval of the shareholders is now being sought to comply with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Shri Subbarao Sreepathy is

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the General Manager of Small Industries Development Bank of India. Accordingly, Shri Subbarao Sreepathy is appointed for a period of five years with effect from 22nd May 2024 or until further orders, whichever is earlier.

The approval of the shareholders is being sought in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable to High Value Debt-listed entities.

None of the Directors, Key Managerial Personnel of the Corporation or their relatives, except Shri Subbarao Sreepathy, is in any way concerned or interested, financially or otherwise, in the resolution.

Item No. 9

Shri Shaju Raphel was appointed as Nominee Director pursuant to a letter from SIDBI, Letter No. SIC/No0.L000322474/KFC/Nom.Dir dated 22nd May 2024. He took charge as Nominee Director of Kerala Financial Corporation on 22nd May 2024. While the appointment is made under Section 10(c) of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, the shareholders' approval is being sought to comply with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Shri Shaju Raphel T is the Deputy General Manager of Small Industries Development Bank of India. Accordingly, Shri Shaju Raphel is appointed as Nominee Director for a period of five years with effect from 22nd May 2024 or until further orders, whichever is earlier.

The approval of the shareholders is being sought in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable to High Value Debt-listed entities.

None of the Directors, Key Managerial Personnel of the Corporation or their relatives except Shri. Shri.Shaju Raphel, is in any way, concerned or interested, financially or otherwise, in the resolution.

Item No. 10

Shri Ajish B was appointed as Nominee Director pursuant to a letter from Life Insurance Corporation of India, Letter No. Ref. IBO/ND Cell/SS dated 19th May 2025. He took charge as Nominee Director of Kerala Financial Corporation on 19th May 2025. While the appointment is made under Section 10(d) of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, shareholders' approval is being sought to comply with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure

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Requirements) Regulations, 2015. Shri Ajish B is the Senior Divisional Manager of Life Insurance Corporation of India, Thiruvananthapuram. Accordingly, Shri Ajish B is appointed as Nominee Director for a period of five years with effect from 19th May 2025 or until further orders, whichever is earlier.

The approval of the shareholders is being sought in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable to High Value Debt-listed entities.

None of the Directors, Key Managerial Personnel of the Corporation or their relatives except Shri.Ajish B, is in any way, concerned or interested, financially or otherwise, in the resolution.

By Order of the Board

Nandhini Vijayaraghavan
Company Secretary

Place : Thiruvananthapuram,
Date : 21.05.2025

DIRECTORS' REPORT

Dear Stakeholders,

The Board of Directors takes pleasure in presenting the 72nd Annual Report of Kerala Financial Corporation (KFC) for the financial year ended March 31, 2025. This report encapsulates a year of significant achievements, indicative of the initiatives of the Corporation taken for fostering entrepreneurship and contributing to Kerala's economic growth.

Established under the State Financial Corporations Act, 1951, KFC continues to uphold its legacy as a leading Public Sector Undertaking of the Government of Kerala, committed to promoting entrepreneurship and regional industrialization. Over the decades, KFC has evolved into a modern, customer-focused financial institution, offering a suite of innovative, technology-driven financial products tailored to the needs of Micro, Small, and Medium Enterprises (MSMEs).

The Government of Kerala has continued to exhibit a strong commitment to fiscal discipline while sustaining its focus on inclusive and development-oriented public spending. During FY 2024–25, the State achieved a robust GSDP growth of 11.7% at current prices, with the economy reaching Rs.13.11 lakh crore. The per capita income also remained significantly above the national average, reflecting broad-based economic progress. Despite pressures on the fiscal front, the State managed its finances prudently, keeping the fiscal deficit at 3.51% and public debt at a stable 34.22% of GSDP as per revised estimates. For FY 2025–26, the fiscal deficit is targeted to reduce to 3.16%, and the revenue deficit to 1.9% of GSDP, indicating the State's intent to align with the FRBM targets without compromising on critical development investments. The consistent decline in the debt-to-GSDP ratio to 33.77% signals effective debt management and long-term fiscal sustainability. With revenue receipts projected to grow by 15% in 2025–26, Kerala continues to create fiscal space for capital expenditure in infrastructure, social welfare, and industrial development.

As a cornerstone of Kerala's inclusive industrial policy, the MSME sector has received sustained policy and institutional support from the State Government. The sector not only contributes significantly to employment and income generation but also plays a key role in regional development. Through flagship programs like the "Year of Enterprises", the State facilitated the establishment of over 3.5 lakh new MSMEs since FY 2022–23, generating substantial employment across key sectors including food processing, garments, coir, wood-based industries, and services. Notably, about one-third of these enterprises are women-led, highlighting the State's push for inclusive entrepreneurship. Additional interventions such as MSME Clinics, Enterprise Help Desks, interest subvention schemes, and the promotion of Private Industrial Estates have reinforced a business-friendly ecosystem. The Mission 1000 initiative, launched

in 2023–24, further exemplifies the State's ambition to scale up MSMEs into high-growth enterprises with a turnover exceeding Rs.100 crore. Through these measures, the Government of Kerala continues to strike a careful balance between fiscal responsibility and growth-driven public investment, positioning the State as a dynamic and resilient economy with high potential for private and institutional participation.

The Government of Kerala has consistently extended strong institutional and financial backing to Kerala Financial Corporation (KFC), underscoring its pivotal role in driving the State's industrialization and MSME development agenda. As the principal state-level development financial institution with 99.33% government ownership, KFC benefits from strategic guidance and periodic capital infusions by the State. These equity contributions have significantly bolstered KFC's capital base, improved its Capital to Risk Weighted Assets Ratio (CRAR), and enhanced its capacity to mobilize additional resources from financial markets. Over the past five years, the Government infused Rs.500 crore into KFC, including Rs.200 crore in FY 2024–25 alone, demonstrating unwavering fiscal commitment to strengthening the Corporation's financial health. This sustained support not only reinforces the credibility and financial stability of KFC but also enables it to expand credit access to priority sectors, particularly MSMEs, start-ups, women entrepreneurs, and industrial units across Kerala.

With a robust capital structure, improved credit quality, and a diversified suite of targeted financial products, KFC has consolidated its position as a key institutional driver of industrial transformation in the State. With a strengthened capital base, enhanced credit quality, and a diverse portfolio of targeted loan schemes, KFC is well-equipped to amplify its developmental impact within the MSME ecosystem. Its proactive implementation of flagship initiatives such as the Chief Minister's Entrepreneurship Development Programme (CMEDP), Startup Kerala, and the Kerala Agro-based MSME Loan Scheme (KAMS), combined with strategic collaborations in welfare financing and industrial infrastructure development, underscores its growing institutional significance. Moving forward, KFC aims to align closely with the State's inclusive industrial vision by expanding credit outreach, promoting innovation and entrepreneurship, and accelerating capital formation across sectors. The Corporation's balanced growth is a testament to the strategic direction and commitment of its dedicated professional team. Alongside excellent financial performance, KFC's hallmark features include a rigorous focus on credit quality, streamlined processes, ethical practices, transparent disclosures, and strong compliance adherence. Backed by a solid market reputation and fortified capital position, Kerala Financial Corporation stands poised to accelerate Kerala's economic growth sustainably and inclusively.

PERFORMANCE OF THE CORPORATION

The performance highlights of the Corporation for the last two FYs are as given below:

Rs in lakh

Key Parameters	**2024-25**	**2023-24**
Portfolio Size	8,01,198.61	7,36,832.71
Sanctions	4,00,257.07	3,33,666.41
Disbursements	3,91,839.91	4,06,885.43
Recovery	3,98,075.93	3,90,110.42
Interest Income	71,745.29	68,185.01
Total Income	90,139.05	86,871.54
Total Expenditure	80,011.48	76,082.46
Op. Profit before technical write-off of bad debts	23,815.28	24,098.66
Op. Profit after technical write-off of bad debts	10,127.58	10,789.08
Net profit after tax	9,815.91	7,404.39
Basic EPS (in Rs.) [face value Rs.100/-]	13.90	10.19
Diluted EPS (in Rs.) [face value Rs.100/-]	13.81	10.19
Net worth	1,32,834.64	1,06,352.78
Capital Adequacy Ratio %	28.65	25.52
Gross NPA as % of Gross Advances	2.67	2.88
Net NPA as % of Net Advances	0.61	0.68

The financial performance of Corporation over the last two FYs reflects a trajectory of steady growth, operational resilience, and financial prudence. The Corporation has demonstrated commendable progress across key business indicators, reinforcing its position as a robust and mission-driven development financial institution in the State of Kerala.

Sanction and Disbursement

The total sanctions rose significantly from Rs.3,33,666.41 lakh in 2023–24 to Rs.4,00,257.07 lakh in 2024–25, registering a robust year-on-year growth of 19.96%. This notable increase in sanctioned loans underscores KFC's proactive business development initiatives and responsiveness to the rising credit demand in the State's entrepreneurial ecosystem. It also reflects the enhanced outreach of the Corporation's schemes such as CMEDP, Startup Kerala, and KAMS.

Disbursements during FY 2024-25 stood at Rs.3,91,839.91 lakh, showing a slight decline of 3.70% from Rs.4,06,885.43 lakh in the previous year.

Recovery

The Corporation's recovery performance showed a modest improvement in FY 2024-25, with total recoveries increasing from Rs.3,90,110.42 lakh in the previous year to Rs.3,98,075.93 lakh, reflecting a 2.04% growth. This positive trend is indicative of the Corporation's robust follow-up systems, and effective recovery strategies, which have contributed to sustained liquidity and minimal slippages. Corporation has instituted a strong monitoring framework for loan recovery. Notably, the Board held on 13.08.2024, approved the Loan Compromise Settlement Policy (LCSP) aimed at resolving non-performing accounts. Under this scheme, Compromise Settlements were sanctioned in 68 cases amounting to Rs.14,627.00 lakh, of which 40 cases were successfully settled for Rs.6,236.36 lakh as on 31.03.2025. Total collections under the policy, including advance and partial remittances, stood at Rs.7,726.42 lakh. To further reinforce recovery efforts, the Corporation initiated Revenue Recovery proceedings against 133 units during the year, involving a total demand of Rs.27,208.70 lakh. Under the SARFAESI Act, KFC took physical possession of 3 defaulting units with a principal outstanding of Rs. 1,533.07 lakh and filed an insolvency petition under the Insolvency and Bankruptcy Code, 2016. Additionally, 4 borrower units are undergoing Corporate Insolvency Resolution Process (CIRP)/ liquidation, with KFC's admitted claims amounting to Rs.14,254.71 lakh. Furthermore, 9 units were taken over under Section 29 of the SFC Act, 1951, with an aggregate principal outstanding of Rs.3,350.81 lakh. The total recovery during FY 2024-25 amounted to Rs.3,98,075.93 lakh, underscoring the Corporation's intensified recovery initiatives and enforcement actions.

Portfolio

KFC's loan portfolio grew from Rs.7,36,832.71 lakh in FY 2023-24 to Rs. 8,01,198.61 lakh in FY 2024-25, marking an increase of 8.74%. This growth in the outstanding portfolio indicates the Corporation's sustained efforts to expand credit deployment to priority sectors, especially MSMEs, start-ups, and women-led enterprises. The increase also reflects an improved credit absorption capacity among industrial units supported by an industrial friendly environment and targeted schemes offered by the Corporation.

The sector-wise classification of Loans & Advances as on March 31, 2025 is furnished below:

Rs in lakh

		As on 31.03.2025			As on 31.03.2024		
	Sector	**No**	**Amount**	**%**	**No**	**Amount**	**%**
1	Manufacturing	1577	113131.35	14.12	1639	102153.41	13.9
2	Service	3867	653756.45	81.60	4941	602809.7	81.8
3	CRE	110	34310.80	4.28	120	31869.6	4.33

Total	5554	801198.6	100	6700	736832.71	100

Profitability

The Corporation recorded a total income of Rs. 90,139.05 lakh in FY 2024–25, up from Rs. 86,871.54 lakh in the previous year. Net profit witnessed a sharp rise of 32.57%, increasing from Rs.7,404.39 lakh in 2023–24 to Rs.9,815.91 lakh in 2024–25. This notable growth in profitability reflects the Corporation's efficient fund utilization, improved interest margin realization, and stringent control over operating expenses.

Dividend

The Board of Directors has proposed a dividend of 5% for the year ended March 31, 2025, subject to the approval of the shareholders at the ensuing Annual General Meeting. As per Section 35A of the SFC Act 1951, 0.50% of the dividend accruing to the State Government and SIDBI will be transferred to the Special Reserve Fund.

Capital & Reserves

As on March 31, 2025, the Corporation's paid-up capital stood at Rs.72,650.43 lakh. An amount of Rs.20,000 lakh was received from the Government of Kerala on 24.03.2025 towards the allotment of 200 lakh equity shares of Rs.100 each. Post allotment, the paid-up share capital will stand at Rs.92,650.43 lakh. Consequently, the Corporation's net worth is expected to register a robust growth of 24.93%, increasing from Rs.1,06,352.78 lakh to Rs.1,32,834.64 lakh. This significant enhancement in net worth strengthens the Corporation's financial foundation and enhances its ability to mobilize additional resources to support future expansion and developmental initiatives.

Asset Quality

The Corporation accords highest priority to maintaining the quality of its loan portfolio. As on 31.03.2025, standard assets accounted for an impressive 97.33% of the total portfolio, reflecting KFC's strong credit discipline. In an environment where the broader financial sector continues to grapple with rising NPAs, KFC has demonstrated exemplary asset quality management through focused recovery efforts and rigorous loan monitoring.

The Gross NPA ratio improved from 2.88% to 2.67%, registering a decline of 7.29%, while the Net NPA ratio reduced from 0.68% to 0.61%, reflecting a 10.29% decrease. These positive trends underscore the Corporation's prudent credit appraisal and robust risk management systems. Additionally, the Provision Coverage Ratio has been maintained at a healthy level of 86.41%, further strengthening the Corporation's financial resilience.

Shareholding pattern

As on March 31, 2025, the Corporation's paid-up capital stood at Rs.72,650.43 lakh. An amount of Rs.20,000 lakh was received from the Government of Kerala

on 24.03.2025 towards the allotment of 200 lakh equity shares of Rs.100 each. Post allotment the composition of shareholders is furnished below:

Shareholders	Amount(Rs in lakh)	% of Shareholding
Government of Kerala	92026.94	99.327
SIDBI	613.33	0.662
LIC	7.1	0.008
SBI	2.1	0.002
Others	0.96	0.001
Total	**92650.43**	**100.000**

The Capital to Risk Weighted Assets Ratio (CRAR)

The Capital to Risk Weighted Assets Ratio (CRAR) of the Corporation as on March 31, 2025 according to Basel III guidelines is 28.65% (25.52% as on March 31, 2024).

Key Business Initiatives Undertaken During the Year

1. **Recognition of High-Performing Clients –KFC Platinum/Gold/Silver Cards:** KFC Platinum, Gold, and Silver Cards was introduced to recognise borrowers with exemplary repayment and business conduct. These cards, which are renewable annually, acknowledge creditworthy clients and help foster long-term engagement.
2. **Launch of KFC Pink Card for Women Entrepreneurs:** To promote women-led enterprises, the Corporation launched the KFC Pink Card, offering eligible women entrepreneurs benefits such as reduced processing fees, interest concessions, and access to additional finance on relaxed terms.
3. **Appointment of KFC as Agent for Discounting Government Instruments:** Pursuant to Government Order (GO (Ms) No. 3/2025/Fin dated 07.01.2025), Kerala Financial Corporation was designated as the agent of the State Government to provide financial assistance to industrial concerns, MSMEs, and State PSUs by discounting Promissory Notes/Bills issued or accepted by Government Departments and agencies. Exposure is capped at 25% of the Corporation's eligible capital base, as per the latest audited financial statements.
4. **New Scheme for Commercial Real Estate – Residential Housing:** A specialized financing scheme was introduced for the Commercial Real Estate – Residential Housing segment. The scheme offers competitive interest rates and includes revolving working capital facilities to builders with strong credit profiles, for projects registered with K-RERA.
5. **Refinancing Scheme for State NBFCs Supporting MSMEs:** A new refinancing scheme was introduced for well-established and profitable NBFCs in Kerala, to support them in providing financial assistance to MSMEs within the state, with a maximum loan amount of Rs. 50 crore.

6. **Special Business Campaign to Source New Loans:** A three-month campaign was conducted from 05.12.2024 to 28.02.2025 to attract quality loan proposals. Incentives included a 50% waiver on processing fees and a 0.50% interest rate discount to boost loan sourcing during the period.
7. **Enhanced Delegation to MSME Credit Branches (MCBs):** MSME Credit Branches were authorized to process loans up to Rs.2,000 lakh, leading to improved operational efficiency and faster turnaround times.
8. **KFC Agro-Based MSME Loan Scheme (KAMS):** The Government, vide GO(MS) No.104/2024/Fin dated 17.08.2024, approved the continuation of a 3% interest subvention for eligible units under the KAMS scheme for FY 2024–25, supporting agro-based enterprises with concessional funding.
9. **Introduction of Repo Linked Lending Rate (RLLR):** The Corporation rolled out the RLLR-based lending framework for creditworthy MSMEs, in addition to the existing Base Rate (BR) and External Benchmark Linked Rate (EBLR) mechanisms. The interest rate policy was revised to enhance transparency and competitiveness.
10. **Diversification of Income – Insurance Corporate Agency Agreements:** To augment non-interest income, KFC entered into corporate agency agreements with four general insurers: New India Assurance Co. Ltd., ICICI Lombard General Insurance Co. Ltd., Bajaj Allianz General Insurance Co. Ltd., and Oriental Insurance Company Ltd., thereby facilitating insurance product distribution through the Corporation's branch network.
11. **Strengthening Operational Capacity – New Empanelments:** The Corporation empanelled additional professionals including Advocates for SARFAESI-related legal proceedings, Direct Selling Agents (DSAs) for business development, and Technical Valuers to enhance appraisal quality and service efficiency.

Awards and Recognitions

During the financial year 2024–25, Kerala Financial Corporation (KFC) received multiple accolades in recognition of its outstanding contributions to the financial services sector, particularly in support of the MSME ecosystem. The Corporation was honoured with the FACT MKK Nayar Memorial Productivity Performance Award for Service Industries, reflecting its operational efficiency and service excellence. Further, KFC was conferred the Hues of Life Exemplary Business & Leadership Award 2024 for its exceptional performance in designing and implementing financial schemes tailored for MSMEs. Additionally, the Corporation secured the MSME Excellence Award 2024 from Hues of Life, recognizing it as the Best Financial Service Provider to the MSME sector. These recognitions underscore KFC's commitment to developmental finance and its impactful role in driving entrepreneurship and industrial growth in Kerala.

Resource mobilisation

- **LOC from Commercial Banks/FIs.** 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 is rated A+ for Bank borrowings from Acuite Rating Agency during the year.
- **Non-SLR Bonds.** During the financial year 2024–25, the Corporation did not mobilize any fresh funds by issue of Non-Convertible Debentures (NCDs). However, as on 31.03.2025, the total outstanding bonds stood at Rs.1,43,537.50 lakh. The Corporation has listed the following NCDs on the Bombay Stock Exchange. These NCDs, issued without the backing of a Government guarantee, have been assigned a credit rating of AA(SO) by two RBI/SEBI-approved credit rating agencies. Notably, KFC continues to be the only Public Sector Undertaking (PSU) in the State of Kerala to successfully access the bond market without a Government guarantee, reflecting its strong creditworthiness and market confidence.

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.

Risk Management

The Corporation has developed a strong risk-aware culture through a comprehensive risk management framework that systematically identifies, measures, and manages all material risks in line with regulatory guidelines from the Reserve Bank of India, SEBI, and other authorities, while adhering to industry best practices. Risk management is fully integrated into core functions such as strategic planning, project management, and performance monitoring, making it central to decision-making. The framework establishes governance structures, defines risk appetite, and ensures consistent risk assessment across the Corporation. To oversee risk effectively, the Corporation has constituted key committees: the Risk Management Committee of the Board (RMCB), the Risk Management Committee of Executives (RMC) and the Asset Liability Management Committee (ALCO). Together, they uphold a robust risk governance framework supporting sustainable growth and value creation for stakeholders.

Asset Liability Management (ALM)

The Corporation's Asset Liability Management (ALM) framework is designed to support strategic planning, implementation, and control processes that influence the maturity, quality, and liquidity of its assets and liabilities, ensuring that returns are commensurate with the level of risk undertaken. This framework has become increasingly critical as the Corporation's business operations, funding sources, and risk exposures continue to expand. The Asset Liability Management Committee (ALCO) is tasked with actively managing liquidity and associated financial risks. It regularly reviews the Corporation's liquidity position, examines approved liquidity ratios, and ensures there are no breaches. ALCO also monitors cash flows to prevent negative mismatches that could lead to a liquidity shortfall or crisis. Through continuous oversight and timely interventions, ALCO ensures effective fund management and financial resilience. During the financial year, ALCO met 27 times, reflecting its proactive and vigilant approach to liquidity and risk management.

ISO Certification

The Quality Management System Certificate in respect of the products and/or services, IS/ ISO 9001-2015, was renewed by the Bureau of Indian Standards (BIS) after conducting a surveillance/ renewal audit. The current license is valid till 21st June, 2025. All the offices of the Corporation continue to hold the Quality Management System Certificate.

Other Financial Service Activities

IRDA has approved the Corporation for acting as a Corporate Agent (composite) for procuring or soliciting insurance business. The Corporation has now reregistered itself with IRDA as per IRDAI (Registration of Corporate Agents) Regulations 2015 and the registration is valid till 4th September 2026. A Board approved Policy on the manner of soliciting and servicing insurance

products is in place. The Policy includes the approach to be followed by the corporate agent in having single or multiple tie-ups, the partners in the tie-ups, the business mix, the type of products sold, the grievance redressal mechanism and reporting requirements.

Audits

Corporation adheres to a comprehensive multi-tiered audit framework comprising statutory, internal, and concurrent audits to uphold financial integrity and regulatory compliance. Statutory audits of the Corporation's accounts are conducted quarterly in accordance with Section 37 of the State Financial Corporations Act, 1951, and SEBI Listing Regulations, with annual audited results submitted to stock exchanges within sixty days of the financial year-end. Additionally, a Limited Review of accounts is performed each quarter, and financial results, audited or unaudited, are filed within forty-five days of the quarter's end (except for the last quarter), accompanied by a Limited Review Report from the Statutory Auditors. Internal audits are carried out quarterly by designated officers, covering all critical operational areas from loan sanction to recovery, while monthly concurrent audits of branch operations are undertaken by reputed Chartered Accountant firms. Pre-disbursement audits are mandated for loan disbursements exceeding Rs.100 lakh, conducted by independent teams not involved in the sanction or disbursement processes. Compromise settlements above Rs.25 lakh undergo audit as a prudent control and risk mitigation measure. Furthermore, an annual Line of Credit (LOC) audit for contractor loans is conducted during the first quarter of each financial year. These rigorous audit procedures collectively ensure strict adherence to policies, mitigate operational risks, and strengthen the Corporation's governance framework. The Comptroller & Auditor General of India has audited the Corporation's accounts up to the financial year 2023-24. Additionally, CAG conducted a subject-specific compliance audit on the sanction, disbursement, and recovery of loans by Kerala Financial Corporation, covering the period from FY 2021-22 to FY 2023-24.

Statutory Auditors

At the 71st Annual General Meeting held on 24.06.2024, reappointed M/s. JAKS Associates, Chartered Accountants (ICAI Firm Registration No. 301003E/E300005), as Statutory Auditors of the Corporation for the audit of the Corporation's accounts for the year 2024-25. Their scope includes quarterly audits and the annual audit of accounts under Section 37 of the State Financial Corporations Act, 1951. The Corporation continues to ensure full cooperation and transparency in all audit processes and places the auditors' reports before the Board and shareholders as per the regulatory timelines.

Secretarial Audit

In accordance with the provisions of Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has appointed M/s. K. Narayana Swamy & Co., Practicing Company Secretaries, Bengaluru (FCS 1838 / CP 9878 / Peer Review Cert. No. 1744/2022) to conduct the Secretarial Audit of the Corporation for the financial year ended 31st March, 2025. The Secretarial Audit Report is annexed to this Report and reflects the Corporation's continued commitment to sound corporate governance practices and full statutory compliance.

Internal Control System

The Corporation has implemented a robust internal control system aimed at ensuring the reliability of financial reporting, compliance with applicable laws and regulations, and the effectiveness and efficiency of operations. These internal controls are structured around clearly defined policies, standard operating procedures, and approval hierarchies. They are continuously reviewed, benchmarked against industry best practices, and updated to address emerging risks. The Corporation's internal control processes are supported by regular evaluations and certifications across business units. Through enhanced internal inspection mechanisms and vigilance measures, KFC ensures that internal controls are operating effectively. Additionally, Corporation periodicaly does an assessment of the Corporation's internal control mechanism and affirms its adequacy and operating effectiveness as required under applicable laws and regulations.

Corporate Social Responsibility (CSR)

The Corporation recognizes its responsibility to contribute meaningfully to society and has undertaken several initiatives under its Corporate Social Responsibility (CSR) program. The Corporation, as part of its CSR initiatives, supported educational institutions by providing classroom furniture, desktop computers, and sanitary napkin incinerator machines, reflecting its commitment to promoting education, health, and social welfare beyond its core financial operations.

Human Resources and Capacity Building

The Corporation firmly believes that its human capital is the cornerstone of its sustained success and organizational excellence. Recognizing the importance of employee motivation and continuous professional development, several initiatives were undertaken during FY 2024-25 to strengthen workforce capabilities. A total of 135 employees were provided training through various in-house and external programmes, and promotions were awarded to 50 employees, fostering a culture of growth and recognition. As on 31st March 2025, the Corporation had a total staff strength of 185. During the year, 12 employees retired on attaining superannuation.

Participative Management

The Corporation believes in participative management. The rich experience of its officers can be fully utilized by increasing their participation in the decision-making process. Realising this, extensive delegation has been given at different levels across the State at the Branch, Zone and Head Office. At the Head Office/ Zonal Office/ Branch Office, the committee concept is widely used and decision-making has been transparent and consultative.

Future Plans of the Corporation

The Corporation is committed to driving growth, entrepreneurship and employment generation across various sectors through the implementation of several key initiatives:

- **Expansion of Your Office (EYO):** A new loan scheme will be introduced to support MSMEs and startups in establishing coworking spaces on their own land, with loan assistance up to Rs.10 crore at a concessional interest rate of 5%.
- **Tourism Sector Loans:** A dedicated financing scheme will be implemented to support tourism-related hotel projects with loans up to Rs.50 crore, with 2% interest concession provided by the State Government.
- **Digital Transformation:** The Corporation will digitize its lending processes and enhance operational efficiency. Separate RFPs for CRM, loan origination and management, HRMS, and digital banking systems will be released to facilitate this transformation.
- **Chief Minister's Entrepreneurship Development Programme (CMEDP):** This flagship scheme continues to support MSMEs with subsidized loans up to Rs.2 crore, including a government interest subvention of 3%. To date, loans amounting to Rs.1,035 crore have been sanctioned across 3,085 accounts. The Corporation plans to extend support to an additional 500 enterprises in FY 2025–26 and broaden the eligibility age limit to 60 years.
- **Startup Kerala Scheme:** This comprehensive financing program supports startups at various growth stages with loans ranging from Rs.25 lakh to Rs.1000 lakh, including finance for executing Purchase Orders, discounting Bills and also for availing Venture Debt funding. It is proposed to increase the upper loan limit for executing Purchase Orders and discounting Bills from Rs.1000 lakh to Rs.1500 lakh.
- **Credit Guarantee Scheme for Startups (CGSS):** The Corporation intends to register as a Member Lending Institution under the revised CGSS by National Credit Guarantee Trustee Company Ltd. (NCGTC). This will enable the extension of collateral-free, guarantee-backed loans up to

Rs.20 crore to eligible startups, thereby enhancing institutional credit flow with risk mitigation.

- **KFC Agro-based MSME Loan Scheme (KAMS):** Targeting MSMEs in the agriculture sector, this scheme offers loans at 6% interest for the first year with a 3% government subsidy. The scheme's validity is proposed to be extended through FY 2025–26.
- **Opening of New Offices and Regional Office Complexes:** To strengthen startup support and improve regional accessibility, the Corporation plans to establish three dedicated satellite offices for startups at Technopark (Thiruvananthapuram), Info Park (Ernakulam), and Cyber Park (Kozhikode). These offices will provide focused services, expert guidance, and funding assistance to nurture entrepreneurship and innovation in Kerala. Furthermore, two new regional office complexes are proposed at Thiruvananthapuram and Kozhikode, consolidating Zonal, SARB, MSME Credit, and Large Credit branches to enhance operational efficiency and service delivery, enabling faster and more comprehensive financial solutions tailored to regional needs.

Corporate Governance

The Corporation is committed to adopting best corporate governance practices and believes that effective Corporate Governance is not just a requirement for regulatory compliance, but also a facilitator for the enhancement of stakeholders' value. The Corporation has been ensuring fairness, responsibility, accountability and transparency in all its dealings. The Corporation reiterates its commitment to pursue the highest standards of corporate governance such as empowerment and integrity of its employees, transparency in the decision-making process, fair & ethical dealings, and accountability to all the stakeholders. The various internal policies of the Corporation were reviewed by the Board during the year and wherever required necessary amendments are being done. ISO procedures are scrupulously complied with. No frauds were reported during the FY 2024-25.

The Corporation has designated State Public Information Officers, Assistant Public Information Officers, and Appellate Officers at both the Head Office and Branch Offices to ensure timely responses under the RTI Act. During the financial year, 81 RTI applications were received, all of which were disposed of within the prescribed time limits. A significant development was the integration with the Government of Kerala's RTI online portal (https://rtiportal.kerala.gov.in/), enabling the public to conveniently submit RTI applications to KFC through the online portal.

The Corporation has complied with provisions relating to the constitution of the Internal Complaints Committee under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy provides for protection against sexual harassment of women in the

workplace and prevention and redressal of such complaints. During FY 24-25, no complaints were reported.

Corporate Governance Framework

The Corporation operates under a robust three-tier Corporate Governance structure designed to ensure accountability, transparency, and effective oversight of its operations:

a) Board of Directors:

The Board serves as the apex decision-making body and is primarily responsible for safeguarding stakeholder interests and enhancing long-term value. It provides strategic supervision by setting corporate objectives, policies, performance benchmarks, accountability frameworks, and decision-making protocols. The Board also ensures the implementation and maintenance of adequate internal financial controls, supported by appropriate policies and procedures to facilitate orderly and efficient business conduct, asset protection, prevention of frauds, accurate financial reporting, and statutory compliance.

b) Apex Committees of the Board:

The Board has constituted several sub-committees, including the Executive Committee, Audit Committee, Risk Management Committee, Stakeholders Relationship Committee, and Nomination and Remuneration Committee. These committees focus on specific functional areas such as financial reporting and audit, risk identification and mitigation, compliance monitoring, sustainable development, policy formulation, and overall governance enhancement.

c) Executive Management:

The day-to-day management of the Corporation is entrusted to the Executive Management team, comprising the Executive Director, General Managers, Financial Controller, Heads of Departments, and Zonal Managers. Responsibilities are clearly defined and delegated across functional and operational levels, ensuring efficient execution, operational control, and alignment with the Corporation's strategic goals.

Board of Directors:

The details of the Board of Directors are given below:

Name	Designation	Tenure
Dr. A. Jayathilak IAS, Chairman	Chief Secretary, Government of Kerala	28.10.2024 – Present
Shri. Sanjay Kaul IAS Chairman & Managing Director, Director	Secretary, Government of Kerala	Chairman: 01.06.2021 – 30.08.2024 MD: 01.06.2021 – 26.03.2024 & 10.06.2024 – 30.08.2024 Director: 20.05.2020 – 30.08.2024
Dr. Sriram V IAS	Director, Agriculture	31.08.2024 – 28.11.2024 &

Name	Designation	Tenure
Managing Director	Development & Farmers Welfare; MD, KFC	28.12.2024 – Present
Shri. Mir Mohammed Ali IAS Managing Director (Additional Charge)	MD, KSIDC & CMD, KSEB Ltd.	10.12.2024 – 27.12.2024
Shri. Harikishore IAS Director	Secretary, Government of Kerala	12.08.2021 – Present
Shri. Satyaki Rastogi Director	General Manager, SIDBI	29.09.2021 – 21.05.2024
Shri. Subbarao Sreepathy Director	General Manager, SIDBI	22.05.2024 – Present
Shri. K.V. Karthikeyan Director	Deputy General Manager, SIDBI	04.05.2022 – 21.05.2024
Shri. Shaju Raphael Director	Deputy General Manager, SIDBI	22.05.2024 – Present
Shri. Sheshu Babu Palle Director	General Manager, SBI	17.06.2023 – 04.09.2024
Shri. Manmohan Swain Director	General Manager, SBI	04.09.2024 – Present
Shri. Premkumar S Director	Senior Divisional Manager, LIC	11.08.2022 – 18.05.2025
Shri. Ajish B Director	Senior Divisional Manager, LIC	19.05.2025 – Present
Shri. Premnath Ravindranath MD (In-charge)	Executive Director, KFC	27.03.2024 – 09.06.2024 & 29.11.2024 – 10.12.2024

Apex Committees:

The Board of the Corporation met Five times during the year on 27.05.2024, 12.08.2024, 07.11.2024, 11.02.2025, and 18.02.2025.

The Executive Committee met fifteen times during the year on 19.06.2024, 13.08.2024, 05.09.2024, 23.09.2024, 30.09.2024, 16.10.2024, 29.10.2024, 28.11.2024, 23.12.2024, 16.01.2025, 28.01.2025, 05.02.2025, 18.02.2025, 15.03.2025, and 22.03.2025.

The Audit Committee met four times during the year on 20.05.2024, 08.08.2024, 06.11.2024 and 10.02.2025

The Risk Management Committee (RMC) met twice during the year on 08.08.2024 and 10.02.2025.

The Stakeholder Relationship Committee (SRC) met once during the year on 10.02.2025.

The Nomination and Remuneration Committee (NRC) met once during the year on 30.08.2024.

Attendance of the Members in the Board and Apex Committee Meetings during the FY 2023-24:

Name	Board (5)	AC (4)	EC (15)	RMC (2)	SRC (1)	NRC (1)
Dr. A Jayathilak IAS	3	NA	8	NA	NA	NA
Shri Sanjay Kaul IAS	2	NA	2	NA	NA	NA
Dr. Sriram V IAS	3	NA	12	NA	NA	NA
Shri Mir Mohammed Ali IAS	0	NA	1	NA	NA	NA
Shri Prem Kumar S	5	4	15	2	1	1
Shri Manmohan Swain	3	2	NA	1	1	NA
Shri Sheshu Babu Palle	6	1	NA	1	1	1
Shri Shaju Raphael	4	3	12	NA	1	1
Shri Subbarao Sreepathy	2	NA	NA	NA	NA	NA

Remuneration to Key Managerial Personnel

No remuneration was paid to Dr. A. Jayathilak, IAS (Chairman), Shri Sanjay Kaul, IAS (former CMD) and Dr. Sriram Venkitaraman, IAS (Managing Director). The details of salary and other perquisites paid to other Key Managerial Personnel (KMPs) during the financial year are as follows:

- Sri Premnath Ravindranath, Executive Director: Rs.46.10 lakh
- Smt. Soya K, Financial Controller & Chief Financial Officer: Rs.34.78 lakh
- Sri Ram Ganesh R, Company Secretary: Rs.4.61 lakh (Tenure: 01.04.2024 to 21.08.2024)
- Smt. Nandhini Vijayaraghavan, Company Secretary: Rs.5.63 lakh (Tenure: From 18.09.2024 to date)

Directors' Responsibility Statement

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities; and the Directors have prepared the annual accounts on a going concern basis. To the best of their knowledge and belief, and based on the information and explanations received, the Board of Directors of the Corporation hereby confirms that:

(a) In the preparation of the annual financial statements for the year ended March 31, 2025, the applicable accounting standards have been followed, along with appropriate disclosures and explanations for any material departures, if any;

(b) The accounting policies described in the Notes to the Financial Statements have been consistently applied, and reasonable and prudent judgments and estimates have been made so as to present a true and fair view of the financial position of the Corporation as on March 31, 2025, and of the profit for the year ended on that date;

(c) The applicable guidelines issued for State Financial Corporations have been duly followed, with no material deviations. The Corporation continues to follow the accrual basis of accounting for standard assets and cash basis for non-performing assets as adopted from the financial year 2005-06;

(d) Proper and adequate care has been taken for the maintenance of accurate accounting records in accordance with the provisions of the State Financial Corporations Act, 1951, the Companies Act, 2013, and applicable guidelines issued by SIDBI/RBI, to safeguard the assets of the Corporation and to prevent and detect frauds and other irregularities;

(e) The annual accounts have been prepared on a going concern basis;

(f) The Corporation has established adequate internal financial controls and such controls have been operating effectively during the financial year;

(g) The Corporation has devised and implemented proper systems to ensure compliance with applicable laws, and such systems are adequate and operating effectively.

Acknowledgements

The Board of Directors sincerely acknowledges and appreciates the support and guidance extended by the Government of Kerala, SIDBI, various Governmental Agencies and Departments, the Reserve Bank of India, SEBI, IRDA, and other statutory and regulatory authorities throughout the year. The Board also expresses its gratitude to Banks, Financial Institutions, Rating Agencies, Trustees, and the Stock Exchange for their continued cooperation and assistance. The Board further expresses its sincere gratitude to the shareholders, customers, and vendors for their continued trust, support, and goodwill, and anticipates their sustained collaboration in the future. The Board also takes this opportunity to commend and sincerely appreciate the dedicated services rendered by the outgoing Directors as well as the Officers and Staff of the Corporation for their commitment and contribution.

For and on behalf of the Board

Thiruvananthapuram

Chairman

CS K. Narayana Swamy
FCS, LLB, PGDPM

FORM NO. MR 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2025
[Pursuant to Regulation 24A (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with
Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Kerala Financial Corporation.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by KERALA FINANCIAL CORPORATION - Pan No. AABCK1316M (hereinafter called 'the Corporation / KFC'). The Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Corporation's books, papers, minute books, forms and returns filed and other records maintained by the Corporation and also the information provided by the Corporation, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that, in our opinion, the Corporation has during the audit period ended on 31st March, 2025 complied with the statutory provisions listed hereunder and also that the Corporation has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Corporation for the financial year ended on 31st March, 2025 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the Rules made thereunder; *(Not directly Applicable)*;

   NOTE: *KFC is not a Company registered under the Companies Act,1956/2013, but was established under the State Financial Corporations Act, 1951 and governed by the KFC General Regulations, 2003 approved by Government of Kerala and SIDBI.*

II. The Securities Contracts (Regulation) Act, 1956 ("SCRA"), and the Rules made thereunder;

III. The Depositories Act, 1996 and the Rules made thereunder;

IV. Foreign Exchange Management Act, 1999 and the Rules made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings *(Not Applicable)*; and

V. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), viz.,

"Amudhasurabi", No.48, 8th Cross, Visvesvaraya Colony, Akash Nagar, B.N. Pura Extn., Bengaluru - 560016, INDIA
off : +91 80-25605030 Mobile: +91 9845312012 E-mail: kn_swamy@hotmail.com/cs.knswamy@gmail.com

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; *(Not Applicable)*
(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; *(Not Applicable)*
(e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; *(Not Applicable)*
(f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
(g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
(h) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
(i) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009 to the extent applicable;
(j) Securities and Exchange Board of India (Debenture Trustee) Regulations,1993 (in relation to obligations of Issuer Company) to the extent applicable; &
(k) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 *(Not Applicable)*;

We have also examined the following Specific Laws and Regulations as applicable to the Corporation based on the information received and records maintained by the Corporation on test-check basis:

VI. Specific Laws –

a. State Financial Corporations Act, 1951 &
b. KFC General Regulations, 2003,

VII. General & Labour Laws -

a. Payment of Wages Act, 1936
b. Employees Provident Funds and Miscellaneous Provisions Act, 1952
c. Employees State Insurance Act, 1948
d. Payment of Gratuity Act, 1972
e. Contract Labour (Regulation and Abolition) Act, 1970
f. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
g. Trade Union Act, 1926 &
h. Other applicable Labour Laws, Rules & Regulations thereof.

The Management has also represented and confirmed that all the laws, rules, regulations, orders, standards and guidelines as are specifically applicable to the Corporation have been complied with.

Apart from the above, we have also examined the compliance of applicable Secretarial Standards/ Guidelines issued by Institute of Company Secretaries of India (ICSI) with specific reference to meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

N. NARAYANA SWAMY & CO. FCS 1838 C P 9878 BENGALURU COMPANY SECRETARIES

Accordingly, we state that during the year under review there were adequate systems and processes in place to monitor and ensure compliance with various applicable Specific, General & Labour laws and that the Corporation has complied with the provisions of the Acts, Rules, Regulations, Orders, Standards, Guidelines, etc., mentioned above, *subject to the following observations :*

1. KFC has appointed a qualified Company Secretary as the Compliance Officer in terms of Regulation 6 (1) of SEBI (LODR) Regulations, 2015 read with Section 203 (1)(ii) of the Companies Act, 2013 on 14th December, 2023 and thereon the requirement of the above Regulation has been duly complied with even though there was a change in the appointment of Company Secretary.

2. KFC is not a Company registered under the Companies Act, but was established under the State Financial Corporations Act, 1951 and governed by the KFC General Regulations, 2003 approved by Government of Kerala and SIDBI. As such, KFC is not in a position to fully comply with the requirements of SEBI Circular No.SEBI/HO/CFD/CMD-2/P/CIR /2021/567 dt. 31.5.2021 regarding Compliance Reports on Corporate Governance.

{KFC has been filing the Corporate Governance Report in compliance with Regulation 27(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, certain requirements, such as the appointment of an Independent Directors and a Woman Director, are yet to be fully complied with, as these appointments are subject to the approval of the Government of Kerala. KFC represents that the matter has already been taken up with the Government and the process for obtaining necessary approvals is underway}.

3. KFC is not able to fully comply with Secretarial Standards / Guidelines issued by Institute of Company Secretaries of India (ICSI) with specific reference to meetings of the Board of Directors (SS-1) and General Meetings (SS-2) since the Corporation was not having a qualified Company Secretary till 13th December, 2023 and due to subsequent change in the appointment of Company Secretary.

{However, KFC represents that the Corporation, being a Government Organisation, established under the State Financial Corporations Act, 1951, has faced certain practical challenges in fully complying with specific requirements. It is expected that full compliance with SS-1 and SS-2 will be achieved from the financial year 2025-26 onwards}.

4. KFC represents that the Policy on Insider Trading(PIT) is being framed and the same is expected to be approved by the Board soon for implementation.

5. KFC has since issued notices to the shareholders to claim the unclaimed outstanding amounts as per Regulation 61A of SEBI (LODR), Regulations, 2015. Any amount remaining unclaimed will be transferred to Investor Education and Protection Fund.

{KFC *represents that the Corporation* is currently in the process of opening a separate bank account for this purpose and the transfer to the IEPF will be done promptly upon completion of the necessary formalities}.

6. There were delays regarding intimation of Board Meeting date and Record date to BSE resulting in levy of minor penalties in the past. However, after the said notices from BSE, there is no delay in the above matter as the required systems are in place.

We have not examined compliance by the Corporation of the applicable financial laws, maintenance of financial records, etc., since the same are subject to review by statutory auditors and other designated professionals.

K. NARAYANA SWAMY & CO. COMPANY SECRETARIES FCS 1838 C.P 9878 BENGALURU

Adequate notices were given to all Directors to schedule the Board Meetings and the Agenda and detailed notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the Meeting.

As per the minutes of the Board Meetings duly recorded and signed by the Chairman, the decisions at the Meetings were unanimous inasmuch as minutes of the Meetings are self-explanatory.

We also report that based on the information provided and representation made by the Corporation and upon review of compliance mechanism established by the Corporation, we are of the opinion that there were adequate systems and processes in the Corporation commensurate with the size and operations of the Corporation to monitor and ensure compliance with all applicable Laws.

In this connection, we report that:

1. SEBI has vide Notification dated 27th March, 2025 has introduced a new Chapter, viz., Chapter VA – "Corporate Governance norms for listed entity (HVDLEs)" which has listed its non-convertible debt securities, which is effective from 1st April, 2025.
   With the above SEBI Notification, KFC is required to strictly comply with SEBI (LODR) Regulations, 2015 and more specifically, Chapter VA, in letter and spirit.

2. No bonds were raised by KFC during the year under review. The aggregate outstanding bonds as on 31st March, 2025 stood at Rs. 1,435.37 crore.

3. There were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the affairs of the Corporation.

For K. Narayana Swamy & Co.,
Company Secretaries

K. NARAYANA SWAMY & CO. FCS 1838 C P 9878 BENGALURU COMPANY SECRETARIES

(K. Narayana Swamy)
FCS 1838 / CP 9878
Peer Review Cert. No.1744/2022

UDIN NO.FOO1838GOO450759

Place : Bengaluru
Date : 27th May, 2025

Note: This Report is to be read with our letter of even date which is annexed as 'Annexure - A' and forms an integral part of this Report.

'Annexure - A'

To,

The Members,
Kerala Financial Corporation.

Our Report of even date is to be read along with this letter.

Maintenance of secretarial records is the responsibility of the Management of the Corporation. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test-check basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Corporation like, Income Tax, GST, etc., as the same were dealt with under separate audit/s.

Wherever required, we have obtained the Management representations about the compliance of applicable Laws, Rules and Regulations and happening of events.

The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards and Guidelines is the responsibility of the Management in terms of Section 134 (5) (f) of the Companies Act, 2013. Our examination was limited to the verification of procedures on test-check basis.

The Secretarial Audit Report is neither an assurance as to the future viability of the Corporation nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Corporation.

For K. Narayana Swamy & Co.,
Company Secretaries

K. NARAYANA SWAMY & CO. FCS 1838 C P 9878 BENGALURU COMPANY SECRETARIES

(K. Narayana Swamy)
FCS 1838 / CP 9878
Peer Review Cert. No.1744/2022

UDIN NO.FOO1838GOO450759

Place : Bengaluru
Date : 27th May, 2025

JAKS & Associates
Chartered Accountants

T.C. 9/2763 (12), Kulangara, 288, CSM Nagar
Edappazhinji, Thiruvananthapuram - 695 010
M : +91-75111 61888 / +91-75580 233338
E : jaks.common@gmail.com W : www.jaksllp.com
GSTIN: 32AACFJ0207A1ZH

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.

JAKS & ASSOCIATES C.A.s

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

JAKS & ASSOCIATES Chartered Accountants

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.

JAKSA ASSOCIATES C.A.s.

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.

For JAKS and Associates
Chartered Accountants
FRN No:001360S

JAKS & ASSOCIATES C.As.

CA Selastin Anthoniappan
M. No:.202874

Place: Thiruvananthapuram
Date:21-05-2025

UDIN:**25202874BMIATB4436**

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	Unudited	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. Sriram 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: 25202874BMIATB4436

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**

Nandhini V
Company Secretary
& Compliance Officer

Soya K
Financial Controller
&Chief Financial officer

Premnath Ravindranath
Executive Director

Manmohan Swain
Director

Dr. Sriram 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:25202874BMIATB4436

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

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Financial Controller &Chief Financial officer

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Director

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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: 25202874BMIATB4436

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 HFCL	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**

KERALA FINANCIAL CORPORATION THIRUVANANTHAPURAM - 695 033

JAKS & ASSOCIATES C.A.S.

	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	8,330.04	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**

KERALA FINANCIAL CORPORATION KFC Kerala Financial Corporation THIRUVANANTHAPURAM - 695 033

J A K S & ASSOCIATES C.As.

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	-	-	-	11.62
Building	10%	946.52	192.13	9.83	201.96	-	1,148.49	552.43	59.11	611.55	536.91
Motor Vehicle	15%	177.18	-	-	-	-	177.18	161.26	2.39	163.65	13.53
Electrical Fittings	10%	215.97	-	0.06	0.06	-	216.04	142.53	7.35	149.88	66.16
Air Conditioner	15%	83.75	-	0.34	0.34	-	84.09	50.32	5.04	55.36	28.73
Photocopier	15%	22.35	-	-	-	-	22.35	21.44	0.14	21.57	0.78
Computer	40%	562.18	0.07	5.75	5.82	-	568.00	498.57	26.62	525.19	42.81
Intangibles	40%	765.55	-	-	-	-	765.55	705.10	24.18	729.28	36.27
Other office Equipments	15%	187.20	1.15	14.09	15.24	-	202.44	99.65	14.36	114.02	88.43
Lift	15%	9.73	-	-	-	-	9.73	8.89	0.13	9.01	0.72
Furniture	10%	261.29	-	7.72	7.72	-	269.01	165.19	10.00	175.18	93.83
Solar Power Generator	40%	76.85	4.60	1.06	5.67	-	82.52	76.42	2.23	78.65	3.87
Total		**3,323.19**	**197.95**	**38.85**	**236.81**	-	**3,557.02**	**2,481.80**	**151.55**	**2,633.34**	**923.66**
Total (Previous Year)		*3,076.01*	*26.59*	*217.61*	*244.20*	-	*3,320.20*	*2,334.70*	*147.10*	*2,481.80*	*838.40*

For and on behalf of the Board of Directors

Nandhini V	Soya K	Premnath Ravindranath	Manmohan Swain	Dr. Sriram.V. IAS
Company Secretary & Compliance Officer	Financial Controller &Chief Financial officer	Executive Director	Director	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: 25202874BMIATB4436

	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**

KERALA FINANCIAL CORPORATION * THIRUVANANTHAPURAM - 695 033 *

J A K S & ASSOCIATES * C.As.

	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
Commision 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. Sriram V. IAS
Managing Director

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

Selasin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date: 21-05-2025

UDIN: 25202874BMIATB3346

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.

KERALA FINANCIAL CORPORATION THIRUVANANTHAPURAM - 695 033

JAKS & ASSOCIATES C.As.

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.

KERALA FINANCIAL CORPORATION KFC THIRUVANANTHAPURAM - 695 033

JAKS & ASSOCIATES C.As.

On disposal of an investment, the difference between carrying amount and net disposal proceeds is charged or credited to the profit and loss statement. Any amount received in future in respect of these investments will be credited to profit and loss statement. Interest, dividend or other receivables in connection with the investments are considered as income.

1.4. Loans and Advances

Advances are classified as performing and non-performing based on the RBI / SIDBI guidelines and are stated net of bad debts write-off. The provisions for possible losses on such advances are made at estimated rates which is equal to or more than the rates prescribed in the prudential norms, circulars and directives issued by RBI/SIDBI.The Current maturity of Loans & advances is classified as Other Current Assets (Note No.14) under the head Current Assets and the non-current portion is classified as Other Non-current Assets (Note No.11) under the head Non-Current Assets. The Current maturity of Long term borrowings is classified as Short term borrowings (Note No.6) under the head Current Liabilities and the non-current portion is classified as Long term borrowings (Note No.3) under the head Non-Current Liabilities.

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.

Advances that are in Doubtful category are technically written off and charged to revenue account to maintain asset quality. Amount recovered against the bad debts written off in earlier years are recognized in the Profit and Loss Account as income of the year in which such amounts are received.

1.5. Provision

A provision is recognized when the Corporation has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and should be determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

1.6. Provisioning Norms and Provision Coverage Ratio (PCR)

In conformity with the prudential norms, provisions are given on the basis of classification of assets as prescribed by RBI / SIDBI. The Corporation follows the policy of building up provisioning when the profits are good, which can be used for absorbing losses in a downturn. The provisions are made at such rates as recommended by ALCO with the approval of the Board.

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 1year 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.

Sl 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 NPA s 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.

KERALA FINANCIAL CORPORATION KFC THIRUVANANTHAPURAM - 695 033

JAKS & ASSOCIATES C.A.s.

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

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

Thiruvananthapuram
Date: 21.05.2025

UDIN:25202874BMIATB4436

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

KERALA FINANCIAL CORPORATION * THIRUVANANTHAPURAM - 695 033 *

JAKS & ASSOCIATES * C.As.

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. Sridhar V. IAS
Managing Director

KERALA FINANCIAL CORPORATION
KFC Kerala Financial Corporation
THIRUVANANTHAPURAM - 695 033

J A K S & ASSOCIATES
C.As.

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: 25202874BMIATB4436

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we finance your dream

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keralafinancialcorporation keralafincorp KeralaFinCorp

ANNEXURE F

1. **Details of outstanding secured loan facilities as on 31st March, 2025*:**

Name of Lender	Type of facility	Amount Sanctioned	Principal Amount outstanding	Repayment Date/ Schedule	Credit Rating, if applicable
State Bank of India	TL	2700	1564.5	84-96 months	Acuite A+
State Bank of India	OD	145	134.73	12 months	Acuite A1
Canara Bank	TL	1950	1330.79	60 months	Acuite A+
Union Bank	TL	400	137.5	72 months	Acuite A+
Union Bank	OD	100	30	12 months	Acuite A1
South Indian bank	TL	275	195	48-72 months	Acuite A+
South Indian bank	OD	100	50	12 months	Acuite A1
Indian bank	TL	1190	736	60 months	Acuite A+
Federal bank	TL	50	50	36 months	Acuite A+
Federal bank	OD	450	450	12 months	Acuite A1
Bank of Baroda	TL	325	120.68	72 months	Acuite A+
Bank of Maharashtra	TL	1000	604.07	72 months	Acuite A+
Dhanlaxmi bank	TL	175	143.75	60 months	Acuite A+
City Union bank	OD	25	0	12 months	Acuite A1
Indian Overseas bank	TL	500	458.33	72 months	Acuite A+
ICICI Bank	OD	100	100	12 months	Acuite A1
IIFCL	TL	500	500	120 months	Acuite A+

2. **Details of outstanding unsecured loan facilities as on 31st March, 2025*:**

NIL

3. **Details of outstanding non-convertible securities as on 31st March, 2025*:**

Series of NCS	ISIN	Tenor/ Period of Maturity	Coupon	Amount outstanding	Date of allotment	Redemption Date/ Schedule	Cred it Rati ng	Secure d / unsecu red	Security
I/2019	INE818F07088	7 Years	8.99%	62,50,00,000	09/07/2019	09/07/2026	BRW AA(SO)	Secured	Receivables

Series of NCS	ISIN	Tenor/ Period of Maturity	Coupon	Amount outstanding	Date of allotment	Redemption Date/ Schedule	Cred it Rati ng	Secure d / unsecu red	Security
l/2020	INE818F07104 INE818F07112 INE818F07120 INE818F07138 INE818F07146	6 years 7 years 8 years 9 years 10 years	7.7%	250,00,00,000	14/09/2020 14/09/2020 14/09/2020 14/09/2020 14/09/2020	14/09/2026 14/09/2027 14/09/2028 14/09/2029 14/09/2030	Acuite AA/stable, BWR AA(CE)/Stable	Secured	Receivables
l/2023	INE818F07153 INE818F07161 INE818F07179 INE818F07187 INE818F07195	6 years 7 years 8 years 9 years 10 years	8.90%	476,50,00,000	24/03/2023 24/03/2023 24/03/2023 24/03/2023 24/03/2023	30/03/2029 29/03/2030 31/03/2031 31/03/2032 24/03/2033	Acuite AA/stable, IVR AA/Stable	Secured	Receivables
ll/2023	INE818F07237 INE818F07211 INE818F07245 INE818F07229 INE818F07203	7 years 8 years 9 years 6 years 10 years	8.63%	273,50,00,000	02/05/2023 02/05/2023 02/05/2023 02/05/2023 02/05/2023	29/03/2030 31/03/2031 31/03/2032 30/03/2029 24/03/2033	Acuite AA/stable, IVR AA/Stable	Secured	Receivables
l/2024	INE818F07252 INE818F07260 INE818F07278 INE818F07294 INE818F07286	6 Years 7 Years 8 Years 9 Years 10 Years	8.89%	30700,00,000	13/06/2024 13/06/2024 13/06/2024 13/06/2024 13/06/2024	13/03/2030 13/03/2031 13/03/2032 13/03/2033 13/03/2034	Acuite AA,IND AA	Secured	Receivables

The Redemption Schedule and Redemption Amounts (for each NCD, comprising [1 (one)] [●], [1 (one)] [●]and [1 (one)] [●]) is set out below:

Coupon	ISIN	Redemption Schedule	Redemption Amount
8.99%	INE818F07088	09/07/2026	62,50,00,000
7.7%	INE818F07104 INE818F07112 INE818F07120 INE818F07138 INE818F07146	14/09/2026 14/09/2027 14/09/2028 14/09/2029 14/09/2030	250,00,00,000
8.90%	INE818F07153 INE818F07161 INE818F07179 INE818F07187 INE818F07195	30/03/2029 29/03/2030 31/03/2031 31/03/2032 24/03/2033	476,50,00,000
8.63%	INE818F07237 INE818F07211 INE818F07245 INE818F07229 INE818F07203	29/03/2030 31/03/2031 31/03/2032 30/03/2029 24/03/2033	273,50,00,000
8.89%	INE818F07252 INE818F07260 INE818F07278 INE818F07294 INE818F07286	13/03/2030 13/03/2031 13/03/2032 13/03/2033 13/03/2034	307,00,00,000

4. **Details of commercial paper issuances as on 31st March, 2025*:**

NIL

5. **List of top ten holders of non-convertible securities in terms of value (on a cumulative basis) as on 31st March, 2025*:**

S. No.	Name of holders	Category of holder	Face value of holding	Amount (in Rs)	Holding as a % of total outstanding non-convertible securities of the issuer
1	NAVODAYA VIDYALAYA SAMITI CONTRIBUTORY PROVIDENT FUND A/C	Entity	100000	1000000000	36.56
2	BANGIYA GRAMIN VIKASH BANK	Entity	100000	700000000	25.59
3	RAJASTHAN RAJYA VIDYUT KARAMCHARI SUPERANNUATION FUND	Entity	100000	500000000	16.29
4	DURGAPUR STEEL PLANT PROVIDENT FUND TRUST	Entity	100000	450000000	14.66
5	DURGAPUR STEEL PLANT PROVIDENT FUND TRUST	Entity	100000	302000000	6.34

S. No.	Name of holders	Category of holder	Face value of holding	Amount (in Rs)	Holding as a % of total outstanding non-convertible securities of the issuer
6	**HINDUSTAN PETROLEUM CORP LIMITED PROVIDENT FUND**	Entity	100000	300000000	6.3
7	**POWERGRID EMPLOYEE PROVIDENT FUND TRUST**	Entity	100000	270000000	5.67
8	**RAJASTHAN RAJYA VIDYUT KARAMCHARI GRATUITY TRUST**	Entity	100000	250000000	5.25
9	**RAJASTHAN RAJYA VIDYUT KARAMCHARI SUPERANNUATION FUND**	Entity	100000	250000000	5.25
10	**POWERGRID EMPLOYEE PROVIDENT FUND TRUST**	Entity	100000	250000000	9.14

6. <u>List of top ten holders of commercial paper securities in terms of value (on a cumulative basis) as on 31st March, 2025*:</u>

NIL

7. Details of the bank fund based facilities/ rest of the borrowing (if any, including hybrid debt like Foreign Currency Convertible Bonds (FCCB), Optionally Convertible Debentures/ Preference Shares) from financial institutions or financial creditors as on 31st March, 2025*:

NIL

**Note: The Company is in the process of preparing financial results for the quarter ended 30th June, 2025 and the same shall be declared in accordance with the statutory timelines as per the relevant laws. Once the results are declared, the same shall be made available on the website of the Company. Accordingly, for the purpose of disclosure under the above clause the Company has furnished information based on the quarter and financial year ended 31st March, 2025.*

CONSENT LETTER

Date:	11-July-2025
Outward No:	BTL/DT/25-26/7094

To,

Kerala Financial Corporation
Vellayambalam, Thiruvananthapuram-695033,
Kerala
India

Subject: Consent to act as Debenture Trustee for your proposed Listed, Secured, Rated, Privately Placed, Non-Convertible Debentures (NCDs) for purpose of filing of General Information Document with the Stock Exchange.

Dear Sir / Madam,

This is with reference to our discussion regarding appointment of Beacon Trusteeship Limited as Debenture Trustee for the proposed Listed, Secured, Rated, Privately Placed, Non-Convertible Debentures (**"NCDs"**).

In this regards it would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee. In this connection, we confirm our acceptance to act as Debenture Trustee for the same.

We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/General Information Document/listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required. Please note that an issue specific Consent Letter will also be issued by Beacon Trusteeship Limited as per the respective definitive agreements of the specific issues.

Looking forward to a long and fruitful association with your esteemed organization.

For Beacon Trusteeship Limited	**Accepted by Kerala Financial Corporation**
Beacon Trusteeship Limited	
Name: Bhagyashree Korpade	**Name:**
Designation: Relationship Manager	**Designation:**
Authorized Signatory	**Authorized Signatory**

DATED JULY 11, 2025

DEBENTURE TRUSTEE AGREEMENT

BETWEEN

KERALA FINANCIAL CORPORATION
AS THE ISSUER

AND

BEACON TRUSTEESHIP LIMITED
AS THE DEBENTURE TRUSTEE

cyril amarchand mangaldas
ahead of the curve

Beacon Trusteeship Limited

KFC

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DATED JULY 11, 2025

DEBENTURE TRUSTEE AGREEMENT

BETWEEN

KERALA FINANCIAL CORPORATION
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AND

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GOVERNMENT OF KERALA

e-Stamp

e-Stamp Serial Number : 202526000002329174 Verification Code : 775925785V

Govt. Reference No.(GRN)	: KL017034877202526E
Purpose	: Bond
Amount of Stamp Paper Purchased in Numeral	: ₹ 1000
Amount of Stamp Paper Purchased in Words	: Rupees One Thousand
Stamp Paper Purchased on	: 10/07/2025 22:32:25
First Party Name	: Kerala Financial Corporation
First Party Address	: Head Office Thiruvananthapuram
Second Party Name	: Beacon Trusteeship Limited
Second Party Address	: 5W, 5th Floor, Metropolitan Building, E Block, Bandra Kurla Complex (BKC), Bandra (East), Mumbai
Vendor Code & Name	: 02071902 - CHANDRIKA AMMA A
Treasury Code & Name	: 0207 - Sub TreasuryMalayinkil

Please write or type below this line

"This stamp paper forms an integral part of the Debenture Trustee Agreement executed between Kerala Financial Corporation and Beacon Trusteeship Limited on July 11, 2025 at Thiruvananthapuram"

For Beacon Trusteeship Limited

Authorised Signatory

This can be verified by
https://www.estamp.treasury.kerala.gov.in/index.php/estamp_search using e-Stamp Serial Number and Verification Code.

In case of any discrepancy, please inform the competent authority.

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DEBENTURE TRUSTEE AGREEMENT

This **DEBENTURE TRUSTEE AGREEMENT** (**"Agreement"**) is executed at Thiruvananthapuram, on this 11th day of July, 2025, between:

1. **KERALA FINANCIAL CORPORATION**, a public financial institution, owned by the Government of Kerala, and constituted under the State Financial Corporations Act, 1951, having its head office at Vellayambalam, Thiruvananthapuram, Kerala – 695033, India (hereinafter called the **"Issuer"**, which expression shall include its successors and permitted assigns wherever the context or meaning shall so require or permit) of **ONE PART**;

AND

2. **BEACON TRUSTEESHIP LIMITED**, a company incorporated and validly existing under the Companies Act, 2013, with corporate identity number L74999MH2015PLC271288 and having its registered office at 5W, 5th Floor, The Metropolitan, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, India – 400051 (hereinafter called the **"Debenture Trustee"** which expression shall include its successors and assigns and the Trustee for the time being wherever the context or meaning shall so require or permit) of the **OTHER PART**.

WHEREAS:

(A) The Issuer proposes to offer for subscription, on private placement basis, to certain identified investor(s), senior, secured, rated, listed, redeemable, taxable non-convertible debentures, each bearing a face value of INR 1,00,000/- (Indian Rupees One Lakh only), up to an aggregate amount of INR 693,00,00,000 (Indian Rupees Six Hundred and Ninety Three Crores only), in one or more series and/ or tranches, during the period of 1 (one) year commencing from the date of opening of the issue (*as more particularly set out in the Offer Documents (as defined hereinbelow)*), whereby the issue size of each such tranche shall be as more particularly set out in the KID (*as defined in the Debenture Trust Deed*) in relation to that tranche (**"Debentures"**), in dematerialized form, in accordance with the regulations applicable to the issuance of debentures notified by Securities and Exchange Board of India (**"SEBI"**), as applicable from time to time, and the provisions of the Companies Act, 2013 and the rules thereunder (including any statutory modification or re-enactment or replacement thereof), for the time being in force (**"Companies Act"**), if applicable.

(B) The Issuer has been authorised to issue and allot the Debentures on private placement basis in terms of the resolutions passed by the Asset Liability Management Committee of the Issuer at its meeting held on June 19, 2025.

(C) Pursuant to the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the SEBI (Debenture Trustees) Regulations 1993, each as amended, varied or modified from time to time (collectively the **"SEBI Debenture Regulations"**) and the provisions of Applicable Law, the Issuer is required to appoint a Debenture Trustee for the benefit of the Debenture Holders (*as defined hereinbelow*).

(D) The Debenture Trustee is registered with SEBI as a debenture trustee under the SEBI (Debenture Trustees) Regulations 1993. Accordingly the Issuer has approached **BEACON**

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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TRUSTEESHIP LIMITED to act as the Debenture Trustee for the holders of the Debentures, and **BEACON TRUSTEESHIP LIMITED** has agreed to act as a debenture trustee, in trust for and on behalf of and for the benefit of the holders of the Debentures *vide* their engagement letter bearing reference number 47099/CL/MUM/23-24/DEB/483 dated February 20, 2024, as may be amended or supplemented from time to time (**"Engagement Letter"**), subject to the disclosure of the information sought by the Debenture Trustee from the Issuer, and completion of diligence of all relevant information to the satisfaction of the Debenture Trustee.

(E) Accordingly, the Issuer and the Debenture Trustee have agreed to execute this Agreement being these presents on the terms and conditions agreed upon and hereinafter set out.

NOW IT IS AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. Definitions and interpretation

1.1. Definitions

Unless a contrary indication appears, capitalised terms used in this Agreement but not defined herein, shall have the meaning given to them in the Debenture Trust Deed.

(a) **"Companies Act"** has the meaning ascribed to it in recital A of this Agreement.

(b) **"Debentures"** has the meaning ascribed to it in recital A of this Agreement.

(c) **"Debenture Trust Deed"** has the meaning ascribed to it in Clause 2.1 (*Appointment*) of this Agreement.

(d) **"Debenture Holders"** has the meaning ascribed to it in Clause 2.1 (*Appointment*) of this Agreement.

(e) **"Offer Documents"** means collectively: (i) the general information document dated on or about the date of this Agreement, or any such similar document called by whatever name, containing the disclosures required in accordance with Regulation 45 read with Schedule I of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (as amended from time to time); (ii) the Key Information Document; and (iii) the private placement offer letter dated on or about the date of this Deed in the form specified pursuant to sub-rule (1) and (3) of Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, which sets out the key terms and conditions upon which the Debentures will be issued and allotted by the Issuer to the Debenture Holders.

(f) **"SEBI"** has the meaning ascribed to it in recital A of this Agreement.

(g) **"SEBI Debenture Regulations"** has the meaning ascribed to it in recital C of this Agreement.

1.2. Interpretation

(a) Any reference in this Agreement to a **"Transaction Document"** or any other agreement or instrument is a reference to that Transaction Document or other

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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agreement or instrument as amended, novated, supplemented, extended, (however fundamentally and whether or not more onerous) restated or replaced and includes any change in the purpose of, any extension of or any increase in any amounts payable under that Transaction Document or other agreement or instrument and includes any waiver or consent granted in respect of any term of any Transaction Document.

(b) The other provisions in clause 1.2 (*Construction and Interpretation*) of the Debenture Trust Deed shall apply to this Agreement *mutatis mutandis*.

2. Appointment

2.1. The Issuer hereby appoints **BEACON TRUSTEESHIP LIMITED** as the Debenture Trustee for the holders of the Debentures (**"Debenture Holders"**), in one or more tranches, proposed to be issued by the Issuer from time to time, during the period of 1 (one) year commencing from the date of opening of the issue (*as more particularly set out in the Offer Documents*) and **BEACON TRUSTEESHIP LIMITED** hereby agrees to act as Debenture Trustee for the Debenture Holders, as per the Engagement Letter, subject to the completion of due diligence of all relevant information pertaining to the Issuer, and security to be created to secure the Debentures, to the satisfaction of the Debenture Trustee. On or about the date of this Agreement the Debenture Trustee and the Issuer have entered into, a debenture trust deed (hereinafter referred to as the **"Debenture Trust Deed"** or **"Deed"**) and such other documents as may be required from time to time in relation to the Debentures (**"Transaction Documents"**).

2.2. The Debenture Trustee agrees to act as Debenture Trustee on behalf of and for the benefit of the Debenture Holders and for the purposes related thereto, strictly in accordance with the Transaction Documents and as more particularly provided in the Debenture Trust Deed. Notwithstanding anything to the contrary, the Debenture Trustee shall not act on any instructions of the Issuer, and shall at all times only act in accordance with the instructions of the Debenture Holders in accordance with Debenture Trust Deed.

2.3. The Issuer shall pay to the Debenture Trustee so long as it holds the office of the Debenture Trustee, remuneration for its services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and the Transaction Documents. The remuneration of the Debenture Trustee shall be as per the Engagement Letter.

Arrears of instalments of annual service charges, if any, and/ or delay in reimbursement of cost, charges and expenses shall carry interest at the rate of 12% (Twelve percent) per annum or applicable interest rate under the Micro, Small and Medium Enterprises Development Act, 2006, whichever is higher, from the date of bill till the date of actual payment which shall be payable on the footing of compound interest with quarterly rests.

2.4. The Debenture Trustee, *ipso facto* does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid/invested by Debenture Holders for the Debentures.

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee
KFC	Beacon Trusteeship Limited

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2.5. This Agreement is entered into in compliance with the SEBI Debenture Regulations and other provisions of Applicable Law, and shall be effective on and from the date first hereinabove written and shall be in force till the monies in respect of the Debentures have been fully paid-off.

3. Representations and Warranties

3.1. The disclosures made by the Issuer in the Offer Documents with respect to the creation of Security are in accordance with the terms and conditions of this Agreement.

3.2. The Issuer is validly existing, and in good standing under the laws of India.

3.3. The Issuer is duly authorised to enter into this Agreement, and each of the other Transaction Documents.

3.4. Each of the obligations contained in this Agreement shall be legal, valid and binding obligations enforceable against the Issuer.

4. Covenants and Undertakings

4.1. The Issuer shall comply with the provisions of the SEBI Debenture Regulations, the guidelines of other regulatory authorities, and all other applicable provisions or regulations in relation to the Debentures.

4.2. The Issuer undertakes to promptly furnish all and any information as may be required by the Debenture Trustee in terms of Applicable Law and the Debenture Trust Deed, on a regular basis, including without limitation the following documents, as may be applicable:

(a) the Offer Documents;

(b) the necessary corporate authorisations by way of board/committee resolution(s) and/or shareholder resolution(s) (as applicable) in relation to the issuance and allotment of the Debentures, and the creation of Security in respect thereof;

(c) Certificate issued by the relevant information utility / authority in relation to the registration of charge created to secure the Debentures;

(d) agreement with the registrar to issue of the Debentures;

(e) letters from the credit rating agencies;

(f) proof of credit of the Debentures in favour of the Debenture Holders within such timelines as agreed;

(g) details of the depository with whom the Issuer has made arrangements for dematerializing the Debentures namely, National Securities Depository Limited ("**NSDL**") and/or Central Depository Services (India) Limited ("**CDSL**");

(h) the latest annual report of the Issuer;

(i) this Agreement;

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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(j) the Debenture Trust Deed;

(k) Security documents executed in relation to the Debentures;

(l) a certified true copy of the resolution(s) passed by the board of directors/authorized committee of the Issuer for allotment of the Debentures;

(m) confirmation or proof that the payment of interest and principal has been made to the Debenture Holders in accordance with the terms of the Debenture Trust Deed and applicable SEBI Regulations;

(n) a certificate from the statutory auditor of the Issuer/ an independent chartered accountant, certifying that the proceeds raised through the issue of Debentures have been utilised towards the purpose specified in the Debenture Trust Deed within such timelines as specified under applicable law;

(o) copies of all periodical reports and information on quarterly, half yearly and annual basis as may be required to be submitted to BSE Limited (**"Stock Exchange"**) in accordance with the SEBI Debenture Regulations;

(p) beneficiary position reports as provided by the registrar;

(q) in-principle approval for listing of the Debentures from the Stock Exchange;

(r) a copy of the listing application (along with the required details / accompanying annexures) submitted to the Stock Exchange;

(s) listing and trading permissions received from the Stock Exchange;

(t) security cover certificate from an independent chartered accountant/ statutory auditor certificate on maintenance of security cover, including compliance with the covenants of the Offer Documents, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Debentures/ valuation report and title search report for the immovable/movable assets (as applicable), in each instance, within such timelines as may be prescribed by the SEBI from time to time;

(u) details of the recovery expense fund created/ to be created by the Issuer, in the manner as may be specified by the SEBI from time to time;

(v) statements containing particulars of, dates of, and parties to all material contracts and agreements;

(w) bank account details of the Issuer, along with a copy of the pre-authorisation letter issued by Issuer to its banker in relation to the payment of redemption amounts in relation to the Debentures;

(x) such other information as the Debenture Trustee may require in order to carry out the necessary due diligence and monitor the security cover on a quarterly basis within such timelines as may be prescribed by SEBI from time to time, and to ensure the implementation of the conditions regarding creation of security for the

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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Debentures, the debenture redemption reserve (if required) and the recovery expense fund; and

(y) the Issuer shall also ensure to furnish to the Debenture Trustee, the documents as per the compliance checklist, bearing reference number BTL/DT/25-26/7027 dated July 11, 2025, within the prescribed timeline; and

(z) any such other documents or information as may be reasonably required by the Debenture Trustee.

4.3. The Issuer agrees, undertakes and confirms that the information and data furnished by the Issuer to the Debenture Trustee is true and correct and that the Debenture Trustee may in good faith rely upon the same and shall not be liable for acting or refraining from acting upon such information or data furnished to it by the Issuer under this Agreement. The Issuer confirms that the requisite disclosures made in the Offer Documents are true and correct.

4.4. The Issuer agrees, undertakes, and confirms that the Debenture Trustee and any other authorized agency may use and process the information and data disclosed to the Debenture Trustee in the manner as deemed fit by them in relation to the purpose of the due diligence to be undertaken in relation to the issuance of the Debentures.

4.5. The Issuer agrees, undertakes and confirms that the Debenture Trustee shall have an unqualified right to disclose to the Debenture Holders (in accordance with the Applicable Law) information including the credit history and the conduct of the account(s) of the Issuer as well as all details in relation to the assets of the Issuer (and all third party security providers, guarantors and providers of undertakings, if any), in such manner and through such medium as the Debenture Trustee in its absolute discretion may think fit. The Issuer agrees that such disclosure shall not be considered to be breach of confidentiality on the part of the Debenture Trustee.

4.6. The Issuer agrees, undertakes and confirms that the assets on which the charge is proposed to be created to secure the Debentures are free from Encumbrances and if assets which are required to be charged to secure the Debentures are already Encumbered, the Issuer has obtained permissions or consent to create a *pari passu* charge on the assets of the Issuer from all the existing charge holders.

4.7. The Issuer hereby declares and confirms that the charge on the Security shall be created in favour of the Debenture Trustee prior to filing of the application for listing of the Debentures. Further, such charges shall be perfected within such times as more particularly specified in the Debenture Trust Deed.

4.8. The Issuer confirms that all necessary disclosures shall be made in the Offer Documents, including without limitation, such statutory and other regulatory disclosures as may be required.

4.9. The Issuer shall execute the Transaction Documents and upload such Transaction Documents on the website of BSE Limited within such timelines as may be prescribed by the SEBI from time to time.

4.10. The Issuer shall on or prior to the date of execution of Debenture Trust Deed, provide to the Debenture Trustee, the bank account details from which the Issuer proposes to make

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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the payment of Secured Obligations. Further, the Issuer hereby undertakes that it shall preauthorize the Debenture Trustee to obtain information in respect of the payment of such Secured Obligations from the relevant bank.

4.11. The Issuer shall create the Security in accordance with the terms and conditions of and within such timelines as more particularly specified in the Debenture Trust Deed and execute the Transaction Documents within such timelines as may be prescribed by the SEBI from time to time. The Security shall be perfected in accordance with the terms and conditions of and within such timelines as more particularly specified in the Debenture Trust Deed.

4.12. The Issuer hereby agrees and undertakes that all stamp duty and other expenses pertaining to the issue of the Debentures and execution of the transaction documents including the instrument of Debentures shall be solely borne by the Issuer.

4.13. The Issuer shall, pay on demand, all actual costs and expenses (including legal fees) incurred by the Debenture Trustee in connection with the preparation, negotiation of or entry into this Agreement and/or any amendment of, supplement to or waiver in respect of this Agreement, against submission of the requisite supporting documents. In addition, the Issuer shall, from time to time, make payment to/ reimburse the Debenture Trustee in respect of all expenses and out-of-pocket costs incurred by the Debenture Trustee. The Issuer shall promptly pay, and in any event before any interest or penalty becomes payable, any stamp duty, documentary, registration or similar tax payable in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Agreement and/or any such amendment, supplement or waiver.

4.14. The Issuer further agrees, undertakes, confirms that:

(a) All covenants proposed to be included in Debenture Trust Deed are disclosed in Offer Documents.

(b) Terms and conditions of this Agreement including fees charged by the Debenture Trustee and the process of due diligence carried out by Debenture Trustee shall be disclosed under the Offer Documents.

(c) the Issuer, any person in control of the Issuer and its promoter have not been restrained or prohibited or debarred by the SEBI from accessing the securities market or dealing in securities.

(d) Each of the obligations contained herein shall be legal, valid and binding obligations enforceable against the Issuer. The Issuer further confirms that it is eligible to issue the Debentures in accordance with Applicable Law (including without limitation, the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended from time to time).

(e) Subject to the provisions of Applicable Law, no change or modification of this Agreement shall be valid unless the same shall be in writing and signed by the Parties hereto.

4.15. The Issuer shall provide to the Debenture Trustee on or prior to date of execution of this Agreement, all the information and documents as set out in Schedule I hereto, including the

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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undertakings from third party security providers and/or guarantors, if any, in relation to their assets, substantially in the format set out in Schedule II hereto, if applicable.

4.16. The Debenture Trustee confirms that it: (a) is not an associate of a body corporate; (b) does not beneficially hold shares in the Issuer; (c) is not a promoter, director or key managerial personnel or any other officer or an employee of the Issuer or of any holding company or a subsidiary or affiliate of the Issuer, under the Companies Act; (d) is not beneficially entitled to monies which are to be paid by the Issuer otherwise than as remuneration payable to the Debenture Trustee; (e) has not furnished any guarantee in respect of the Debentures or any interest thereon; (f) is not indebted to the Issuer, or its subsidiary or its holding or associate company or a subsidiary of such holding company; (g) does not have any pecuniary relationship with the Issuer amounting to 2% (two percent) or more of its gross turnover or total income or INR 50,00,000 (Indian Rupees Fifty Lakhs only), whichever is lower, during the two immediately preceding financial years or during the current financial year; (h) is not a relative of any promoter or any person who is in the employment of the Issuer as a director or 'key managerial personnel', under the Companies Act and (i) is not likely to have any conflict of interest in any other manner.

5. Terms of carrying out due diligence

5.1. The Debenture Trustee, either through itself or its agents, advisors, and/or consultants, shall carry out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any) as may be required to create the security as stipulated in the Offer Documents and under Applicable Law has been obtained. For the purpose of carrying out the due diligence as required under Applicable Law, the Debenture Trustee, either through itself or its agents, advisors, and/or consultants, shall have the power to examine the books of account of the Issuer and to have the Issuer's assets inspected by its officers and/or external auditors, valuers, consultants, lawyers, technical experts, and management consultants appointed by the Debenture Trustee.

5.2. The Issuer shall provide all assistance to the Debenture Trustee to enable verification from the relevant Registrar of Companies, Sub-registrar of Assurances, Central Registry of Securitisation Asset Reconstruction and Security Interest of India, depositories, Information Utility or any other authority (as applicable), as may be required, where the assets and/or prior encumbrances in relation to the assets of the Issuer (and/or any third party security provider, if any) for securing the Debentures, are registered and/or disclosed.

5.3. In the event that existing charge holders or the concerned trustee/agent on behalf of the existing charge holders (as applicable), have provided conditional consent / permissions to the Issuer to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between the existing charge holders/trustee and the Issuer. The Debenture Trustee shall also have the power to intimate the existing charge holders/trustee about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

5.4. Without prejudice to the aforesaid, the Issuer shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of the Debenture Trustee to carry out the diligence in connection with the issuance and allotment of the Debentures, in accordance with Applicable Law.

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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5.5. The Debenture Trustee shall have the power to independently appoint intermediaries, valuers, chartered accountant firms, practicing secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee.

6. Indemnity

6.1. Indemnification by the Issuer

The Issuer (the "**Indemnifying Person**") agrees to indemnify, defend and hold harmless each of the Debenture Holders, their respective directors, officers, representatives and employees, and the Debenture Holders' Nominee Directors (collectively, the "**Indemnified Persons**") from and against any and all Losses suffered or incurred by any of the Indemnified Persons and which arise out of, or result from this Agreement or in connection with the transactions under the Transaction Documents including without limitation the following:

(a) an occurrence of a Default;

(b) the taking, holding, protection or enforcement of the Security Interest;

(c) any out of pocket expenses (including without limitation expenses incurred in connection with due diligence and fees and expenses of counsel) incurred during a Default in connection with any workout or the preservation or enforcement of rights;

(d) any enquiry, investigation, subpoena (or similar order) or litigation with respect to the Issuer or with respect to the transactions contemplated or financed under the Transaction Documents;

(e) misrepresentation in, inaccuracy in or breach by the Issuer of any representation, warranty or undertaking of the Issuer contained in this Agreement and any other Transaction Documents;

(f) any enquiry, show cause notice, notification or order of any Governmental Authority or any other authority in respect of or relating to the Charged Assets in any manner which could affect the Security Interest provided by the Issuer;

(g) violation of Applicable Law or terms of any governmental approval, or breach of any contract by the Issuer;

(h) any and all past or present claims, demands, imposts, withholdings, adjudications or deductions made by any Governmental Authority (including any tax or revenue department);

(i) breach by the Issuer of its covenants, agreements or obligations contained in this Agreement and any other Transaction Document;

(j) breach by the Issuer of any provisions of its Constitutional Documents;

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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(k) relying upon and acting in accordance with any instruction or communication (including without limitation through facsimiles) received from the Issuer in accordance with this Agreement and the Transaction Documents;

(l) claim by a person that relates to or arises in connection with the transactions contemplated by this Agreement and any other Transaction Documents, including investigations by any Governmental Authority; or

(m) claims by third parties relating to the ownership of the Debentures

(collectively referred to as "**Claims**").

Provided that nothing contained in this clause above shall exempt the Debenture Trustee from, or indemnify it, against any liability for breach of trust nor any liability which by virtue of any rule or law would otherwise attach to it in respect of any fraud, negligence, wilful default or breach of trust which it may be guilty of in relation to its duties under this Agreement and the Transaction Documents as maybe finally determined by a court of competent jurisdiction.

6.2. Any Claim for indemnity pursuant to this Agreement shall be made by the Indemnified Persons by notice in writing to the Issuer ("**Claims Notice**"). The failure to provide any Claims Notice shall not impair an Indemnified Persons' rights hereunder. The Claims Notice shall be accompanied by a complete description of the claim in respect of which indemnification is being sought. The Issuer, as applicable, shall, without any protest or demur, on demand pay the Losses in the amount specified in the Claims Notice to the Debenture Holders, as mandated in the Claims Notice.

6.3. Notwithstanding anything to the contrary herein, the Parties acknowledge and agree that: (a) the Debenture Holders are relying upon the truth, accuracy and completeness of representations and warranties made by the Parties to Debenture Holders in this Agreement and elsewhere; (b) Debenture Holders are under no duty or obligation to investigate or otherwise seek to independently verify the truth, accuracy or completeness of any such representations and warranties; and (c) failure by Debenture Holders to investigate or otherwise seek to independently verify the truth, accuracy or completeness of any representation or warranty shall not constitute grounds for a determination that Debenture Holders were grossly negligent.

6.4. Notwithstanding any investigation conducted before or after the execution of this Agreement, and notwithstanding any actual or implied knowledge or notice of any facts or circumstances which the Debenture Holders may have as a result of such investigation or otherwise, save knowledge of any facts or circumstances disclosed to the Debenture Holders or the Debenture Trustee herein, each of the Indemnified Persons may bring a claim for indemnification under this clause.

6.5. The indemnification rights of the Debenture Holders under this Agreement are independent of, and in addition to, such other rights and remedies as the Debenture Holders may have at Applicable Law or in equity or otherwise, including the right to seek specific performance, rescission, restitution or other injunctive relief, none of which rights or remedies shall be affected or diminished thereby. The indemnification clause shall survive the termination of this Agreement.

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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7. **Notices**

7.1. Any notices, demands or other communication required or permitted to be given or made under this Agreement shall be in writing in English, and served on the other Party by sending the same through registered post or email, or personal delivery at the following addresses ("**Notified Addresses**"):

The address and contact details of the **Issuer**:

Address	:	Vellayambalam, Thiruvananthapuram – 695003, Kerala.
Tel No.	:	+91 (471) 273 7590; +91 9994993488
Fax	:	+91 (471) 2313813
Attention	:	Nandhini Vijayaraghavan, Company Secretary
Email	:	cs@kfc.org

The address and contact details of the **Debenture Trustee**:

Address	:	5W, 5th Floor, The Metropolitan, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra, India, 400051
Tel No.	:	022 - 46060278
Attention	:	Mr. Kaustubh Kulkarni
Email	:	compliance@beacontrustee.co.in

7.2. All such notices and communications shall be effective (a) if sent by courier, 2 (two) Business Days after it is posted with the courier, (b) if sent by registered post, 5 (five) Business Days after it is delivered to the postal authorities, (c) if sent by personal delivery, when delivered at the notified address within the business hours along with proof of acknowledgement, and (d) if sent in electronic form (e-mail), when sent, and shall be sufficient if signed/ sent by any officer of the Debenture Trustee. Notwithstanding anything contained hereinabove, any notice given to the Debenture Trustee under this Agreement shall be deemed to have been served upon the Debenture Trustee when it is actually received by the officer of the Debenture Trustee in whose attention the notice is addressed.

7.3. All documents to be furnished or communications to be given or made under this Agreement shall be in the English language or, if in another language, shall be accompanied by a translation into English certified by a representative of the Debenture Trustee (the cost of which will be borne by the Issuer, on an actual and direct basis), which translation shall be the governing version between the Parties.

8. **Governing law and jurisdiction**

8.1. This Agreement (including, without limitation, Clause 8.3 (*Alternative Dispute Resolution*) below) shall be governed by, and construed in accordance with the existing laws of India.

Kerala Financial Corporation as the Issuer	**Beacon Trusteeship Limited** as the Debenture Trustee

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8.2. Any dispute, controversy or claim arising under or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or the consequences of its nullity and any non-contractual or other dispute) (**"Dispute"**) may be resolved by arbitration or legal proceedings in the manner set out in this Clause 8 (*Governing Law and Jurisdiction*), at the option of the Party initiating the Dispute.

8.3. Alternative Dispute Resolution

Notwithstanding anything to the contrary specified in any of the Transaction Documents, in the event that the Securities and Exchange Board of India (Alternative Dispute Resolution Mechanism) (Amendment) Regulations, 2023 (**"SEBI ADR Procedures"**) apply to any disputes arising out of or in connection with any of the Transaction Documents, including any dispute/s, difference/s between the Issuer and the Debenture Trustee (acting for itself and in its individual capacity) and arising out of or in connection with the activities of the Parties in the securities market (acting for themselves and in their individual capacity), such disputes shall be settled through any dispute resolution mechanism and procedures specified by SEBI in accordance with the SEBI ADR Procedures.

8.4. Legal Proceedings

Subject to the provisions of Clause 8.3 (*Alternative Dispute Resolution*) above, the Parties agree that the courts and tribunals of Thiruvananthapuram shall have the exclusive jurisdiction to settle any Dispute(s), and accordingly, any legal action, suit or proceedings (collectively referred to as **"Proceedings"**) arising out of or in connection with a Dispute may be brought in such courts and tribunals, and the Parties irrevocably submit to and accept for themselves and in respect of their property, generally and unconditionally, the jurisdiction of those courts and tribunals.

8.5. Waiver of objection

(a) The Parties agree that the courts and tribunals of Thiruvananthapuram are the most appropriate and convenient courts and tribunals to settle any Dispute(s), and accordingly, the Issuer agrees to not argue to the contrary. The Issuer hereby irrevocably waives: (i) any objection now or in future, to the laying of the venue of any Proceedings in the courts and tribunals in Thiruvananthapuram; and (ii) any claim that any such Proceedings have been brought in an inconvenient forum.

(b) The Issuer hereby irrevocably agrees that a judgment in any Proceedings brought in such courts and tribunals shall be conclusive and binding upon it and may be enforced in the courts and tribunals of any other jurisdiction (subject to the laws of such jurisdiction) by a suit upon such judgment, a certified copy of which shall be conclusive evidence of such judgment, or in any other manner provided by Applicable Law.

8.6. General Consent

The Parties hereby consent generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

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8.7. *Waiver of immunity*

To the extent that the Parties may in any jurisdiction claim for themselves or their assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that in any such jurisdiction there may be attributed to themselves or their assets such immunity (whether or not claimed), the Parties hereby irrevocably agree not to claim and hereby irrevocably waive such immunity.

8.8. This Clause 8 (*Governing Law and Jurisdiction*) shall survive the termination of this Agreement.

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Kerala Financial Corporation as the Issuer	**Beacon Trusteeship Limited** as the Debenture Trustee

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SCHEDULE I

Information/ documents to be provided by the Issuer, prior to the date of this Agreement:

S. No.	Information/ Documents
1.	Details of/ information in relation to the assets on which charge is proposed to be created including (as applicable): (a) details of movable properties; (b) details of immovable property; (c) details of investments; (d) title deeds (original/ certified true copy by the Issuers/ certified true copy by existing charge holders, as available); (e) latest title search reports issued by a legal counsel/ advocates; (f) copies of the relevant agreements/ memorandum of understanding which pertains to the security interest proposed to be created for securing the Debentures; and (g) copy of evidence of registration with Sub-registrar, CERSAI, Information Utility (IU) registered with Insolvency and Bankruptcy Board of India (IBBI), etc., or any other authority as applicable.
2.	For unencumbered assets, on which charge is proposed to be created, if any, an undertaking that the assets on which charge is proposed to be created are free from any encumbrances.
3.	For encumbered assets, on which charge is proposed to be created, if any, the following information/ consents along-with their validity as on date of their submission: (a) details of existing charge over the asset(s), along with details of charge holders, their contact details including email ids; (b) value/ amount of the asset; (c) copy of evidence of registration with Sub-registrar, CERSAI, Information Utility (IU) registered with Insolvency and Bankruptcy Board of India (IBBI), etc., or any other authority as applicable; (d) consent/ No-objection certificate (NOC) from existing charge holders for further creation of charge on the assets or

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S. No.	Information/Documents
	relevant transaction documents wherein existing charge holders have given conditional consent/ permission to the Issuer to create further charge on the assets, along-with terms of such conditional consent/ permission, if any; (e) details of existing unsecured lenders, having negative lien, their contact details including email ids; and (f) consent/ NOC from existing unsecured lenders, in case, negative lien is created by the Issuer in favour of unsecured lenders.
4.	In case of personal guarantee or any other document/ letter with similar intent is offered as security or a part of security: (a) details of the guarantor and relationship of the guarantor with the Issuer; (b) net worth statement (not older than 6 months from the date of debenture trustee agreement) certified by a chartered accountant of the guarantor; (c) list of assets of the guarantor including undertakings/ consent/ NOC as points (2) and (3) above; (d) conditions of invocation of guarantee including details of put options or any other terms and conditions which may impact the security created; and (e) executed copies of previously entered agreements for providing guarantee to any other person, if any.
5.	In case of corporate guarantee or any other document/ letter with similar intent is offered as security or a part of security: (a) details of guarantor viz. holding/ subsidiary/ associate company etc.; (b) audited financial statements of guarantor (not older than 6 (six) months from the date of this Agreement), including details of all contingent liabilities; (c) list of assets of the guarantor along-with undertakings/ consent/ NOC as per points (2) and (3) above; (d) conditions of invocation of guarantee, including details of put options or any other terms and conditions which may impact the security created; (e) impact on the security in case of restructuring activity of the guarantor; (f) undertaking by the guarantor that the guarantee shall be disclosed as "contingent liability" in the "notes to accounts" of financial statement of the guarantor;

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S. No.	Information/Document
	(g) copy of the board resolution of the guarantor for the guarantee provided in respect of the debt securities of the Issuer; and (h) executed copies of previously entered agreements for providing guarantee to any other person, if any.
6.	In case securities (equity shares, etc.) are being offered as security, a holding statement from the depository participant or other entities holding such securities, along-with an undertaking that these securities shall be pledged in favour of debenture trustee(s) in the depository system.
7.	Details of any other form of security being offered (including debt service reserve account).
8.	An undertaking confirming that all the information provided by the Issuer to the Debenture Trustee are true and correct, and that the Debenture Trustee may, in good faith, rely upon, and shall not be liable for acting or refraining from acting upon such information furnished to it under this Agreement.
9.	Any other information, documents or records required by Debenture Trustee with regard to creation of security and perfection of security.

Beacon Trusteeship Limited

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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SCHEDULE II

PART A: Format of undertaking from third-party security providers, to be taken if it is required to create security interest / charge over its assets to secure the Debentures

Date: _____

To,
The Debenture Trustee
[*insert name and address*]

UNDERTAKING

1. With reference to the [proposed] issue of senior, secured, rated, listed, redeemable, taxable non-convertible debentures each having a face value of INR 1,00,000/- (Indian Rupees One Lakh only), in one or more tranches, whereby the issue size of each such tranche shall be as more particularly set out in the KID in relation to that tranche (hereinafter referred to as the "**Debentures**") by **KERALA FINANCIAL CORPORATION** (the "**Issuer**") on a private placement basis, [we, [•], a company registered under the provisions of Companies Act, [•], having its registered office at [•]] (hereinafter referred to as the "**Security Provider**"), [pursuant to the authorization of our board of directors *vide* its resolution passed on [•] in this regard], hereby unequivocally and irrevocable declare, confirm and undertake as follows:

   (i) the repayment of the Debentures shall be secured, *inter alia*, by way of [•] to be furnished by the Security Provider; and

   (ii) the assets of the Security Provider on which charge is proposed to be created, are free from any encumbrance and if assets are already charged, the permissions or consent to create *pari passu* or second or subservient charge on such assets has been obtained from existing charge holders.

   (iii) that the charge on the securities disclosed in paragraph 1 (i) above shall be created in favour of the Debenture Trustee prior to filing of the application for listing of the Debentures. Further, the charges created shall be registered with Sub-registrar, Registrar of Companies, Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), Depository etc., as applicable, within 30 (thirty) days of creation of charge.

2. The Security Provider declares that the information and data furnished by the Security Provider to the Debenture Trustee is true and correct and that the Debenture Trustee may in good faith rely upon the same and shall not be liable for acting or refraining from acting upon such information or data furnished to it.

3. The Security Provider hereby acknowledges and agrees that in the event of breach of the terms of this undertaking, it shall indemnify and hold harmless the Debenture Trustee for the losses, damages and costs including but not limited to any legal costs, liability or claims of third party which may arise due to breach of the terms of this undertaking.

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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4. This undertaking and any dispute, claim or obligation arising out of or in connection with it shall be governed by laws of India and the courts of Thiruvananthapuram shall have jurisdiction over any matters arising hereof.

[*signature*]

_____
[Authorised Signatory of the Security Provider]
Name: _____
Place: _____

Beacon Trusteeship Limited

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

KFC

Beacon Trusteeship Limited

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PART B: Format of undertaking from guarantor, if applicable

Date: _____

To,
The Debenture Trustee
[*insert name and address*]

UNDERTAKING

1. With reference to the [proposed] issue of senior, secured, rated, listed, redeemable, taxable non-convertible debentures each having a face value of Rs. 1,00,000/- (Indian Rupees One Lakh only), in one or more tranches, whereby the issue size of each such tranche shall be as more particularly set out in the KID in relation to that tranche (hereinafter referred to as the "**Debentures**") by **KERALA FINANCIAL CORPORATION** (the "**Issuer**") on a private placement basis, we, [•], a company registered under the provisions of Companies Act, [•], having its registered office at [•] (hereinafter referred to as the "**Guarantor**"), [pursuant to the authorization of our board of directors vide its resolution passed on [•] in this regard], hereby unequivocally and irrevocable declare, confirm and undertake as follows:

   (i) the repayment of the Debentures shall be secured, *inter alia,* by way of corporate guarantee to be furnished by the Guarantor;

   (ii) the assets of the Guarantor on which charge is proposed to be created are free from any encumbrance and if assets are already charged, the permissions or consent to create *pari passu* or second or subservient charge on such assets has been obtained from existing charge holders;

   (iii) the guarantee to be provided in relation to the Debentures shall be disclosed as "contingent liability" in the "notes to accounts" of financial statement of the Guarantor; and

   (iv) [that the security disclosed in paragraph 1 (i) above shall be created in favour of the Debenture Trustee prior to filing of the application for listing of the Debentures. Further, the charges created shall be registered with Sub-registrar, Registrar of Companies, Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI), Depository etc., as applicable, within 30 (thirty) days of creation of charge.]

2. The Guarantor declares that the information and data furnished by the Guarantor to the Debenture Trustee is true and correct and that the Debenture Trustee may in good faith rely upon the same and shall not be liable for acting or refraining from acting upon such information or data furnished to it.

3. The Guarantor hereby acknowledges and agrees that in the event of breach of the terms of this undertaking, it shall indemnify and hold harmless the Debenture Trustee for the losses, damages and costs including but not limited to any legal costs, liability or claims of third party which may arise due to breach of the terms of this undertaking.

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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4. This undertaking and any dispute, claim or obligation arising out of or in connection with it shall be governed by laws of India and the courts of Thiruvananthapuram shall have jurisdiction over any matters arising hereof.

[*signature*]

_____

Authorised Signatory of the Guarantor

Name: _____

Place: _____

Beacon Trusteeship Limited

Kerala Financial Corporation as the Issuer	Beacon Trusteeship Limited as the Debenture Trustee

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IN WITNESS WHEREOF the Issuer and the Debenture Trustee have caused these presents to be executed on the day and year first hereinabove written, in the manner hereinafter appearing:

SIGNED AND DELIVERED by **KERALA FINANCIAL CORPORATION**, in its capacity as the Issuer by the hand of _____, its authorised signatory.

SIGNED AND DELIVERED by the within-named **BEACON TRUSTEESHIP LIMITED** in its capacity as Debenture Trustee by the hand of _____, its authorised signatory.

For Beacon Trusteeship Limited

Authorised Signatory

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Annexure H

CAMEO

CAMEO CORPORATE SERVICES LIMITED

Ref: CAM/DIR/KFC/Bond/2025 09th July 2025

TO WHOMSOEVER IT MAY CONCERN

We understand that our client Kerala Financial Corporation had appointed us as Registrar and Transfer Agent for their proposed issue of Secured Bond issue to the extent of Rs.400 Cr.

We have no objection for the company including our name as Registrar and Transfer Agents in the information Memorandum.

For Cameo Corporate Services Ltd

KANTHADAI SREEPRIYA

Digitally signed by KANTHADAI SREEPRIYA
Date: 2025.07.09 10:34:39 +05'30'

Sreepriya.K
EVP & Company Secretary

'Subramanian Building', No.1, Club House Road, Chennai-600 002.
Phone: 2846 0390 (5 lines), E-mail:cameo@cameoindia.com
CIN : U67120TN1998PLC041613

Annexure I

Rating Letter - Intimation of Rating Action

Scan this QR Code to verify authenticity of this rating

Letter Issued on : June 23, 2025
Letter Expires on : June 20, 2026
Annual Fee valid till : June 20, 2026

KERALA FINANCIAL CORPORATION
25/4021, 4022,
Aswathy, Vellayambalam
Trivandrum 695033
KERALA

Kind Attn.: Mr. Mr. Premnath Ravindranath, Executive director (Tel. No.9496030174)

Sir / Madam,

Sub.: Rating(s) Reaffirmed - Debt Instruments of KERALA FINANCIAL CORPORATION

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
BOND	1000.00	ACUITE AA | Stable | Reaffirmed | Negative to Stable	-
Total Outstanding Quantum (Rs. Cr)	1000.00	-	-

Acuit® reserves the right to revise the rating(s), along with the outlook, at any time, on the basis of new information, or other circumstances which Acuit® believes may have an impact on the rating(s). Such revisions, if any, would be appropriately disseminated by Acuit® as required under prevailing SEBI guidelines and Acuit® ís policies.

This letter will expire on or on the day when Acuit® takes the next rating action, whichever is earlier. It may be noted that the rating(s) is subject to change anytime even before the expiry date of this letter. Hence lenders / investors are advised to visit https://www.acuite.in/ OR scan the QR code given above to confirm the current outstanding rating(s).

Acuit® will re-issue this rating letter on subject to receipt of surveillance fee as applicable. If the rating(s) is reviewed before , Acuit® will issue a new rating letter.

Please note that under extant SEBI regulations and as per the terms of the rating agreement, once a rating is accepted and outstanding, the issuer is required to promptly furnish the íNo Default Statemení on the first working day of every month.

Sd/-
Chief Rating Officer

This is a system generated document. No signature is required.

Annexures: A. Details of the Rated Instrument

Annexure A. Details of the rated instrument			
Instruments	Scale	Amt. (Rs. Cr)	Rating Assigned (Outlook) | Rating Action
Proposed Bond	Long-term	693.00	ACUITE AA (Stable) | Reaffirmed
Bond	Long-term	61.40	ACUITE AA (Stable) | Reaffirmed
Bond	Long-term	61.40	ACUITE AA (Stable) | Reaffirmed
Bond	Long-term	61.40	ACUITE AA (Stable) | Reaffirmed
Bond	Long-term	61.40	ACUITE AA (Stable) | Reaffirmed
Bond	Long-term	61.40	ACUITE AA (Stable) | Reaffirmed
Total Quantum Rated		**1000.00**	-

DISCLAIMER

An Acuit® rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy , sell or hold any security. Acuit® ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuit® , in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuit® is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings.Acuit® ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuit® , Acuit® is rating scale and its definitions.

Any inadvertent omission or error in the rating letter which is discovered or brought to the notice of Acuite shall be rectified as soon as reasonably practicable not later than 48 hours of such discovery or notice. Such error or omission shall not render Acuite liable to any person for any kind of loss or damage including, but not limited to, any special, incidental, indirect or consequential damages caused by errors or omissions, provided such omission or error is rectified as soon as possible after discovery/notice.

Acuite
RATINGS & RESEARCH

Press Release

June 23, 2025

KERALA FINANCIAL CORPORATION
Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	5225.00	ACUITE A+ | Stable | Reaffirmed | Negative to Stable	-
BOND	1000.00	ACUITE AA | Stable | Reaffirmed | Negative to Stable	-
Non Convertible Debentures (NCD)	1125.00	ACUITE AA | Stable | Reaffirmed | Negative to Stable	-
Non Convertible Debentures (NCD)	3.38	Not Applicable | Withdrawn	-
Bank Loan Ratings	775.00	-	ACUITE A1 | Reaffirmed
Total Outstanding	8125.00	-	-
Total Withdrawn	3.38	-	-

Rating Rationale

Acuité has reaffirmed the long term rating of **'ACUITE AA' (read as ACUITE double A)** on the Rs. 1000.00 Cr. Bonds of Kerala Financial Corporation (KFC). The outlook is revised from **'Negative'** to **'Stable'**.

Acuité has reaffirmed the long term rating of **'ACUITE AA' (read as ACUITE double A)** on the Rs. 1125.00 Cr. Non-convertible Debentures of Kerala Financial Corporation (KFC). The outlook is revised from **'Negative'** to **'Stable'.**

Acuité has reaffirmed the long term rating of **'ACUITE A+' (read as ACUITE A plus)** on the Rs. 5225.00 Cr. Long Term Bank Loan Facilities of Kerala Financial Corporation (KFC). The outlook is revised from **'Negative'** to **'Stable'**.

Acuité has reaffirmed the Short term rating of '**ACUITE A1' (read as ACUITE A one)** on the Rs. 775.00 Cr. Short Term Bank Loan Facilities of Kerala Financial Corporation (KFC).

Acuité has withdrawn the long-term rating on the Rs. 3.38 crore NCD facilities of Kerala Financial Corporation (KFC) without assigning any rating as the Instrument is fully redeemed. The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company and No Objection Certificate received from the trustee.

Rationale for rating

The revision in outlook factors the equity infusion of Rs. 200 Cr. by the Government of Kerala in March '25 and decrease in the gearing levels from 6.89 times as on March 31, 2024 to 5.88 times as on March 31, 2025.
The rating factors in majority ownership of the Government of Kerala (99.33 percent) in KFC and its strategic importance as a financial institution for assistance of Micro, Small and Medium Enterprises (MSME) sector in the state. The rating takes into account the regular support from Government of Kerala and its experienced management. KFC's capitalization levels remained moderate as indicated by CRAR of 28.62 percent as on March 31, 2025. The rating also takes into account KFC's portfolio growth (Rs. 8011.99 Cr. as on March 31, 2025 as against Rs. 7368.34 Cr. as on March 31, 2024) driven by disbursements of Rs 3918.39 Cr. during FY2025. By virtue of state government ownership and support, the corporation enjoys strong resource raising ability at a competitive rates and maintains comfortable liquidity buffers. Also for NCD, the rating takes the additional support from the Debt Service Reserve Account (DSRA) and the Structured Payment Mechanism.

The rating is however constrained on account of KFC's portfolio concentration in MSME Sector and State government entities, its moderate profitability levels and fiscal constraints faced by Government of Kerala.

About the company

Kerala Financial Corporation was incorporated in 1953, under the State Finance Corporations Act, 1951 by Government of Kerala, with an objective of rapid industrialization of the state by extending financial assistance to Micro, Small and Medium Enterprises in manufacturing and service sector. The corporation was originally established as the Travancore Cochin Financial Corporation in 1953 and consequent to 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.

Unsupported Rating

Acuite A+/Stable
(Post notch up in view of the support from Government of Kerala)

Analytical Approach

Acuité has considered the standalone approach while assessing the business and financial risk profile of KFC and has factored in the financial, operational and managerial support it receives from Kerala Government by virtue of being a State Financial Corporation. The rating factors in the high degree of Government holding in KFC along with the systematically important role played by the corporation in implementing the key financial and developmental objectives of the state. Further for NCDs, the rating also takes the support of the presence of internal credit enhancement proposed in the form of Debt Service Reserve Account (DSRA) and the Structured Payment Mechanism.

Key Rating Drivers

Strength

Ownership and Support from Government of Kerala (GoK):

KFC is a State finance corporation established under the SFC Act, 1951. The board of KFC includes representation from Government of Kerala. The Board of Directors comprise 2 bureaucrats appointed by the Government of Kerala and the others representing SIDBI, LIC of India and State Bank of India (erstwhile State bank of Travancore). The Government of Kerala is the 99.33 percent stakeholder in the corporation and is expected to support the corporation given its systemic importance to the state. KFC's capitalization levels remained adequate as denoted by a CRAR of 28.65 percent as on March 31, 2025 as against 25.52 percent as on March 31, 2024. The improvement in CRAR is attributed to equity infusion to the tune of Rs. 200 Crs. in March '25. By virtue of state government ownership and support, the corporation enjoys strong resource raising ability at lower cost of funds thereby maintaining comfortable liquidity buffers to meet its funding requirements. KFC's funding profile is supported by the State Government's moral obligation to support the capitalization levels both on an ongoing basis and in the event of distress. KFCs funding mix comprises equity contribution from its shareholders primarily GoK, Bonds and borrowings from banks. Of the overall outstanding borrowings of Rs 7808.45 Cr. as on March 31, 2025, Non-SLR Bonds comprise ~18 percent and remaining ~82 percent is bank borrowings including foreign currency loans. KFC is a Nodal Agency for several policy initiatives by the State Government of Kerala and is responsible to implement the states policy initiatives announced in the annual state budget.

The corporation in the past has operationalized various policy initiatives by GoK such as Kerala State Entrepreneur Development Mission and Interest Subvention for Innovative Projects. The corporation is presently promoting schemes such as Startup Support Scheme, Receivable Financing scheme to support various business while extending working capital loans and term loans as its own products. KFC reported loan portfolio of Rs. 8011.99 Cr. as on March 31, 2025 as against Rs. 7368.34 Cr. as on March 31, 2024.

Acuité believes that the corporation will continue to benefit from strong financial and managerial support from the State Government on an ongoing basis over the medium term.

Maintenance of principal cash collateral, DSRA along with presence of Structured Payment Mechanism for NCD:

The rating factors in the Structured Payment Mechanism (SPM) put in place by KFC to ensure timely availability of funds for servicing of debt obligations. The rating on the Rs. bonds and NCDs considers the presence of Structured Payment Mechanism wherein starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle to the bond servicing account. The Debenture Trustee shall monitor the same on T-15 day (T is the due date) and any shortfall persisting on T-9th day shall be met through transfer of requisite funds from the DSRA. The SPM is also stipulates that KFC would be required to maintain in DSRA an amount equivalent to total servicing obligation (principal plus interest) for the next two quarters on a rolling basis. KFC would also be required to maintain a cash collateral for an amount equivalent to 10% of the outstanding amount of debentures. Both, the Cash Collateral and DSRA would be in the form of cash and cash equivalent, invested in permitted instruments and would remain charged in favour of the debenture trustee. In case of any erosion from the DSRA due to transfer of funds in bond servicing account, the same shall be required to be cured within 30 days (T+30). If not the same shall be made good by transferring necessary amount of funds / investment to the DSRA from cash collateral and the Debenture Trustee should immediately inform the issuer to replenish the cash collateral amount to the stipulated level within the next 30 days (T+60). The cash collateral, DSRA, investment as per structured payment mechanism, and funds in the escrow account till such time being utilized would be permitted to remain invested in Fixed deposits with Scheduled commercial banks with preferably A1+ rating or AA or higher rating, Central or State Government securities (G Sec/T- Bills /SDL) or

AAA/AA paper rated by two SEBI/RBI approved rating agency. These investments will be pledged in favour of debenture trustee. The rating centrally assumes complete adherence to the SPM by the debenture trustee and KFC on an ongoing basis.

Weakness

Moderate profitability; albeit improving

The profitability in FY2025 stood at Rs. 98.16 Cr. (Rs 74.04 Cr for FY2024). The corporation reported Net Interest Margin of percent in 2.20 percent in FY2025 as against 2.21 percent in FY2024. The profitability continues to be supported by lower operating expenses to earning assets of 0.63 percent for FY2025 as against 0.70 percent in FY2024. The corporation's return on average assets stands increased to 1.08 percent as on March 31, 2025 (0.92 percent for FY 2024).

Acuité believes, given the challenges the company's ability to manage the additional slippages while maintaining the profitability will be key rating sensitivity.

Moderate asset quality and Concentration towards Kerala state PSUs.

KFC has moderate asset quality as the GNPA as on March 31, 2025 stood at 2.67% as compared to 2.88% as on March 31, 2024 with an on-time portfolio that has improved to 93.96 percent as on Mar 2025. Further the company also has restructured accounts amounting to Rs. 79.07 Cr. as on March 31, 2025 which reduced from Rs. 355.92 Cr. as on March 31, 2024. However, KFC has a high borrower concentration as the top twenty standard borrowers, amounted to ~Rs. 3567.83 Cr. as on Mar 31, 2025.

Moving forward KFC's ability to reduce the concentration of top borrowers and its ability to maintain NPA and restructured accounts will be key monitorables.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)

Acuite takes into consideration the benefit derived by KFC from the 99.33% ownership of Government of Kerala. Further, Structured Payment Mechanism (SPM) is put in place by KFC to ensure timely availability of funds for servicing of debt obligations.

As per the structure, the Debenture Trustee shall monitor the same on T-15 day (T is the due date) and any shortfall persisting on T-9th day shall be met through transfer of requisite funds from the DSRA, an amount equivalent to total servicing obligation (principal plus interest) for the next two quarters on a rolling basis. KFC would also be required to maintain a cash collateral for an amount equivalent to 10% of the outstanding amount of debentures. In case of any erosion from the DSRA, the same shall be required to be cured within 30 days (T+30).

Stress case Scenario

Acuite has stressed the projected cash flows against maturing repayment obligations and found that even in a stressed scenario, KFC would be able to timely meet its scheduled repayment obligations. Further, Acuite believes that given the GoK ownership, adequacy of the structure and unconditional, irrevocable and legally enforceability , KFC will be able to service its debt on time, even in a stress scenario.

ESG Factors Relevant for Rating

Not applicable

Rating Sensitivity

- Credit Profile of Kerala Government and timely support to KFC
- Movement in Asset Quality, NPA and Restructured assets
- Collection efficiency in Restructured Assets
- Sustained improvement in AUM and Profitability metrics.
- Movement in gearing and further capital infusion; Gearing < 7 times

All Covenants

For ISINs INE818F07252, INE818F07260, INE818F07278, INE818F07294, INE818F07286, INE818F07229, INE818F07237, INE818F07211, INE818F07245, INE818F07203, INE818F07153, INE818F07161, INE818F07179, INE818F07187, INE818F07195, the covenants are as follows:

1. 2% daily transfer to DSA from Day 1 of quarter; full amount to be built up by T–15
2. Shortfall by T–15 triggers cure period to T–10; draw from DSRA on T–9; from Cash Collateral by T+30 if needed
3. DSRA must hold 2 quarters' debt service obligation from allotment date; replenish within 30 days if drawn
4. Maintained from allotment; used only if both DSA & DSRA are exhausted; replenish within 7 days of use
5. First charge on DSA, DSRA, Cash Collateral (10% of face value), and identified receivables
6. Minimum security cover of 100% of principal + interest
7. Daily DSA transfers: servicing amount must be fully built up by T–15
8. Not specifically structured; DSRA and Cash Collateral provide support

For ISINs INE818F07104, INE818F07112, INE818F07120, INE818F07138, INE818F07146, the covenants are as follows:

1. Coupon split & invested in Month 3 and 5 of each period; proceeds to Escrow for payment
2. Trustee liquidates DSRA if Escrow not funded by due date
3. DSRA must be funded before Pay-in Date
4. 20% of outstanding principal; lien-marked; liquidated if principal not funded
5. First exclusive charge over eligible receivables, payment accounts, investments; minimum cover 1.10x
6. Minimum security cover of 1.10x throughout tenor
7. Coupon split & invested on Month 3 & 5; matures T–1; paid via Escrow
8. Trustee will liquidate investments if issuer fails to fund

For ISINs INE818F07062, INE818F07088:

1. Coupon split & invested; Escrow funded by T–1; DSRA must hold full coupon amount
2. Trustee liquidates DSRA for coupon default; cash collateral used if DSRA insufficient
3. Funded with upcoming coupon amount before Pay-in; invested in permitted instruments
4. 20% cash collateral maintained & lien-marked; used if principal shortfall occurs
5. Security cover includes hypothecation over receivables, escrow-linked accounts & permitted investments
6. Minimum security cover of 1.10x
7. Coupon split into two tranches; invested & paid via Escrow
8. Principal amount due must be invested by T–7; proceeds used for redemption

Liquidity Position

Adequate

KFC's overall liquidity profile remains well matched with no negative cumulative mis-matches in near to medium term as per ALM dated March 31, 2025. The company is in talks with various lenders to raise long term debt. The company's liquidity position is supported by Cash and Bank Balance of Rs 334.51 Cr. as on March 31, 2025, unutilised bank limits of Rs. 200 Cr. and unmarked FDs of Rs. 100 Cr. The liquidity also factors support from GoK for any refinancing requirements, if needed.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY25 (Actual)	FY24 (Actual)
Total Assets	Rs. Cr.	9490.37	8706.39
Total Income*	Rs. Cr.	209.61	185.37
PAT	Rs. Cr.	98.16	74.04
Net Worth	Rs. Cr.	1328.49	1051.64
Return on Average Assets (RoAA)	(%)	1.08	0.92
Return on Average Net Worth (RoNW)	(%)	8.25	7.52
Total Debt/Tangible Net worth (Gearing)	Times	5.88	6.89
Gross NPA	(%)	2.67	2.88
Net NPA	(%)	0.61	0.68

*Total income equals to Net Interest Income plus Other Income

Status of non-cooperation with previous CRA (if applicable):

Not applicable

Any other information

None

Applicable Criteria

• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
• Banks And Financial Institutions: https://www.acuite.in/view-rating-criteria-45.htm
• Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm

• Group And Parent Support: https://www.acuite.in/view-rating-criteria-47.htm
• State Government Ratings : https://www.acuite.in/view-rating-criteria-26.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Aug 2024	Proposed Long Term Loan	Long Term	332.60	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	129.18	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	41.67	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	62.50	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	375.03	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	80.18	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	3.00	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	160.00	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	93.75	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	500.00	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	305.56	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	133.33	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	266.66	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	300.00	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	162.50	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	185.00	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	102.00	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	195.00	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	395.00	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	430.00	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	395.80	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	72.74	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	116.00	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	26.25	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	195.00	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	22.50	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	112.50	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	71.25	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Term Loan	Long Term	75.00	ACUITE A+ | Negative (Reaffirmed (Stable to Negative))
	Secured Overdraft	Short Term	100.00	ACUITE A1 (Reaffirmed)
	Secured Overdraft	Short Term	50.00	ACUITE A1 (Reaffirmed)

Secured Overdraft	Short Term	50.00	ACUITE A1 (Reaffirmed)
Secured Overdraft	Short Term	10.00	ACUITE A1 (Reaffirmed)
Secured Overdraft	Short Term	200.00	ACUITE A1 (Reaffirmed)
Secured Overdraft	Short Term	250.00	ACUITE A1 (Reaffirmed)
Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Proposed Bond	Long Term	693.00	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	54.70	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	54.70	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	54.70	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	54.70	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	54.70	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	3.38	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Bond	Long Term	61.40	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Bond	Long Term	61.40	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Bond	Long Term	61.40	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Bond	Long Term	61.40	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Bond	Long Term	61.40	ACUITE AA | Negative (Reaffirmed (Stable to Negative))
Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE Not Applicable (Withdrawn)
Non-Covertible Debentures (NCD)	Long Term	16.30	ACUITE Not Applicable (Withdrawn)
Non-Covertible Debentures (NCD)	Long Term	10.45	ACUITE Not Applicable (Withdrawn)
Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE Not Applicable (Withdrawn)
Proposed Non Convertible Debentures	Long Term	406.00	ACUITE Not Applicable (Withdrawn)
Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE Not Applicable (Withdrawn)

09 Aug 2023	Term Loan	Long Term	500.00	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	100.00	ACUITE A+ | Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	28.35	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	984.72	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	270.83	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	1647.45	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	916.64	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	212.19	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	399.25	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	39.58	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	200.00	ACUITE A+ | Stable (Reaffirmed)
	Short-term Loan	Short Term	250.00	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	100.00	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	40.99	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	100.00	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	10.00	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	200.00	ACUITE A1 (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	406.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	16.30	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	10.45	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	4.75	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Stable (Reaffirmed)

	Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Stable (Reaffirmed)
	Proposed Bond	Long Term	1000.00	ACUITE AA | Stable (Assigned)
	Non-Covertible Debentures (NCD)	Long Term	54.70	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	54.70	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	54.70	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	54.70	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	54.70	ACUITE AA | Stable (Reaffirmed)
04 Aug 2023	Proposed Long Term Loan	Long Term	504.70	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	270.83	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	916.64	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	212.19	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	399.25	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	54.17	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	200.00	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	1647.50	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	984.72	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	100.00	ACUITE A+ | Stable (Reaffirmed)
	Short-term Loan	Short Term	100.00	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	50.00	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	100.00	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	250.00	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	10.00	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	200.00	ACUITE A1 (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	273.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	95.30	ACUITE AA | Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	406.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	16.30	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	10.45	ACUITE AA | Stable (Reaffirmed)

	Non-Covertible Debentures (NCD)	Long Term	4.75	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
06 Jan 2023	Proposed Long Term Loan	Long Term	618.00	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	763.00	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	304.00	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	1292.00	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	1000.00	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	212.00	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	488.00	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	173.00	ACUITE A+ | Stable (Reaffirmed)
	Term Loan	Long Term	200.00	ACUITE A+ | Stable (Reaffirmed)
	Short-term Loan	Short Term	250.00	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	100.00	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	500.00	ACUITE A1 (Reaffirmed)
	Short-term Loan	Short Term	100.00	ACUITE A1 (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	406.00	ACUITE AA | Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	750.00	ACUITE AA | Stable (Assigned)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	50.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)

	Non-Covertible Debentures (NCD)	Long Term	16.30	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	10.45	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	4.75	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
07 Sep 2022	Proposed Long Term Loan	Long Term	1075.00	ACUITE A+ | Stable (Assigned)
	Term Loan	Long Term	829.00	ACUITE A+ | Stable (Assigned)
	Term Loan	Long Term	304.00	ACUITE A+ | Stable (Assigned)
	Term Loan	Long Term	841.00	ACUITE A+ | Stable (Assigned)
	Term Loan	Long Term	900.00	ACUITE A+ | Stable (Assigned)
	Term Loan	Long Term	212.00	ACUITE A+ | Stable (Assigned)
	Term Loan	Long Term	489.00	ACUITE A+ | Stable (Assigned)
	Term Loan	Long Term	200.00	ACUITE A+ | Stable (Assigned)
	Term Loan	Long Term	200.00	ACUITE A+ | Stable (Assigned)
	Short-term Loan	Short Term	175.00	ACUITE A1 (Assigned)
	Short-term Loan	Short Term	60.00	ACUITE A1 (Assigned)
	Short-term Loan	Short Term	491.00	ACUITE A1 (Assigned)
	Short-term Loan	Short Term	50.00	ACUITE A1 (Assigned)
	Proposed Short Term Loan	Short Term	174.00	ACUITE A1 (Assigned)
	Non-Covertible Debentures (NCD)	Long Term	31.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	62.50	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	250.00	ACUITE AA | Stable (Reaffirmed)
	Non-Covertible Debentures (NCD)	Long Term	250.00	ACUITE AA | Stable (Reaffirmed)
	Proposed Non Convertible Debentures	Long Term	406.00	ACUITE AA | Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	INE818F07252	Bond	13 Mar 2024	8.89	13 Mar 2030	61.40	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07260	Bond	13 Mar 2024	8.89	13 Mar 2031	61.40	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07278	Bond	13 Mar 2024	8.89	13 Mar 2032	61.40	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07294	Bond	13 Mar 2024	8.89	13 Mar 2033	61.40	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07286	Bond	13 Mar 2024	8.89	13 Mar 2034	61.40	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07153	Non-Convertible Debentures (NCD)	24 Mar 2023	8.9	30 Mar 2029	95.30	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07161	Non-Convertible Debentures (NCD)	24 Mar 2023	8.9	29 Mar 2030	95.30	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07179	Non-Convertible Debentures (NCD)	24 Mar 2023	8.9	31 Mar 2031	95.30	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07187	Non-Convertible Debentures (NCD)	24 Mar 2023	8.9	31 Mar 2032	92.20	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07195	Non-Convertible Debentures (NCD)	24 Mar 2023	8.9	24 Mar 2033	95.30	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07187	Non-Convertible Debentures (NCD)	24 Apr 2023	8.90	31 Mar 2032	3.10	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07120	Non-Convertible Debentures (NCD)	14 Sep 2020	7.70	14 Sep 2028	12.50	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07120	Non-Convertible Debentures (NCD)	14 Sep 2020	7.70	14 Sep 2028	35.75	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07138	Non-Convertible Debentures (NCD)	14 Sep 2020	7.70	14 Sep 2029	26.75	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07104	Non-Convertible Debentures (NCD)	14 Sep 2020	7.70	14 Sep 2026	50.00	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07112	Non-Convertible Debentures (NCD)	14 Sep 2020	7.70	14 Sep 2027	50.00	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07120	Non-Convertible	14 Sep 2020	7.70	14 Sep 2028	1.75	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable

		Debentures (NCD)						
Not Applicable	INE818F07138	Non-Convertible Debentures (NCD)	14 Sep 2020	7.70	14 Sep 2029	23.25	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07146	Non-Convertible Debentures (NCD)	14 Sep 2020	7.70	14 Sep 2030	50.00	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07062	Non-Convertible Debentures (NCD)	09 Jul 2019	8.99	09 Jul 2025	62.50	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07088	Non-Convertible Debentures (NCD)	09 Jul 2019	8.99	09 Jul 2026	62.50	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07229	Non-Convertible Debentures (NCD)	02 May 2023	8.63	30 Mar 2029	54.70	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07237	Non-Convertible Debentures (NCD)	02 May 2023	8.63	29 Mar 2030	54.70	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07211	Non-Convertible Debentures (NCD)	02 May 2023	8.63	31 Mar 2031	54.70	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07245	Non-Convertible Debentures (NCD)	02 May 2023	8.63	31 Mar 2032	54.70	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07203	Non-Convertible Debentures (NCD)	02 May 2023	8.63	24 Mar 2033	54.70	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	INE818F07054	Non-Convertible Debentures (NCD)	04 Apr 2018	8.69	04 Apr 2025	2.03	Simple	Not Applicable|Withdrawn
Not Applicable	INE818F07054	Non-Convertible Debentures (NCD)	04 Apr 2018	8.69	04 Apr 2025	1.35	Simple	Not Applicable|Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Bond	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	693.00	Simple	ACUITE AA | Stable | Reaffirmed | Negative to Stable
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	159.92	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Federal Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	250.00	Simple	ACUITE A1 | Reaffirmed
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE A1 | Reaffirmed
State Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A1 | Reaffirmed
South Indian Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A1 | Reaffirmed
City Union Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not	Not avl. / Not	Not avl. / Not appl.	25.00	Simple	ACUITE A1 | Reaffirmed

			appl.	appl.				
Federal Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	200.00	Simple	ACUITE A1 | Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE A1 | Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Dec 2030	115.62	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2030	500.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Federal Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jan 2028	50.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	21 Dec 2026	5.06	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2029	297.50	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Dhanlaxmi Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2030	75.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	27 Dec 2030	298.75	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2027	25.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	21 Aug 2026	37.50	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Bank of Maharashtra	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	22 Sep 2029	291.57	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 May 2027	2.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
South Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	24 Jun 2028	130.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Dhanlaxmi Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	23 Mar 2028	68.75	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Indian Overseas Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	25 Aug 2030	458.33	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2027	194.44	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2027	100.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Jun 2028	216.65	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	16 Mar 2029	266.66	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Union Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Oct 2027	112.50	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable

State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2026	115.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	18 Nov 2027	74.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2028	153.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Sep 2029	325.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Jul 2031	360.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Bank of Maharashtra	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2029	312.50	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2026	72.50	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Feb 2028	19.25	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Mar 2028	156.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Dec 2028	18.75	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Dec 2028	93.75	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	28 Mar 2029	60.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 May 2029	60.00	Simple	ACUITE A+ | Stable | Reaffirmed | Negative to Stable

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company name
1	GOVERNMENT OF KERALA
2	KERALA FINANCIAL CORPORATION

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Press Release

Kerala Financial Corporation (KFC)

December 10, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Non-Convertible Debentures (NCDs)	1435.38	IVR AA/ Stable (IVR Double A with Stable Outlook)	IVR AA/ Stable (IVR Double A with Stable Outlook)	Reaffirmed	Simple
Proposed Non-Convertible Debentures (NCDs)	693.00 (Decreased from 767.32)	IVR AA/ Stable (IVR Double A with Stable Outlook)	IVR AA/ Stable (IVR Double A with Stable Outlook)	Reaffirmed	Simple
Total	**2128.38 (Rupees Two Thousand one hundred and twenty-eight crore and thirty-eight lakh Only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics ratings has reaffirmed its ratings assigned to non-convertible debentures of Kerala Financial Corporation (KFC) as it continues to derive comfort the ownership of Government of Kerala and strategic importance of KFC in achieving the socio-economic objectives of the government, comfortable capitalisation, and structured payment mechanism for the NCDs. However, the ratings are constrained by moderate financial profile of Government of Kerala, average, albeit improving asset quality and moderate profitability coupled with high gearing.

The Stable Outlook reflects the continued benefits derived from Govt of Kerala and expectations of stable AUM growth along with stable earnings profile over FY25-FY27.

Key Rating Sensitivities:

Upward Factors

- Substantial scaling up its operations, improving its profitability, while maintaining healthy asset quality, capital position and liquidity.
- Substantial improvement in the fiscal position of Government of Kerala

Downward Factors

- Adverse movement in the collection efficiency which impacts the asset quality and the credit costs of the corporation which in turn impacts the profitability for the corporation.
- Substantial deterioration in the fiscal position of Government of Kerala

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Ownership of Government of Kerala and strategic importance of the corporation
Kerala Financial Corporation (KFC) was incorporated under the State Financial Corporations Act of 1951, with an objective of development and industrialization of Kerala, extending financial assistance to Micro, Small and Medium Enterprises in manufacturing and service sector. The Govt of Kerala holds majority shareholding of 99.14%, followed by Small Industries Development Bank of India (SIDBI) (0.84%), Life Insurance Corporation (LIC) (0.01%) and State Bank of India (SBI) at (0.003%). KFC also acts as a nodal agency for several policy initiatives of the State Govt and is responsible for implementing the state's policy initiatives announced in the annual state budget. Given the strategic importance of the corporation in overall growth of the state and implementation of its schemes/policies of the state government, the corporation receives regular financial support from the state government.

Comfortable Capitalisation
KFC is comfortably capitalized with total CRAR of 25.52% at the end of FY24 (period refers from 01st April 2023 to 31st March 2024) (25.58% - FY23) as against the minimum regulatory requirement of 15% as on 31 March 2024. The corporation has a tangible net worth of Rs 1,063.67 crore as on 31 March 2024 (Rs.917.04 crore – FY23). Further CRAR and TNW

improved to 27.38% and Rs. 1,127.91 crore respectively in H1FY25 with retention of profits along with lower growth in AUM.

Structured payment mechanism

The bonds issued by KFC have a strong structure and inbuilt payment mechanism apart from the charge on receivables which helps them to raise bonds at competitive rates. Outstanding bonds which were raised till FY22 of Rs. 378.38 Crores are secured by "Debt Service Reserve Account" (DSRA) where an amount equivalent to 2 quarters debt repayment (Principal and Interest) is maintained throughout the tenure of the bonds, cash collateral in the form of fixed deposit equivalent to 20% and the DSRA for bonds raised in FY23 and FY24 worth Rs. 1057.00 stood at 10% of the outstanding principal and amount equivalent to principal repayment of respective year shall be brought in by T-7 (T is the due date) and the said amount will be invested in permitted investments. The maturity proceeds of the said investment will be credited directly to the designated escrow account and will be utilized for principal redemption process.

For the proposed NCDs of Rs 693.00 Crores, are secured by "Debt Service Reserve Account" where an amount equivalent to 2 quarters debt repayment (Principal and Interest) is maintained throughout the tenure of the bonds, cash collateral in the form of fixed deposit equivalent to 10% of the outstanding principal and the presence of Structured Payment Mechanism wherein starting from the 1st day of each quarterly servicing cycle, KFC should remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle to the bond servicing account. The Debenture Trustee shall monitor the same on T-15 day (T is the due date) and any shortfall persisting on T-10th day shall be met through transfer of requisite funds from the DSRA. Both, the Cash Collateral and DSRA would be in the form of cash and cash equivalent, invested in permitted instruments and would remain charged in favour of the debenture trustee. In case of any erosion from the DSRA due to transfer of funds in bond servicing account, the same shall be required to be cured within 30 days (T+30).

Key Rating Weaknesses

Moderate financial profile of Government of Kerala

The Gross State Domestic Product (GSDP) of the state for 2024-25 (at current prices) is projected to be Rs 13.11 lakh crore amounting to growth of 11.70% over 2023-24. Fiscal deficit for 2024-25 is targeted at 3.4% of GSDP (Rs 44,529 crore). In 2023-24, as per the revised estimates, fiscal deficit is expected to be 3.45% of GSDP, lower than the budget estimate of 3.5% of GSDP. Revenue deficit in 2024-25 is estimated to be 2.1% of GSDP (Rs 27,846 crore), marginally higher than the revised estimates for 2023-24 (2.09% of GSDP). In 2023-24, the revenue deficit is expected to be higher than the budget estimate (2.7% of GSDP).

Average, albeit improving asset quality

Given the socio-economic objective of the corporation, where it provides financial assistance to MSME sector and considering the risks associated with lending to MSME sector, the asset quality of the corporation remains average. Though, the asset quality of the corporation has improved in FY24 on the back of better recovery efforts and persistent monitoring with GNPA and NNPA of the corporation stood at 2.88% and 0.68% respectively from 3.11% and 0.74% respectively in FY23. However, the GNPA and NNPA deteriorated to 4.51% and 2.14% respectively in H1FY25 (5.10% and 3.20% respectively in H1FY24) on account of fresh slippages. The same is expected to improve by the end of FY25 as the corporation provides provisions and write -offs at the end of the year along with expected AUM growth in 2HFY25 as well as expectations of no significant slippages. Infomerics believes that given the business model of the corporation and its exposure to MSME sector, the asset quality continues to be under pressure.

Moderate profitability coupled with high gearing.

Being a state owned NBFC which main objective is to provide financial assistance towards the growth of MSME sector in the state by providing loans at subsidised costs, KFCs profitability remains moderate with NIMs of 1.59% for FY24 (2.34% in FY23). Given the high impairment cost (Rs 135.45 crore for FY24 and Rs 155.40 crore in FY23), the profitability of the corporation remains moderate with ROTA of 0.93% in FY24 (0.80% - FY23) and RONW of 8.07% in FY24 (6.14% - FY23). Also, given that the majority of the loan portfolio growth is funded by external debt, the gearing of the corporation remains high at 6.81x in FY24 (6.75x

- FY23). Going forward, the ability of the corporation to raise more capital and bring down the gearing levels will be a key rating monitorable.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Non-Banking Finance companies

Criteria of assigning Rating Outlook.

Complexity level of rated instruments/Facilities

Financial Ratios & Interpretation (Financial Sector)

Policy on Default Recognition and Post-Default Curing Period

Criteria for Government support

Liquidity – Strong

The Corporation is adequately capitalized with total CRAR (%) of 25.52% as on 31 March 2024, and Net worth of Rs 1063.67 Crores. Also, it has adequately matched asset liability profile as on 30 September 2024. As on 30 September 2024, the corporation have liquidity of Rs. 1453.68 crore in the form of cash and bank balances, unutilised bank limits and unmarked FDs.

About the Company

Kerala Financial Corporation (KFC) was incorporated under the State Financial Corporations Act of 1951 with an objective of rapid industrialization of the state by extending financial assistance to Micro, Small and Medium Enterprises in manufacturing and service sector. 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. KFC has 22 Branch Offices with its Head Quarters at Thiruvananthapuram and Zonal Offices at Kozhikode, Ernakulam and Thiruvananthapuram. Dr. Sriram Ventikaraman, IAS is the current Managing Director of KFC. KFC also acts as a state Nodal Agency for several policy initiatives by the State Government of Kerala (GoK) and is responsible to implement the states policy initiatives announced in the annual state budget. The board of KFC includes representation from Government of Kerala. The Board of Directors comprise 3

bureaucrats appointed by the Government of Kerala and the other directors representing SIDBI, LIC of India, and State Bank of India (erstwhile State bank of Travancore). The Government of Kerala holds 99.14% stake in the corporation and is expected to support the corporation as and when required, given its systemic importance to the state.

Financials (Standalone)*: **Rs in Crores**

For the year ended As on	31-03-2023	31-03-2024
	Audited	Audited
Total Income	694.38	868.72
PAT	50.19	74.04
Tangible Net Worth	917.04	1063.67
Total Debt	6,186.92	7248.16
Total Loan Assets/AUM	6,529.40	7368.33
Ratios		
ROTA (%)	0.80	0.93
Total CRAR (%)	25.58	25.52
Gross NPA (%)	3.11	2.88
Net NPA (%)	0.74	0.68
Overall Gearing (Times)	6.75	6.81
Interest Coverage (Times)	1.21	1.19

***Classification as per Infomerics' standards**

Status of non-cooperation with previous CRA: Not applicable

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 July 18, 2024	Date(s) & Rating(s) assigned in 2023-24 Dec 13, 2023	Date(s) & Rating(s) assigned in 2022-23 Feb 21, 2023
1.	NCDs	Long Term	1435.38	IVR AA/ Stable	IVR AA/ Stable	IVR AA/ Stable	IVR AA/ Stable
2.	Proposed NCDs	Long Term	693.00	IVR AA/ Stable	IVR AA/ Stable	IVR AA/ Stable	IVR AA/ Stable
3.	NCDs	Long Term	-	-	-	-	IVR AA/ Stable

Name and Contact Details of the Rating Analyst:

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Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities/Instrument

(Rs. In Crore)

Name of Facility/ Instrument	ISIN	Date of Issuance	Coupon Rate/ IRR %	Maturity Date	Size of Facility (As on 09 July 2024)	Listing Status	Rating
NCDs	INE818F07054	04-04-2018	8.69%	04-04-2025	3.38	Listed	IVR AA/Stable
NCDs	INE818F07062	09-07-2019	8.99%	09-07-2025	62.50	Listed	IVR AA/Stable
NCDs	INE818F07088	09-07-2019	8.99%	09-07-2026	62.50	Listed	IVR AA/Stable
NCDs	INE818F07104	14-09-2020	7.70%	14-09-2026	50.00	Listed	IVR AA/Stable
NCDs	INE818F07112	14-09-2020	7.70%	14-09-2027	50.00	Listed	IVR AA/Stable
NCDs	INE818F07120	14-09-2020	7.70%	14-09-2028	50.00	Listed	IVR AA/Stable
NCDs	INE818F07138	14-09-2020	7.70%	14-09-2029	50.00	Listed	IVR AA/Stable
NCDs	INE818F07146	14-09-2020	7.70%	14-09-2030	50.00	Listed	IVR AA/Stable
NCDs	INE818F07153	24-03-2023	8.90%	30-03-2029	95.30	Listed	IVR AA/Stable
NCDs	INE818F07161	24-03-2023	8.90%	29-03-2030	95.30	Listed	IVR AA/Stable
NCDs	INE818F07179	24-03-2023	8.90%	31-03-2031	95.30	Listed	IVR AA/Stable
NCDs	INE818F07187	24-03-2023	8.90%	31-03-2032	95.30	Listed	IVR AA/Stable
NCDs	INE818F07195	24-03-2023	8.90%	24-03-2033	95.30	Listed	IVR AA/Stable

NCDs	INE818F07229	02-05-2023	8.63%	30-03-2029	54.70	Listed	IVR AA/Stable
NCDs	INE818F07237	02-05-2023	8.63%	29-03-2030	54.70	Listed	IVR AA/Stable
NCDs	INE818F07211	02-05-2023	8.63%	31-03-2031	54.70	Listed	IVR AA/Stable
NCDs	INE818F07245	02-05-2023	8.63%	31-03-2032	54.70	Listed	IVR AA/Stable
NCDs	INE818F07203	02-05-2023	8.63%	24-03-2033	54.70	Listed	IVR AA/Stable
NCDs	INE818F07252	13-03-2024	8.89%	13-03-2030	61.40	Listed	IVR AA/Stable
NCDs	INE818F07260	13-03-2024	8.89%	13-03-2031	61.40	Listed	IVR AA/Stable
NCDs	INE818F07278	13-03-2024	8.89%	13-03-2032	61.40	Listed	IVR AA/Stable
NCDs	INE818F07294	13-03-2024	8.89%	13-03-2033	61.40	Listed	IVR AA/Stable
NCDs	INE818F07286	13-03-2024	8.89%	13-03-2034	61.40	Listed	IVR AA/Stable
Proposed NCDs					693.00	TBD	
Total					**2128.38**		

Annexure 2: Facility wise lender details: Not applicable

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:

Key Terms for the NCD issue - INE818F07054 for Rs 3.38 Crores

Instrument name	SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES.
Issuer	Kerala Financial Corporation
Issue size	Rs 3.38 Crores (INE818F07054 for Rs 3.38 Crores)
Issue date	04/04/2018
Maturity date	04/04/2025
Coupon (Fixed)	8.69%
Coupon payment frequency	Half yearly
Objects of the issue	Working capital requirements
Redemption structure	The series would be redeemed in 4 equal instalments of 25% of the aggregate issue size, with redemption of Series A starting on the date falling at the expiry of 4th year from the date of allotment, Series B starting on the date falling at the expiry of 5th year from the date of allotment and so on.
Key Covenants	The Corporation shall, prior to the pay-in date, deposit into the DSRA an amount equal to the succeeding coupon payment required to be paid by the corporation in respect of the debentures and shall maintain the same on a rolling basis.

	The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Corporation shall, prior to the pay-in date, create permitted investments in terms of transaction documents for an amount equivalent to 20% of the outstanding principal amount of the debentures. At any time, if the Corporation fails to sufficiently fund the NCD interest payment account on T-7 days, the debenture trustee would initiate the liquidation of the DSRA amount to ensure proceeds are available on T-1 day towards the payment due on the NCDs by the due date, i.e. day T. At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Key Terms for the NCD issue of Rs 125.00 Crores -, INE818F07062 and INE818F07088 for Rs 62.50 Crores each

Instrument name	8.99% SECURED REDEEMABLE NON-CONVERTIBLE BONDS.
Issuer	Kerala Financial Corporation
Issue size	Rs 125.00 Crores (INE818F07062 and INE818F07088 for Rs 62.50 Crores each)
Issue date	09/07/2019
Maturity date	09/07/2025 and 09/07/2026
Coupon (Fixed)	8.99%
Coupon payment frequency	Half yearly
Objects of the issue	Working capital requirements
Redemption structure	The series would be redeemed in 4 equal instalments of 25% of the aggregate issue size, with redemption of Series A starting on the date falling at the expiry of 4th year from the date of allotment, Series B starting on the date falling at the expiry of 5th year from the date of allotment and so on.
Key Covenants	The Corporation shall, prior to the pay-in date, deposit into the DSRA an amount equal to the succeeding coupon payment required to be

	paid by the corporation in respect of the debentures and shall maintain the same on a rolling basis. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Corporation shall, prior to the pay-in date, create permitted investments in terms of transaction documents for an amount equivalent to 20% of the outstanding principal amount of the debentures. At any time, if the Corporation fails to sufficiently fund the NCD interest payment account on T-7 days, the debenture trustee would initiate the liquidation of the DSRA amount to ensure proceeds are available on T-1 day towards the payment due on the NCDs by the due date, i.e. day T. At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Key Terms for the NCD issue of Rs 250.00 Crores - INE818F07104, INE818F07112, INE818F07120, INE818F07138, INE818F07146 for Rs 50.00 Crores each

Instrument name	SECURED, RATED, LISTED, REDEEMABLE, TAXABLE, NON-CONVERTIBLE BOND / DEBENTURES.
Issuer	Kerala Financial Corporation
Issue size	Rs 250 Crores (INE818F07104, INE818F07112, INE818F07120, INE818F07138, INE818F07146 for Rs 50.00 Crores each)
Issue date	14/09/2020
Maturity date	14/09/2026, 14/09/2027, 14/09/2028, 14/09/2029 and 14/09/2030 respectively
Coupon (Fixed)	7.70%
Coupon payment frequency	Half yearly
Objects of the issue	Working capital requirements
Redemption structure	The series would be redeemed in 5 equal instalments of 20% of the aggregate issue size, with redemption of Series A starting on the date falling at the expiry of 6th year from the date of allotment, Series B

	starting on the date falling at the expiry of 7th year from the date of allotment and so on.
Key Covenants	The Corporation shall, prior to the pay-in date, deposit into the DSRA an amount equal to the succeeding coupon payment required to be paid by the corporation in respect of the debentures and shall maintain the same on a rolling basis. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Corporation shall, prior to the pay-in date, create permitted investments in terms of transaction documents for an amount equivalent to 20% of the outstanding principal amount of the debentures. At any time, if the Corporation fails to sufficiently fund the NCD interest payment account on T-7 days, the debenture trustee would initiate the liquidation of the DSRA amount to ensure proceeds are available on T-1 day towards the payment due on the NCDs by the due date, i.e. day T. At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Key Terms for the NCD issue of Rs 273.50 Crores - INE818F07229, INE818F07237, INE818F07211, INE818F07245, INE818F07203 for Rs 54.70 Crores each

Instrument name	8.63% SENIOR, SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES
Issuer	Kerala Financial Corporation
Issue size	Rs 273.50 Crores (INE818F07229, INE818F07237, INE818F07211, INE818F07245, INE818F07203 for Rs 54.70 Crores each)
Issue date	02/05/2023
Maturity date	30/03/2029, 29/03/2030, 31/03/2031, 31/03/2032 and 24/03/2033 respectively
Coupon (Fixed)	8.63%
Coupon payment frequency	Quarterly
Objects of the issue	Working capital requirements

Redemption structure	Each series would be redeemed in 4 equal instalments of 5% of the aggregate issue size, with redemption of Series A starting from the end of 21st quarter, Series B starting from end of 25th quarter and so on.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Breach of any covenants other than those in respect of payment default and maintenance of security cover would have a cure period of 30 days beyond which it would be construed as an event of default (EOD)
Cash Collateral	The Issuer shall, prior to the Pay-in Date, create permitted investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") for an amount equivalent to 10% (Ten percent) of the outstanding principal amount of the Debentures ("Cash Collateral Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount as permitted investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds / investments to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60)
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow account - "KFC DSRA Account Series II 2023" exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series III, Series IV, etc.) An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the date of pay in.
Structured Payment Mechanism	The Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued to KFC Bond Servicing Account Series II 2023. Shortfall of transfer (if any) on any particular day would get cumulative and be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the KFC Bond Servicing Account Series II 2023. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents.

	The Debenture Trustee should independently monitor the adequacy of collection in the KFC BOND SERVICING ACCOUNT SERIES II 2023 on T-15th day and inform KFC through written communication, to fund the short-fall if any by T-10th day. This should also be intimated to the concerned Credit Rating agencies. In the event of such shortfall in KFC BOND SERVICING ACCOUNT SERIES II 2023 not getting fully bridged through payments by KFC by T-10th day, the Debenture Trustee would on T-9th day meet such shortfall by transferring funds from the KFC DSRA BOND SERIES II 2023 and make the necessary payments to the Bond Holders on the due date. However, the T-15th day notice to KFC to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to KFC DSRA BOND SERIES II 2023 to make good the impairment. Further, If any overdues on account of past servicing from KFC DSRA BOND SERIES II 2023 continues to remain till T+30th day, then such overdue amount would be replenished by Cash Collateral available and a notice to issuer to replenish Cash Collateral within next 30 days i.e. T+60th day. In the event of the above not being adhered, the Debenture Trustee would give a final notice to the Issuer for the full replenishment of DSRA and Cash Collateral Permitted Investment within next 7 days. Failing which would lead to an Event of Default (EOD). At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Key Terms for the NCD issue of Rs 250.00 Crores and green shoe option of INR 226.50 Crores - INE818F07153, INE818F07161, INE818F07179, INE818F07187, INE818F07195 for Rs 95.30 Crores each

Instrument name	8.90% SENIOR, SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES.
Issuer	Kerala Financial Corporation
Issue size	Rs 250.00 Crores s and green shoe option of INR 226.50 Crores - INE818F07153, INE818F07161, INE818F07179, INE818F07187, INE818F07195 for Rs 95.30 Crores each
Issue date	24/03/2023
Maturity date	30/03/2029, 29/03/2030, 31/03/2031, 31/03/2032 and 24/03/2033 respectively

Coupon (Fixed)	8.90%
Coupon payment frequency	Quarterly
Objects of the issue	Working capital requirements
Redemption structure	Each series would be redeemed in 4 equal instalments of 5% of the aggregate issue size, with redemption of Series A starting from the end of 21st quarter, Series B starting from end of 25th quarter and so on.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Breach of any covenants other than those in respect of payment default and maintenance of security cover would have a cure period of 30 days beyond which it would be construed as an event of default (EOD)
Cash Collateral	The Issuer shall, prior to the Pay-in Date, create permitted investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") for an amount equivalent to 10% (Ten percent) of the outstanding principal amount of the Debentures ("Cash Collateral Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount as permitted investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds / investments to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60)
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow account - "KFC DSRA Account Series I 2023" exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series II, Series III, etc.) An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited at least one day prior to the date of pay in. Prior to commencement of principal redemption (from the end of 21st and 22nd quarter), the DSRA would need to be suitably augmented within 15 days after the expiry of the 19th and 20th quarter to take care of this enhanced servicing liability.
Structured Payment Mechanism	The Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued to KFC Bond Servicing Account Series I 2023. Shortfall of transfer (if any) on any particular day would get cumulative and be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above

	mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the KFC Bond Servicing Account Series I 2023. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Debenture Trustee should independently monitor the adequacy of collection in the KFC BOND SERVICING ACCOUNT SERIES I 2023 on T-15th day and inform KFC through written communication, to fund the short-fall if any by T-10th day. This should also be intimated to the concerned Credit Rating agencies. In the event of such shortfall in KFC BOND SERVICING ACCOUNT SERIES I 2023 not getting fully bridged through payments by KFC by T-10th day, the Debenture Trustee would on T-9th day meet such shortfall by transferring funds from the KFC DSRA BOND SERIES I 2023 and make the necessary payments to the Bond Holders on the due date. However, the T-15th day notice to KFC to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to KFC DSRA BOND SERIES I 2023 to make good the impairment. Further, If any overdues on account of past servicing from KFC DSRA BOND SERIES II 2023 continues to remain till T+30th day, then such overdue amount would be replenished by Cash Collateral available and a notice to issuer to replenish Cash Collateral within next 30 days i.e. T+60th day. In the event of the above not being adhered, the Debenture Trustee would give a final notice to the Issuer for the full replenishment of DSRA and Cash Collateral Permitted Investment within next 7 days. Failing which would lead to an Event of Default (EOD). At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Key Terms for the NCD issue of Rs 307.00 Crores - INE818F07252, INE818F07260, INE818F07278, INE818F07294, INE818F07286 for Rs 61.40 Crores each

Instrument name	8.89% SENIOR, SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES
Issuer	Kerala Financial Corporation

Issue size	Rs 307.00 Crores (INE818F07252, INE818F07260, INE818F07278, INE818F07294, INE818F07286 for Rs 61.40 Crores each)
Issue date	13/03/2024
Maturity date	13/03/2030, 13/03/2031, 13/03/2032, 13/03/2033 and 13/03/2034 respectively
Coupon (Fixed)	8.89%
Coupon payment frequency	Quarterly
Objects of the issue	Working capital requirements
Redemption structure	Each of sub series would be redeemed in 4 equal instalments of 5% of the aggregate issue size, with redemption of sub series A starting from the end of 21st quarter, Series B starting from end of 25th quarter and so on.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Breach of any covenants other than those in respect of payment default and maintenance of security cover would have a cure period of 30 days beyond which it would be construed as an event of default (EOD)
Cash Collateral	The Issuer shall, prior to the Pay-in Date, create permitted investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") for an amount equivalent to 10% (Ten percent) of the outstanding principal amount of the Debentures ("Cash Collateral Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount as permitted investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds / investments to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60)
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow account - "KFC DSRA Account Series I 2024" exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series IV, Series V, etc.) An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited at least one day prior to the date of pay in.
Structured Payment Mechanism	The Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued to KFC Bond Servicing Account Series I

	2024. Shortfall of transfer (if any) on any particular day would get cumulative and be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the KFC Bond Servicing Account Series I 2024. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Debenture Trustee should independently monitor the adequacy of collection in the KFC BOND SERVICING ACCOUNT SERIES I 2024 on T-15th day and inform KFC through written communication, to fund the short-fall if any by T-10th day. This should also be intimated to the concerned Credit Rating agencies. In the event of such shortfall in KFC BOND SERVICING ACCOUNT SERIES II 2023 not getting fully bridged through payments by KFC by T-10th day, the Debenture Trustee would on T-9th day meet such shortfall by transferring funds from the KFC DSRA BOND SERIES I 2024 and make the necessary payments to the Bond Holders on the due date. However, the T-15th day notice to KFC to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to KFC DSRA BOND SERIES I 2024 to make good the impairment. Further, if any overdue on account of past servicing from KFC DSRA BOND SERIES I 2024 continues to remain till T+30th day, then such overdue amount would be replenished by Cash Collateral available and a notice to issuer to replenish Cash Collateral within next 30 days i.e. T+60th day. In the event of the above not being adhered, the Debenture Trustee would give a final notice to the Issuer for the full replenishment of DSRA and Cash Collateral Permitted Investment within next 7 days. Failing which would lead to an Event of Default (EOD). At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Draft Term Sheet for Proposed Rs. 693.00 Cr NCDs.

Instrument	SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES / BONDS
Issuer	Kerala Financial Corporation
Issue Size	Up to Rs 693.00 Crore
Nature of Instrument	Secured
Coupon rate (Fixed)	TBD
Coupon payment frequency	TBD
Tenor	Series A to E (Each for Rs 138.6 Crores), for tenor of 6 years to 10 years, with quarterly redemption in each series, with 1% redemption scheduled at 21st quarter,
Redemption structure	Each series would be redeemed in 4 equal instalments of 5% of the aggregate issue size, with redemption of Series A starting from the end of 21st quarter, Series B starting from end of 25th quarter and so on.
Objects of the issue	Working capital requirements
Security	The bonds would be secured by way off: 1. Exclusive charge on the KFC Bond Servicing Account series II 2024 and on the amount transferred therein to be utilised only for servicing of the bonds on quarterly servicing dates 2. Exclusive charge on the KFC DSRA Bond Series II 2024 and funds lying therein. 3. Exclusive charge on Cash collateral always permitted investment available equivalent to 10% of face value of principal amount outstanding. 4. Exclusive charge on specific current assets including bookdebts and receivables of the company from identified borrowers. The book value of such assets would provide 100% security cover on the outstanding bonds and interest accrued thereon throughout its entire tenure.
KFC Bond Servicing account	The issuer would be required to open a designated escrow account — "KFC Bond Servicing Account series II 2024' exclusively charged to Debenture trustee.
Key Covenants	The Issuer would be required to open a designated escrow account "KFC DSRA Account Series II 2024" exclusively for the benefit and charged to the Debenture Trustee (on) behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series III. Series IV, etc.) An amount equivalent to the total servicing obligation (Principal & interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the date of pay in. The issuer shall, prior to the pay-in-date, create permitted investments in terms of the transaction documents for an amount equivalent to 10% of the outstanding principal amount of the debentures. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds / investments to the DSRA., The Debenture Trustee should immediately inform the issuer

	about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60).
Cash Collateral	The Issuer shall, prior to the Pay-in Date, create permitted investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") for an amount equivalent to 10% (Ten percent) of the outstanding principal amount of the Debentures ("Cash Collateral Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount as permitted investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds /investments to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60)
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow Account - "KFC DSRA Account Series II 2024 exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series III, Series IV, etc.) An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the date of pay in.
Structured Payment Mechanism	The Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued to KFC Bond Servicing Account Series (II 2024. Shortfall of transfer (if any) on any particular day would get cumulative and be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the KFC Bond Servicing Account Series II 2024. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Debenture Trustee should independently monitor the adequacy of collection in the KFC BOND SERVICING ACCOUNT SERIES II 2024 on T-15th day and inform KFC through written communication, to fund the short-fall if any by T-10th day. This should also be intimated to the concerned Credit Rating agencies. In the event of such shortfall in KFC BOND SERVICING ACCOUNT SERIES II 2024 not getting

	fully bridged through payments by KFC by T-10th day, the Debenture Trustee would on T-9th day meet such shortfall by transferring funds from the KFC DSRA BOND SERIES II 2024 and make the necessary payments to the Bond Holders on the due date. However, the T-15th day notice to KFC to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to KFC DSRA BOND SERIES II 2024 to make good the impairment. Further, If any overdue on account of past servicing from KFC DSRA BOND SERIES II 2024 continues to remain till T+30th day, then such overdue amount would be replenished by Cash Collateral available and a notice to issuer to replenish Cash Collateral within next 30 days i.e. T+60th day. In the event of the above not being adhered, the Debenture Trustee would give a final notice to the Issuer for the full replenishment of DSRA and Cash Collateral Permitted Investment within next 7 days. Failing which would lead to an Event of Default (EOD).

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Dr. Sriram Ventikaraman, IAS

Managing Director

Kerala Financial Corporation

25/4021, 4022, Aswathy, Vellayambalam

Thiruvananthapuram - 685033

July 16, 2025

Dear Sir,

Revalidation of NCDs of Kerala Financial Corporation

Please refer to our rating letter dated Dec 09, 2024, on the captioned subject and your request, vide mail dated July 14, 2025 for revalidation.

Our Rating Committee has revalidated the following ratings:

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Ratings	Rating Action
Non-Convertible Debentures (NCDs)	1435.38	IVR AA/ Stable (IVR Double A with Stable Outlook)	IVR AA/ Stable (IVR Double A with Stable Outlook)	Rating Reaffirmed
Proposed Non-Convertible Debentures (NCDs)	693.00 (Decreased from 767.32)	IVR AA/ Stable (IVR Double A with Stable Outlook)	IVR AA/ Stable (IVR Double A with Stable Outlook)	Rating Reaffirmed
Total		**2128.38 (Rupees Two Thousand one hundred and twenty-eight crore and thirty-eight lakh Only)**		

2. Details of the credit facilities are attached in **Annexure I.** Our rating symbols for long-term ratings and explanatory notes thereon are attached in **Annexure II.**

3. The press release for the rating(s) will be communicated to you shortly.

4. The above rating is normally valid for a period of one year from the date of the rating committee (that is **9th December 2024).**

Head Office : Flat No. 104/108, First Floor Golf Apartments, Sujan Singh Park, Maharishi Ramanna Marg, New Delhi - 110003, (INDIA)
Phone : 011 - 41410244, 40154576, 24611910, 24654796 Fax : 011 - 24627549
Corporate Office : Office No. 1102,1103,1104, B-Wing, Kanakia Wall Street, Off. Andheri Kurla Road,Andheri East, Mumbai-400093, (INDIA)
Phone No. : 022 - 62396023, 62396053 E-mail : info@infomerics.com, Website : www.infomerics.com
CIN : U32202DL1986PLC024575

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5. If the proposed long term / short term facility (if any) is not availed within a period of six months / three months respectively from the date of this letter, then the rating may please be revalidated from us before availing the facility.

6. INFOMERICS reserves the right to undertake a surveillance/review of the rating(s) from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

7. A formal surveillance/review of the rating is normally conducted within 12 months from the date of initial rating/last review of the rating. However, INFOMERICS reserves the right to undertake a surveillance/review of the rating more than once a year if in the opinion of INFOMERICS, circumstances warrant such surveillance/review.

8. **You shall provide us with a No Default Statement as at the last date of the month on the first date of succeeding month without fail**. The NDS shall be mailed every month to nds@Infomerics.com and to the mail id of the undersigned.

9. **You shall provide the quarterly performance results/quarterly operational data (being submitted to Banks) to us within 6 weeks from the close of each calendar quarter for our review/monitoring**.

10. You shall furnish all material information and any other information called for by INFOMERICS in a timely manner, to monitor the rating assigned by INFOMERICS. In the event of failure on your part in furnishing such information, to carry out continuous monitoring of the rating of the bank facilities, INFOMERICS shall carry out the review/annual surveillance based on best available information throughout the lifetime of such bank facilities as per the policy of INFOMERICS.

11. Please note that INFOMERICS ratings are not recommendations to buy, sell or hold any security or to sanction, renew, disburse or recall the bank facilities. INFOMERICS do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans

Jyothi

Infomerics Ratings

12. Users of this rating may kindly refer our website www.infomerics.com for latest update on the outstanding rating.
13. Further, this is to mention that all the clauses mention in the initial rating letter **dated Feb 21, 2023** are also stands applicable. If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Tejas Awasthi
Rating Analyst
tejas.awasthi@infomerics.com

Amey Joshi
Director-Ratings
amey.joshi@infomerics.com

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Infomerics Ratings

Annexure I

1. Details of NCDs

(Rs in crores)

Name of Facility/ Instrument	ISIN	Date of Issuance	Coupon Rate/ IRR %	Maturity Date	Size of Facility (As on 09 July 2024)	Rating
NCDs	INE818F07054	04-04-2018	8.69%	04-04-2025	3.38	IVR AA/Stable
NCDs	INE818F07062	09-07-2019	8.99%	09-07-2025	62.50	IVR AA/Stable
NCDs	INE818F07088	09-07-2019	8.99%	09-07-2026	62.50	IVR AA/Stable
NCDs	INE818F07104	14-09-2020	7.70%	14-09-2026	50.00	IVR AA/Stable
NCDs	INE818F07112	14-09-2020	7.70%	14-09-2027	50.00	IVR AA/Stable
NCDs	INE818F07120	14-09-2020	7.70%	14-09-2028	50.00	IVR AA/Stable
NCDs	INE818F07138	14-09-2020	7.70%	14-09-2029	50.00	IVR AA/Stable
NCDs	INE818F07146	14-09-2020	7.70%	14-09-2030	50.00	IVR AA/Stable
NCDs	INE818F07153	24-03-2023	8.90%	30-03-2029	95.30	IVR AA/Stable
NCDs	INE818F07161	24-03-2023	8.90%	29-03-2030	95.30	IVR AA/Stable
NCDs	INE818F07179	24-03-2023	8.90%	31-03-2031	95.30	IVR AA/Stable
NCDs	INE818F07187	24-03-2023	8.90%	31-03-2032	95.30	IVR AA/Stable
NCDs	INE818F07195	24-03-2023	8.90%	24-03-2033	95.30	IVR AA/Stable
NCDs	INE818F07229	02-05-2023	8.63%	30-03-2029	54.70	IVR AA/Stable
NCDs	INE818F07237	02-05-2023	8.63%	29-03-2030	54.70	IVR AA/Stable
NCDs	INE818F07211	02-05-2023	8.63%	31-03-2031	54.70	IVR AA/Stable
NCDs	INE818F07245	02-05-2023	8.63%	31-03-2032	54.70	IVR AA/Stable
NCDs	INE818F07203	02-05-2023	8.63%	24-03-2033	54.70	IVR AA/Stable
NCDs	INE818F07252	13-03-2024	8.89%	13-03-2030	61.40	IVR AA/Stable
NCDs	INE818F07260	13-03-2024	8.89%	13-03-2031	61.40	IVR AA/Stable
NCDs	INE818F07278	13-03-2024	8.89%	13-03-2032	61.40	IVR AA/Stable

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NCDs	INE818F07294	13-03-2024	8.89%	13-03-2033	61.40	IVR AA/Stable
NCDs	INE818F07286	13-03-2024	8.89%	13-03-2034	61.40	IVR AA/Stable
Proposed NCDs					693.00	
Total					**2128.38**	

Key Terms for the NCD issue of Rs 3.38 Crores - INE818F07054 for Rs 3.38 Crores

Instrument name	SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES.
Issuer	Kerala Financial Corporation
Issue size	Rs 3.38 Crores (INE818F07054 for Rs 3.38 Crores)
Issue date	04/04/2018
Maturity date	04/04/2025
Coupon (Fixed)	8.69%
Coupon payment frequency	Half yearly
Objects of the issue	Working capital requirements
Redemption structure	The series would be redeemed in 4 equal instalments of 25% of the aggregate issue size, with redemption of Series A starting on the date falling at the expiry of 4th year from the date of allotment, Series B starting on the date falling at the expiry of 5th year from the date of allotment and so on.
Key Covenants	The Corporation shall, prior to the pay-in date, deposit into the DSRA an amount equal to the succeeding coupon payment required to be paid by the corporation in respect of the debentures and shall maintain the same on a rolling basis. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Corporation shall, prior to the pay-in date, create permitted investments in terms of transaction documents for an amount equivalent to 20% of the outstanding principal amount of the debentures. At any time, if the Corporation fails to sufficiently fund the NCD interest payment account on T-7 days, the debenture trustee would initiate the liquidation of the DSRA amount to ensure proceeds are available on T-1 day towards the payment due on the NCDs by the due date, i.e. day T. At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Key Terms for the NCD issue of Rs 125.00 Crores -, INE818F07062 and INE818F07088 for Rs 62.50 Crores each

Instrument name	8.99% SECURED REDEEMABLE NON-CONVERTIBLE BONDS.
Issuer	Kerala Financial Corporation
Issue size	Rs 125.00 Crores (INE818F07062 and INE818F07088 for Rs 62.50 Crores each)
Issue date	09/07/2019
Maturity date	09/07/2025 and 09/07/2026
Coupon (Fixed)	8.99%
Coupon payment frequency	Half yearly
Objects of the issue	Working capital requirements
Redemption structure	The series would be redeemed in 4 equal instalments of 25% of the aggregate issue size, with redemption of Series A starting on the date falling at the expiry of 4th year from the date of allotment, Series B starting on the date falling at the expiry of 5th year from the date of allotment and so on.
Key Covenants	The Corporation shall, prior to the pay-in date, deposit into the DSRA an amount equal to the succeeding coupon payment required to be paid by the corporation in respect of the debentures and shall maintain the same on a rolling basis. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Corporation shall, prior to the pay-in date, create permitted investments in terms of transaction documents for an amount equivalent to 20% of the outstanding principal amount of the debentures. At any time, if the Corporation fails to sufficiently fund the NCD interest payment account on T-7 days, the debenture trustee would initiate the liquidation of the DSRA amount to ensure proceeds are available on T-1 day towards the payment due on the NCDs by the due date, i.e. day T. At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Key Terms for the NCD issue of Rs 250.00 Crores - INE818F07104, INE818F07112, INE818F07120, INE818F07138, INE818F07146 for Rs 50.00 Crores each

Instrument name	SECURED, RATED, LISTED, REDEEMABLE, TAXABLE, NON-CONVERTIBLE BOND / DEBENTURES.
Issuer	Kerala Financial Corporation
Issue size	Rs 250 Crores (INE818F07104, INE818F07112, INE818F07120, INE818F07138, INE818F07146 for Rs 50.00 Crores each)
Issue date	14/09/2020
Maturity date	14/09/2026, 14/09/2027, 14/09/2028, 14/09/2029 and 14/09/2030 respectively
Coupon (Fixed)	7.70%
Coupon payment frequency	Half yearly
Objects of the issue	Working capital requirements
Redemption structure	The series would be redeemed in 5 equal instalments of 20% of the aggregate issue size, with redemption of Series A starting on the date falling at the expiry of 6th year from the date of allotment, Series B starting on the date falling at the expiry of 7th year from the date of allotment and so on.
Key Covenants	The Corporation shall, prior to the pay-in date, deposit into the DSRA an amount equal to the succeeding coupon payment required to be paid by the corporation in respect of the debentures and shall maintain the same on a rolling basis. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Corporation shall, prior to the pay-in date, create permitted investments in terms of transaction documents for an amount equivalent to 20% of the outstanding principal amount of the debentures. At any time, if the Corporation fails to sufficiently fund the NCD interest payment account on T-7 days, the debenture trustee would initiate the liquidation of the DSRA amount to ensure proceeds are available on T-1 day towards the payment due on the NCDs by the due date, i.e. day T. At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

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Key Terms for the NCD issue of Rs 273.50 Crores - INE818F07229, INE818F07237, INE818F07211, INE818F07245, INE818F07203 for Rs 54.70 Crores each

Instrument name	8.63% SENIOR, SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES
Issuer	Kerala Financial Corporation
Issue size	Rs 273.50 Crores (INE818F07229, INE818F07237, INE818F07211, INE818F07245, INE818F07203 for Rs 54.70 Crores each)
Issue date	02/05/2023
Maturity date	30/03/2029, 29/03/2030, 31/03/2031, 31/03/2032 and 24/03/2033 respectively
Coupon (Fixed)	8.63%
Coupon payment frequency	Quarterly
Objects of the issue	Working capital requirements
Redemption structure	Each series would be redeemed in 4 equal instalments of 5% of the aggregate issue size, with redemption of Series A starting from the end of 21st quarter, Series B starting from end of 25th quarter and so on.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Breach of any covenants other than those in respect of payment default and maintenance of security cover would have a cure period of 30 days beyond which it would be construed as an event of default (EOD)
Cash Collateral	The Issuer shall, prior to the Pay-in Date, create permitted investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") for an amount equivalent to 10% (Ten percent) of the outstanding principal amount of the Debentures ("Cash Collateral Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount as permitted investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds / investments to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60)
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow account - "KFC DSRA Account Series II 2023" exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series III, Series IV, etc.) An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the date of pay in.
Structured Payment Mechanism	The Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued to KFC Bond Servicing Account Series II 2023. Shortfall of transfer (if any) on any particular day would get cumulative and be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the KFC Bond Servicing Account Series II 2023. The amount equivalent to the principal

Continuation Sheet No.

	amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Debenture Trustee should independently monitor the adequacy of collection in the KFC BOND SERVICING ACCOUNT SERIES II 2023 on T-15th day and inform KFC through written communication, to fund the short-fall if any by T-10th day. This should also be intimated to the concerned Credit Rating agencies. In the event of such shortfall in KFC BOND SERVICING ACCOUNT SERIES II 2023 not getting fully bridged through payments by KFC by T-10th day, the Debenture Trustee would on T-9th day meet such shortfall by transferring funds from the KFC DSRA BOND SERIES II 2023 and make the necessary payments to the Bond Holders on the due date. However, the T-15th day notice to KFC to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to KFC DSRA BOND SERIES II 2023 to make good the impairment. Further, If any overdues on account of past servicing from KFC DSRA BOND SERIES II 2023 continues to remain till T+30th day, then such overdue amount would be replenished by Cash Collateral available and a notice to issuer to replenish Cash Collateral within next 30 days i.e. T+60th day. In the event of the above not being adhered, the Debenture Trustee would give a final notice to the Issuer for the full replenishment of DSRA and Cash Collateral Permitted Investment within next 7 days. Failing which would lead to an Event of Default (EOD). At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

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Infomerics Ratings

Key Terms for the NCD issue of Rs 250.00 Crores and green shoe option of INR 226.50 Crores - INE818F07153, INE818F07161, INE818F07179, INE818F07187, INE818F07195 for Rs 95.30 Crores each

Instrument name	8.90% SENIOR, SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES.
Issuer	Kerala Financial Corporation
Issue size	Rs 250.00 Crores s and green shoe option of INR 226.50 Crores - INE818F07153, INE818F07161, INE818F07179, INE818F07187, INE818F07195 for Rs 95.30 Crores each
Issue date	24/03/2023
Maturity date	30/03/2029, 29/03/2030, 31/03/2031, 31/03/2032 and 24/03/2033 respectively
Coupon (Fixed)	8.90%
Coupon payment frequency	Quarterly
Objects of the issue	Working capital requirements
Redemption structure	Each series would be redeemed in 4 equal instalments of 5% of the aggregate issue size, with redemption of Series A starting from the end of 21st quarter, Series B starting from end of 25th quarter and so on.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Breach of any covenants other than those in respect of payment default and maintenance of security cover would have a cure period of 30 days beyond which it would be construed as an event of default (EOD)
Cash Collateral	The Issuer shall, prior to the Pay-in Date, create permitted investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") for an amount equivalent to 10% (Ten percent) of the outstanding principal amount of the Debentures ("Cash Collateral Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount as permitted investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds / investments to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60)
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow account - "KFC DSRA Account Series I 2023" exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series II, Series III, etc.) An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the date of pay in. Prior to commencement of principal redemption (from the end of 21st and 22nd quarter), the DSRA would need to be suitably augmented within 15 days after the expiry of the 19th and 20th quarter to take care of this enhanced servicing liability
Structured Payment Mechanism	The Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued to KFC Bond Servicing Account Series I 2023. Shortfall of transfer (if any) on any particular day would get cumulative and

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	be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the KFC Bond Servicing Account Series I 2023. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Debenture Trustee should independently monitor the adequacy of collection in the KFC BOND SERVICING ACCOUNT SERIES I 2023 on T-15th day and inform KFC through written communication, to fund the short-fall if any by T-10th day. This should also be intimated to the concerned Credit Rating agencies. In the event of such shortfall in KFC BOND SERVICING ACCOUNT SERIES I 2023 not getting fully bridged through payments by KFC by T-10th day, the Debenture Trustee would on T-9th day meet such shortfall by transferring funds from the KFC DSRA BOND SERIES I 2023 and make the necessary payments to the Bond Holders on the due date. However, the T-15th day notice to KFC to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to KFC DSRA BOND SERIES I 2023 to make good the impairment. Further, If any overdues on account of past servicing from KFC DSRA BOND SERIES II 2023 continues to remain till T+30th day, then such overdue amount would be replenished by Cash Collateral available and a notice to issuer to replenish Cash Collateral within next 30 days i.e. T+60th day. In the event of the above not being adhered, the Debenture Trustee would give a final notice to the Issuer for the full replenishment of DSRA and Cash Collateral Permitted Investment within next 7 days. Failing which would lead to an Event of Default (EOD). At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

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Infomerics Ratings

Key Terms for the NCD issue of Rs 307.00 Crores - INE818F07252, INE818F07260, INE818F07278, INE818F07294, INE818F07286 for Rs 61.40 Crores each

Instrument name	8.89% SENIOR, SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES
Issuer	Kerala Financial Corporation
Issue size	Rs 307.00 Crores (INE818F07252, INE818F07260, INE818F07278, INE818F07294, INE818F07286 for Rs 61.40 Crores each)
Issue date	13/03/2024
Maturity date	13/03/2030, 13/03/2031, 13/03/2032, 13/03/2033 and 13/03/2034 respectively
Coupon (Fixed)	8.89%
Coupon payment frequency	Quarterly
Objects of the issue	Working capital requirements
Redemption structure	Each of sub series would be redeemed in 4 equal instalments of 5% of the aggregate issue size, with redemption of sub series A starting from the end of 21st quarter, Series B starting from end of 25th quarter and so on.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Breach of any covenants other than those in respect of payment default and maintenance of security cover would have a cure period of 30 days beyond which it would be construed as an event of default (EOD)
Cash Collateral	The Issuer shall, prior to the Pay-in Date, create permitted investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") for an amount equivalent to 10% (Ten percent) of the outstanding principal amount of the Debentures ("Cash Collateral Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount as permitted investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds / investments to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60)
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow account - "KFC DSRA Account Series I 2024" exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series IV, Series V, etc.) An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited at least one day prior to the date of pay in.
Structured Payment Mechanism	The Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued to KFC Bond Servicing Account Series I 2024. Shortfall of transfer (if any) on any particular day would get cumulative and be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the KFC Bond Servicing Account Series I 2024. The amount equivalent to the principal

	amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Debenture Trustee should independently monitor the adequacy of collection in the KFC BOND SERVICING ACCOUNT SERIES I 2024 on T-15th day and inform KFC through written communication, to fund the short-fall if any by T-10th day. This should also be intimated to the concerned Credit Rating agencies. In the event of such shortfall in KFC BOND SERVICING ACCOUNT SERIES II 2023 not getting fully bridged through payments by KFC by T-10th day, the Debenture Trustee would on T-9th day meet such shortfall by transferring funds from the KFC DSRA BOND SERIES I 2024 and make the necessary payments to the Bond Holders on the due date. However, the T-15th day notice to KFC to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to KFC DSRA BOND SERIES I 2024 to make good the impairment. Further, if any overdue on account of past servicing from KFC DSRA BOND SERIES I 2024 continues to remain till T+30th day, then such overdue amount would be replenished by Cash Collateral available and a notice to issuer to replenish Cash Collateral within next 30 days i.e. T+60th day. In the event of the above not being adhered, the Debenture Trustee would give a final notice to the Issuer for the full replenishment of DSRA and Cash Collateral Permitted Investment within next 7 days. Failing which would lead to an Event of Default (EOD). At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

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Infomerics Ratings

Draft Term Sheet for Proposed Rs. 693.00 Cr NCDs.

Instrument	SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES / BONDS
Issuer	Kerala Financial Corporation
Issue Size	Up to Rs 693.00 Crore
Nature of Instrument	Secured
Coupon rate (Fixed)	TBD
Coupon payment frequency	TBD
Tenor	Series A to E (Each for Rs 138.6 Crores), for tenor of 6 years to 10 years, with quarterly redemption in each series, with 1% redemption scheduled at 21st quarter,
Redemption structure	Each series would be redeemed in 4 equal instalments of 5% of the aggregate issue size, with redemption of Series A starting from the end of 21st quarter, Series B starting from end of 25th quarter and so on.
Objects of the issue	Working capital requirements
Security	The bonds would be secured by way off: 1. Exclusive charge on the KFC Bond Servicing Account series II 2024 and on the amount transferred therein to be utilised only for servicing of the bonds on quarterly servicing dates 2. Exclusive charge on the KFC DSRA Bond Series II 2024 and funds lying therein. 3. Exclusive charge on Cash collateral always permitted investment available equivalent to 10% of face value of principal amount outstanding. 4. Exclusive charge on specific current assets including book debts and receivables of the company from identified borrowers. The book value of such assets would provide 100% security cover on the outstanding bonds and interest accrued thereon throughout its entire tenure..
KFC Bond Servicing account	The issuer would be required to open a designated escrow account — "KFC Bond Servicing Account series II 2024' exclusively charged to Debenture trustee.
Key Covenants	The Issuer would be required to open a designated escrow account "KFC DSRA Account Series II 2024" exclusively for the benefit and charged to the Debenture Trustee (on) behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series III. Series IV, etc.) An amount equivalent to the total servicing obligation (Principal & interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the date of pay in. The issuer shall, prior to the pay-in-date, create permitted investments in terms of the transaction documents for an amount equivalent to 10% of the outstanding principal amount of the debentures. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds / investments to the DSRA., The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60).
Cash Collateral	The Issuer shall, prior to the Pay-in Date, create permitted investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") for an amount equivalent to 10% (Ten percent) of the outstanding principal amount of the Debentures ("Cash Collateral

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	Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount as permitted investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds /investments to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60)
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow Account - "KFC DSRA Account Series II 2024 exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series III, Series IV, etc.) An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the date of pay in.
Structured Payment Mechanism	The Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued to KFC Bond Servicing Account Series (II 2024. Shortfall of transfer (if any) on any particular day would get cumulative and be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the KFC Bond Servicing Account Series II 2024. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Debenture Trustee should independently monitor the adequacy of collection in the KFC BOND SERVICING ACCOUNT SERIES II 2024 on T-15th day and inform KFC through written communication, to fund the short-fall if any by T-10th day. This should also be intimated to the concerned Credit Rating agencies. In the event of such shortfall in KFC BOND SERVICING ACCOUNT SERIES II 2024 not getting fully bridged through payments by KFC by T-10th day, the Debenture Trustee would on T-9th day meet such shortfall by transferring funds from the KFC DSRA BOND SERIES II 2024 and make the necessary payments to the Bond Holders on the due date. However, the T-15th day notice to KFC to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to KFC DSRA BOND SERIES II 2024 to make good the impairment. Further, If any overdue on account of past servicing from KFC DSRA BOND SERIES II 2024 continues to remain till T+30th day, then such overdue amount would be replenished by Cash Collateral available and a notice to issuer to replenish Cash Collateral within next 30 days i.e. T+60th day.

Infomerics Ratings	In the event of the above not being adhered, the Debenture Trustee would give a final notice to the Issuer for the full replenishment of DSRA and Cash Collateral Permitted Investment within next 7 days. Failing which would lead to an Event of Default (EOD).

Annexure II

Credit Rating – Long Term Rating Scale

Long term: Original maturity exceeding one year

Rating Symbol	Rating Definition
IVR AAA	Securities with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such securitiescarry lowest credit risk.
IVR AA	Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carryvery low credit risk.
IVR A	Securities with this rating are considered to have adequate degree of safetyregarding timely servicing of financial obligations. Such securities carry low credit risk.
IVR BBB	Securities with this rating are considered to have moderate degree of safetyregarding timely servicing of financial obligations. Such securities carry moderate credit risk.
IVR BB	Securities with this rating are considered to have moderate risk of defaultregarding timely servicing of financial obligations.
IVR B	Securities with this rating are considered to have high risk of defaultregarding timely servicing of financial obligations.
IVR C	Securities with this rating are considered to have very high risk of defaultregarding timely servicing of financial obligations.
IVR D	Securities with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories AA to C. The modifiers reflect the comparative standing within the category.

The above rating scale also applies to rating of bank loans, fixed deposits and other instruments.

Press Release

Kerala Financial Corporation (KFC)

December 10, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Non-Convertible Debentures (NCDs)	1435.38	IVR AA/ Stable (IVR Double A with Stable Outlook)	IVR AA/ Stable (IVR Double A with Stable Outlook)	Reaffirmed	Simple
Proposed Non-Convertible Debentures (NCDs)	693.00 (Decreased from 767.32)	IVR AA/ Stable (IVR Double A with Stable Outlook)	IVR AA/ Stable (IVR Double A with Stable Outlook)	Reaffirmed	Simple
Total	**2128.38 (Rupees Two Thousand one hundred and twenty-eight crore and thirty-eight lakh Only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics ratings has reaffirmed its ratings assigned to non-convertible debentures of Kerala Financial Corporation (KFC) as it continues to derive comfort the ownership of Government of Kerala and strategic importance of KFC in achieving the socio-economic objectives of the government, comfortable capitalisation, and structured payment mechanism for the NCDs. However, the ratings are constrained by moderate financial profile of Government of Kerala, average, albeit improving asset quality and moderate profitability coupled with high gearing.

The Stable Outlook reflects the continued benefits derived from Govt of Kerala and expectations of stable AUM growth along with stable earnings profile over FY25-FY27.

Key Rating Sensitivities:

Upward Factors

- Substantial scaling up its operations, improving its profitability, while maintaining healthy asset quality, capital position and liquidity.
- Substantial improvement in the fiscal position of Government of Kerala

Downward Factors

- Adverse movement in the collection efficiency which impacts the asset quality and the credit costs of the corporation which in turn impacts the profitability for the corporation.
- Substantial deterioration in the fiscal position of Government of Kerala

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Ownership of Government of Kerala and strategic importance of the corporation
Kerala Financial Corporation (KFC) was incorporated under the State Financial Corporations Act of 1951, with an objective of development and industrialization of Kerala, extending financial assistance to Micro, Small and Medium Enterprises in manufacturing and service sector. The Govt of Kerala holds majority shareholding of 99.14%, followed by Small Industries Development Bank of India (SIDBI) (0.84%), Life Insurance Corporation (LIC) (0.01%) and State Bank of India (SBI) at (0.003%). KFC also acts as a nodal agency for several policy initiatives of the State Govt and is responsible for implementing the state's policy initiatives announced in the annual state budget. Given the strategic importance of the corporation in overall growth of the state and implementation of its schemes/policies of the state government, the corporation receives regular financial support from the state government.

Comfortable Capitalisation
KFC is comfortably capitalized with total CRAR of 25.52% at the end of FY24 (period refers from 01st April 2023 to 31st March 2024) (25.58% - FY23) as against the minimum regulatory requirement of 15% as on 31 March 2024. The corporation has a tangible net worth of Rs 1,063.67 crore as on 31 March 2024 (Rs.917.04 crore – FY23). Further CRAR and TNW

improved to 27.38% and Rs. 1,127.91 crore respectively in H1FY25 with retention of profits along with lower growth in AUM.

Structured payment mechanism

The bonds issued by KFC have a strong structure and inbuilt payment mechanism apart from the charge on receivables which helps them to raise bonds at competitive rates. Outstanding bonds which were raised till FY22 of Rs. 378.38 Crores are secured by "Debt Service Reserve Account" (DSRA) where an amount equivalent to 2 quarters debt repayment (Principal and Interest) is maintained throughout the tenure of the bonds, cash collateral in the form of fixed deposit equivalent to 20% and the DSRA for bonds raised in FY23 and FY24 worth Rs. 1057.00 stood at 10% of the outstanding principal and amount equivalent to principal repayment of respective year shall be brought in by T-7 (T is the due date) and the said amount will be invested in permitted investments. The maturity proceeds of the said investment will be credited directly to the designated escrow account and will be utilized for principal redemption process.

For the proposed NCDs of Rs 693.00 Crores, are secured by "Debt Service Reserve Account" where an amount equivalent to 2 quarters debt repayment (Principal and Interest) is maintained throughout the tenure of the bonds, cash collateral in the form of fixed deposit equivalent to 10% of the outstanding principal and the presence of Structured Payment Mechanism wherein starting from the 1st day of each quarterly servicing cycle, KFC should remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle to the bond servicing account. The Debenture Trustee shall monitor the same on T-15 day (T is the due date) and any shortfall persisting on T-10th day shall be met through transfer of requisite funds from the DSRA. Both, the Cash Collateral and DSRA would be in the form of cash and cash equivalent, invested in permitted instruments and would remain charged in favour of the debenture trustee. In case of any erosion from the DSRA due to transfer of funds in bond servicing account, the same shall be required to be cured within 30 days (T+30).

Key Rating Weaknesses

Moderate financial profile of Government of Kerala

The Gross State Domestic Product (GSDP) of the state for 2024-25 (at current prices) is projected to be Rs 13.11 lakh crore amounting to growth of 11.70% over 2023-24. Fiscal deficit for 2024-25 is targeted at 3.4% of GSDP (Rs 44,529 crore). In 2023-24, as per the revised estimates, fiscal deficit is expected to be 3.45% of GSDP, lower than the budget estimate of 3.5% of GSDP. Revenue deficit in 2024-25 is estimated to be 2.1% of GSDP (Rs 27,846 crore), marginally higher than the revised estimates for 2023-24 (2.09% of GSDP). In 2023-24, the revenue deficit is expected to be higher than the budget estimate (2.7% of GSDP).

Average, albeit improving asset quality

Given the socio-economic objective of the corporation, where it provides financial assistance to MSME sector and considering the risks associated with lending to MSME sector, the asset quality of the corporation remains average. Though, the asset quality of the corporation has improved in FY24 on the back of better recovery efforts and persistent monitoring with GNPA and NNPA of the corporation stood at 2.88% and 0.68% respectively from 3.11% and 0.74% respectively in FY23. However, the GNPA and NNPA deteriorated to 4.51% and 2.14% respectively in H1FY25 (5.10% and 3.20% respectively in H1FY24) on account of fresh slippages. The same is expected to improve by the end of FY25 as the corporation provides provisions and write -offs at the end of the year along with expected AUM growth in 2HFY25 as well as expectations of no significant slippages. Infomerics believes that given the business model of the corporation and its exposure to MSME sector, the asset quality continues to be under pressure.

Moderate profitability coupled with high gearing.

Being a state owned NBFC which main objective is to provide financial assistance towards the growth of MSME sector in the state by providing loans at subsidised costs, KFCs profitability remains moderate with NIMs of 1.59% for FY24 (2.34% in FY23). Given the high impairment cost (Rs 135.45 crore for FY24 and Rs 155.40 crore in FY23), the profitability of the corporation remains moderate with ROTA of 0.93% in FY24 (0.80% - FY23) and RONW of 8.07% in FY24 (6.14% - FY23). Also, given that the majority of the loan portfolio growth is funded by external debt, the gearing of the corporation remains high at 6.81x in FY24 (6.75x

- FY23). Going forward, the ability of the corporation to raise more capital and bring down the gearing levels will be a key rating monitorable.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Non-Banking Finance companies

Criteria of assigning Rating Outlook.

Complexity level of rated instruments/Facilities

Financial Ratios & Interpretation (Financial Sector)

Policy on Default Recognition and Post-Default Curing Period

Criteria for Government support

Liquidity – Strong

The Corporation is adequately capitalized with total CRAR (%) of 25.52% as on 31 March 2024, and Net worth of Rs 1063.67 Crores. Also, it has adequately matched asset liability profile as on 30 September 2024. As on 30 September 2024, the corporation have liquidity of Rs. 1453.68 crore in the form of cash and bank balances, unutilised bank limits and unmarked FDs.

About the Company

Kerala Financial Corporation (KFC) was incorporated under the State Financial Corporations Act of 1951 with an objective of rapid industrialization of the state by extending financial assistance to Micro, Small and Medium Enterprises in manufacturing and service sector. 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. KFC has 22 Branch Offices with its Head Quarters at Thiruvananthapuram and Zonal Offices at Kozhikode, Ernakulam and Thiruvananthapuram. Dr. Sriram Ventikaraman, IAS is the current Managing Director of KFC. KFC also acts as a state Nodal Agency for several policy initiatives by the State Government of Kerala (GoK) and is responsible to implement the states policy initiatives announced in the annual state budget. The board of KFC includes representation from Government of Kerala. The Board of Directors comprise 3

bureaucrats appointed by the Government of Kerala and the other directors representing SIDBI, LIC of India, and State Bank of India (erstwhile State bank of Travancore). The Government of Kerala holds 99.14% stake in the corporation and is expected to support the corporation as and when required, given its systemic importance to the state.

Financials (Standalone)*: **Rs in Crores**

For the year ended As on	31-03-2023	31-03-2024
	Audited	Audited
Total Income	694.38	868.72
PAT	50.19	74.04
Tangible Net Worth	917.04	1063.67
Total Debt	6,186.92	7248.16
Total Loan Assets/AUM	6,529.40	7368.33
Ratios		
ROTA (%)	0.80	0.93
Total CRAR (%)	25.58	25.52
Gross NPA (%)	3.11	2.88
Net NPA (%)	0.74	0.68
Overall Gearing (Times)	6.75	6.81
Interest Coverage (Times)	1.21	1.19

***Classification as per Infomerics' standards**

Status of non-cooperation with previous CRA: Not applicable

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 July 18, 2024	Date(s) & Rating(s) assigned in 2023-24 Dec 13, 2023	Date(s) & Rating(s) assigned in 2022-23 Feb 21, 2023
1.	NCDs	Long Term	1435.38	IVR AA/ Stable	IVR AA/ Stable	IVR AA/ Stable	IVR AA/ Stable
2.	Proposed NCDs	Long Term	693.00	IVR AA/ Stable	IVR AA/ Stable	IVR AA/ Stable	IVR AA/ Stable
3.	NCDs	Long Term	-	-	-	-	IVR AA/ Stable

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Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

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Annexure 1: Details of Facilities/Instrument

(Rs. In Crore)

Name of Facility/ Instrument	ISIN	Date of Issuance	Coupon Rate/ IRR %	Maturity Date	Size of Facility (As on 09 July 2024)	Listing Status	Rating
NCDs	INE818F07054	04-04-2018	8.69%	04-04-2025	3.38	Listed	IVR AA/Stable
NCDs	INE818F07062	09-07-2019	8.99%	09-07-2025	62.50	Listed	IVR AA/Stable
NCDs	INE818F07088	09-07-2019	8.99%	09-07-2026	62.50	Listed	IVR AA/Stable
NCDs	INE818F07104	14-09-2020	7.70%	14-09-2026	50.00	Listed	IVR AA/Stable
NCDs	INE818F07112	14-09-2020	7.70%	14-09-2027	50.00	Listed	IVR AA/Stable
NCDs	INE818F07120	14-09-2020	7.70%	14-09-2028	50.00	Listed	IVR AA/Stable
NCDs	INE818F07138	14-09-2020	7.70%	14-09-2029	50.00	Listed	IVR AA/Stable
NCDs	INE818F07146	14-09-2020	7.70%	14-09-2030	50.00	Listed	IVR AA/Stable
NCDs	INE818F07153	24-03-2023	8.90%	30-03-2029	95.30	Listed	IVR AA/Stable
NCDs	INE818F07161	24-03-2023	8.90%	29-03-2030	95.30	Listed	IVR AA/Stable
NCDs	INE818F07179	24-03-2023	8.90%	31-03-2031	95.30	Listed	IVR AA/Stable
NCDs	INE818F07187	24-03-2023	8.90%	31-03-2032	95.30	Listed	IVR AA/Stable
NCDs	INE818F07195	24-03-2023	8.90%	24-03-2033	95.30	Listed	IVR AA/Stable

NCDs	INE818F07229	02-05-2023	8.63%	30-03-2029	54.70	Listed	IVR AA/Stable
NCDs	INE818F07237	02-05-2023	8.63%	29-03-2030	54.70	Listed	IVR AA/Stable
NCDs	INE818F07211	02-05-2023	8.63%	31-03-2031	54.70	Listed	IVR AA/Stable
NCDs	INE818F07245	02-05-2023	8.63%	31-03-2032	54.70	Listed	IVR AA/Stable
NCDs	INE818F07203	02-05-2023	8.63%	24-03-2033	54.70	Listed	IVR AA/Stable
NCDs	INE818F07252	13-03-2024	8.89%	13-03-2030	61.40	Listed	IVR AA/Stable
NCDs	INE818F07260	13-03-2024	8.89%	13-03-2031	61.40	Listed	IVR AA/Stable
NCDs	INE818F07278	13-03-2024	8.89%	13-03-2032	61.40	Listed	IVR AA/Stable
NCDs	INE818F07294	13-03-2024	8.89%	13-03-2033	61.40	Listed	IVR AA/Stable
NCDs	INE818F07286	13-03-2024	8.89%	13-03-2034	61.40	Listed	IVR AA/Stable
Proposed NCDs					693.00	TBD	
Total					**2128.38**		

Annexure 2: Facility wise lender details: Not applicable

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:

Key Terms for the NCD issue - INE818F07054 for Rs 3.38 Crores

Instrument name	SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES.
Issuer	Kerala Financial Corporation
Issue size	Rs 3.38 Crores (INE818F07054 for Rs 3.38 Crores)
Issue date	04/04/2018
Maturity date	04/04/2025
Coupon (Fixed)	8.69%
Coupon payment frequency	Half yearly
Objects of the issue	Working capital requirements
Redemption structure	The series would be redeemed in 4 equal instalments of 25% of the aggregate issue size, with redemption of Series A starting on the date falling at the expiry of 4th year from the date of allotment, Series B starting on the date falling at the expiry of 5th year from the date of allotment and so on.
Key Covenants	The Corporation shall, prior to the pay-in date, deposit into the DSRA an amount equal to the succeeding coupon payment required to be paid by the corporation in respect of the debentures and shall maintain the same on a rolling basis.

	The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Corporation shall, prior to the pay-in date, create permitted investments in terms of transaction documents for an amount equivalent to 20% of the outstanding principal amount of the debentures. At any time, if the Corporation fails to sufficiently fund the NCD interest payment account on T-7 days, the debenture trustee would initiate the liquidation of the DSRA amount to ensure proceeds are available on T-1 day towards the payment due on the NCDs by the due date, i.e. day T. At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Key Terms for the NCD issue of Rs 125.00 Crores -, INE818F07062 and INE818F07088 for Rs 62.50 Crores each

Instrument name	8.99% SECURED REDEEMABLE NON-CONVERTIBLE BONDS.
Issuer	Kerala Financial Corporation
Issue size	Rs 125.00 Crores (INE818F07062 and INE818F07088 for Rs 62.50 Crores each)
Issue date	09/07/2019
Maturity date	09/07/2025 and 09/07/2026
Coupon (Fixed)	8.99%
Coupon payment frequency	Half yearly
Objects of the issue	Working capital requirements
Redemption structure	The series would be redeemed in 4 equal instalments of 25% of the aggregate issue size, with redemption of Series A starting on the date falling at the expiry of 4th year from the date of allotment, Series B starting on the date falling at the expiry of 5th year from the date of allotment and so on.
Key Covenants	The Corporation shall, prior to the pay-in date, deposit into the DSRA an amount equal to the succeeding coupon payment required to be

	paid by the corporation in respect of the debentures and shall maintain the same on a rolling basis. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Corporation shall, prior to the pay-in date, create permitted investments in terms of transaction documents for an amount equivalent to 20% of the outstanding principal amount of the debentures. At any time, if the Corporation fails to sufficiently fund the NCD interest payment account on T-7 days, the debenture trustee would initiate the liquidation of the DSRA amount to ensure proceeds are available on T-1 day towards the payment due on the NCDs by the due date, i.e. day T. At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Key Terms for the NCD issue of Rs 250.00 Crores - INE818F07104, INE818F07112, INE818F07120, INE818F07138, INE818F07146 for Rs 50.00 Crores each

Instrument name	SECURED, RATED, LISTED, REDEEMABLE, TAXABLE, NON-CONVERTIBLE BOND / DEBENTURES.
Issuer	Kerala Financial Corporation
Issue size	Rs 250 Crores (INE818F07104, INE818F07112, INE818F07120, INE818F07138, INE818F07146 for Rs 50.00 Crores each)
Issue date	14/09/2020
Maturity date	14/09/2026, 14/09/2027, 14/09/2028, 14/09/2029 and 14/09/2030 respectively
Coupon (Fixed)	7.70%
Coupon payment frequency	Half yearly
Objects of the issue	Working capital requirements
Redemption structure	The series would be redeemed in 5 equal instalments of 20% of the aggregate issue size, with redemption of Series A starting on the date falling at the expiry of 6th year from the date of allotment, Series B

	starting on the date falling at the expiry of 7th year from the date of allotment and so on.
Key Covenants	The Corporation shall, prior to the pay-in date, deposit into the DSRA an amount equal to the succeeding coupon payment required to be paid by the corporation in respect of the debentures and shall maintain the same on a rolling basis. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Corporation shall, prior to the pay-in date, create permitted investments in terms of transaction documents for an amount equivalent to 20% of the outstanding principal amount of the debentures. At any time, if the Corporation fails to sufficiently fund the NCD interest payment account on T-7 days, the debenture trustee would initiate the liquidation of the DSRA amount to ensure proceeds are available on T-1 day towards the payment due on the NCDs by the due date, i.e. day T. At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Key Terms for the NCD issue of Rs 273.50 Crores - INE818F07229, INE818F07237, INE818F07211, INE818F07245, INE818F07203 for Rs 54.70 Crores each

Instrument name	8.63% SENIOR, SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES
Issuer	Kerala Financial Corporation
Issue size	Rs 273.50 Crores (INE818F07229, INE818F07237, INE818F07211, INE818F07245, INE818F07203 for Rs 54.70 Crores each)
Issue date	02/05/2023
Maturity date	30/03/2029, 29/03/2030, 31/03/2031, 31/03/2032 and 24/03/2033 respectively
Coupon (Fixed)	8.63%
Coupon payment frequency	Quarterly
Objects of the issue	Working capital requirements

Redemption structure	Each series would be redeemed in 4 equal instalments of 5% of the aggregate issue size, with redemption of Series A starting from the end of 21st quarter, Series B starting from end of 25th quarter and so on.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Breach of any covenants other than those in respect of payment default and maintenance of security cover would have a cure period of 30 days beyond which it would be construed as an event of default (EOD)
Cash Collateral	The Issuer shall, prior to the Pay-in Date, create permitted investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") for an amount equivalent to 10% (Ten percent) of the outstanding principal amount of the Debentures ("Cash Collateral Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount as permitted investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds / investments to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60)
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow account - "KFC DSRA Account Series II 2023" exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series III, Series IV, etc.) An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the date of pay in.
Structured Payment Mechanism	The Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued to KFC Bond Servicing Account Series II 2023. Shortfall of transfer (if any) on any particular day would get cumulative and be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the KFC Bond Servicing Account Series II 2023. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents.

	The Debenture Trustee should independently monitor the adequacy of collection in the KFC BOND SERVICING ACCOUNT SERIES II 2023 on T-15th day and inform KFC through written communication, to fund the short-fall if any by T-10th day. This should also be intimated to the concerned Credit Rating agencies. In the event of such shortfall in KFC BOND SERVICING ACCOUNT SERIES II 2023 not getting fully bridged through payments by KFC by T-10th day, the Debenture Trustee would on T-9th day meet such shortfall by transferring funds from the KFC DSRA BOND SERIES II 2023 and make the necessary payments to the Bond Holders on the due date. However, the T-15th day notice to KFC to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to KFC DSRA BOND SERIES II 2023 to make good the impairment. Further, If any overdues on account of past servicing from KFC DSRA BOND SERIES II 2023 continues to remain till T+30th day, then such overdue amount would be replenished by Cash Collateral available and a notice to issuer to replenish Cash Collateral within next 30 days i.e. T+60th day. In the event of the above not being adhered, the Debenture Trustee would give a final notice to the Issuer for the full replenishment of DSRA and Cash Collateral Permitted Investment within next 7 days. Failing which would lead to an Event of Default (EOD). At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Key Terms for the NCD issue of Rs 250.00 Crores and green shoe option of INR 226.50 Crores - INE818F07153, INE818F07161, INE818F07179, INE818F07187, INE818F07195 for Rs 95.30 Crores each

Instrument name	8.90% SENIOR, SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES.
Issuer	Kerala Financial Corporation
Issue size	Rs 250.00 Crores s and green shoe option of INR 226.50 Crores - INE818F07153, INE818F07161, INE818F07179, INE818F07187, INE818F07195 for Rs 95.30 Crores each
Issue date	24/03/2023
Maturity date	30/03/2029, 29/03/2030, 31/03/2031, 31/03/2032 and 24/03/2033 respectively

Coupon (Fixed)	8.90%
Coupon payment frequency	Quarterly
Objects of the issue	Working capital requirements
Redemption structure	Each series would be redeemed in 4 equal instalments of 5% of the aggregate issue size, with redemption of Series A starting from the end of 21st quarter, Series B starting from end of 25th quarter and so on.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Breach of any covenants other than those in respect of payment default and maintenance of security cover would have a cure period of 30 days beyond which it would be construed as an event of default (EOD)
Cash Collateral	The Issuer shall, prior to the Pay-in Date, create permitted investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") for an amount equivalent to 10% (Ten percent) of the outstanding principal amount of the Debentures ("Cash Collateral Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount as permitted investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds / investments to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60)
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow account - "KFC DSRA Account Series I 2023" exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series II, Series III, etc.) An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited at least one day prior to the date of pay in. Prior to commencement of principal redemption (from the end of 21st and 22nd quarter), the DSRA would need to be suitably augmented within 15 days after the expiry of the 19th and 20th quarter to take care of this enhanced servicing liability.
Structured Payment Mechanism	The Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued to KFC Bond Servicing Account Series I 2023. Shortfall of transfer (if any) on any particular day would get cumulative and be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above

	mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the KFC Bond Servicing Account Series I 2023. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Debenture Trustee should independently monitor the adequacy of collection in the KFC BOND SERVICING ACCOUNT SERIES I 2023 on T-15th day and inform KFC through written communication, to fund the short-fall if any by T-10th day. This should also be intimated to the concerned Credit Rating agencies. In the event of such shortfall in KFC BOND SERVICING ACCOUNT SERIES I 2023 not getting fully bridged through payments by KFC by T-10th day, the Debenture Trustee would on T-9th day meet such shortfall by transferring funds from the KFC DSRA BOND SERIES I 2023 and make the necessary payments to the Bond Holders on the due date. However, the T-15th day notice to KFC to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to KFC DSRA BOND SERIES I 2023 to make good the impairment. Further, If any overdues on account of past servicing from KFC DSRA BOND SERIES II 2023 continues to remain till T+30th day, then such overdue amount would be replenished by Cash Collateral available and a notice to issuer to replenish Cash Collateral within next 30 days i.e. T+60th day. In the event of the above not being adhered, the Debenture Trustee would give a final notice to the Issuer for the full replenishment of DSRA and Cash Collateral Permitted Investment within next 7 days. Failing which would lead to an Event of Default (EOD). At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Key Terms for the NCD issue of Rs 307.00 Crores - INE818F07252, INE818F07260, INE818F07278, INE818F07294, INE818F07286 for Rs 61.40 Crores each

Instrument name	8.89% SENIOR, SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES
Issuer	Kerala Financial Corporation

Issue size	Rs 307.00 Crores (INE818F07252, INE818F07260, INE818F07278, INE818F07294, INE818F07286 for Rs 61.40 Crores each)
Issue date	13/03/2024
Maturity date	13/03/2030, 13/03/2031, 13/03/2032, 13/03/2033 and 13/03/2034 respectively
Coupon (Fixed)	8.89%
Coupon payment frequency	Quarterly
Objects of the issue	Working capital requirements
Redemption structure	Each of sub series would be redeemed in 4 equal instalments of 5% of the aggregate issue size, with redemption of sub series A starting from the end of 21st quarter, Series B starting from end of 25th quarter and so on.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Breach of any covenants other than those in respect of payment default and maintenance of security cover would have a cure period of 30 days beyond which it would be construed as an event of default (EOD)
Cash Collateral	The Issuer shall, prior to the Pay-in Date, create permitted investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") for an amount equivalent to 10% (Ten percent) of the outstanding principal amount of the Debentures ("Cash Collateral Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount as permitted investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds / investments to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60)
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow account - "KFC DSRA Account Series I 2024" exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series IV, Series V, etc.) An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited at least one day prior to the date of pay in.
Structured Payment Mechanism	The Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued to KFC Bond Servicing Account Series I

	2024. Shortfall of transfer (if any) on any particular day would get cumulative and be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the KFC Bond Servicing Account Series I 2024. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Debenture Trustee should independently monitor the adequacy of collection in the KFC BOND SERVICING ACCOUNT SERIES I 2024 on T-15th day and inform KFC through written communication, to fund the short-fall if any by T-10th day. This should also be intimated to the concerned Credit Rating agencies. In the event of such shortfall in KFC BOND SERVICING ACCOUNT SERIES II 2023 not getting fully bridged through payments by KFC by T-10th day, the Debenture Trustee would on T-9th day meet such shortfall by transferring funds from the KFC DSRA BOND SERIES I 2024 and make the necessary payments to the Bond Holders on the due date. However, the T-15th day notice to KFC to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to KFC DSRA BOND SERIES I 2024 to make good the impairment. Further, if any overdue on account of past servicing from KFC DSRA BOND SERIES I 2024 continues to remain till T+30th day, then such overdue amount would be replenished by Cash Collateral available and a notice to issuer to replenish Cash Collateral within next 30 days i.e. T+60th day. In the event of the above not being adhered, the Debenture Trustee would give a final notice to the Issuer for the full replenishment of DSRA and Cash Collateral Permitted Investment within next 7 days. Failing which would lead to an Event of Default (EOD). At any time, if the State Govt of Kerala ceases to own 51% of the Corporation or ceases to control the Corporation without obtaining the prior written consent of the debenture trustee (acting upon the instructions of each of the debenture holders), the debenture trustee shall be entitled to exercise any and all remedies set out in the transaction documents, in accordance with the terms and conditions in the transaction documents including, without limitation, accelerating the redemption of the debentures.

Draft Term Sheet for Proposed Rs. 693.00 Cr NCDs.

Instrument	SECURED, RATED, LISTED, REDEEMABLE, TAXABLE NON-CONVERTIBLE DEBENTURES / BONDS
Issuer	Kerala Financial Corporation
Issue Size	Up to Rs 693.00 Crore
Nature of Instrument	Secured
Coupon rate (Fixed)	TBD
Coupon payment frequency	TBD
Tenor	Series A to E (Each for Rs 138.6 Crores), for tenor of 6 years to 10 years, with quarterly redemption in each series, with 1% redemption scheduled at 21st quarter,
Redemption structure	Each series would be redeemed in 4 equal instalments of 5% of the aggregate issue size, with redemption of Series A starting from the end of 21st quarter, Series B starting from end of 25th quarter and so on.
Objects of the issue	Working capital requirements
Security	The bonds would be secured by way off: 1. Exclusive charge on the KFC Bond Servicing Account series II 2024 and on the amount transferred therein to be utilised only for servicing of the bonds on quarterly servicing dates 2. Exclusive charge on the KFC DSRA Bond Series II 2024 and funds lying therein. 3. Exclusive charge on Cash collateral always permitted investment available equivalent to 10% of face value of principal amount outstanding. 4. Exclusive charge on specific current assets including bookdebts and receivables of the company from identified borrowers. The book value of such assets would provide 100% security cover on the outstanding bonds and interest accrued thereon throughout its entire tenure.
KFC Bond Servicing account	The issuer would be required to open a designated escrow account — "KFC Bond Servicing Account series II 2024' exclusively charged to Debenture trustee.
Key Covenants	The Issuer would be required to open a designated escrow account "KFC DSRA Account Series II 2024" exclusively for the benefit and charged to the Debenture Trustee (on) behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series III. Series IV, etc.) An amount equivalent to the total servicing obligation (Principal & interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the date of pay in. The issuer shall, prior to the pay-in-date, create permitted investments in terms of the transaction documents for an amount equivalent to 10% of the outstanding principal amount of the debentures. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds / investments to the DSRA., The Debenture Trustee should immediately inform the issuer

	about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60).
Cash Collateral	The Issuer shall, prior to the Pay-in Date, create permitted investments in terms of the Transaction Documents ("Cash Collateral Permitted Investments") for an amount equivalent to 10% (Ten percent) of the outstanding principal amount of the Debentures ("Cash Collateral Amount"). The Issuer hereby agrees and undertakes that the Issuer shall, at all times maintain an amount equivalent to the Cash Collateral Amount as permitted investments in terms of the Transaction Documents and the same shall always be lien marked to the debenture trustee as detailed in the Transaction Documents. In case of any erosion in Debt Service Reserve Account as mentioned under structured payment mechanism not getting cured within 30 days after servicing (i.e T+30), the erosion shall be made good by transferring necessary amount of funds /investments to the DSRA. The Debenture Trustee should immediately inform the issuer about this event with an advise to Replenish the Cash Collateral Permitted Investment within the next 30 days (T+60)
Debt Service Reserve Account (DSRA)	The Issuer would be required to open a designated escrow Account - "KFC DSRA Account Series II 2024 exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bondholders). In case of further series of issuances, the Issuer shall open similar accounts (Series III, Series IV, etc.) An amount equivalent to the total servicing obligation (Principal & Interest) of the outstanding bonds for the next 2 quarters would need to be maintained by the Issuer in the DSRA account on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the date of pay in.
Structured Payment Mechanism	The Issuer would, starting from the 1st day of each quarterly servicing cycle, remit on every working day an amount equivalent to 2.00% of the aggregate servicing requirement for such quarterly servicing cycle of outstanding bonds issued to KFC Bond Servicing Account Series (II 2024. Shortfall of transfer (if any) on any particular day would get cumulative and be carried forward to the next day(s) on a rolling basis. The transfers during a particular quarterly servicing cycle on the above mode should continue till the full build-up of the servicing requirement for that particular quarterly servicing cycle is achieved in the KFC Bond Servicing Account Series II 2024. The amount equivalent to the principal amounts repayable in each year shall be brought in by T-7 business days, and the said amount will be invested as detailed in the transaction documents, and the same will always be lien-marked to the debenture trustee as explained in transaction documents. The Debenture Trustee should independently monitor the adequacy of collection in the KFC BOND SERVICING ACCOUNT SERIES II 2024 on T-15th day and inform KFC through written communication, to fund the short-fall if any by T-10th day. This should also be intimated to the concerned Credit Rating agencies. In the event of such shortfall in KFC BOND SERVICING ACCOUNT SERIES II 2024 not getting

	fully bridged through payments by KFC by T-10th day, the Debenture Trustee would on T-9th day meet such shortfall by transferring funds from the KFC DSRA BOND SERIES II 2024 and make the necessary payments to the Bond Holders on the due date. However, the T-15th day notice to KFC to fund the shortfall would continue to remain active and if such funding is received subsequently, the same shall be transferred to KFC DSRA BOND SERIES II 2024 to make good the impairment. Further, If any overdue on account of past servicing from KFC DSRA BOND SERIES II 2024 continues to remain till T+30th day, then such overdue amount would be replenished by Cash Collateral available and a notice to issuer to replenish Cash Collateral within next 30 days i.e. T+60th day. In the event of the above not being adhered, the Debenture Trustee would give a final notice to the Issuer for the full replenishment of DSRA and Cash Collateral Permitted Investment within next 7 days. Failing which would lead to an Event of Default (EOD).

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Annexure J

A T K & ASSOCIATES
Chartered Accountants

C-40, Second Floor, Ten Tower,
Above Indian Bank, Sector 15,
Vasundhara Ghaziabad – 201012 (U.P)
Ph: 88828-54825, 98188-30255
E-Mail: atkandassociates@gmail.com

To
Beacon Trusteeship Ltd,
5W, 5th Floor, The Metropolitan Building,
E Block BKC, Bandra Kurla Complex,
Bandra East, Mumbai,
Maharashtra 400051

Dear Sir,

Subject: Due Diligence Certificate by Debenture Trustee empaneled agency in case of M/s **Kerala financial Corporation ("Company"),** offered as security in accordance with SEBI circular- Master Circular No. SEBI/HO/DDHS-PoD3/P/CIR/2024/46 dated 16th May 2024.

1. **Engagement**
   This certificate is issued in accordance with the terms of our engagement letter with Beacon Trusteeship Ltd and based on data and documents provided in respect of **M/s Kerala Financial Corporation** ("Company").

2. **Our responsibility**
   a) It is our responsibility to verify the value of the assets offered as security in accordance with the SEBI circular dated 16th May 2024.
   b) We have verified the value of the asset offered as security in accordance with SEBI circular dated 16th May 2024 and examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('the Guidance Note') issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
   c) We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, issued by the ICAI.
   d) The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The procedures selected depend on the auditor's judgment, including the assessment of the areas where a material misstatement of the subject matter information is likely to arise. We have performed the following procedures in relation to the Statement:

C-40, Second Floor, Ten Tower,
Above Indian Bank, Sector 15,
Vasundhara Ghaziabad – 201012 (U.P)
Ph: 88828-54825, 98188-30255
E-Mail: atkandassociates@gmail.com

i) Verified the details of assets provided as security from the draft Debenture Trustee Deed;

ii) Traced the value of assets/debts forming part of the security cover details from the audited financial statements as on 31st March 2025, security cover certificate certified by the statutory auditor of the company and other relevant records and documents provided for the issuer Company;

. Verified the computation of value of assets provided as security and traced the amounts used in such computations follows:

a. from the underlying unaudited/limited reviewed standalone financial information of the Company, and other relevant records and documents maintained by the Company;

b. Verified the arithmetical accuracy of the Statement;

3. Opinion

On the basis of our examination of audited financial result for 31st March 2025 of the company provided to us, documents and the information and explanation given to us for the issuer Company, nothing has come to our attention that cause us believe that the details included in the financial statements are not fairly stated and that the calculation thereof is not arithmetically accurate.

4. Management's Responsibilities for the statement

a) The Company's Management is responsible for the preparation of the Annexure including the creation and maintenance of all books and records supporting its contents. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the Annexure and applying an appropriate basis of preparation.

b) The Management is also responsible for ensuring adherence that the details in the Annexure are correct.

5. Restriction on distribution and use

The certificate is addressed to and provided to Beacon Trusteeship Limited solely for the purpose of enabling it to comply with the requirements of the Regulations. This certificate should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent other than the reporting requirements of Beacon Trusteeship Limited. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

A T K & ASSOCIATES
Chartered Accountants

C-40, Second Floor, Ten Tower,
Above Indian Bank, Sector 15,
Vasundhara Ghaziabad – 201012 (U.P)
Ph: 88828-54825, 98188-30255
E-Mail: atkandassociates@gmail.com

Table 1

Rs. in Cr

Sr. No.	Particulars		Amount
i.	The value of company's standard business receivables, which are offered as Security (Value as per the list of receivables certified by the management as on 06th July 2025 and the audited financial statements as on 31st March 2025)		400.00
ii.	Total Assets available for Security	A	400.00
iii	Proposed Issuance of Secured Debt of Rs. 400/- crores by M/s Kerala financial Corporation		400.00
iv	Total Debt for which assets are offered as security	B	400.00
v	**Security Cover for Proposed Issuance**	C=A/B	1 Times

For A T K & Associates
Chartered Accountants
FRN: 018918C

CA Ankur Tayal
Partner
Membership No: 404791
Date: 17th July 2025
Place: Ghaziabad
UDIN: 25404791BMIBHN7325

ANNEXURE K
EXTRACT OF EVENTS OF DEFAULT AND REMEDIES

Events of Default

Notwithstanding anything to the contrary herein contained, each of the events set out below is an Event of Default (whether or not caused by the Issuer, any Person whatsoever outside the control of the Issuer or of any other Person) (such determination being at the sole discretion of Debenture Trustee):

Failure to pay Secured Obligations

The Issuer fails to pay any Secured Obligations on any relevant Due Date, including any amount payable to Secured Party pursuant to any Transaction Document to which it is a party at the place at and in the currency in which it is expressed to be payable.

Failure to perform obligations under Transaction Documents

The Issuer fails to perform its obligations with respect to any covenant, condition or agreement under the Debenture Trust Deed or any other Transaction Document and such failure (other than that specified in the Debenture Trust Deed) has not been cured within a period of 30 (thirty) days from such failure or there is an event or circumstance which will affect the ability of the Issuer to enter into and perform its obligations under the Transaction Documents or the legality, validity or the binding nature of the Transaction Documents.

Security

(A) Any Security Document is not (once entered into) in full force and effect, or any Security Document does not (once entered into) create in favour of the Debenture Trustee the Security Interest which it is expressed to create with the ranking and priority it is expressed to have.
(B) The Issuer fails to create and/or perfect the Security Interest for the Debentures within the timelines set out in the Transaction Documents.
(C) If, in the sole determination of the Debenture Trustee, any Security Interest provided for benefit of the Debenture Holders is in jeopardy.
(D) Any breach of the minimum Security Coverage Ratio.

Accounts

The Issuer fails to comply with/ breaches its obligations under the Debenture Trust Deed and under the Accounts Agreement and/or any other Transaction Document, including, but not limited to, a failure in remedying any shortfall in the Debt Service Reserve Account and/or the Cash Collateral Account within 7 (seven) days of receipt of notice of such shortfall from the Debenture Trustee.

Supply of untrue, misleading, or incorrect information

Any information provided by the Issuer under the Transaction Documents and/or any other information furnished and/or any other document delivered by or on behalf of the Issuer and/or any representation, warranty or statement given or deemed to have been given by the Issuer to the Secured Parties in connection with the Debentures is or proves to be misleading or incorrect in any respect, or is found to be incorrect, and the same has not been cured within a period of 30 (thirty) days.

Issuer ceases to carry on business

If the Issuer ceases or threatens to cease to carry on all or substantially all its business.

Expropriation

If any Governmental Authority condemns, nationalizes, compulsorily acquires or seizes or otherwise expropriates all or any material part (in the opinion of the Debenture Trustee) of the assets of the Issuer or takes any action for the dissolution of the Issuer or any action that would prevent the Issuer or its officers from carrying on its business or operations or a substantial part thereof, or any Governmental Authority (other than the Government of Kerala) assumes custody or Control of the shares or business or operations of the Issuer .

Alteration in the provisions of the Constitutional Documents

If the Issuer shall, without the previous consent in writing of the Debenture Trustee, make or take steps to make any alteration in the provisions of its Constitutional Documents which might, in the opinion of the Debenture Trustee, detrimentally affect the interests of the Debenture Holders and shall, upon demand by the Debenture Trustee, refuse, neglect or be unable to rescind such alteration within a period of 30 (thirty) days from such demand.

Authorisations

Any of the necessary clearances or authorisations required or desirable in relation to the Issuer or the Debentures (including in accordance with any of the Transaction Documents) is not obtained, received, or is revoked, terminated, withdrawn, suspended, modified, withheld or otherwise ceases to be in full force and effect.

Change of Control

(A) The occurrence of any/ either of the following events without the prior written consent of the Debenture Trustee:

(i) any change in the shareholding of the Issuer leading to a dilution of the Government of Kerala's shareholding in the Issuer to less than 51% (fifty-one per cent) of the paid-up equity share capital of the Issuer (on a fully diluted basis); and/or

(ii) the Government of Kerala ceasing to exercise Control over the Issuer.

(B) Any change in the shareholding or Control, in the Issuer other than as set out in sub-clause (A) above.

Insolvency

(A) the Issuer has voluntarily or involuntarily become the subject of proceedings under any insolvency law or the Issuer is voluntarily or involuntarily dissolved or any application being initiated against the Issuer under the Code (or any other analogous law) and is not stayed or dismissed within 7 (seven) days from the date of such initiation;

(B) if a petition for winding up of the Issuer has been filed and not stayed or dismissed within 7 (seven) calendar days from the date of filing by a court of competent jurisdiction or if an order of a court of competent jurisdiction is made for the winding up of the Issuer and the Issuer has taken any action or any actions having been taken or legal proceedings being started, in relation to all or part of the undertaking of the Issuer, for its dissolution, administration, bankruptcy, insolvency, any reorganization or attachment of its assets, which has the effect of dissolution or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any or all of its revenues and assets.

Unlawfulness and Illegality

(A) It is or becomes unlawful for the Issuer to perform or comply with any of its obligations under any Transaction Document in the opinion of the Debenture Trustee; or

(B) Any Transaction Document is not or ceases to be in full force and effect or becomes illegal or unenforceable.

Withdrawal or Suspension of Credit Rating

(A) In the event the credit rating of the Debentures is withdrawn or suspended or the Issuer fails to renew the credit rating annually.

(B) The credit rating of the Debentures is downgraded to 'A+' (or equivalent rating) or below by any of the Rating Agencies.

Cross Default

(A) Any Financial Indebtedness of the Issuer is not paid to a creditor when due within any originally applicable grace period, if any, and an event of default (howsoever described, under such transaction documents) is declared in respect of the same (other than in respect of the Debentures).

(B) Any commitment for any Financial Indebtedness of the Issuer (other than in respect of the Debentures) is cancelled or suspended by a creditor as a result of an event of default (howsoever described, under such transaction documents).

(C) All or any part of the Secured Obligations in respect of any tranche of Debentures is not paid on the relevant Due Date(s).

Material Adverse Effect

Any fact or circumstance, condition or occurrence that could reasonably be expected to result in a Material Adverse Effect.

Remedies

(a) The Security Interest created/ to be created under the Transaction Document in favour of the Debenture Trustee shall become enforceable by the Debenture Trustee upon the occurrence of an Event of Default.

(b) If an Event of Default has occurred, the Debenture Trustee may, without prejudice to any other rights it may have under Applicable Law:

(i) accelerate the maturity/ payment/ redemption of the Debentures and declare all of the Secured Obligations and/or amounts outstanding with respect to the Debentures (including but not limited to any Coupon accrued thereon) and other Secured Obligations as on that date, to be immediately due and payable;

(ii) initiate legal proceedings against the Issuer to realise the entire Secured Obligations payable in respect of the Debentures, enforce Security Interest, if any, in accordance with Applicable Law and/or equity;

(iii) exercise all powers and such other rights as may be available under Applicable Law and/or in equity and/or the Transaction Documents;

(iv) appoint independent agents to examine operations of the Issuer and the value of the Security;

(v) appoint a Nominee Director in accordance with the Debenture Trust Deed;

Provided, the proceeds from enforcement of Security will be appropriated by the Debenture Trustee towards the payment of Secured Obligations to the Secured Parties, in terms of the Transaction Documents.

(c) The Debenture Trustee shall have the authority to act upon and enforce the provisions of the Debenture Trust Deed in accordance with these presents or to adopt appropriate remedies in that behalf as it deems fit and may in that behalf adopt remedies in relation thereto, and shall exercise all powers under the Debenture Trust Deed in accordance with Applicable Law.

(d) Inter Creditor Agreement

Upon occurrence of a payment Event of Default in terms of the Debenture Trust Deed, the Debenture Trustee in accordance with Chapter X of the SEBI DT Master Circular, shall:

(i) send a notice to the Debenture Holders within 3 (three) days of the occurrence of a payment Event of Default in terms of the Debenture Trust Deed, by way of registered post with acknowledgement due, speed post with acknowledgement due, courier, hand delivery with proof of delivery or through electronic mail as a text or an attachment with notification of read receipt and proof of such delivery of notice or e-mail shall be maintained by the Debenture Trustee;

(ii) the notice delivered by the Debenture Trustee in accordance with (i) above, shall provide: (A) the negative consent for proceeding with enforcement of the Security Interest; (B) positive consent for signing an inter-creditor agreement in accordance with the RBI circular dated June 07, 2019 ("**ICA**"); (C) the time period within which the Debenture Holders are required to provide their consent, that is, within 15 (fifteen) days from the date of such notice; (D) the date on which the meeting of Debenture Holders will be convened; and (E) a disclosure to the effect that in case requisite consents are not received either for enforcement of Security Interest or for signing ICA, then the Debenture Trustee shall take further action, if any, as per the decision taken in the meeting of the Debenture Holders. The Debenture Trustee shall convene a meeting of the Debenture Holders no later than 30 (thirty) days from the date of occurrence of a payment Event of Default in terms of the Debenture Trust Deed, provided that in case the Event of Default is cured by the Issuer to the satisfaction of the Debenture Trustee/ Debenture Holders, no meeting of the Debenture Holders will be required;

(iii) the Debenture Trustee shall take the necessary action for enforcement of the Security Interest or for entering into an ICA, as decided by the Majority Debenture Holders for ICA in terms with the Applicable Law.

(iv) In the event the Majority Debenture Holders for ICA agree to sign an ICA and the Debenture Trustee signs such ICA on behalf of the Debenture Holders, the Debenture Trustee shall be subject to the conditions stipulated in the SEBI DT Master Circular.

ANNEXURE L

COVENANTS AND UNDERTAKINGS

PART A – OPERATION OF THE ACCOUNTS IN ORDINARY COURSE

Subject to the terms of the Accounts Agreement, until the Final Settlement Date, the Accounts shall be governed as per the mechanism stipulated below.

In the event that the Due Amounts and/or Debt Service Reserve Amount or any shortfall thereof or in any other amounts payable in any of the Account(s) are not transferred to such Account(s) due to such day not being a Business Day, or otherwise, such shortfall shall be cumulated on a rolling basis and be carried forward and aggregated with the amounts payable on the immediately following Business Day.

1. **Deposits into and Withdrawals from the Debenture Servicing Account**

(a) Deposits into the Debenture Servicing Account

(i) On and from the 1st (first) day of each Servicing Quarter, Receivables equivalent to 2% (two percent) of the outstanding Secured Obligations payable on the immediately following Due Date (T), shall be remitted from the Revenue Account on each Business Day and credited to the Bond Servicing Account, such that the funding of an amount equivalent to the Due Amount is available in the Bond Servicing Account atleast 15 (fifteen) days prior to the Due Date (T-15 days) ("Funding Date"). Upon an amount equivalent to the Due Amount for the relevant Servicing Quarter being credited fully to the Bond Servicing Account, the Issuer shall be entitled to make a request to the Revenue Bank to stop the remittance to the Bond Servicing Account on each Business day, as set out in this Paragraph 1 (a) (i), till the end of such Servicing Quarter.

(ii) If the Bond Servicing Account is not funded with an amount equivalent to the Due Amount within the Funding Date in accordance with Paragraph 1 (a) (i) above, the Debenture Trustee shall issue a notice to the Issuer in the form set out in the Accounts Agreement ("Shortfall Notice"), calling upon the Issuer to fund the shortfall within the next 5 (five) days (T-10 days) from the date such notice ("Shortfall Funding Date").

(iii) In the event an amount equivalent to the Due Amount is not funded by the Issuer in the Bond Servicing Account within the Shortfall Funding Date in accordance with Paragraph 1 (a) (ii) above, the Debenture Trustee shall transfer an amount equivalent to such shortfall from the DSRA to the Bond Servicing Account on the day immediately succeeding the Shortfall Funding Date (T- 9 days) to meet such shortfall in the Due Amount ("Final Funding Date"). The Debenture Trustee shall ensure to liquidate the amounts invested in the Permitted Investments made from the DSRA to ensure that adequate funds are available in the DSRA to transfer the funds to the Bond Servicing Account on T-9 day.

(iv) Upon utilisation of the Debt Service Reserve Amount in accordance with Paragraph 1 (a) (iii) above, the DSRA shall first be fully replenished in accordance with Paragraph 2 (a) (ii) below, upon notice issued by the Debenture Trustee to the Revenue Bank, in the form set out in the Accounts Agreement, pursuant whereof the Receivables available in the Revenue

Account shall be transferred by the Revenue Bank to the Debt Service Reserve Account (pro-rata to the other series of Debentures issued by the Issuer and outstanding from time to time) on an ongoing basis until the amounts required to be maintained therein are available in the Debt Service Reserve Account. Thereinafter, the Receivables equivalent to 2% (two per cent) of the outstanding Secured Obligations payable on the immediately following Due Date shall continue to be remitted on each Business Day from the Revenue Account into the Bond Servicing Account in accordance with Paragraph 1 (a) (i) above.

(v) In the event an amount equivalent to the Due Amount is not available in the Bond Servicing Account even after utilisation of the amounts in the DSRA in accordance with Paragraph 1 (a) (iii) above, then the Debenture Trustee shall transfer such shortfall from the Cash Collateral Account into the Bond Servicing Account to meet the shortfall in the Due Amount and issue a Shortfall Notice to the Issuer to replenish the Cash Collateral Account within the next 30 (thirty) days from the date of issuance of Shortfall Notice.

(vi) Notwithstanding the terms of this Agreement that provide for the appropriation the Receivables from the Revenue Account or the transfer the funds from the other Accounts to the Bond Servicing Account, the obligation of the Issuer to fund the Bond Servicing Account to the extent of the Due Amount, within the timelines specified in this Paragraph 1 (Deposits into the Bond Servicing Account), shall continue until the Final Settlement Date. The Revenue Bank shall remit the amounts from the Revenue Account to the Bond Servicing Account in accordance with the standing instructions from the Issuer (in the form as more particularly set out in the Accounts Agreement) on or before 3.30 PM on the respective Business Day. The Revenue Bank shall have no obligation to ensure the receipt of the amount in the Bond Servicing Account.

(b) Withdrawals from the Debenture Servicing Account

(i) Until the Debenture Trustee issues an EOD Intimation Notice, the amounts lying to the credit of the Bond Servicing Account shall be permitted to be withdrawn in accordance with this Agreement, in the following order of priority until the Final Settlement Date:

(A) in the event the Cash Collateral Amount is utilized to fund the Bond Servicing Account in accordance with Paragraph 1(a) (v) for payment of Due Amounts on the Due Date, pursuant thereto, all amounts available in the Bond Servicing Account after such Due Date, shall be remitted from the Bond Servicing Account to the Cash Collateral Account on an ongoing basis, until the Cash Collateral Account is replenished to the extent of the Cash Collateral Amount;

(B) all the amounts credited to the Bond Servicing Account shall be utilised for the purposes of payment of the Secured Obligations, and, in the interim period of their utilisation, the same may be used for making Permitted Investments, in the manner more particularly set out in the Accounts Agreement.

(ii) Subject to the terms of the Accounts Agreement, and pending utilization of the amounts lying to the credit of the Bond Servicing Account for the purposes mentioned above, the Account Bank may utilise the credit balance

in the Bond Servicing Account towards Permitted Investments, in accordance with prior written instructions of the Debenture Trustee. Provided that any such Permitted Investments shall be redeemed by the Account Bank at any time for the payment of any amounts specified above, either upon receipt of a written request by the Debenture Trustee for the same or in accordance with the terms of the Accounts Agreement.

(iii) The amounts specified in this clause shall constitute "Permitted Withdrawals from Bond Servicing Account". It is clarified that the Account Bank shall not be liable to check the priority of the payment and will act based on written instruction from the Debenture Trustee.

2. **Deposits into and Withdrawals from the DSRA**

(a) Deposits into the DSRA

(i) At least 1 (one) day prior to the Deemed Date of Allotment, an amount equivalent to the total servicing obligation (Principal & Interest) of the bonds proposed to be allottedpayable in the next two Quarters ("Debt Service Reserve Amount") shall be deposited by the Issuer into the DSRA, which shall be maintained by the Issuer till the Final Settlement Date. Further, prior to commencement of principal redemption (from the end of 21st and 22nd quarter), the DSRA would need to be suitably augmented within 15 days after the expiry of the 19th and 20th quarter to take care of this enhanced servicing liability.

Provided that in the event the amounts maintained in the DSRA exceed the Debt Service Reserve Amount, then the difference between the amounts lying to the credit of the DSRA and the Debt Service Reserve Amount shall be transferred by the Account Bank to the Issuer, only if the Debenture Trustee requests the Account Bank to do so, and subject to there being no unresolved breach by the Issuer of any terms of the Transaction Documents.

(ii) In the event of a shortfall in the DSRA, all the Receivables (pro-rata to the other series of Debentures issued by the Issuer and outstanding from time to time) shall be remitted from the Revenue Account to the DSRA on an ongoing basis until the DSRA is replenished to the extent of the Debt Service Reserve Amount, and only thereafter amounts lying to the credit of the Revenue Account shall be transferred to the Bond Servicing Account in terms of Paragraph 1 (a) (iv).

(iii) In the event that the Debt Service Reserve Amount is utilised towards meeting the shortfall in the Bond Servicing Account in terms of Paragraph 1 (a) (iii) above, and the resulting shortfall in the DSRA is not cured by the Issuer within 30 (thirty) days from such Due Date, the Debenture Trustee shall transfer the amounts lying to the credit of the Cash Collateral Account to the DSRA until the DSRA is replenished up to an amount equivalent to the Debt Service Reserve Amount.

(iv) Notwithstanding the terms of the Transaction Documents that provide for the appropriation of the Receivables from the Revenue Account or the amounts from the Cash Collateral Account to the DSRA (as stated hereinabove), the obligation of the Issuer to fund the DSRA to the extent of the Debt Service Reserve Amount, within the timelines specified in this Paragraph 2 (a) (Deposits into the DSRA) shall continue until the Final Settlement Date.

(b) Withdrawals from the DSRA

(i) In the event that the Bond Servicing Account is not funded to the extent of the Due Amount in accordance with Paragraph 1 (a) (i) above, the Debenture Trustee shall transfer funds from the DSRA to the Bond Servicing Account in accordance with Paragraph 1 (a) (iii) to meet the shortfall in the Due Amount.

(ii) Subject to the terms of the Accounts Agreement, and pending utilization of the amounts lying to the credit of the DSRA for the purposes mentioned above, the Account Bank may utilise the credit balance in the DSRA towards Permitted Investments, in accordance with prior written instructions of the Debenture Trustee. Provided that any such Permitted Investments shall be redeemed by the Account Bank at any time for the payment of any amounts specified above, either upon receipt of a written request by the Debenture Trustee for the same or in accordance the terms of the Accounts Agreement.

(iii) The amounts specified in this Paragraph 2 (b) (Withdrawals from the DSRA) shall constitute "Permitted Withdrawals from DSRA". It is clarified that the Account Bank shall not be liable to check the priority of the payment and will act based on written instruction from the Debenture Trustee.

3. **Deposits into and Withdrawals from the Cash Collateral Account**

(a) Deposits into the Cash Collateral Account

(i) At least 1 (one) day prior to the Deemed Date of Allotment, an amount equivalent to the Cash Collateral Amount shall be deposited by the Issuer into the Cash Collateral Account, which shall be maintained by the Issuer till the Final Settlement Date.

(ii) In the event the Cash Collateral Amount is utilised from the Cash Collateral Account in terms of Paragraph 1 (a) (v) and Paragraph 2 (a) (iii) above, all amounts available in the Bond Servicing Account, shall be remitted from the Bond Servicing Account to the Cash Collateral Account on an ongoing basis until the Cash Collateral Account is replenished to the extent of the Cash Collateral Amount in accordance with Paragraph 1 (b) (i) (A) above.

(iii) In the event, the Issuer fails to replenish the shortfall in Cash Collateral Account in accordance with Paragraph 3 (a) (ii) above, the Debenture Trustee shall issue a Shortfall Notice calling upon the Issuer to replenish the Cash Collateral Account for an amount equivalent to the Cash Collateral Amount within 7 (seven) days from the date of issuance of such notice, failing which such an event will be construed as an Event of Default under the Transaction Documents.

(b) Withdrawals from the Cash Collateral Account

(i) In the event the Bond Servicing Account and/or the DSRA are not funded to the extent of the Due Amount and/or Debt Service Reserve Amount as per Paragraph 1 (a) (i) and Paragraph 2 (a) (i) above respectively, the Debenture Trustee shall transfer funds from the Cash Collateral Account to the Bond Servicing Account in accordance with Paragraph 1 (a) (v) and/or the DSRA in accordance with Paragraph 2 (a) (iii).

(ii) Subject to the terms of the Accounts Agreement, and pending utilization of the amounts lying to the credit of the Cash Collateral Account for the purposes mentioned above, the Account Bank may utilise the credit balance in the Cash Collateral Account towards Permitted Investments, in accordance with prior written instructions of the Debenture Trustee. Provided that any such Permitted Investments shall be redeemed by the Account Bank at any time for the payment of any amounts specified above, either upon receipt of a written request by the Debenture Trustee for the same or in accordance with the terms of the Accounts Agreement.

(iii) The amounts specified in this Paragraph 3 (b) (Withdrawals from the Cash Collateral Account) shall constitute "Permitted Withdrawals from Cash Collateral Account". It is clarified that the Account Bank shall not be liable to check the priority of the payment and will act based on written instruction from the Debenture Trustee.

(iv) The terms Permitted Withdrawals from Bond Servicing Account, Permitted Withdrawals from DSRA and Permitted Withdrawals from Cash Collateral Account are collectively referred to as "Permitted Withdrawals".

It is hereby clarified by the Parties that the Permitted Withdrawals shall be made by the Account Bank from the Bond Servicing Account, the DSRA and/or the Cash Collateral Account (as the case may be) pursuant to the Debenture Trustee requesting the same to the Account Bank from time to time in the format set forth in the Accounts Agreement, without any instruction from the Issuer to the Account Bank.

PART B

INFORMATION COVENANTS

The Account Bank shall provide the following information to the Debenture Trustee, in accordance with the timelines prescribed hereunder:

The Issuer/ Account Bank shall inform the Debenture Trustee as follows:

1. At least 1 (one) Business Day prior to the Funding Date (T-15) and Shortfall Funding Date (T-10), the balance in the Debenture Servicing Account;

2. At least 1 (one) Business Day prior to the Funding Date (T-15), Shortfall Funding Date (T-10) and Final Funding Date (T-9), the monthly statement of the Debenture Servicing Account, the DSRA, and the Cash Collateral Account;

3. At least 3 (three) Business Days prior to the Shortfall Funding Date (T-10), the intention to redeem a Permitted Investment made from the Debenture Servicing Account;

4. At least 3 (three) Business Days prior to the Final Funding Date (T-9), the intention to redeem a Permitted Investment;

5. At least 1 (one) Business Day prior to the Final Funding Date (T-9), the requirement for withdrawal of funds from the DSRA for credit to the Debenture Servicing Account;

6. on each Due Date, the balance maintained in the DSRA;

7. immediately pursuant to transfer of funds to the DSRA towards maintenance of Debt Service Reserve Amount, the balance maintained in the DSRA;

8. on each Due Date, the balance maintained in the Cash Collateral Account;

9. at least 7 (seven) Business Days prior to a Due Date, the balance maintained in the Cash Collateral Account; and

10. immediately pursuant to transfer of funds from the Cash Collateral Account to the Debenture Servicing Account and/or DSRA, the balance maintained in the Cash Collateral Account.

ANNEXURE M

CONDITIONS PRECEDENT TO EACH TRANCHE OF THE DEBENTURES

1. The Issuer shall provide to the Debenture Trustee, a copy of its Constitutional Documents, certified as a true copy by its director or company secretary.

2. Receipt by the Debenture Trustee of a certified true copy of the extract of the resolution of the Board, authorising the Issuer to raise funds through the issuance of debentures.

3. Receipt by the Debenture Trustee of a certified true copy of the extract of the resolutions passed by the Board and by the Asset Liability Management Committee of the Issuer, authorising the Issuer to raise funds through the issuance of debentures.

4. Receipt by the Debenture Trustee of a specimen of the signature of each person authorised by the resolution referred to in paragraph 2 and 3 above.

5. Receipt by the Debenture Trustee of a certificate from a Director/ the company secretary/ an authorised signatory of the Issuer, certifying that the borrowing or collateralizing of the Debentures (as applicable) and other related amounts under the Transaction Documents would not cause any borrowing, collateralizing, guaranteeing or similar limit (as applicable) binding on it to be exceeded.

6. The Issuer shall file the Offer Documents, in a form agreed between the Parties, to the satisfaction of the Debenture Trustee.

7. Execution, by the Issuer, of the relevant Transaction Documents (other than those required to be executed as a Condition Subsequent), and such other documentation as may be required by the Debenture Trustee.

8. Receipt by the Debenture Trustee of the rating letters and respective rating rationales from each of the Identified Rating Agencies, in respect of the Debentures.

9. Receipt of the consent letter from the Debenture Trustee by the Issuer.

10. Receipt of the consent letter from the Registrar and Transfer Agent, and execution of the tripartite agreement by the Issuer with the Registrar and Transfer Agent and the Depository.

11. Receipt by the Issuer of in-principle approval from the Designated Stock Exchange.

12. The Issuer shall have submitted to the prospective Debenture Holders/ Debenture Trustee, all required documents for the purpose of satisfying its respective 'know your client' requirements (including specimen signatures of the authorized signatories).

13. Receipt by the Debenture Trustee of evidence that the fees, costs and expenses then due from the Issuer or required for the Issue or execution of the relevant Transaction Documents (including stamp duty for dematerialization of the debentures) pursuant to this Deed have been paid.

14. Evidence of receipt of ISINs for the Debentures.

15. Receipt by the Debenture Trustee of evidence of the Issuer having opened the Debenture Proceeds Account.

16. Receipt by the Debenture Trustee of evidence of the Issuer having opened the Accounts

(other than the Revenue Account and the Demat Account).

17. The deposit of the Debt Service Reserve Amount in the Debt Service Reserve Account, at least 1 (one) day prior to the Deemed Date of Allotment, and provision of documentary evidence by way of a copy of the Debt Service Reserve Account statement certified by the Account Bank, confirming that the requisite Debt Service Reserve Amount has been credited to the Debt Service Reserve Account, at least 1 (one) day prior to the Deemed Date of Allotment.

18. Receipt by the Debenture Trustee of a certificate duly certified by the statutory auditors/independent chartered accountant of the Company or a letter from the Designated Stock Exchange, certifying creation and the form of the Recovery Expense Fund by the Issuer for the requisite amounts.

19. Receipt by the Debenture Trustee of a certificate of an authorised signatory of the Issuer, inter alia including references to the following, in a form and manner satisfactory to the Debenture Trustee:

    (a) no Event of Default or potential event of default has occurred and is continuing, and no such event or circumstance will result as a consequence of the Issuer performing any obligation contemplated under the Transaction Documents;

    (b) The Use of Proceeds shall be in accordance with the Purpose and the terms of the Transaction Documents;

    (c) the Issuer is and will be, after issuance of the Debentures, in full compliance with all provisions of the Transaction Documents, its charter, any document to which it is a party or by which it is bound, and any laws applicable to it;

    (d) there are no undisputed Tax dues or liabilities of the Issuer;

    (e) no proceedings have been initiated or are pending against the Issuer under the Income Tax Act, 1961, which will have Material Adverse Effect on the Issuer;

    (f) no notice has been served on the Issuer in terms of Rule 2 of the Second Schedule to the Income Tax Act, 1961;

    (g) no material claims have been received in respect of any tax or any other sum payable by the Issuer as a result of completion of any proceedings under the Income Tax Act, 1961; and

    (h) the properties to be hypothecated by the Issuer to secure the Debentures do not qualify as "assets" as per the explanation provided in Section 281 of the Income Tax Act, 1961, and accordingly Section 281 of the Income Tax Act, 1961 is not applicable to the Issuer in respect of such hypothecation.

20. Receipt by the Debenture Trustee of the letter from the Issuer specifying the details of the Receivables being charged to secure the Debentures (in the form and manner specified in Schedule 1 of the Deed of Hypothecation).

21. Receipt by the Debenture Trustee of any and all other authorisations, documents/ certificates as may be required by the Debenture Trustee (including the consent letter for appointment of the Debenture Trustee).

22. Receipt by the Debenture Trustee of a copy of the pre-authorization letter (substantially in

the form under Schedule 7 (*Issuer Pre-Authorization Letter for Debenture Servicing Account*) hereunder) given by the Issuer to Account Bank in respect of the account from which the servicing of the Debentures shall be undertaken.

23. Copy of standing instruction given by the Issuer to the Revenue Bank to debit the Revenue Account and make deposits into the Debenture Servicing Account, in accordance with the terms of the Accounts Agreement.

24. The Debenture Trustee shall provide a copy of the due diligence certificate issued by the Debenture Trustee, submitted to the Designated Stock Exchange in the prescribed format set out in the applicable SEBI Regulations (as amended from time to time).

CONDITIONS SUBSEQUENT TO EACH TRANCHE OF THE DEBENTURES

1. Execution of this Deed within 3 (three) Business Days from the Issue Closing Date, and in any event, prior to filing the listing application before the Designated Stock Exchange for obtaining the final listing approval in relation to the listing of Debentures.

2. Execution of the Deed of Hypothecation and creation of charge over the Secured Properties in favour of the Debenture Trustee (for the benefit of the Debenture Holders) within 3 (three) Business Days from the Issue Closing Date, and in any event, prior to filing the listing application before the Designated Stock Exchange for obtaining the final listing approval in relation to the listing of Debentures.

3. Within 30 (thirty) calendar days from the Deemed Date of Allotment of the Debentures or from the date of execution of the Deed of Hypothecation (whichever is earlier):

   (a) authenticating or causing to authenticate, disclosing or submitting the 'financial information' in respect of the Security Interest created/ to be created under the Transaction Documents to any Information Utility; and

   (b) filing by the Debenture Trustee of the details of the Deed of Hypothecation with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India, as may be applicable.

4. No later than 2 (two) Business Days from the Deemed Date of Allotment, the Issuer shall submit evidence of the credit of the Debentures in the specified dematerialized account(s) of each of the Debenture Holders.

5. Within 30 (thirty) days of the Deemed Date of Allotment, the Issuer shall provide an end use certificate in relation to the utilization of the Subscription Amounts, certified by an independent chartered accountant.

6. Within 45 (forty-five) days of the Deemed Date of Allotment, the Issuer shall provide a compliance certificate to the Debenture Trustee certifying its compliance with the terms and conditions of the Offer Documents.

7. Within 3 (three) Business Days of the Issue Closing Date, providing the final listing approval from the Designated Stock Exchange in respect of listing of the Debentures on the wholesale debt market segment of the Designated Stock Exchange.

8. Within 3 (three) Business Days of the Deemed Date of Allotment, the Issuer shall provide certified copy of the letter of allotment from the Depository.

9. Within 15 (fifteen) days of Deemed Date of Allotment, the Issuer shall provide certified copy of all corporate actions approving and allotting the Debentures.

10. Within 15 (fifteen) days of DDays from the Deemed Date of Allotment, the Issuer shall have paid all fees, costs, charges and expenses (to the extent such costs, charges and expenses have been incurred in accordance with the relevant agreement) payable to or incurred by the Debenture Trustee, arranger or advisors and any solicitors, advocates, company secretaries or consultants used by any of them in connection with the issuance and placement of the Debentures, creation and registration of the security interest created pursuant to any Transaction Documents with the relevant registrar(s) of companies, compilation of search/ status reports and other similar matters.

11. Receipt by the Debenture Trustee of the final rating letters in respect of the Debentures from each of the Identified Rating Agencies.

12. Receipt by the Debenture Trustee of the legal opinion in agreed form, to be issued by the legal counsel to the Debenture Trustee.

Annexure N

Issue Opens On: 22.07.2025
Closing On: 22.07.2025
Date of Application:
Name of the Arrangers:

APPLICATION FORM

KERALA FINANCIAL CORPORATION

KERALA FINANCIAL CORPORATION
(Incorporated under the State Financial Corporations Act No. LXIII of 1951)
Kerala Financial Corporation (the "**Corporation**" or "**Issuer**") is a public sector undertaking owned by the Government of Kerala and has been constituted under the State Financial Corporations Act, 1951.
For more information about our Corporation, please refer "*Issuer Information*" given in Section 7 of this Key Information Document
CIN: NA || **Date and Place of Incorporation:** 23.11.1953, Thiruvananthapuram, Kerala
Principal Place of Business: Vellayambalam, Thiruvananthapuram, Kerala-695033
Telephone: 0471- 2737500, 2311750, 2318319 || **Website:** www.kfc.org || **Email:** kfcbondissue@gmail.com
PAN: AABCK1316M

ISSUE OF SERIES I 2025-26 CONSISTING OF UPTO 40,000 (FORTY THOUSAND ONLY) SENIOR, SECURED, RATED, LISTED, REDEEMABLE AND TAXABLE NON-CONVERTIBLE BONDS ("NCD" OR "DEBENTURES" OR "BONDS") UNDER 5 DIFFERENT SUB-SERIES (A TO E) IN THE NATURE OF DEBENTURES OF FACE VALUE OF INR 1,00,000/- (INDIAN RUPEES ONE LAKH ONLY) EACH FOR CASH AT PAR, AGGREGATING UPTO INR 400,00,00,000/- (INDIAN RUPEES FOUR HUNDRED CRORES ONLY) ("DEBT SECURITIES" /"NCDs"/ "DEBENTURES") COMPRISING BASE ISSUE SIZE OF INR 200,00,00,000/- (INDIAN RUPEES TWO HUNDRED CRORES ONLY) ALONG WITH GREEN SHOE OPTION OF UPTO INR 200,00,00,000 (INDIAN RUPEES TWO HUNDRED CRORES ONLY).

(PLEASE READ THE INSTRUCTIONS CAREFULLY BEFORE FILLING THIS FORM)

Minimum subscription of INR 5 lakhs (comprising 1 Bond of INR 1 lakh face value in each sub-series A to E) and in multiples thereof.

Tenor	**6-10 YEARS UNDER 5 DIFFERENT SUB-SERIES (A TO E)**

DEBENTURE APPLIED FOR:

Number of Debentures _____ In words _____

Amount Rs. _____ in words Rupees _____
_____Crores only

Bank details of the Investor from where the funds will be transferred to the KFC NON SLR BOND ISSUE SERIES I-2025 maintained by KFC

DETAILS OF PAYMENT:

RTGS / NEFT
No. _____ Drawn on_____

Funds transferred to _____
Dated _____

Total Amount Enclosed
(In Figures) _____ (In words) _____

UTR No.: …….

Category (Tick one)*

☐	Scheduled Commercial Bank	☐	Co-operative Bank
☐	Public Financial Institution	☐	Mutual Fund
☐	Insurance Company	☐	Company/ Body Corporate
☐	Primary/ State/ District/ Central Co-operative Bank	☐	Provident/ Pension /Gratuity/Superannuation Fund
☐	Regional Rural Bank	☐	Others (please specify)

Investor Type (tick whichever is applicable)*

Qualified Institutional Buyers ("QIBs")		Non-Qualified Institutional Buyers ("Non-QIBs")	

Annexure M

We have read and understood the contents of Key Information Document dated July 18th, 2025, hereby apply for allotment of the Bonds to us. The amount payable on application as shown below has been remitted herewith. On allotment, please place our name on the Register of Bondholders under the issue. We bind ourselves to the terms and conditions as contained in this Offer Document. We further confirm that, the subscription to bonds is made from our bank account as mentioned below.

SIGNATORIES (TO BE SIGNED BY THE APPLICANTS / AUTHORISED SIGNATORIES)

Sl. No.	Name of the Applicant(s) / Authorized Signatories	Status / Designation	Signature
1.			
2.			

We understand and confirm that the information provided in the Offer Document is provided by the Issuer and the same has not been verified by any legal advisors to the Issuer and other intermediaries and their agents and advisors associated with this Issue. We confirm that we have for the purpose of investing in these Debentures carried out our own due diligence and made our own decisions with respect to investment in these Debentures and have not relied on any representations made by anyone other than the Issuer, if any.

We understand that: (i) in case of allotment of Debentures to us, our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, (ii) the Applicant must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with our Depository Participant, (iii) if the names of the Applicant in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned Depository Participant or if the Debentures cannot be credited to our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole discretion to reject the application or issue the Debentures in physical form.

We understand that we are assuming on our own account, all risk of loss that may occur or be suffered by us including as to the returns on and/or the sale value of the Debentures. We undertake that upon sale or transfer to subsequent investor or transferee ("Transferee"), we shall convey all the terms and conditions contained herein and in this Issue Document to such Transferee. In the event of any Transferee (including any intermediate or final holder of the Debentures) suing the Issuer (or any person acting on its or their behalf) we shall indemnify the Issuer and also hold the Issuer harmless in respect of any claim by any Transferee.

_____
Applicant's Signature

FOR OFFICE USE ONLY
DATE OF RECEIPT _____

----------(TEAR HERE)----------

KERALA FINANCIAL CORPORATION

(Incorporated under the State Financial Corporations Act No. LXIII of 1951)

Kerala Financial Corporation (the "Corporation" or "Issuer") is a public sector undertaking owned by the Government of Kerala and has been constituted under the State Financial Corporations Act, 1951.

For more information about our Corporation, please refer "Issuer Information" given in Section 7 of this Key Information Document

CIN: NA || **Date and Place of Incorporation:** 23.11.1953, Thiruvananthapuram, Kerala
Principal Place of Business: Vellayambalam, Thiruvananthapuram, Kerala-695033
Telephone: 0471- 2737500, 2311750, 2318319 || **Website:** www.kfc.org || **Email:** kfcbondissue@gmail.com
PAN: AABCK1316M

ACKNOWLEDGEMENT SLIP **Sr. No. …….....**

Received from M/s…….…….. Address…… ……. …….… ……. ……. City……..Pin……..…….	**ISSUE OF SERIES I 2025-26 CONSISTING OF UPTO 40,000 (FORTY THOUSAND ONLY) SENIOR, SECURED, RATED, LISTED, REDEEMABLE AND TAXABLE NON-CONVERTIBLE BONDS ("NCD" OR "DEBENTURES" OR "BONDS") UNDER 5 DIFFERENT SUB-SERIES (A TO E) IN THE NATURE OF DEBENTURES OF FACE VALUE OF INR 1,00,000/- (INDIAN RUPEES ONE LAKH ONLY) EACH FOR CASH AT PAR, AGGREGATING UPTO INR 400,00,00,000/- (INDIAN RUPEES FOUR HUNDRED CRORES ONLY) ("DEBT SECURITIES" /"NCDs"/ "DEBENTURES") COMPRISING BASE ISSUE SIZE OF INR 200,00,00,000/- (INDIAN RUPEES TWO HUNDRED CRORES ONLY) ALONG WITH GREEN SHOE OPTION OF UPTO INR 200,00,00,000 (INDIAN RUPEES TWO HUNDRED CRORES ONLY).**		
	No. of Bonds	Amount in Rs.	Stamp

Annexure M

INSTRUCTIONS

Investors are advised to comply with the following General Instructions:-

1. Application Form must be completed in BLOCK LETTERS IN ENGLISH. A blank space must be left between two or more parts of the name. For example:

A	B	C	D		W	X	Y	Z					

2. Signatures should be made in English / Hindi. Signatures made in any other Indian language must be attested by an authorized official of a Bank or by a Magistrate / Notary Public under his / her official seal.

3. Application shall be for an amount of INR 5 lakhs (comprising 1 bond of INR 1 lakh face value in each sub-series A to E) and in multiples thereof.

4. Applicants may make remittance of application money through Indian Clearing Corporation Limited.

5. In the event of Bonds offered being oversubscribed, the same will be allotted in such manner and proportion as may be decided by the Board of directors of the Company or a duly constituted committee thereof.

6. The bonds shall be issued in Demat form only and demat details shall be as provided to the issuer by EBP.

7. Income Tax as applicable will be deducted at source at the time of payment of interest and interest on application money. Those who are eligible and desirous of claiming exemptions of tax under Income Tax Act, 1961 are required to submit relevant certificate issued by the Income-Tax Officer and / or submit self declaration Form in duplicate as prescribed in the Income Tax Rules, along with the Application Form.

8. Receipt of application will be acknowledged by Issuer/ Arrangers stamping the "Acknowledgement Slip" appearing below the Application Form. No separate receipt will be issued.

9. The remittance of Application Money for subscription to the Bonds shall be made only from the bank account of the Applicant subscribing to the Bonds.

10. In the case of applications made under Power of Attorney or by limited companies, corporate bodies, registered societies, trusts etc., following documents (attested by Company Secretary / directors) must be lodged along with the application or sent directly to KFC along with a copy of the Application Form.
    a) Certificate of incorporation and Memorandum & Articles of Association
    b) Resolution of the Board of Directors/trustees and identification of those who have authority to operate
    c) Certified True Copy of Power of attorney granted to transact business on its behalf.
    d) Form 15AA for investors seeking exemption for Tax deduction at source from interest on the application money.
    e) Any officially valid document to identify the trustees, settlers. beneficiaries and those holding Power of Attorney
    f) Resolution of the managing body of the foundation/association
    g) Certificate of registration
    h) Documentary evidence of the Demat details and DPID to be submitted by the investor along with application form.
    i) Copy of PAN card

11. The applicants are requested to clearly indicate the DP ID and Client ID details. In case these details are not filled up correctly, the investor shall have to bear the charges levied by NSDL/CDSL for getting the credit Corporate Action conducted again.

    Name of the Applicant:

12. Please give the Complete Bank details like Bank Account Number, IFSC Code, Name of the Bank and Branch and Branch Code in the Column for Bank details for the purpose of payment of interest on application money through RTGS.

13. KFC is entitled, at its sole and absolute discretion, to accept or reject any application, in part or in full, without assigning any reason whatsoever. An application form, which is not complete in any respect, is liable to be rejected.

14. All future communication should be addressed to the RTA (whose address is given below) or to such other person at such address as may be notified by KFC from time to time.

    Name: Cameo Corporate Services Limited
    Address: Subramanian Building, 1, Club House Road, Chennai 600 002
    Tel No. +91-44-28460390
    Fax No.: 91-44 - 28460129
    Website: https://cambridge.cameoindia.com/
    Email id: cameo@cameoindia.com
    Contact Person: Sreepriya K