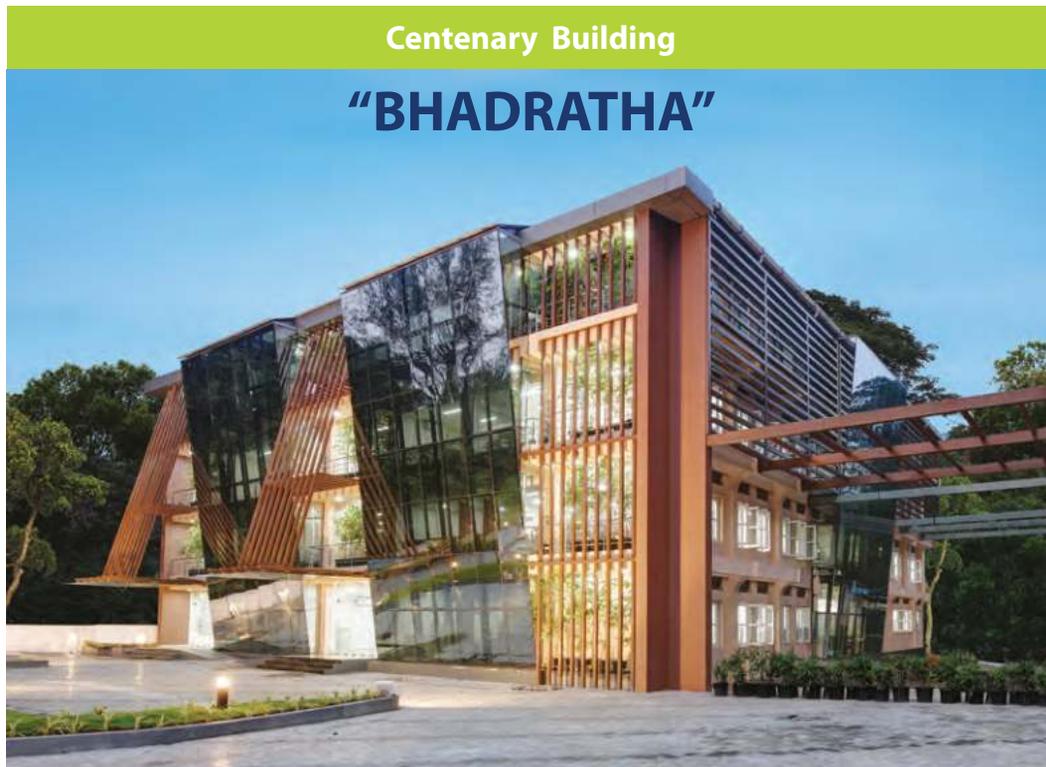




Registered on 06th November 1969



Financial Upto 31st March 2019



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നം.476/പ്രസ്/സി.എം.ഒ/2020.

ആഗസ്റ്റ് 04, 2020

സന്ദേശം

ചിട്ടി എന്ന സാമ്പത്തിക പദ്ധതി ജനകീയവൽക്കരിച്ച സാമ്പത്തികസ്ഥാപനമായ കെ.എസ്.എഫ്.ഇ സുവർണ്ണ ജൂബിലി ആഘോഷ നിരവിലാണ് എന്നറിഞ്ഞതിൽ സന്തോഷം.

സർക്കാരിന്റെ വികസന-ക്ഷേമ പദ്ധതികളിൽ പങ്കാളികളായിക്കൊണ്ട് ജനപക്ഷ നിലപാട് ഉയർത്തിപ്പിടിക്കാൻ എപ്പോഴും കെ.എസ്.എഫ്.ഇ ശ്രദ്ധിച്ചിട്ടുണ്ട്. ജനങ്ങൾക്ക് ആശ്വാസപ്രദമായ നടപടികൾ കൈക്കൊള്ളുമ്പോൾ തന്നെ തുടർച്ചയായി ലാഭത്തിൽ പ്രവർത്തിക്കാനും കെ.എസ്.എഫ്.ഇയ്ക്ക് കഴിഞ്ഞു. സുവർണ്ണ ജൂബിലി വർഷത്തിൽ കൂടുതൽ ജനോപകാരപ്രദമായ നടപടികൾ കൈക്കൊള്ളാൻ നിങ്ങൾക്ക് സാധിക്കട്ടെ എന്ന് ആശംസിക്കുന്നു.

എല്ലാ ഭാവുകങ്ങളും നേരുന്നു.

പിണറായി വിജയൻ

141, മൂന്നാം നില, നോർത്ത് ബ്ലോക്ക്, ഗവൺമെന്റ് സെക്രട്ടേറിയറ്റ്, തിരുവനന്തപുരം, പിൻ : 695 001

ഫോ: 0471 2333241, 2333812, 2333610 ഫാ: 0471 2333489 ഇ: chiefminister@kerala.gov.in

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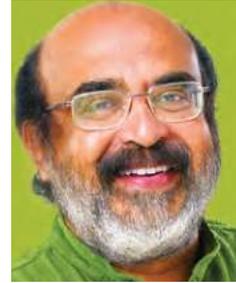
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കേരള സർക്കാർ
ഡോ. ടി.എം. തോമസ് ഐസക്
 ധനമന്ത്രി

സന്ദേശം



കെ.എസ്.എഫ്.ഇ. അതിന്റെ സുവർണ്ണ ജൂബിലി വർഷത്തിന്റെ വാർഷിക റിപ്പോർട്ട് പുറത്തിറക്കുന്നതിൽ അതിയായ സന്തോഷമുണ്ട്. 50 വർഷം അടിസ്ഥാന മൂല്യങ്ങളിൽ നിന്നും വ്യതിചലിക്കാതെ, എന്നാൽ കാലാനുസൃതമായ മാറ്റങ്ങളെ ഉൾക്കൊണ്ട് പ്രവർത്തിക്കാനായി എന്നത് ഈ ബാങ്കേതര സാമ്പത്തിക സ്ഥാപനത്തെ സംബന്ധിച്ചിടത്തോളം അഭിമാനകരമാണ്. 39 ലക്ഷത്തോളം വരുന്ന നിവാസി ഇടപാടുകാർ ഇന്ന് കെ.എസ്.എഫ്.ഇ.യ്ക്ക് ഭക്തമുണ്ട്. പ്രവാസി ചിട്ടി നിലവിൽ വന്നതോടെ പ്രവാസി ഇടപാടുകാരുടെ എണ്ണവും ദിനംപ്രതി കൂടി കൂടി വരുന്നു. ഇതിനു മുമ്പ് സംസ്ഥാനത്തിന്റെ ധനമന്ത്രിയായി പ്രവർത്തിച്ച കാലയളവും (2006-2011) കെ.എസ്.എഫ്.ഇ.യെ എല്ലാ അർത്ഥത്തിലും ആധുനികവൽക്കിക്കുന്നതിൽ ശ്രദ്ധ പതിപ്പിക്കുകയുണ്ടായി. സ്വയംഭരണ-പദവി നൽകിയും സമ്മാനച്ചിട്ടികൾ ഏർപ്പെടുത്തിയും കോർ-സൊല്യൂഷൻ ആയ കാസ്ബ് സോഫ്റ്റ്‌വെയർ അവതരിപ്പിച്ചും ഏത് സാമ്പത്തിക സ്ഥാപനത്തോടും കിടപിടിക്കത്തക്ക രീതിയിൽ കെ.എസ്.എഫ്.ഇ.യെ വികസിപ്പിക്കുവാനുള്ള നടപടികൾ ആദ്യ അവസരത്തിൽ തുടങ്ങിവയ്ക്കുകയുണ്ടായി. രണ്ടാമത്തെ ടേബിൾ അവയിൽ പലതിന്റേയും പുർത്തീകരണവും സാധിച്ചുവെന്നത് ചാരിതാർത്ഥ്യ ജനകമാണ്. ഈ ടേബിൾ ചെയ്യാൻ കഴിഞ്ഞ ഏറ്റവും പ്രധാനപ്പെട്ട നടപടി കെ.എസ്.എഫ്.ഇ. പ്രവാസി ചിട്ടിയുടെ അവതരണമാണ്. കേരളത്തിന്റെ സാമ്പത്തിക വളർച്ചയിൽ ഏറ്റവും പ്രധാനപ്പെട്ട പങ്കുവഹിക്കുന്ന പ്രവാസി മലയാളികളെ കെ.എസ്.എഫ്.ഇ. ചിട്ടിയുടെ കൂടക്കീഴിലേയ്ക്ക് കൊണ്ടുവരാൻ ചരിത്രത്തിലാദ്യമായി കഴിഞ്ഞു. ഇത് കെ.എസ്.എഫ്.ഇ. യുടെ ചരിത്രത്തിലെ വലിയ ഒരു കാൽവയ്പാണ്. ഇത്തരത്തിൽ സ്ഥാപനത്തെ മുന്നോട്ട് കൊണ്ടുപോകാൻ കെ.എസ്.എഫ്.ഇ. മാനേജ്മെന്റിനും ജീവനക്കാർക്കും കഴിഞ്ഞുവെന്നതിൽ തീർച്ചയായും അഭിമാനിക്കാം.

ഇക്കഴിഞ്ഞ സാമ്പത്തിക വർഷത്തിൽ 3860 കോടി രൂപയുടെ വർദ്ധനവ് വിറ്റുവരവിൽ ഉണ്ടായി. വിറ്റുവരവിന്റെ അവിഭാജ്യ ഘടകങ്ങളായ ചിട്ടി, വായ്പകൾ, നിക്ഷേപങ്ങൾ എന്നീ മൂന്നു മണ്ഡലങ്ങളിലും വർദ്ധനവുണ്ടായി എന്നത് കെ.എസ്.എഫ്.ഇ. യുടെ വളർച്ചയുടെ ദിശാസൂചിക ആയി കണക്കാക്കാം. ചിട്ടിയിൽ ഒരു വർഷം കൊണ്ട് ഏതാണ്ട് 173 കോടി രൂപയുടേയും നിക്ഷേപത്തിൽ, 1694 കോടി രൂപയുടേയും വായ്പയിൽ 323 കോടി രൂപയുടേയും വർദ്ധനവ് ഉണ്ടായി. ഇത് ശുഭഭാവർക്കമാണ്.

കെ.എസ്.എഫ്.ഇ. യുടെ മുന്നോട്ടുള്ള പ്രയാണത്തിന് ഭാവുകങ്ങൾ

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BOARD OF DIRECTORS

Adv. Peelipose Thomas
(Chairman)

Sri. V.P. Subramanian
(Managing Director)

Directors

1. **Sri. K. Inbasekar I.A.S.**
2. **Smt. K. Geetha**
3. **Smt. V.R. Mini**
4. **Adv. Reji Zachariah**
5. **Sri. Vijayan Cherukara**
6. **Sri. R. Mohammed Sha**
7. **Sri. P.K. Anandakuttan**
8. **Sri. P.C. Pillai**
9. **Adv. V.K. Prasad**
10. **Prof. D. Narayana**
11. **Prof. K.N. Gangadharan**
12. **Dr. P.V. Unnikrishnan**
13. **Sri. R. Raja Gopal**

THE KERALA STATE FINANCIAL ENTERPRISES LIMITED

(A Government of Kerala Undertaking)

REGD, OFFICE: " BHADRATHA", P.B. No. 510

MUSEUM ROAD, THRISSUR - 680 020

Phone: 0487 - 2332255, Fax: 0487 - 2336232

Web: www.ksfe.com Email: info@ksfe.com

CIN: U65923KL1969SGC002249

GSTIN: 32AABCT3817A1Z0

LEGAL ADVISORS **M/s Menon & Pai** Advocates, Kochi
TAX CONSULTANTS **M/s Varma & Varma** Chartered Accountants, Thrissur

AUDITORS (FY 2018-19)

STATUTORY AUDITOR **M/s Krishnamoorthy & Krishnamoorthy** Chartered Accountants, Thrissur

BRANCH AUDITORS
M/s Sridhar & Co., Ernakulam Region
M/s Anathan & Sundaram, Trivandrum Region
M/s Ayyar & Cherian, Kozhikode & Kannur Regions
M/s J R S & Co., Kollam Region
M/s Abraham & Jose, Kottayam Region
M/s Sankar & Moorthy, Attingal Region
M/s Isaac & Suresh, Alappuzha & Kattappana Regions
M/s Mohan & Mohan Associates, Malappuram Region

BANKERS

Axis Bank	Vysya Bank Ltd.
Bank of Baroda	The Bank of Maharashtra
Bank of India	The North Malabar Gramin Bank
Canara Bank	The South Malabar Gramin Bank
Catholic Syrian Bank Ltd.	Treasury Savings Bank
Central Bank of India	The Alleppey Dt. Co-op. Bank Ltd.
Corporation Bank	The Idukki Dt. Co-op. Bank Ltd.
Dena Bank	The Kattappana Urban Dt. Co-op. Bank Ltd.
Dhanalakshmi Bank Ltd.	The Kollam Dt. Co-op. Bank Ltd.
Federal Bank Ltd.	The Kottayam Dt. Co-op. Bank Ltd.
HDFC Bank Ltd.	The Kannur Dt. Co-op. Bank Ltd.
Indian Bank	The Kasaragod Dt.C-op. Bank Ltd.
Indian Overseas Bank	The Kozhikode Dt.Co-op. Bank Ltd.
Punjab National Bank	The Malappuram Dt.Co-op. Bank Ltd.
South Indian Bank Ltd.	The Malabar Central Co-op. Bank Ltd.
State Bank of India	The Pathanamthitta Dt.Co-op. Bank Ltd.
Syndicate Bank	The Palakkad Dt.Co-op. Bank Ltd.
United Commercial Bank	The Thrissur Dt. Co-op. Bank Ltd.
Union Bank of India	The Trivandrum Dt.Co-op. Bank Ltd.
Kerala Gramin Bank	The Wayanad Dt. Co-op. Bank Ltd.
Vijaya Bank	

EXECUTIVES

Managing Director

Sri. V.P. Subramanian

General Manager

CA Sarathchandran S. (Finance)

Deputy General Manager

Sri. Jayaprakasan K.V. [IA & V]**Sri. Pramodan A.** (Recovery)**Sri. Manoj G.S.** (Digital Business)**Smt. Sujatha M.T.** [P & HR] I/C

Assistant General Manager

Smt. Sujatha M.T. (Planning)**Sri. Dinesh V.S.** [IT (I/C)]**Sri. Pramodan A.** [Legal (I/C)]**Sri. Madhu Mohan C.K.** [GAD]**Sri. Vijaya A.** [Business]Assistant General Managers
(Regions)**Smt. Lily N.S.**
Kollam**Sri. Ajith Kumar K.D.**
Kattappana**Smt. Marykutty Sebastian**
Kannur**Sri. Ganesan P.**
Kottayam**Smt. Nisha A.B.**
Thrissur**Sri. Prasantha Kumar P.K.**
Attingal**Smt. Prameela K.P.**
Ernakulam**Sri. Prasad S.**
Palakkad**Smt. Saraswathy N.**
Alappuzha**Sri. Raju R.**
Kozhikode**Smt. Sreekala R. Sarma**
Malappuram**Sri. Sampuji V.**
Pathanamthitta**Sri. Vijayakumar C.**
Thiruvananthapuram

Company Secretary

CS Emil Alex

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THE KERALA STATE FINANCIAL ENTERPRISES LIMITED

(A Government of Kerala Undertaking)

BHADRATHA, MUSEUM ROAD, P.B. No. 510, THRISSUR - 680 020, KERALA, INDIA
Ph: +91 487 2332255, Fax: +91 487 2336232, Web: www.ksfe.com

Ref:150/CS

Date:23-03-2021

NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the 50thAdjoined Annual General Meeting of the Company will be held at 10:30AM on Monday the 19th day of April 2021 at the Registered Office of the Company situated atPB No. 510, 'Bhadratha', Museum Road, Thrissur – 680 020 to transact the following business:

1. To receive consider and adopt the Directors' Report, the Audited Balance Sheet as on 31st March, 2019 and the Profit and Loss Account for the Year ended 31st March, 2019 together with Auditors' Report and the comments of the Comptroller and Auditor General of India thereon.
2. To declare dividend for the year 2018-19

By Order of the Board of Directors,

(Sd/-)

CS EMIL ALEX
COMPANY SECRETARY.

Regd.Office: "Bhadratha",
P.B.No.510, Museum Road,
Thrissur – 680 020.
Kerala

Note:

1. A member entitled to attend and vote at the above meeting is also entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A form of proxy is enclosed. A member who wishes to appoint a proxy must return the proxy form duly completed so as to reach the Registered Office of the Company not less than 48 hours prior to the time for holding the meeting.
2. A route map along with prominent landmark for easy location to reach the venue of the Annual General Meeting is announced with the notice of Annual General Meeting.



Route Map to the venue of AGM:

BOARD'S REPORT

The Board of Directors of The Kerala State Financial Enterprises Limited take great pleasure in presenting the 50th Annual Report of the Company, together with the Audited Balance Sheet and Profit & Loss Account for the year ended March 31, 2019.

FINANCIAL SUMMARY/ HIGHLIGHTS AND STATE OF AFFAIRS:

Financial Parameters for the year ended	March 31, 2019	March 31, 2018
	(₹ in Crores)	
Profit before Tax	122.44	278.43
Less: Provision for taxation	44.66	87.50
Profit after taxation	77.78	190.93
Profit available for appropriation	77.78	190.93
APPROPRIATION		
Proposed Dividend	35.00	35.00
Corporate Dividend Tax	7.19	7.19
Transfer to Reserve	35.59	148.74
Surplus in Profit & Loss	35.59	148.74

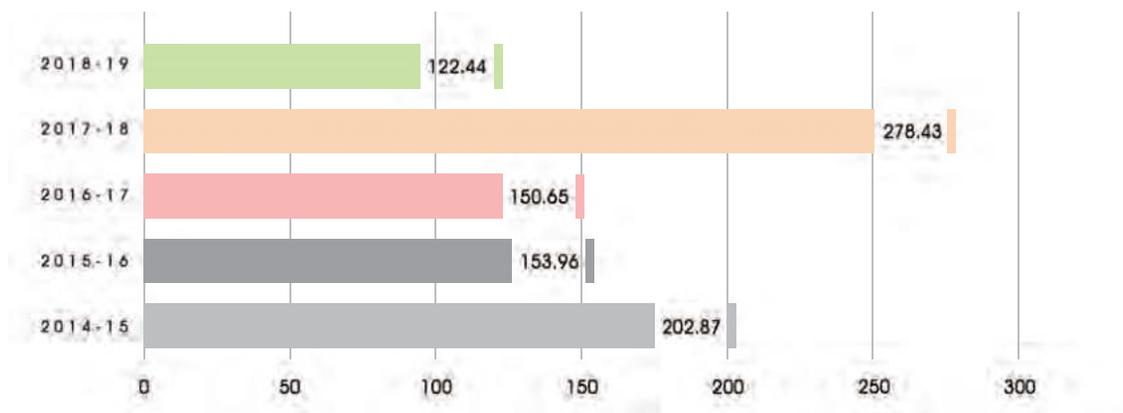
Note: - Previous year's figures have been restated wherever necessary, to align with current year's presentation

DIVIDEND & RESERVES

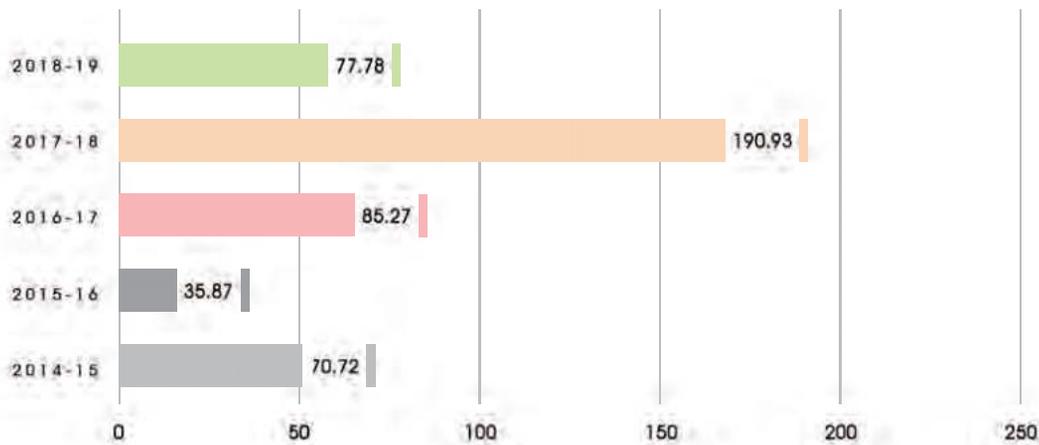
The Board of Directors have recommended a dividend of 35% i.e. ₹ 35.00 per Equity Share on face value of ₹ 100/- each for the year 2018-19 striking a fine balance between retained earnings and dividend distribution (previous year 35% i.e. ₹ 35 per Equity Share) subject to the approval of the members in the ensuing Annual General Meeting. However, the dividend as at 31 March 2018 was accounted for as liability in accordance with the then existing Accounting Standard.

A sum of ₹ 77.78 crores (i.e., ₹ 12.24 crores to Chitty reserve and ₹ 65.53 crores to General Reserve) respectively had been transferred to Reserves as decided by the board. The Company is expecting a higher growth in business volume and profits in the coming years.

PROFIT BEFORE TAX (₹ in Crores)



PROFIT AFTER TAX (₹ in Crores)



RESULTS OF OPERATIONS

Through its network of 577 branches spread under 13 Regional Offices your Company was able to serve its customers throughout the State of Kerala. There were no significant changes in the nature of business of the Company during the said period.

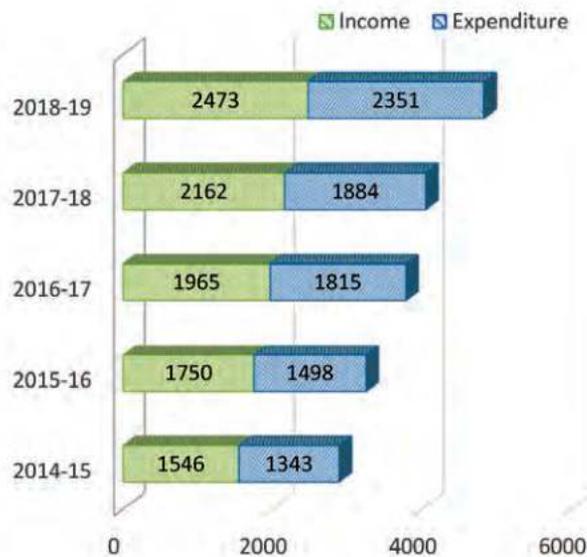
Your Company has entered into its 50th year of operation and your Board of Directors, with the approval of Government of Kerala, has strongly recommended a complete rebranding exercise to be carried out in the Company to portray its great interest, strength and vibrant opportunities that we have for taking our company to higher growth trajectory. Company is confident in reaching out to all segments of the society and to cater to their financial needs. In its Golden Jubilee Year your Company will scale new heights in the terms of turnover, technology etc.

Our Company has already launched its most prestigious product for non-residents under the name of KSFE Pravasi Chitty. In the ensuing fiscal, the Company would be playing a pivotal role in mobilising funds in association with KIIFB for investment in various projects undertaken by the Government of Kerala. "KSFE Pravasi chitty", the first technology driven chit of the company would go a long way in helping the Non-Resident Keralaites in realizing their dreams by enjoying the financial benefits of chitty and the "value added benefits" attached thereto and to fulfill their social responsibility by participating in the developmental activities of their home town. The subscription for Pravasi Chitty started during October, 2018 and first auction was conducted in the month of November, 2018. Pravasi Chitty which was initially launched in UAE would be extended to other Emirates/GCC countries in the ensuing fiscal. Our Company is also planning to have/open a Branch in every panchayath of the State. In the ensuing fiscal our Company has proposed to open 100 new branches across the State based on the feasibility reports submitted by various Regional Offices.

Multi-division Chitties which was initially launched at selected branches has spurred the small income groups and its subscriber base is increasing progressively. Such chitties would be further extended to other branches too in the ensuing financial year. CASBA software is expected to bring in significant reduction in our overall service delivery mechanism, thereby improving our overall customer satisfaction. CASBA software has enabled us to complete Audits in a much more systematic and time bound manner. Audit for the financial year 2017-18 was completed on time and IT returns based on audited accounts were filed well within the stipulated time. Quality of MIS is also expected to improve in the fully computerized environment. We could also save to the tune of Rs. 190 lakhs by revisiting various contracts entered into by the Company. Effective tax management also helped us to save substantial amount running into crores of rupees. Our company also gives emphasis to developing the skill set of its employees by conducting regular training programme on a sustained basis in association with Gulati Institution, to hone their skills to match with rapidly changing business environment. The Ministry of Corporate Affairs (MCA), in 2015, had notified the Companies (Indian Accounting Standards (IND AS) Rules 2015, which stipulated the adoption and applicability of IND AS in a phased manner beginning from the Accounting period 2016-17.

Based on the above notification, it is mandatory for our company to prepare the financial statement in accordance with IND AS for the FY starting April 2018. As part of migrating to IND AS reporting format it was necessary for the company to recast its Balance Sheet as at March 31, 2018 and as a result previous year's figures have been re-casted.

FINANCIAL HIGHLIGHTS OVER THE YEARS (INR in Crores)



During the year your Company had earned an aggregate income of ₹2473 Crores registering an increase of 14.38% over the previous year's ₹2162 crores. After payment of guarantee commission to the tune of ₹59.41 crores to the Government of Kerala during the year, the Company made a profit of ₹77.78crores.

The activities of the Company during the year have resulted in the following direct and indirect benefits to the Government of Kerala

PROFITABILITY

(₹ in Crores)

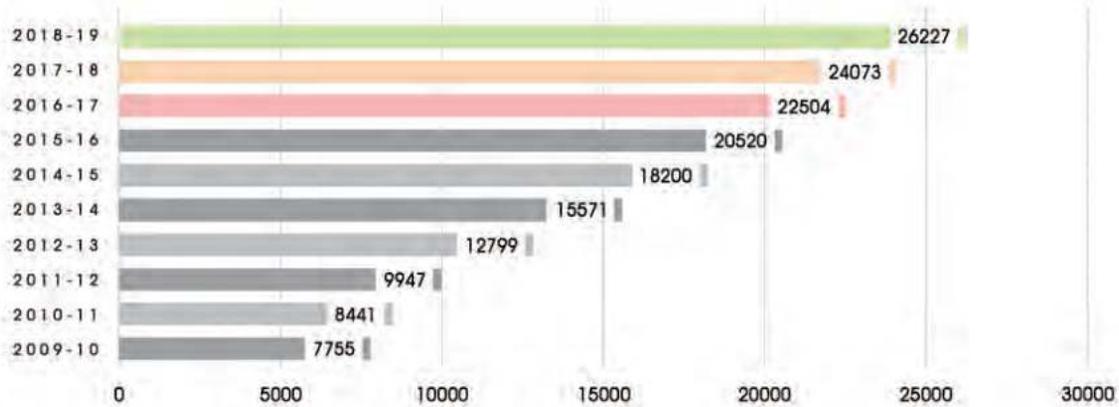
Years	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19
Capital & Reserves	167.87	191.13	259.20	324.42	379.63	444.95	490.37	575.64	720.19	950.15
Turnover *	7754.76	8441.05	9946.83	12799.02	15570.54	18200.00	20520.00	22504.49	24073	26905
Fixed Deposits**	2466.58	2571.93	3141.52	4151.71	5472.46	6708.19	7900.21	9801.75	10916	11697
Profit after Tax	38.11	27.94	72.75	69.89	59.88	70.72	35.87	85.27	190592	77.78
Branches(Nos.)	337	376	387	460	501	507	600	568	577	577
Employees(Nos.)	4586	5040	5186	5203	5112	5585	6426	6819	6877	6777
Contribution to State Exchequer***	63.34	75.98	87.96	96.67	117.09	146.39	81.26	108.28	84.46	131.51

* Turnover includes total auctioned sala and loans outstanding but does not include deposits

** Fixed deposits include short term deposit and Chitty Security Deposit in Trust

*** The contribution to State Exchequer Includes-Service charge (till 2014-15), Guarantee Commission – ₹59.41, Registration & Filing Fee - ₹35.71, Rates & Taxes - ₹0.27, Dividend - ₹35 and Insurance - ₹1.06.

TURNOVER (₹ in Crores)



NUMBER OF BRANCHES

At the close of financial year our Company had 577 branches spread under 13 regional offices. The Company being its Golden Jubilee Year proposes to open 100 new branches across the State of Kerala. By doing so Company intends to provide employment opportunities for the educated job aspirant youth in the State and spread its wings to unrepresented areas thereby extending its area of operation and including more and more people in its customer base. Company also plan to open Regional Offices in all Districts in Kerala in a phased manner and as a part of that two regions viz. Palakkad and Pathanamthitta has started functioning in the month of April 2019.

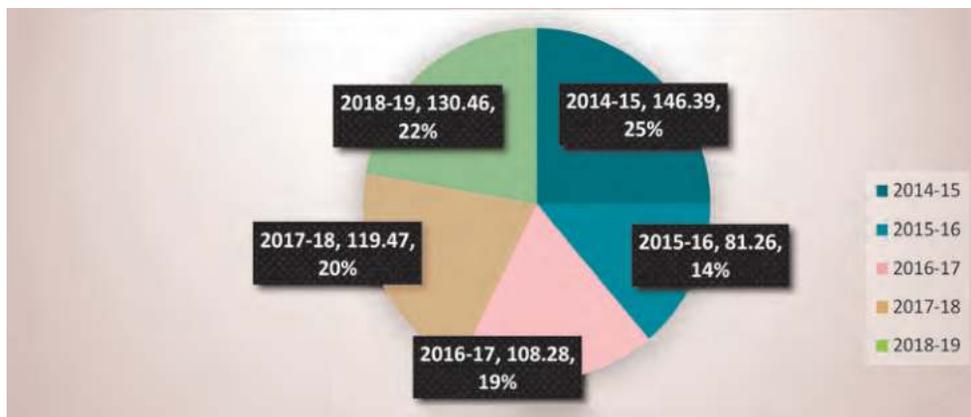
TOTAL BRANCHES



CONTRIBUTION TO STATE EXCHEQUER

	2018-19	2017-18
	(₹ in Crores)	
Guarantee Commission	59.41	53.22
Registration & Filing Fee	35.56	30.72
Rates & Taxes	0.27	0.23
Dividend	35.00	35.00
State Insurance Premium	1.06	0.30
Total	131.51	119.47

CONTRIBUTION TO STATE EXCHEQUER



PERFORMANCE OF THE MAJOR PORTFOLIOS OF THE COMPANY

CHITTY

The total sala of chitties conducted from all the branches put together rose to ₹ 1,817.13 crores as against ₹1,682.58 crores at the end of the previous year, registering an increase of 8%, translating to ₹134.55crores during the year under the review. Total number of subscribers also increased to 17,61,972 during 2018-19 from 16,67,736 during 2017-18

PONNONNA CHITTICAL, MULTI-DIVISION CHITTY AND GOLD LOAN

During 2018-19 special chitty drive viz. named Ponnona Chittikal 2018 (from July 2018 to December 2018) with attractive special incentives and prizes, alone could mobilize chitty sala worth ₹ 348 Crores and the total chitty sala done during the FY was ₹ 584 Crores. Multi division chitty with one lot and three auctions which was launched during 2017-18 continued its success journey during 2018-19 also with a share of sala worth ₹ 176 Crores which comes to 30% of the total chitty business done during the year.

Year 2018-19 saw another turnaround in our Gold Loan Business. Gold Loan Business was showing gradual downward trend till October 2018 and reached to an all-time low of ₹ 695 Crores. As a result of all our sustained efforts to increase visibility as well as service quality we could reverse the trend and by March 2019 the business again increased to ₹ 899 Crores. For this, aggressive advertisements were given through audio, visual and print media and some product innovations were introduced along with imparting awareness to staff through multi-level meetings on regular basis. We have fixed a target of ₹ 3000 crores for the FY 2019-20.

LOANS & ADVANCES

The Company continued to give high importance to its loan portfolio in line with its social objectives.

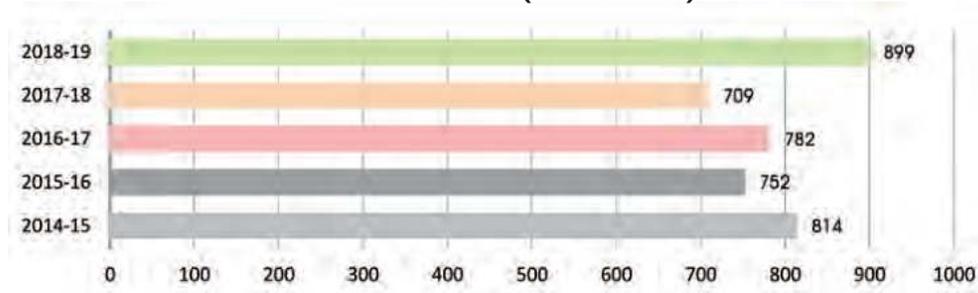
The breakup of overall loan portfolio as on 31.03.2019 is as tabulated below:

	2018-19 (₹ in Crores)	Composition (%) of total loans
Gold loan	899	15.76
Reliable Customer Loan (RCL)&FDL	1826	32.00
New Chitty Loan (NCL)&PBL	1746	30.61
Others	1234	21.63
Total	5705	100

GOLD LOAN

Total gold loan disbursed during the reported year was ₹1654.84crores and the total outstanding as on 31st March, 2019 stood at ₹899.13crores as against ₹708.79crores for the previous year.

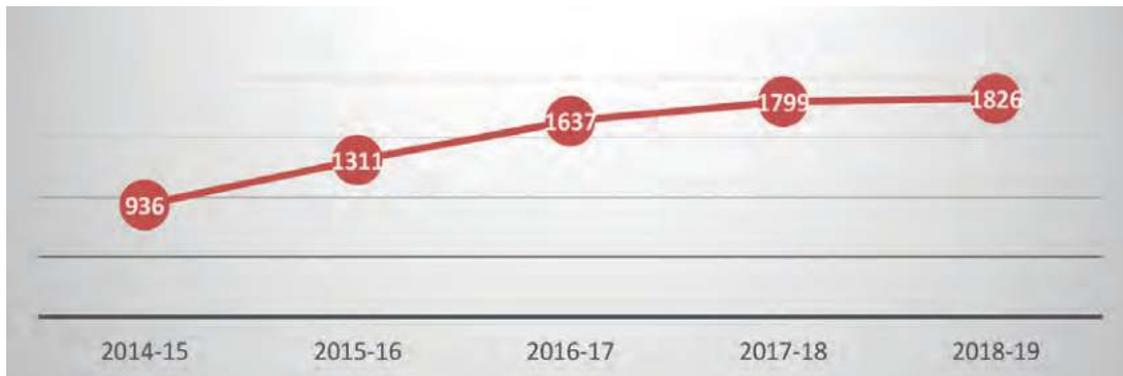
GOLD LOAN (₹ in Crores)



RELIABLE CUSTOMER LOAN (RCL)& FIXED DEPOSIT LOAN(FDL)

Disbursements amounting to ₹983.71crores were made under the Reliable Customer Loan Scheme & FD Loan during the year and the total outstanding as on 31.03.2019 increased to ₹1825.61 crores as against ₹1799.02crores as on 31.03.2018.

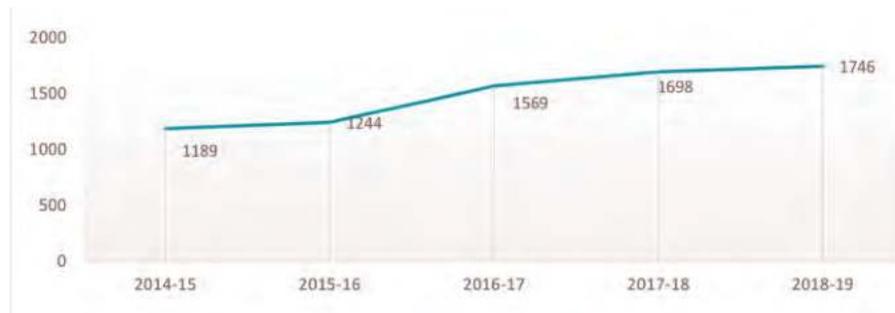
RELIABLE CUSTOMER LOAN (₹ in Crores)



RELIABLE CUSTOMER LOAN (RCL)& FIXED DEPOSIT LOAN(FDL)

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CHITTY LOAN/NEW CHITTY LOAN (₹ in Crores)



NEW HOUSING FINANCE SCHEME

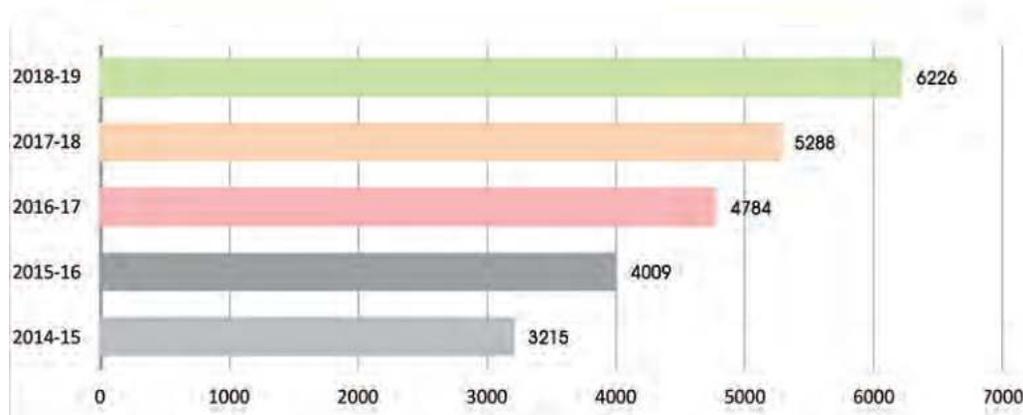
During the financial year under review, disbursement under the scheme amounted to ₹ 336.46crores. The total loan outstanding including loans under the Housing Finance Scheme as on 31st March, 2019 increased to ₹1087.73crores as against ₹911.56crores for 2017-18 representing 19.32% growth.

CONSUMER /VEHICLE LOAN

Total amount of advance disbursed during the year under Consumer/Vehicle loan scheme was ₹5.31crores. The outstanding advance under both, Hire Purchase and Consumer Vehicle Loan scheme as on 31st March, 2019increased to ₹36.48crores as against ₹22.04crores for the previous year.

It could be noticed from the above that the Company’s all major schemes like Chitty, Reliable Customer Loan/FD loan, Gold Loan,New Chitty Loan and New Housing Finance Scheme showed increasing trend vis-à-vis previous year.In short, the net result reflects a better position in total advances during the year as total advances, during 2018-19 rose to₹6225.81crores as against ₹5288.30crores for 2017-18, signifying an increase of ₹. 416.82 crores which translates to 18%. The aforesaid amount includes ₹ 520.69 crores advanced to M/s Kerala Social Security Pension Limited as inter corporate loan.

TOTAL LOANS (₹ in Crores)



DEPOSITS

The total deposits viz Fixed term Deposits under Government Guarantee increased to ₹7712.99crores as on 31.03.2019 as compared to ₹6984.42crores as at 31.03.2018. The amount outstanding under Sugama Deposits, under Government guarantee, as at 31.03.2019rose to ₹850.60crores whereas the previous year’s balance was ₹786.11crores as on 31.03.2018. The short-term deposit increased to₹ 156.22crores as on 31.03.2019 from ₹151.19crores as on 31.03.2018.

The breakup of deposit portfolio as on 31.03.2019 was as under;

	2018-19 (₹ in Crores)	Composition (%) of total loans
Fixed Deposit	7712.99	88.46
Short Term Deposits	156.22	1.79
Sugama Deposits	850.60	9.75
Total	8719.81	100.00

UNCLAIMED MATURED DEPOSITS

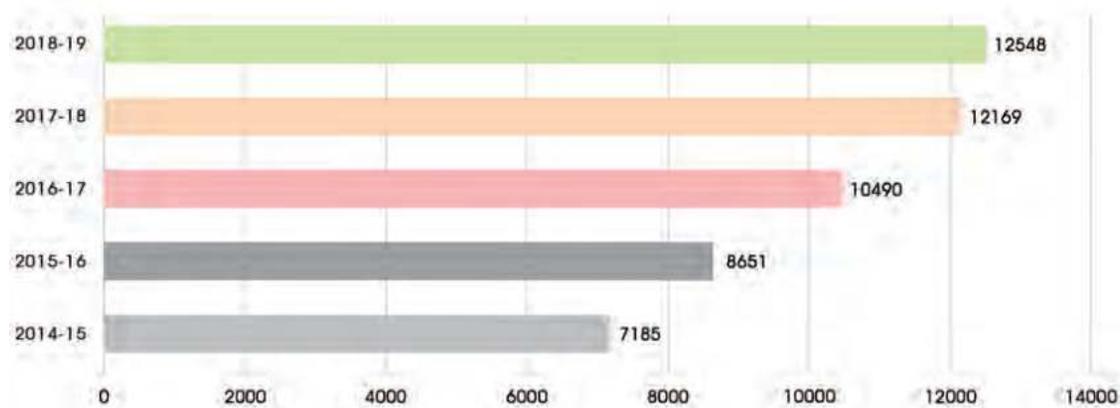
- a) The total number of depositors of the company whose deposits have not been claimed by the depositors: 62 accounts
- b) Total Amount payable due to the depositors and remaining unclaimed or unpaid beyond the dates referred to in clause (a) as aforesaid: INR 2,002,786/-

There is regular follow up on the part of the Company to return unclaimed deposits.

CHITTY DEPOSIT IN TRUST

Chitty Deposit in Trust Scheme (meant for prized subscribers which enable them to deposit amount equivalent to their future liability in the chitty), stood at ₹3828 crores as on 31.03.2019 as against ₹3399 crores as on 31.03.2018. The total deposits of the year ended 31.03.2019 was at ₹12,547.69 crores as against ₹12169.31 crores as on 31.03.2018, representing a growth of 3%

TOTAL DEPOSITS (₹ in Crores)



During the year under review, there were no unclaimed deposits that were due for transfer to Investor Education Protection Fund (IEPF) Account of the Central Government on the expiry of seven years after maturity. There is regular follow up on the part of the Company to return unclaimed deposits.

PROGRESS IN OTHER LINES OF BUSINESS

The Company has completely revamped its Gold Loan Scheme to attract more customers. Safe deposit lockers are another important area for the company in generating alternative income. The Company's money transfer business with Western Union Money Transfer (WUMT) and Xpress Money is not performing up to the expected levels. The Company is also exploring other avenues for increasing its fee-based income.

NEW INITIATIVES

- a) **Revamping of agency network & Liberalisation of Norms.**

At present we have two types of agency network (1) agents related to business sourcing and (2) agents related to services. It is high time for concentrating on expanding clientele base, since previous year's data except 2018-19 show a slight decline of customer strength, though the business figures shows an upscale. Customer base for 2018-19 has increased as a result of introduction of Multi Division chitties. In order to widen our customer base, the revamping of agency network especially its agency network related to business sourcing must be strengthened. Company has plans for strengthening its agency network related to sourcing by expanding it especially to women agents by introducing "SHE" programme (Sourcing Host Empowerment) which intends to appoint women agents, especially those who need social protection viz. widows, destitutes, those belonging to the lower status of the society etc to empower them by making our agents and supplementing their income. The quality of agency service is also needing to be improved by recruiting qualified hands from open market to sell our chitty product.

b) **Modernising Chitty Scheme**

The motto “Modernization by innovation” clearly defines Company’s attitude to chitty scheme. In past years, the Company has introduced many value additions like introducing pass book loan scheme, New Chitty Loan Scheme and branded chitty with attractive prizes etc. to name a few. Company plans to pursue this continuous process with a new vision in FY 2019-20, by introducing Prizing Chitty Scheme blending with our traditional auction Chitty, fixed dividend chitty etc. Company also plans to conduct conclaves periodically for getting innovative and novel ideas in all products, especially for its chitty scheme.

NON-PERFORMING ASSETS

The total dues as on 31.03.2019 stood at ₹2821 crores which included RR dues of ₹1302 crores and Non-RR dues of ₹1519 crores respectively. For the previous year RR dues stood at ₹905 Crores and Non-RR dues at ₹1614 Crores thus making total dues as on 31.03.2018 amounts to ₹2519 Crores. The Company has always accorded top priority for preventing fresh NPAs and for reducing existing default level. Company is giving emphasise to ‘current action for current default’ policy to reduce the default levels. A multi-pronged strategy comprising effective follow up and activation of settlement process for reducing both RR and non-RR files is actively followed. The major reason for the increase in dues is due to the devastating floods in the State in the year 2018 and general recessionary trends in the market. Our company as helping hand to the flood affected people in the State decided to continue its multi-faceted recovery program introduced in the previous year in the name of ILAVU (Intensive Liquidity Achievement Venture for Units) 2018 to defaulters under RR and non-RR cases. The scheme provides one-time settlement opportunity to defaulters. Our Company was able collect ₹1185 crores against the target of ₹1600 crores from ILAVU 2018 campaign in FY 2018-19.

Going forward in FY 2019-20, the Company would be further intensifying its collection drive in order to maximize collections and minimizing the adverse impact of growing NPAs.

RISKS AND CONCERNS

The Company has put in place a mechanism to minimise operational risks through effective control systems which call for constant review and an ongoing internal audit. Our risk management framework aims at identifying the diverse risks faced by the Company and come up appropriate mitigation strategies. Risk is an integral part of the financial/Chitty business. Credit risk arising out of delinquencies on account of non-performing portfolio, operational risk arising out inadequate process or failed controls to predefined processes, liquidity risk impacting flow of funds to the organization and sector risk arising out of political considerations are some of the major risks faced by every organization.

The risk management function attempts to anticipate vulnerabilities at the transaction level or at the portfolio level through quantitative examinations of embedded risks.

INFORMATION TECHNOLOGY

Development work of HO-RO Accounting Software as well as software for RR is under advanced stage of completion and is expected to be rolled out during next fiscal year. Steps are also being initiated for introducing Biometric attendance system initially at Head Office and subsequent replication at all our offices. We also have plan for developing Mobile App for Customers, Agents and Customer Portal for providing value added services to our customers. Discussions are also going on with banks for introducing Payment Gateway facility to our valued subscribers. We have also initiated steps for providing Secondary Connections at all our branches.

SERVICE QUALITY

Company clearly understands that the increase in business turnover and number of customers has added to its responsibility to ensure quality service. Rising up to the expectations of young generation is a challenge in the everchanging technological scenario. Further, introduction of NRI chitties, in view of amendments in FEMA also demands adoption of latest technologies. Company has already moved in to Core Software CASBA in the year 2017. Company is also exploring the possibilities of adopting other technology developments viz. e- pass book, audio bridge, e-auction, e-remittance etc. These facilities will be highly useful to NRI as well those customers who resides outside the State. Company is also providing training to its staff at Head Office and at its various Regional Office training centres, on latest technologies and to help them in upgrading their skills for effective discharge of assigned functions. The training programmes are designed in such a manner that it helps in developing competency of personnel while imbibing the right spirit and work culture through an effective learning process.

To bring in more and more youth under the ambit of our domestic chitties we propose to introduce mobile app and web app to penetrate in to the Tech savvy generation with confidence. Moreover, it may bring in more transparency into our transactions with the customers and our agency system will be more effective and transparent, if we implement digital instruments in those areas. We, are planning digitalization in the various sphere of business activities in a well-phased manner. In the first phase we prefer apps for customers and agents. In the subsequent phase we would be looking into digitalization of schemes viz. online auction etc.

RIGHT TO INFORMATION ACT -2005

The Right to Information Act introduced in 2005 had entered into a matured level now and the Company, as in the past is giving utmost importance to transparency in its functioning and maximum information is made available in website. Accordingly, over the years an effective system has evolved for complying with the requirements of Right to Information Act – 2005. As required by the Act the Company has designated Assistant Public Information Officers (APIO), Public Information Officers (PIO) and Appellate Officer (AO). At branches, Branch Managers are Public Information officers for the Branch concerned and one of the Assistant Managers is designated as Assistant Public Information Officer. At SDT Offices also, PIOs and APIOs are appointed. At all Regional Offices, Assistant General Managers (Region) are PIOs and one Chief Manager/Senior Manager is designated as APIO in each Regional Office. At Head Office of the Company, following officers are appointed as PIOs, APIO and Appellate Authority. The Company is complying with the latest circulars and directions under the Act.

PIOs and APIO under Right to Information Act 2005 at HO

Name	Designation	Department	Status under RTI
CA S Sarath Chandran	General Manager (Finance)	Accounts	PIO
VP.Subaramanian	General Manager (Business)	Business	PIO
Pramodan A	Deputy General Manager (P&HR)j/c	Personnel and Human Resource Development	PIO
Jayaprakashan K V	Deputy General Manager (IA&V) I/C	Internal Audit &Vigilance	PIO
Pramodan.A	Asst.General Manager(Legal)	Legal	PIO
Nisha.A.B	Asst.General Manger(IT)	Information Technology	PIO
Shaju Francis K	Asst.General Manager (P&B) - In charge	Planning &Business	PIO
Vijayan A	Asst.General Manager(Recovery)	Recovery	PIO
Prince K T	Senior Manager(GAD)	General Administration	PIO
CS Emil Alex	Company Secretary	Secretarial	PIO(Secretanal)& APIO for HO.
A.Purushothaman	Managing Director		Appellate Officer

According to the provisions of the Act, information should be furnished within 30 days from the date of receipt of request in normal cases. If not satisfied with the reply of PIO, first appeal shall be filed with Appellate Officer (AO) and 2nd appeal lies with Information Commissioner. The Company received a total of 275 requests under RTI Act at Head Office alone during the year 2018-19.

HUMAN RESOURCES DEVELOPMENT

As part of modernization of processes and procedures in the HR Department of the Company, HRMS software was implemented during September 2018 in association with M/s. C-DIT. It envisages to unify of the entire data related to the employees and to retain and continue with single copy of the unified data. The information gathered will be analysed and used for manpower planning, monitoring, performance management, payroll management, transfers and postings, training and development, other related records and reports, etc. as well as to meet multiple information needs of Officials at different levels of decision-making.

The Company organized regular/continuous training programs (both residential & non-residential) to improve its human resources; aiming to maintain a competitive edge in the market and business. In-house training programmes for staff at various cadres viz Assistant, Assistant Manager and Manager were arranged. The expertise and calibre of both internal and external faculties are utilized. As in the previous year, Gulati Institute of Finance and Taxation (GIFT), Trivandrum and Regional Office, Ernakulam were utilised for conducting the training programmes. As part

of digitalisation plans of the Company, training in DDFS Software was organized and three employees from each branch viz. Manager, one Assistant Manager and one Assistant were included in the training programme.

KSFE employees are eligible for pension under the scheme EPS-95. The beneficiaries under EPS-95 became eligible for pension in the higher rate based on the wages of last 12 months. Subsequently, a separate team was constituted in the P&HR department in order to ensure speedy processing of Form 3A and connected documents and submitted before EPFO Kochi.

During FY 2018-19, the Company made a total number of 72 appointments in various entry cadre posts. The total staff strength of the Company as on 31st March 2019 was 6763 numbers comprising 2048 Officers, 3242 Clerks and 907 Subordinate staff besides 566 Part-Time employees.

NUMBER OF EMPLOYEES



The requirement of disclosure under Section 134 of the Companies 2013 read with the Companies (Particulars of Employees) Rules, 1975, as amended vide GSR 289 (E) dated March 31, 2011 Companies (Particulars of Employees) Amendments Rules, 2011 do not apply to any of the Company’s employees.

MANPOWER

As on March 31, 2019, the Company had 6,763 personnel on its rolls. Cadre wise break up is as under:

Cadre	Men	Women	Total
Officers	1369	679	2048
Clerks	1260	1982	3242
Office Attendants	402	505	907
Part-time Sweeper	209	357	566
Total	3240	3523	6763

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES:

A brief outline of the KSFE CSR Policy, including overview of projects or programs to be undertaken.

Corporate Social Responsibility (CSR) is the Company’s commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. KSFE is committed to undertake CSR activities in accordance with the provisions of Section 135 of the Indian Companies Act, 2013 and related Rules. KSFE believes that corporate development has to be inclusive and every corporate has to be responsible for the development of a just and humane society that can build a national enterprise. KSFE commits itself to contribute to the society in ways possible for the organization and has set up its core CSR team, as a means for fulfilling this commitment.

In line with the CSR policy and in accordance with Schedule VII of the Companies Act, 2013, KSFE undertook various activities during FY 2018-19 which have significant impact on the society. These activities include:

- Making available safe drinking water to Schools, Hospitals and other Institutions
- Constructing Toilets and Urinals in Government and aided schools
- Providing Generator, Computer and equipment's, buses for transportation of students to schools.
- Providing tables, chairs, and other equipment's for schools, Anganwadis for mid-day meal distribution and Libraries.
- Provide Vehicles, wheelchairs and other equipment's to Old age Homes and Institutions for the mentally challenged children
- Providing Dialysis Units and other medical equipment's to Government Hospitals
- Providing Ambulances to hospitals and street lights in Panchayath areas.
- Providing sports equipment's to schools and supporting libraries.
- Eradicating hunger, poverty and malnutrition, promoting health care including preventive healthcare and sanitation and making available safe drinking water.
- Empowering women, setting up homes and hostels for women and orphans, setting up old age homes, measures for reducing inequalities faced by socially and economically backward groups.

Company's CSR mission is to contribute to the social and economic welfare of the community. Through these CSR spent, KSFE touch upon the lives of many. The CSR Committee confirms that the implementation and monitoring of CSR Policy follows CSR objectives and policy of the Company

Web-Link to the CSR Policy:

<https://ksfe.com/csr/>

CSR EXPENDITURE

KSFE has always given priority for fulfilling its obligations under Corporate Social Responsibility. Diversified Projects in the areas of healthcare, education, sports and sanitation that would benefit the society as a whole are identified and the Company wholeheartedly supports such initiatives. During FY 2018-19, the amount to be spent by the Company towards CSR for FY 2018-19 as per Section 135 of the Companies Act, 2013, comes to ₹3.79 Crores (including unspent amount of FY 2017-18 amounting to ₹ 458,387/-). Amount spent by the Company this year towards CSR was ₹ 3.78 crores. Through various projects which are already sanctioned, the Company will be thoughtfully spending the CSR funds earmarked for the purpose. By choosing long term sustainable projects, KSFE has taken an approach which brings steady and long-lasting impact on the society.

During August 2018, our state witnessed one of the worst natural calamities of the Century which rendered many homeless and had vast impact on economic condition of the State. Being a responsible corporate entity, organization, we had donated ₹10.00 Cr. to Chief Ministers Distress Relief Fund and extended support to the affected at various places in the State by supplying basic necessities.

The details of the other CSR activities of FY 2018-19 are mentioned in Annexure II to this report.

DIRECTORS

The Board of Directors of Company comprises of 14 Directors including Chairman and Managing Director, as on 31.03.2019. There were no changes in the Board during the period under review.

CHANGE IN KEY MANAGERIAL PERSONNEL

Board accepted the resignation of CS Manojkumar VR, Company Secretary and CS Emil Alex was appointed as Company Secretary and Key Managerial Person of the Company with effect from May 14, 2018. There was no other change in Key Managerial Personnel during the FY 2018 – 19.

COMPLIANCE DEPARTMENT

The Company has institutionalized a strong compliance culture and mechanism across the Company, pursuant to its strategic goals of transparency and trust, among all its stakeholders. Company Secretary is responsible for ensuring compliance of various Acts, Rules and regulations especially Companies Act, 2013. One of the key functions of this department includes, dissemination of key regulatory updates affecting the various business verticals of the Company, review of processes from a regulatory compliance perspective, provide guidance on compliance-related matters, among others.

COMPLIANCE DEPARTMENT

There is a mechanism in place for conducting audit of all its branches at regular intervals. Company has 28 teams for conducting regular inspection of its branches at periodical intervals. In addition to the above, Company conducts surprise inspection and special investigation at branches based on the seriousness / gravity of the reported cases. The Company conducts Internal Audit on half yearly basis, at all branches. Internal Audit till financial year 2018-19 has been completed and the audit of 1st half of the financial year 2019-20 has commenced w.e.f October 1,2019 onwards. Company is in the process of increasing the number of audit teams and equipping them with modern facilities. This will strengthen the internal audit and vigilance mechanism of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Sec.134 (5) of the Companies Act, 2013, the Board of Directors hereby declares that:

- a) In the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable Accounting Standards except AS 17 had been followed along with proper explanation relating to material departures:
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year 2018-19 and of the profit and loss of the Company for that period.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors had prepared the Annual accounts for the financial year ended 31st March, 2019, on a going concern basis
- e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively and
- f) They have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

AUDITORS

The following firms of Chartered Accountants were appointed as Auditors of the Company for its Head Office/Regional Office/Branches for the financial year 2018-19 by the office of Comptroller and Auditor General of India, New Delhi

1	M/s. Krishnamoorthy & Krishnamoorthy, (SR 0385) 1st Floor, Devadatham Complex, Paliyam Road, Trichur – 680 001.	Central Statutory Auditors for HO & consolidation of accounts, auditors of branches under Thrissur Region including Regional Office & Regional Consolidation of accounts
2	M/s. Sridhar & Co., 34434,a2, Srivaishnav, Kannathodathu Road, Edappally, Cochin-682 024	Auditors of Branches under Ernakulam Region, Regional Office and Regional Consolidation of accounts
3	M/s. Ananathan & Sundaram, SRO 255, 123, Sivakarathi, Sankara Nagar, Near Mankara, Kaimanaom P.O, TVM	Auditors of Branches under Trivandrum Region, Regional Office and Regional Consolidation of accounts
4	M/s. Ayyar & Cherian, (SRO 123), 17/12A, 2nd Floor, Madhav Mansion, Jail Road, Puthiyara, Calicut-673 004.	Auditors of Branches under Kozhikode Region, Regional Office and Regional Consolidation of accounts
5	M/s. JRS Co., (SR 1075) II Floor Vaidya Towers, Residency, Road Chinnakada, Kollam –691 001.	Auditors of Branches under Kollam Region, Regional Office and Regional Consolidation of accounts
6	M/s. Abraham & Jose, (SR 0091) First Floor, Rajeswary Complex, M C Road, Perunna, Changanassery, Kottayam District – 686 102	Auditors of Branches under Kottayam Region, Regional Office and Regional Consolidation of accounts
7	M/s. Ayyar & Cherian, (SRO 123), Delux Tower, Logans Road, Thalassery, Kannur-670 101.	Auditors of Branches under Kozhikode & Kannur Region, Regional Office and Regional Consolidation of accounts
8	M/s. Sankar & Moorthy, SR0 211 Chartered Accountants, T.C 37/1271, Scnra-9, First Floor, Airport Road, West Fort, Fort P.O, Thiruvananthapuram	Auditors of Branches under Attingal Region, Regional Offices and Regional Consolidation of accounts
9	M/s. Issac & Suresh, SR0 722 XXVII 299 GCDA Shopping Complex First Floor, Panambilly Nagar, Kochi – 682 036	Auditors of Branches under Alappuzha & Kattappana Regions, Regional Office and Regional Consolidation of accounts
10	M/s. Mohan & Mohan Associates, SR0 595 Chartered Accountants, Karunalayam, Wayanad Road, Calicut – 673001,	Auditors of Branches under Malappuram Region, Regional Office and Regional Consolidation of accounts

EXPLANATION FOR AUDITORS' COMMENTS IN THE REPORT

a) Non reconciliation of Inter Branch accounts, Suspense Accounts and Other Accounts:

Substantial progress could be attained under this category as WUMT, Xpress money, HOC (IB) & Bhadratha Deposit Account could be completely reconciled. New ROC had reconciled on current year basis. HOC (Gen) accounts i.e reconciliation between branches and Ho till FY 2018-19 and FY2019-20 is progressing and we are targeting completion of the same this fiscal itself. We are also targeting completion of reconciliation of HOC (RR) till FY 2018-19 on standalone basis during the current fiscal.

Steps have already been initiated for identifying balances in general suspense account and transferring the same to respective accounts. Efforts are being made for preventing further accumulation under this head.

We are issued strict directions to all branches clear all un identified debits and credits appear in the bank reconciliation statement in a time bound manner.

b) Excess provision for impairment of financial assets and non-recognition of interest income on Non-Performing Assets as required by Ind AS-109:

The impairment allowance calculated for expected credit loss on loan portfolio and the provisions calculated on non-performing assets in line with the NPA guidelines issued by the Reserve Bank of India were compared. Since, amount of provision as per RBI norms is more, the view that such provision is more conservative and as a measure of prudence, provision has been made in the accounts accordingly.

The Company had followed norms for classifying debts and provision for doubtful debts based on the internal parameters as set by the Company up to the FY: 2017-18. Effective from FY 2018-19, Company had switched to 90 days NPA norms & creation of provision for doubtful debts & standard assets as per age-wise analysis from FY 2018-19 (through 120 days norm is applicable for

non-banking finance companies for FY 2018-19), Company has also adopted classification of debts on borrower wise categorization as per prudential norms prescribed by RBI as against facility wise categorization being followed till FY 2017-18. Prudential norms of RBI with regard to provisioning requirement is not being adopted for chitty & prized default in chitties arising to the peculiar nature of the scheme.

c) Non Provision for Service tax Liability amounting to Rs. 509.92 lakhs:

The Sabka Vishwas Scheme, 2019 is a scheme proposed in the Union Budget, 2019, and introduced to resolve all disputes relating to the erstwhile Service Tax and Central Excise Acts, which are now subsumed under GST. The scheme allow us to close our pending disputes, with substantial relief provided by the government. The scheme has been notified by the CBIC to come into force on the 1st of September, 2019, and shall be operational until the 31st of December, 2019.

As per the Scheme, a declaration under section 125 needs to be filed electronically on <https://cbic-gst.gov.in>, on or before the 31st of December, 2019 in Form SVLDRS-1. A statement will be issued by the designated committee in Form SVLDRS-3, within a period of 60 days from the date of receipt of the declaration, with the particulars of the amount payable. The declarant is supposed to pay the amount indicated in Form SVLDRS-3, within 30 days from the date of its issue. Hence, payment can be made upto 31st of March, 2020. The Government again extended the Payment date to 30th June, 2020 under the situation arising out of the COVID-19 pandemic.

In Service Tax regime, each branch is considered as one assessee and the amount remitted by each branch itself. Hence, the company was not clear about how much tax liability will arise after the settlement of adjudication. The Company accepted SVLDRS 2019 in cases from branches where tax liability is less than Two Lakh (Some cases Three Lakh) as we have to pay only less than Rs. Sixty Thousand. On considering administration cost and other expenses, it seems better in settling under this Scheme.

The Sabka Vishwas Scheme announced in 2019 and we don't have no clear idea of how much tax liability will arise for disputed pending Service Tax cases, we are not provided contingent liability in books of account for the said expenses being pardoned.

d) Provision for financial impact of fraud identified during the year:

The Company is making 100% write-off on all crystallized and irrecoverable losses, if any, ascertained by the Management and approved by the Audit Committee and Board. As per the policy consistently followed by the Company, any deliberate fraud/misappropriation committed by the employees, the loss would be recovered from the employees concerned either from the salary or from terminal benefit after competing suitable enquiry and disciplinary proceedings. Hence, generally 100% write-off/provision is not made in such cases as the amount is recovered from the officials concerned.

In case of fraud/irregularities committed by public, agents etc, the Company ascertain the loss, if any, through special audit and appropriate action including legal action and revenue recovery action, etc is initiated to recover any such losses incurred from the concerned, irrespective of the policy and practice hitherto followed, from F.Y.2015-16 onwards @ 50% of provision to be created on the amount involved.

SEXUAL HARASSMENT OF WOMEN ATWORKPLACE

The Company has zero tolerance approach towards any action on the part of any executive/employee which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman staff working in the Company. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The Committee provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. All the employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review one such case was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of complaints pending as at the beginning of the financial year – Nil

Number of complaints filed during the financial year – 1

Number of complaints pending as at the end of the financial year – Nil

Nature of action taken by the employer: Administrative/disciplinary action taken/initiated.

RELATED PARTY TRANSACTIONS

There have been no related party transactions between the Company and the Directors, the management or the relatives except for those disclosed in the financial statements. Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) alongwith the justification for entering into such contract or arrangement in Form AOC-2 does not form part of this report.

MEETINGS OF THE BOARD

During the financial year 2018-19, Board of Directors met on eleven occasions, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in the Standalone Financial Statements.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO SUB SECTION (3) (M) OF SECTION 134 OF THE COMPANIES ACT, 2013

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (accounts) Rules, 2014, your Company had not engaged in any activity relating to consumption of energy or technology absorption. Your Company has undertaken various initiatives for energy conservation at its premises, though the operations of the Company are not energy sensitive, all attempts are being made to reduce energy consumption to the maximum extent possible. However, the Company follows a practice of purchasing and using energy efficient electrical or electronic equipment and gadgets for its operations. Additionally, optimal use of technology may also lead to substantial conservation of energy. We further report that there were no foreign exchange earnings and outgo during the year.

REPORT ON CORPORATE GOVERNANCE

Company recognizes the importance of good corporate governance. The endeavor of the Company is not only to comply with the regulatory requirements but also to practice good Corporate Governance that lays strong emphasis on integrity, transparency and overall accountability. A separate section on Corporate Governance is annexed to and forms part of this report.

EXTRACTS OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as at March 31, 2019 inform no. MGT-9 is attached separately as Annexure I.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report is attached to and forms an integral part of the Report of the Board of Directors

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There have been no significant and material orders passed by the regulators or courts or tribunals impacting Company's going concern status and Company's operations in future.

ACKNOWLEDGEMENTS

The Board of Directors place on record their sincere appreciation for the support and co-operation extended to the Company by the Government of Kerala, the Reserve Bank of India and various Departments of State Governments, Banks, Auditors, Advocates and other associates in improving its overall performance during the year 2018-19. The single most important pillar of any organisation is its personnel, more so in the case of a financial service entity like us. The Board gladly acknowledges this fact and thank each one of them for their diligence and loyalty towards the Company. The Board expresses its sincere appreciation for the dedicated services rendered by officers and employees of the Company at all levels.

For and on behalf of the Board of Directors,

(Sd/-)

Adv. Peelipose Thomas

Chairman

DIN:07682129

(Sd/-)

V.P.Subramanian

Managing Director (Incharge)

DIN:08719925

Place : Thrissur
Date : 30.04.2020

Annexure – I

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1	CIN	U65923KL1969SGC002249
2	Registration Date	06/11/1969
3	Name of the Company	KERALA STATE FINANCIAL ENTERPRISES LIMITED
4	Category/Sub-category of the Company	Company limited by shares / State Government Company
5	Address of the Registered Office & Contact details	P B NO 510, 'BHADRATHA', MUSEUM ROAD THRISSUR - 680020, KERALA STATE. Phone: 0487 – 2332255 Fax: 0487 – 2336232 Web: www.ksfe.com e-mail: secretary@ksfe.com
6	Whether listed company	NO
7	Name, Address & Contact details of the Registrar & Transfer Agent, if any.	- NIL -

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10.00 % or more of the total turnover of the company shall be stated)

Sl.No.	Name and Description of main products/services	NIC Code of the Product/service*	% to total turnover of the company
1	Financial Service Activities	64990	100.00

* As per National Industrial Classification 2008 – Ministry of Statistics and Programme Implementation.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary/Associate	% of shares held	Applicable Section
1			- NIL -		

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding:-

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1-April-2017]				No. of Shares held at the end of the year[As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	NIL	9999998	9999998	100	NIL	9999998	9999998	100	0.00
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other...	-	-	-	-	-	-	-	-	-
Sub-total (A){1):-	NIL	9999998	9999998	100	NIL	9999998	9999998	100	0.00
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
Sub-total (A){2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = A(1) + A(2)	NIL	9999998	9999998	100	NIL	9999998	9999998	100	0.00
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B){1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	NIL	2	2	-	NIL	2	2	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-

Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	NIL	2	2	-	NIL	2	2	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	2	2	-	NIL	2	2	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	NIL	10000000	10000000	100.00	NIL	10000000	10000000	100.00	0.00

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SI. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Governor of Kerala	9999998	100	-	9999998	100	-	0.00

SI. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	9999998	100	9999998	100.00
	Increase due to allotment -----	-	-	-	-
	At the end of the year	-	-	9999998	100.00

SI.No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company

SI. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Rajagopal Remesachandran Nair / Director				
	At the beginning of the year	1	0.00001	0	-
	Date wise Increase/Decrease in Shareholding during the year.	-	-	0	-
	At the end of the year	1	0.00001	0	-
2	Mini V R- Director				
	At the beginning of the year	1	0.00001	0	-
	Date wise Increase/Decrease in Shareholding during the year	-	-	0	-
	At the end of the year	1	0.00001	0	-

V. INDEBTEDNESS

(Indebtedness of the Company, includes interest outstanding/accrued but not due for payment.)

	Secured Loans excluding deposits	Unsecured Deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	₹1,37,891.07	₹11,92,965.96	-	₹13,30,857.03
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	₹1,37,891.07	₹11,92,965.96	-	₹13,30,857.03
Change in Indebtedness during the financial year				
* Addition	₹1,04,676.93	₹1,33,253.64		
* Reduction	-	₹4,360.60		
Net Change	₹1,04,676.93	₹1,28,893.04	-	₹2,33,569.97
Indebtedness at the end of the financial year				
i) Principal Amount	₹2,42,568	₹13,21,859	-	₹15,64,427
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	₹2,42,568	₹13,21,859	-	₹15,64,427

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Adv. Peelipose Thomas	A Purushothaman	Total
1	Gross Salary	2,40,000.00	24,56,948.00	26,96,948.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 - Bonus	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Sitting fee	-	-	-
	Mobile Allowance	-	-	-
	Other	1,00,240.00	4,67,732.00	5,67,972.00
	Total (A)	3,40,240.00	29,24,680.00	32,64,920.00
	Ceiling as per the Act	NA	NA	NA

B. Remuneration to other directors:

A. Independent Directors				
SL No	Name	Fee for attending Board / Committee Meetings	Others, please specify	Total
None				
Total (1)				NIL
B. Other Non-Executive Directors				
Sl. No.	Name	Sitting Fees	Others, please specify (Mobile/Travel Allowance, Festival Allowance etc.)	Total
1	Adv. Peelipose Thomas	70,800.00	-	70,800.00
2	Adv. V K Prasad	34,200.00	162,737.00	196,937.00
3	Adv. Reji Zachariah	68,200.00	192,978.00	261,178.00
4	R Rajagopal	31,400.00	10,680.00	42,080.00
5	Mini V R	24,400.00	10,316.00	34,716.00
6	Vijayan Cherukara	24,200.00	121,036.00	145,236.00
7	R Mohammed Sha	27,800.00	112,253.00	140,053.00
8	D Narayana	15,200.00	51,700.00	66,900.00
9	K N Gangadharan	23,000.00	66,313.00	89,313.00
10	P V Unnikrishnan	15,400.00	49,282.00	64,682.00
11	P K Anandakuttan	27,400.00	100,776.00	128,176.00
12	P C Pillai	27,200.00	64,210.00	91,410.00
13	K N Satheesh IAS	4,000.00	4,180.00	8,180.00
Total (2)				1,339,661.00
Total (B) = (1 + 2)				1,339,661.00
Total Managerial Remuneration*				4,604,581.00
Overall Ceiling as per the Act				N. A.

* Total Managerial Remuneration being A + B

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD: -

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Manoj Kumar (Company Secretary)	Emil Alex (Company Secretary)	
1	Gross salary	4,73,317.00	6,76,987.00	11,50,304.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others	-	-	-
	Total	4,73,317.00	6,76,987.00	11,50,304.00

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties/punishments/compounding of offences for the year ending 31st March 2019.

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors,

(Sd/-)
Adv. Peelipose Thomas
 Chairman
 DIN:07682129

(Sd/-)
V.P.Subramanian
 Managing Director (Incharge)
 DIN:08719925

Annexure – II

KSFE CSR Policy:

Corporate Social Responsibility (CSR) is the Company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. KSFE is committed to undertake CSR activities in accordance with the provisions of Section 135 of the Indian Companies Act, 2013 and related Rules. KSFE believes that corporate development has to be inclusive and every corporate has to be responsible for the development of a just and humane society that can build a national enterprise. KSFE commits itself to contribute to the society in ways possible for the organization and has set up its core CSR team, as a means for fulfilling this commitment.

Overview of Activities:

In line with the CSR policy and in accordance with Schedule VII of the Companies Act, 2013, KSFE undertake various activities which have significant impact on the society. These activities include:

- Making available safe drinking water to Schools, Hospitals and other Institutions
- Constructing Toilets and Urinals in Government and aided schools
- Providing Generator, Computer and equipments, buses for transportation of students to schools.
- Providing tables, chairs and other equipments for schools, Anganavadis for mid-day meal distribution and Libraries.
- Provide Vehicles, wheel chairs and other equipments to Old age Homes and Institutions for the mentally challenged children
- Providing Dialysis Units and other medical equipments to Government Hospitals
- Providing Ambulances to hospitals and street lights in Panchayath areas.
- Providing sports equipments to schools and supporting libraries.

Company's CSR mission is to contribute to the social and economic welfare of the community. Through these CSR spent, KSFE touch upon the lives of many. The CSR Committee confirms that the implementation and monitoring of CSR Policy follows CSR objectives and Policy of the Company

Composition of CSR Committee:

The company understands its responsibility towards the society and environment in which it operates. The company has constituted Corporate Social Responsibility Committee at the board level to monitor the CSR activities.

Members of the Committee as on 31.03.2019 were:

1. Sri. Peelipose Thomas	:	Chairman
2. Adv. Reji Zachariah	:	Member
3. Adv. V K Prasad	:	Member
4. Sri. Vijayan Cherukara	:	Member
5. Sri. R Mohammad Sha	:	Member
6. Sri. P K Anandakuttan	:	Member
7. Sri. Purushothaman A	:	Member

The composition is as per Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules,

2014

Average net profit (Profit before Tax) of the Company for the last three financial years (In Rupees Crores):

March 31, 2016	March 31, 2017	March 31, 2018	Average Net Profit Before Tax
154	151	256	187

Prescribed CSR Expenditure:

- a) 2% average net profit of ₹ 187 Crores : ₹ 3,74,00,000/-
- b) Amount unspent, for the Financial Year 2017-18 : ₹ 4,58,387/-
- c) Total amount to be spent for the Financial Year 2018-19 : ₹ 3,78,58,387/-

Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs within the financial year (1) Total Expenditure in rupees or lakhs (2) Unspent	Cumulative Expenditure Up to the Reporting Period	Amount spent: Direct or through implementing agency
1.	SCHOOL BUS FOR POONJAR GOVT. L.P SCHOOL	Promoting education including special education	Other, Kottayam District Kerala	12,00,000/-		11,87,687/-	Direct
2.	SMART CLASS ROOMS FOR GVHSS, THATTATHUMALA, TRIVANDRUM	Promoting education including special education	Other, Trivandrum District	9,00,000/-		8,99,998/-	Direct
3.	SNEHAJALAKAM PROJECT OF C.G.FRANCIS SMARAKAM, PATHIRAPALLY	Promoting Healthcare including preventive healthcare	Other, Allapetty District	25,00,000/-		9,78,526/-	Indirect
4.	LAB EQUIPMENTS FOR KANIVU PALLIATIVE CARE, ARYAD	Promoting Healthcare including preventive healthcare	Other, Allapetty District	25,00,000/-		25,00,00,000/-	Direct
5.	PALLIATIVE CARE VEHICLE FOR ALPHA PALLIATIVE CARE, KOTTUVALLY, KAITHARAM NORTH PARAVOOR	Promoting Healthcare including preventive healthcare	Other, Emakulam, District	10,00,000/-		9,25,840/-	Direct
6.	COMPUTER EQUIPMENTS FOR ARYANADU NORTH GOVT.U.P.SCHOOL	Promoting education including special education	Other, Allapetty District	10,00,000/-		-	Direct
7.	LED TV FOR KADAPPOORU PUBLIC LIBRARY, KOTTAYAM	Setting up public libraries	Other, Kottayam District	36,000/-		36,000/-	Direct

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent in the project / program As at 31.03.2024 (1) Direct Expenditure or collection amount (2) Indirect	Cumulative Expenditure Up to the Reporting Period	Amount spent: Direct or through implementing agency
8.	COMPUTERISATION OF SAHRUDAYA LIBRARY SOUTH PAMPADY, KOTTAYAM	Setting up public libraries	Other, Kottayam District	1,50,000/-		1,35,500/-	Direct
9.	LED TV FOR INSTALLATION AT CASUALTY OF KOTTAYAM DISTRICT GENERAL HOSPITAL, KOTTAYAM	Promoting Healthcare including preventive healthcare	Other, Kottayam District	50,000/-		50,000/-	Direct
10.	AMBULANCE FOR COMMUNITY HEALTH CENTRE, KOOTIKAL.	Rural Development and public healthcare	Other, Kottayam District	15,69,441/-		15,69,441/-	Direct
11.	MURAL PAINTING AT ARANMULA	Promotion and development of traditional art and handicrafts	Other, Pathanamthitta District	2,00,000/-		-	Direct
12.	VEHICLE FOR DISTRICT COUNCIL FOR CHILD WELFARE, PATHANAMTHITTA	Promoting education including special education	Other, Pathanamthitta District	8,71,715/-		8,71,715/-	Direct
13.	CHEMISTRY LAB RENOVATION WORKS AT GOVT. HIGHER SECONDARY SCHOOL KODAKARA	Promoting education including special education	Local Area	4,00,000/-		4,00,000/-	Direct
14.	PSC FACILITATION CENTRE AT KOYILANDY TOWN EMPLOYMENT OFFICE	Employment enhancing projects	Other, Kozhikode District	2,00,000/-		1,89,346/-	Direct
15.	AMBULANCE FOR AKG CHARITABLE FOUNDATION KOZHENCHERY	Promoting Healthcare including preventive healthcare	Other, Pathanamthitta District	8,00,000/-		7,85,636/-	Direct
16.	AMBULANCE FOR AKG PAIN & PALLIATIVE SOCIETY MALLAPPALLY	Promoting Healthcare including preventive healthcare	Other, Pathanamthitta District	8,00,000/-		7,85,636/-	Direct
17.	ALLEPPEY WATER CHALLENGE-ALLAPPUZHA	Making available safe drinking water	Other, Alleppey District	1,25,00,000/-		1,25,00,000/-	Implementing Agency

Sl. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs during the year (1) Total Expenditure for projects or programs (2) Overhead	Cumulative Expenditure Up to the Reporting Period	Amount spent: Direct or through implementing agency
18.	SMART CLASS ROOM AT GOVT. U P SCHOOL KADUPPASSERY	Promoting education including special education	Local Area	2,96,500/-		2,96,212/-	Direct
19.	DIALYSIS UNIT FOR MOTHER THERESA CHARITABLE SOCIETY, PATHANAMTHITTA	Promoting Healthcare including preventive healthcare	Other, Pathanamthitta District	6,50,000/-		5,85,685/-	Direct
20.	AMBULANCE FOR ABHAYAM CHARITABLE SOCIETY, PAMPADY	Promoting Healthcare including preventive healthcare	Other, Kottayam District	7,50,000/-		7,49,051/-	Direct
21.	AMBULANCE ADDITIONAL FUND FOR KARUNYA HEALTH FOUNDATION, ERVIPEROOR, PATHANAMTHITTA	Promoting Healthcare including preventive healthcare	Other, Pathanamthitta District	7,72,000/-		8,97,127/-	Direct
22.	HUNGER FREE PROJECT AT SWANTHANAM PAIN AND PALLIATIVE CARE SOCIETY, CHERTHALA	Eradicating hunger, poverty and malnutrition.	Other, Alleppey District	57,00,000/-		57,00,000/-	Implementing Agency
23.	AMBULANCE FOR KRISHNAPILLAI CHARITABLE PALLIATIVE CARE SOCIETY, CHERTHALA	Promoting Healthcare including preventive healthcare	Other, Alleppey District	10,00,000/-		7,49,051/-	Direct
24.	AMBULANCE FOR P KRISHNA PILLAI CHARITABLE SOCIETY, TIRUVALLA	Promoting Healthcare including preventive healthcare	Other, Pathanamthitta District	10,00,000/-		7,49,051/-	Direct
25.	AMBULANCE FOR AKG HEALTH FOUNDATION PAIN AND PALLIATIVE SOCIETY, PATHANAMTHITTA	Promoting Healthcare including preventive healthcare	Other, Pathanamthitta District	10,00,000/-		7,49,051/-	Direct
	Total			37,845,656/-			

DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

Total amount to be spent for the financial year: ₹3,78,58,387/-Crores (includes brought forward unspent number of ₹458,387/-Crores for the financial year 2017-18)

Amount unspent, if any: ₹12,731/-. The amount unspent will be spent during financial year 2018-19.

Particulars FY 2018-19

Particular	Amount
Unspent amount 2017-18	₹ 458,387/-
CSR Contribution for The Year	₹ 37,400,000/-
Total	₹ 37,858,387/-
Total Amount Spent	₹ 37,845,656/-
Amount Unspent in FY 2018-19	₹ 12,731/-

Company's CSR mission is to contribute to the social and economic welfare of the people of the State. The Company has spent a sum of ₹3,78,45,656/- (99.96%) this year towards CSR as per section 135 of the Companies Act 2013, your Company is committed to increase its CSR impact by selecting projects that have long term sustainability. Through these CSR spent, KSFE were able to touch the lives of many. An amount of ₹12,731/- could not be utilized during the period under review. The amount could not be utilized because there weren't immediately identifiable projects for the company to allocate funds. The same will be spent in the FY 2019-20.

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors,

(Sd/-)

Adv. Peelipose Thomas
Chairman
DIN:07682129

(Sd/-)

V.P.Subramanian
Managing Director (Incharge)
DIN:08719925

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Scenario

Over the years, individuals, institutions, industries and economies, all have been driven by mega events arising out of socio, economic/political decisions having far reaching impact to the economy; and the year that went by was no exception. Financial Institutions, in particular, went through several structural changes that have profound impact on the way how they operate.

The macroeconomic indicators, at a global level, were encouraging for most part of the last financial year. Synchronization of growth across nations has enabled a more sustainable global growth recovery. Here, in India, however, it was a mixed bag with an initial slowdown due to the short-term impact caused by the structural reforms like GST, demonetization etc. The slowdown was relatively modest which was followed by significant structural reforms that nudged the economic growth back on to its track. Our State in the month of August 2018, witnessed unprecedented climatic conditions and worst floods in a century, devastating the lives and property of many in the State. Normal life was thrown out of gear and there was hardly any family left untouched by the natural calamity. This had affected our company too and the hardship faced by our esteemed subscribers affected our functioning in the form of lower business and recovery during the period. However, people of Kerala have shown great resilience in coming out of the situation and Kerala economy is slowly but surely limping back to normalcy.

It has been trying time for the industry and majority of its players, with elevated level of stressed assets, concerns around Corporate Governance, and of course, the rising anxiety over fugitive offenders and banking frauds. Despite these headwinds, two themes that clearly outlined the contours of financial institutions last year were around Digital and Structural enablers. Technology continues to dominate all the new initiatives and has clearly emerged as the differentiating factor amongst peers. There is a sharp uptick in economic activity seen in the quarter ended March 2018, which has improved the real GDP growth for fiscal 2018 to 6.7%. The economy continued its growth momentum as real GDP growth spurted to an eight-quarter high of 7.7% in Q4 FY18 and regained “numero uno” position among the large economies. It is a broad-based growth with both investment and consumption showing improvement.

In addition to the major economic changes triggered by these measures, the presence of which was felt among various industries cutting across geographical boundaries within the country, some other developments arising out of policy decisions at macro level also affected our operations considerably. Even though India has a diversified financial sector comprising Commercial Banks, Non-Banking Financial companies, Co-operatives, Pension Funds, Mutual Funds and other small financial entities, we all know that our financial sector is mainly dominated by the banking sector with commercial banks accounting for more than 64% of financial assets. Non-banking institutions still play an important role in rural India. For banking as well as non-banking institutions, growing NPAs continues to be major threat during last year also. The alarming increase in the NPAs has seriously dented the bottom line of these financial institutions.

To sustain India's high growth rate and spread its benefits more evenly, the financial sector has a crucial role to play in mobilizing resources and channelizing them to productive uses. Addressing asset quality concern and robust credit growth are essential to support capital formation and economic activity. Challenges like impairment in the asset quality remains considerably high, and thereby constraining banks' capacity to lend. Consequently, it has adversely affected profitability and capital positions of banks have faced some erosion. As per the Financial Stability Report, Non-Performing Assets (NPA) of Indian banks will rise further even though the financial system as a whole remains stable. The recent scams have raised serious concerns in the regulatory and supervisory frameworks. The economy needs a safe and efficient banking system to service the growing needs in the fast-changing financial landscape. Even though Government and financial sector regulators are implementing steps to ensure cyber resilience, fast evolving nature of the operating environment poses a serious risk on the cyber front.

Even though the prudential norms of RBI with regard to capital adequacy, provisioning etc are not applicable to our Company by virtue of being an MNBC, the Company has already adopted 90 days' NPA norms w.e.f April 1, 2018, so that the accounts reflect a realistic picture with regard to stressed assets in line with generally accepted NPA norms.

Financial performance

The Kerala State Financial Enterprises Ltd (popularly known as KSFE) continued to lead the chitty sector of the state of Kerala as market leader. The Company has grown both in terms of value and volume during the year under review. KSFE established its position as leading MNBC of the country and the market leader in chitty business in Kerala. Company's basic attempt was to transform the economic life of the people who are otherwise sidelined and ensure inclusive growth. During the last 4 decades of operation the Company has achieved a dominant market position in areas like personal loan, gold loan, housing loan etc in addition to chitty, the flagship business of the Company. The Company has consistently maintained a rapid pace of growth, demonstrating its ability to scale up and to leverage on its well-established brand name.

For the FY 2018-19 the Company has posted a profit after tax of ₹77.78 crores as against ₹190.93 crores during the previous year. The Gross income registered an increase of 6% at ₹2473 crores as against ₹2351 crores of previous years. The earnings per share stood at ₹77.62/-.

Opportunities

Even though our Company continued to be the market leader in Chitty Business, our challenges in the market is also on the rise in other target segments viz Gold Loan, Personal Loan and House Loan etc. KSFE, with its internal vigour and legacy of service of about 5 decades was able to withstand the new challenges to a large extent. Despite a not-so-favorable-environment, and flood situations in the State our Company was still able to achieve its chit target through multi-division chitties and campaign chitties viz. Ponnona chittikal. Going forward, Company would be aiming to increase its chitty base by starting smaller denomination chitties targeting lower income group and expanding its loan portfolio. Gold Loan has undergone a complete revamp and will be a major contributor loan product for the ensuing fiscal. As a responsible corporate citizen in the Government sector, the Company has, wherever possible supported the Government in all its efforts by contributing its bit.

Our Company has already launched its most prestigious product for non residents under the name of KSFE Pravasi Chitty. In the ensuing fiscal, the Company would be playing a pivotal role in association with KIIFB for the betterment of the State; free float monies generated through the Pravasi Chitty, would be mobilized through KIIFB for investment in various projects undertaken by the Government of Kerala. "KSFE Pravasi chitty", the first technology driven chit of the Company would go a long way in helping the Non Resident Keralaites in realizing their dreams by enjoying the financial benefits of chitty and the "value added benefits" attached thereto and to fulfill their social responsibility by participating in the developmental activities of their home town. The subscription for Pravasi Chitty started in the month of October, 2018 and first auction was conducted in the month of November, 2018. Pravasi Chitty which was initially launched in UAE would be extended to other Emirates/GCC countries in the ensuing fiscal. Our Company is also planning to have/open a Branch in every panchayath of the State. In the ensuing fiscal our Company has proposed to open 100 branches across the State based on the feasibility reports submitted by various Regional Offices.

Multi-division chitties has spurred the small income groups and its subscriber base is increasing progressively. Such chitties would be further extended to other branches also in the ensuing financial year. CASBA software is expected to bring in significant reduction in our overall service delivery mechanism, thereby improving our overall customer satisfaction. CASBA software has enabled us to complete Audits in a much more systematic and time bound manner. Audit for the financial year 2017-18 was completed in time and IT returns based on audited accounts were filed well within the stipulated time. Quality of MIS is also expected to improve in the fully computerized environment. We could also save to the tune of ₹190 lakhs by revisiting various contracts entered into by the Company. Effective tax management also helped us to save substantial amount running into crores of rupees. Our Company also gives emphasis to developing the skill set of its employees by conducting regular training programme on a sustained basis in association with Gulati Institution, to hone their skills to match with rapidly changing business environment.

The Company's loan schemes also staged good growth during the period under review. The loan schemes of the Company have also performed well during the recent years. The growth is mainly attributed to modifications introduced in various loan schemes. The Company has also adopted new marketing strategies to ensure reach to the potential customers. The growth in housing loan sector was tremendous and Company is seeing it as a major loan product of the future. Company's personal loan product,

KPL (KSFE Personal Loan) continued as most attractive in this market segment due to the reasonable rate of interest. The growth in Chitty business, particularly high denomination chitties continued to offer good opportunity for loan against chitty (NCL) growth. The company is adding to its capacity to serve customers in a better way by adopting improved IT options. IT and IT enabled applications will play an important role in the future growth of the company.

Threats

The Company is facing stiff competition from commercial banks and NBFCs in retail loan segment and it is a threat for its advance portfolio particularly to Gold loan and personal loan schemes. The company has to train its staff well to meet the customer expectations and to improve the loan portfolio. Company has already taken efforts in this direction. The recent changes introduced in housing loan scheme, backed with good advertisement are giving good results.

Update on Ind-As Implementation

The Institute of Chartered Accountants of India has issued Ind AS (a revised set of accounting standards) which largely converges the Indian accounting standards with International Financial Reporting Standards (IFRS). The Ministry of Corporate Affairs (MCA) has notified these accounting standards (Ind AS) for adoption. Ind AS is applicable to the Company from the FY 2019-20. The Company is in the process of negotiation with various vendors for implementation Ind AS solution in the Company.

The overall business achieved in the FY 2018-19 was ₹ 39185 crores as against the business volume of FY 2017-18 amounting to ₹ 35762 crores representing growth of 10%.

Chitty business achieved in FY 2018-19 was ₹. 20679 crores (including Pravasi Chitty) as against ₹ 18835 Crores of FY 2017-18 signifying a growth of 9.8 %. Monthly chitty business of ₹1847 Crores as compared to ₹ 1645 crores of FY 2017-18 thereby registering a growth of 11%. During the course of the year, coinciding with the festival season of Onam, the Company launched its branded Chitties campaign "Ponnona Chittikal 2018" during July - Nov 2018. The campaign was a grand success as the Company was able to achieve business volume of ₹ 467 crores during the campaign period as against the campaign target of ₹ 422 crores. No special campaign is being conducted during Christmas/New year season this year. Chitty business during the year got a fillip through newly launched Multi division chitty. New chitty business expected to be attained during the current fiscal is about ₹ 590 crores against the target ₹ 580 Cr.

Advances amounting to ₹ 5567 Crores and Deposit business to the tune of ₹ 12939 Crores is proposed for FY 2018-19 as against the advance and deposit business of ₹ 5223 Crores and ₹11704 Crores respectively for FY 2017-18.

The total deposits outstanding amounting to ₹12,939 crores for 2018-19 is expected to be at ₹16050 crores for the year 2019-20 representing a growth of over 24%

During 2019-20 the Company intends to further strengthen the basic tenets of appropriate Asset Liability Management (ALM) policy, for managing its deposit & advances portfolio. The Company has already requested the Government for suitably increasing guarantee limit. Focus will be given to broaden the spectrum of low-cost fund, such as Sugama Deposits. Students' deposit is also envisaged.

Chitty Business:

The Company intends to continue the established pattern of its branded chitties campaigns (laced with attractive pricing schemes and value additions) at appropriate time during 2019-20 also. The pricing scheme & value additions would be decided upon subsequently considering the market trends and preferences from time to time. Preference will be given on monthly chitties of subscription ₹1 lakh or below to control defaults in chitty in a desired manner.

Advance Business:

The changes/modifications brought in by the Company during current year have provided a strong platform for significant increase in our advances portfolio. The Company proposes to strengthen its chitty based loan schemes, Gold Loan and Housing Finance Scheme in the next year. The Company intends to suitably revise its lending schemes and introduce more attractive schemes which will support weaker sections and also cater to the loan requirement of affluent class.

New Initiatives:

a) **Gold loan Scheme**

The impending regulation proposed by RBI for regulating NBFCs is expected to ensure disciplined growth of this sector. As a public sector undertaking with strong social objectives, the Company sees greater opportunity and role in gold loan sector. Once the proposal of the Company to start branches in all Panchayaths of Kerala in accordance to the feasibility of the area is achieved, the business under this portfolio would significantly scale to higher levels. The Company will also revise the interest rates and per gram amount of loan from time to time depending upon market conditions. The total target for the year is ₹3000 Crores with a growth of 275% over the last year's business. We propose to continue exclusive advertisement campaign in audio/ visual/ print media for pushing the product. Outdoor media viz. Hoardings, advertisement on medians/ bus shelters etc is also proposed to continue for greater visibility for our product.

b) **Revamping of agency network & Liberalisation of Norms.**

At present we have two types of agency network (1) agents related to business sourcing and (2) agents related to services. It is high time for concentrating on expanding clientele base, since previous years' data except 2018-19 show a slight decline of customer strength, though the business figures shows an upscale. Customer base for 2018-19 was increased as a result of introduction of Multi Division chitties. In order to widen our customer base, the revamping of agency network especially agency network related to business sourcing must be strengthened. Company has a plan to strengthen the agency network related to sourcing by expanding it especially to women agents by introducing "SHE" programme (Sourcing Host Empowerment) which intends to appoint women agents, especially those who need social protection viz. widows, divorcees etc to empower them by making our agents. The quality of agency service is also needing to be improved by recruiting qualified hands from open market to sell our chitty product.

c) **Modernising Chitty Scheme**

The motto "Modernization by innovation" clearly defines Company's attitude to chitty scheme. In past years, the Company has introduced many value additions like introducing Pass Book Loan Scheme, New Chitty Loan Scheme and branded chitty with attractive prizes etc. to name a few. Company plans to pursue this continuous process with a new vision in FY 2019-20, by introducing Prizing Chitty Scheme blending with our traditional auction Chitty, fixed dividend chitty etc. Company also plans to conduct conclaves periodically for getting innovative and novel ideas in all products, especially in chitty scheme.

d) **Widening Branch Net Work and opening more Regional Offices**

Company proposes to open 100 new branches in the coming year to achieve its declared object of having Company branches at all feasible locations in the State. Which will also provide employment opportunities for the educated job aspirants in Kerala.

e) **Digitalization of Schemes**

On 23rd Nov. 2018, K.S.F.E. Pravasi Chitties online auction process were switched on successfully. K.S.F.E Pravasi chitties are almost fully online chitties which can be operated through a computer or a mobile phone. Although the technical side is almost finished, still the same is not properly working in different situations. Similarly, we are yet to use of the service of different middle level service agencies viz. Exchange houses, Banks, Money Transfer Agencies etc. for the purpose. Once the system becomes fool proof and the support system works properly and convinced by the prospective investors abroad, the present low level of enrolment process will gather momentum.

Our domestic chitties remain in a non-digital manner so that young generation keep the face away from them. If mobile app and web app are introduced, we may penetrate in to young, Techie generation with confidence. Moreover, it may bring more transparency in our dealings with the customer and our agency system will be more effective and transparent, if we implement digital instruments in this area.

So, we are planning digitalization in the various planes` of business activities in a well-paced manner. In the first phase we prefer apps for customers and agents. In the second phase it will be digitalization of schemes like online auction etc.

Internal Control Systems and their adequacy

The Company has put in place an adequate internal control system to safeguard all its assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. The Company is having a full-fledged Internal Audit and Vigilance Department, which ensures adherence to the set rules and regulations by the Branches / Regional Offices / Departments at the Corporate Office. Internal Audit team conducts inspection at regular intervals to ensure that the internal control systems put in place is working effectively. The Audit Committee of the Board reviews the reports and ensures that corrective steps are taken to rectify the shortcomings in the report and recommends for strengthening the internal control over various processes.

Human Resources and the infrastructure development

As on March 31, 2019, the company had 6763 personnel on its rolls. Human Resources policies and practices of the company focus on attracting, motivating and retaining qualified and skilled manpower. The Company believes that people perform to the best of their capability in organisations to which they feel genuinely associated. The Company focuses on widening organisational skills and improving organisational effectiveness by having a competent and engaged workforce. Our people are our partners in progress, and employee empowerment has been critical in driving our organisation's growth to the next level.

Caution

The views and statements expressed or implied in the Management Discussion and Analysis are based on the current available information, experience and our own judgement. Actual results may vary significantly from the forward-looking statements contained in this document due to various risks and uncertainties. The Company's actual performance may differ as a result of unforeseen events on which the management has no direct control.

For and on behalf of the Board of Directors,

(Sd/-)

Adv. Peelipose Thomas

Chairman

DIN:07682129

CORPORATE GOVERNANCE

Company's philosophy on corporate governance

Corporate Governance philosophy of the Company is based on the principles of equity, fairness, transparency, spirit of law and honest communication. Company believes that sound Corporate Governance is vital to retain public confidence, stakeholders' trust and ensure efficient working and proper conduct of the business of the Company. Development of Corporate Governance guidelines is a continuous process which evolves over a period of time and undergoes changes to suit the changing times and needs of the business, society and the nation.

Board of Directors

The composition of the Board has been in compliance with the Companies Act and Memorandum and Articles of Association of the Company. As on 31.03.2019 the Board of Directors of the Company comprised 14 Directors including Chairman. Except Managing Director, the rest of the Directors are non-executive Directors. The Board of Directors has been functioning in a professional and transparent manner.

The Board invariably meets in every month and evaluates the performance of the Company. All major policy and business decisions of the Company are placed before the Board and decisions are taken after due deliberations and with mutual consensus. The Board at various occasions has constituted various sub-committees to monitor the progress of various projects/schemes introduced by the Company. The Company adheres to the provisions of the Companies Act, 2013 read with the Rules issued thereunder and Secretarial Standards with respect to convening and holding the meetings of the Board of Directors, its Committees and the General Meetings of the shareholders of the Company.

During the year 2018-19 the Board met on 11 occasions. The dates of Board meetings were: -26.04.2018, 08.05.2018, 13.06.2018, 18.06.2018, 31-07-2018, 14.09.2018, 26.10.2018, 30.11.2018, 28.12.2018, 24.01.2019 and 16.02.2019. Details of attendance are given below;

Sl. No	Name of Director	No. of meetings held during the year (after initial appointment)	No. of meetings attended
1	Adv. Peelipose Thomas	11	10
2	Sri. A Purushothaman	11	11
3	Sri. KN Satheesh, IAS	11	3
4	Smt. Mini VR	11	7
5	Sri R Rajagopal	11	10
6	Adv. Reji Zachariah	11	11
7	Adv. V K Prasad	11	9
8	Sri. P C Pillai	11	10
9	Sri. Muhammed Sha	11	11
10	Sri. P V Unnikrishnan	11	4
11	Sri. K N Gangadharan	11	10
12	Sri. D Narayana	11	8
13	Sri. P K Anandakuttan	11	11
14	Sri. Vijayan Cherukara	11	9

Audit Committee of the Board

The Company has an independent Audit Committee in compliance with the provisions of Section 177 of the Companies Act, 2013. The Audit Committee provides direction to the audit functions and monitors the quality of Internal and Statutory audit. The scope / responsibilities of the Audit Committee include the following:

1. Review of internal audit function, including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure and frequency of internal audit.
2. To review the findings of any internal investigations by the internal auditor in to matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to Board.
3. Discussing with internal auditors/AG's Auditors, any significant findings and follow-up thereon.
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems and recommending improvements to the management.
5. Discussing with external auditors before the audit commences, the nature and scope of audit as well as conduct post-audit discussions to discuss any areas of concern.
6. Reviewing the Company's financial risk management policies.
7. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
8. Approving the fees for non-audit services provided by the firms of statutory auditors.
9. Reviewing with the management the periodic financial statements, before submission to the Board, focusing primarily to;
 - (a) Any changes in accounting policies and practices.
 - (b) Major accounting entries based on exercise of judgment by management.
 - (c) Qualifications in draft audit report.
 - (d) Significant adjustments arising out of audit.
 - (e) Compliance with accounting standards.

The Audit Committee of the Company consisted three Directors; Sri. KN Satheesh IAS, Sri. R Rajagopal, and Smt. Mini V R were the members of the Committee during the period. A total of 3 meetings of the Audit Committee were held during the year on 18.06.2018, 31.08.2018 and 20.03.2019. Details of attendance are given below;

Sl. No.	Name of Member	No. of meetings held during the period and after appointment	No. of meetings attended
1	Sri. KN Satheesh IAS	03	Nil
2	Sri. R Rajagopal	03	03
3	Smt. Mini V R	03	03

The Board has accepted all the recommendations of the Audit Committee. The disclosures made herein shall be treated as disclosures required to be made under sub-section (8) of Section 177 of the Companies Act, 2013.

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee has been formed in conformity with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Members of the Committee as on 31.03.2019 were:

1.	Adv. Peelipose Thomas	:	Chairman
2.	Adv. Reji Zachariah	:	Member
3.	Adv. V K Prasad	:	Member
4.	Sri. Vijayan Cherukara	:	Member
5.	Sri. R Mohammad Sha	:	Member
6.	Sri. P K Anandakuttan	:	Member
7.	Sri. Purushothaman A	:	Member

The Committee's terms of reference include the following:

- * formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- * recommend the amount of expenditure to be incurred on the activities referred to above;
- * monitor the CSR Policy of the Company from time to time;
- * prepare a transparent monitoring mechanism for ensuring implementation of the projects/ programmes / activities proposed to be undertaken by the Company; and
- * such other activities as the Board of Directors may determine from time to time.

During the year ended 31st March, 2019, the CSR Committee met four times on 26.04.2018, 02.11.2018, 24.01.2019 and 16.02.2019. Details of attendance are given below;

Sl. No.	Name of Member	No. of meetings held during the period and after appointment	No. of meetings attended
1	Adv. Peelipose Thomas	04	04
2	Mr. A Purushothaman	04	04
3	Adv. VK Prasad	04	04
4	Adv. Reji Zachariah	04	04
5	Mr. Vijayan Cherukara	04	03
6	Mr. R Mohammed Sha	04	03
7	Mr. PK Anandakuttan	04	04

Disclosures

During the year, the Company did not enter into any material related party transactions with its directors or senior management or their relatives that would potentially conflict with and or adversely affect the interests of the Company and against the provisions of The Companies Act. The Company has complied with all the directives issued by all statutory authorities. No penalties and strictures were imposed on the Company by any of the regulatory authorities viz; Reserve Bank of India, Registrar of Companies etc. for non-compliance with any laws, guidelines and directives during the year.

For and on behalf of the Board of Directors,

(Sd/-)

Adv. Peelipose Thomas

Chairman

DIN:07682129

INDEPENDENT AUDITOR'S REPORT

To the Members of The Kerala Sate Financial Enterprises Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone Financial Statements of The Kerala State Financial Enterprises Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the accounts of the Head Office at Thrissur, Regional Office at Thrissur and 63 branches coming under the Thrissur region audited by us and the other 10 Regional Offices namely Kannur, Kozhikode, Ernakulam, Kottayam, Kollam, Thiruvananthapuram, Attingal, Alappuzha, Kattappana and Malappuram and 514 branches under these regional offices audited by the Regional/Branch Auditors.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS), of the state of affairs of the Company as at 31st March 2019, and its profits, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to Annexure-A to this report regarding:

1. Non reconciliation of Inter Branch accounts, Suspense accounts and other accounts.
2. Excess provision for impairment of financial assets and non-recognition of interest income on Non-Performing Assets as required by Ind AS-109.
3. Non provision for Service Tax Liability amounting to Rs.509.92 lakhs.
4. Provision for financial impact of fraud identified during the year.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to the following matters:

1. The practice followed by the company is that the registration of Chits is made after realization of the first instalment. However, as per the Auditor's report issued by some of the Regional Auditor's (including Thrissur region), few chits are registered without realization of first instalment.
2. Some of the branches of the Company have not complied with the Prevention of Money Laundering Act, 2002 and 'Know Your Customer' (KYC) Guidelines formulated by Reserve Bank of India.
3. Documents of loans granted are incomplete in some cases.

4. Account balances with customers are not confirmed in most of the cases.
5. Deposits with Treasury and deposits held by the branches in the name of Assistant Registrars and interest accrued thereon are subject to confirmation; the impacts thereof on the financial statements are not ascertainable.
6. Note No.2.4 regarding non-adjustment of Covid - 19 effect on the financial estimates as on 31.03.2019; the impact, if any, thereof cannot be ascertainable at this stage.

Our opinion is not qualified in respect of the above stated matters.

Responsibility of Management and those charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

We did not audit the financial statements / financial information of 10 Regional Offices and 514 branches of the Company, whose financial statements / financial information reflect total assets of Rs.25,33,390.83 lakhs as at 31st March, 2019 and total revenues of Rs.2,00,610.90 lakhs for the year ended on that date, as considered in the standalone financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of these Regional offices and Branches, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the Regional Offices/Branches which have been audited by other regional auditors.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, except for those given in itemNo.2 of "Annexure-A" to this report.
 - (e) Being a Government Company, provisions of Section 164 (2) of the Act is not applicable.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'C'.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended is not applicable since the Company is a Government Company.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The company has disclosed the impact of pending litigations on its financial position and disclosed in its standalone financial statements – Refer Note No. 29.7 on Contingent Liabilities.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the investor education and protection fund by the Company.
3. As required by Section 143(5) of the Act, we give in the Annexure 'D', a statement on the compliance to the Directions issued by the Comptroller and Auditor General of India.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants (FRN: 0014885)

(Sd/-)

K.J. Narayanan
Partner
Membership No.:202844
UDNI:20202844AAAACQ7711

Place : Thrissur
Date : 04.05.2020

ANNEXURE 'A' REFERRED TO IN BASIS FOR QUALIFIED OPINION PARAGRAPH OF THE INDEPENDENT AUDITOR'S REPORT OF THE KERALA STATE FINANCIAL ENTERPRISES LIMITED ON THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31ST MARCH 2019

1. Non reconciliation of Inter Branch Accounts, Suspense Accounts and Other Accounts
 - a) In Note No.12 under 'Other Non-Financial Assets', a sum of Rs.10141.63 lakhs has been disclosed under Inter-branch current account. This includes both reconciled and un-reconciled balances between books of the various branches, Regional offices and the Head office. Out of the above the company is unable to furnish the particulars of the un-reconciled amount of Rs. 8421.33 lakhs (net debit balance). The impact/ effect thereof, if any, arising out of reconciliation on the financial statements for the year ended 31st March 2019 is not ascertainable at this stage.
 - b) The net credit balance in various suspense accounts as on 31st March 2019 is Rs.5941.44 lakhs. These suspense accounts are un-reconciled for a long period. As the reconciliation is pending, we are unable to comment on the impact of the same in the financial statements of the company.
 - c) There are cases of unadjusted debits and credits appearing in the bank reconciliation statements. In the absence of adequate information, we are unable to ascertain the impact on Assets/Liabilities/Income/Expenditure.

 - (I) The Company has not provided impairment loss based on Expected Credit Loss (ECL) Method in accordance with IndAS-109. Instead, the Company has made provision for non-performing loans as per RBI norms prescribed for the period beginning from 1.4.2019 as referred to Note No. 3.5, which constitutes a departure from the Ind AS. Had the management provided impairment loss based on ECL Method, the following items would have been changed by:
 - a) Decrease in impairment loss by Rs.19019.46 lakhs during the year 2018-19 and consequent increases in the profit for the year and Loans and by Rs.19019.46 lakhs.
 - b) Decrease in impairment loss by Rs.4270.16 lakhs during the year 2017-18 (as per restated Ind AS statement) and consequent increase in the profit for the year and Loans by Rs.4270.16 lakhs.
 - c) Increase in the retained earnings and consequent increase in Loans as on 01.04.2017 by Rs.21446.61 lakhs
 - (II) Interest is not recognized on net carrying value ie; gross minus impairment provision of non – performing financial assets. In the absence of details, we are not in a position to quantify the impact thereof on the financial statements
3. Disputed Service Tax Liability shown under Contingent Liabilities as on reporting date amounting to Rs.1019.85 lakhs are being settled under Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 for a sum of Rs.509.92 lakhs. No provision for the settled amount has been made in the accounts and the gross amount is shown as Contingent liability. Consequently, the profit is overstated by Rs.509.92 lakhs.
 4. The Company has made a provision of Rs.395.42 lakhs (Rs.572.85 lakhs up to 31.03.2018) for frauds/misappropriation reported during the year. The adequacy of provision of Rs.968.27 lakhs as on 31.03.2019 made by the company for various frauds identified cannot be commented upon, due to non-availability of information regarding the security available and recovery made with the company. The net amount of profit understated due to the reasons reported in clause 2 and 3 above amounts to Rs.18,509.54 lakhs

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants (FRN: 001488S)

(Sd/-)

K.J. Narayanan
Partner
Membership No.:202844
UDNI:20202844AAAACQ7711

Place : Thrissur
Date : 04.05.2020

ANNEXURE 'B' REFERRED TO IN PARAGRAPH 1 OF THE INDEPENDENT AUDITORS' REPORT OF THE KERALA STATE FINANCIAL ENTERPRISES LIMITED AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

1. a) The Company has maintained records showing full particulars of Fixed Assets including quantitative details and the situation of fixed assets. However, recording of identification number on fixed assets and proper accounting of inter-branch or inter-regional transfers and their reconciliations are not done.
- b) We are informed that the fixed assets have been physically verified by the management in a phased periodical manner. However, in the absence of unique identification number on fixed assets and the fixed assets register, we are not in a position to comment on the accuracy of such physical verification system.
- c) In our opinion and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company, except in the following cases, where the title deeds were not available for verification.

Description of property	Location	Area of land	Remarks
Land in Sy.No:266/2	Thrissur	75 cents	Value Rs.1.73 lakhs
Land	Kollam	15 cents	Land value is not paid/ accounted in books, as the value is not yet decided by the Govt. of Kerala.

2. The Company did not hold any inventory other than stock of stationery which is not used for trading and hence the provisions of Clause 3 (ii) are not applicable.
3. The Company has granted loan to Kerala State Social Security Pension Limited for Rs. 52,069 lakhs during the year ended 31.03.2019 based on the order from Government of Kerala. The terms and conditions including repayment of the loan have not been stated therein, except for the payment of interest at the rate of 9.25% per annum, which is collected regularly.
4. In our opinion and based on Regional Auditor's Reports and according to the information and explanations given to us, the Company has not given any loans, made any investments, provided any guarantees and given any security to which the provisions of section 185 and 186 of the Companies Act, 2013 are applicable.
5. The Company has accepted deposits from the public. The deposits are guaranteed by the Government of Kerala and the amount of guarantee has been enhanced from Rs.9000 crore to the extent of Rs.12000 crore with effect from 19.03.2019. We are of the opinion that the acceptance of deposits by the company is out of the purview of the directives issued by the Reserve Bank of India and hence the provisions of sections 73 to 76 of the Companies Act, 2013 or any other relevant provisions of the Act are not applicable to the Company since the deposits are fully guaranteed by the Government of Kerala.
6. As per the information and explanations given to us, the Central Government has not prescribed maintenance of cost records u/s 148 (1) of the Companies Act, 2013 for the business of the Company.
7. a) According to the information and explanations furnished to us and according to the examination of the records, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, goods and service tax, value added tax, cess and any other statutory dues to the extent applicable to it with the appropriate authorities, except for non- payment of provident fund of newly appointed staffs for `23.82 lakhs which fell due from April 2018 onwards. The provisions of customs duty and excise duty are not applicable to the Company.
- b) According to the information and explanations furnished to us, no undisputed amounts payable in respect of employees' state insurance, income-tax, sales-tax, wealth tax, service tax, goods and service tax, value added tax, cess and any other statutory dues to the extent applicable to it were outstanding, at the year end, for a period of more than six months from the date they became payable

- c) According to the information and explanations given to us and based on the records of the company examined by us there are no disputed amounts payable in respect of income tax, sales tax, wealth tax or cess. The dues outstanding of interest tax and service tax on account of disputes are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs. lakhs)	Period to which the amount relates	Forum where dispute is pending
Interest Tax Act, 1974	Interest tax	1043.48	AY 2000-01	Hon'ble Supreme Court of India.
Finance Act, 1994	Service Tax	1142.78	27.09.2012 to 28.09.2013	Customs, Excise & Service Tax Appellate Tribunal, Bangalore.
Finance Act, 1994	Service Tax	0.66	July 2012 to October 2012	Commissioner of Central Excise & Customs (Appeals), Kochi.
Finance Act, 1994	Service Tax	4.35	2012-13 to 2014-15	Commissioner of Central Excise & Customs (Appeals), Kochi.
Finance Act, 1994	Service Tax	252.65	2015-16 & 2016-17	Appeal has not been filed

In respect of Service tax dues above, reference is invited to Para 3 of Annexure A of Auditors Report

8. According to the information and explanations given to us and based on the records of the Company examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank or government or debenture holders during the year.
9. The company has not obtained any term loans or raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.
10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, no fraud by the Company has been noticed or reported during the course of our audit. However, as informed by the management, there have been certain instances of fraud on the Company by employees where chitty related misappropriations/improper acceptance of security/document fabrication etc. (excluding chitty inflation) have occurred for amount of `780.65 lakhs. The financial impact of frauds in respect of chitty inflation has not been ascertained. The Company has created a provision for `395.42 lakhs during the year in respect of frauds identified during the year.
11. In our opinion and according to the information and explanation given to us, the provisions of section 197 of the Companies Act, 2013 is not applicable to the company.
12. In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, paragraph (xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and the details of such transactions have been disclosed in the financial statements of the Company as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares, or any issue of fully or partly convertible debentures during the year. Accordingly, the requirement of Section 42 of the Companies Act, 2013 is not applicable to the company.

15. According to the information and explanations given to us, the company has not entered in to non-cash transactions with directors or persons connected with them as referred to in Section 192 of the Companies Act, 2013.
16. According to the information and explanations given to us, we report that the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants (FRN: 0014885)

(Sd/-)

K.J. Narayanan
Partner
Membership No.:202844
UDNI:20202844AAAACQ7711

Place : Thrissur
Date : 04.05.2020

ANNEXURE 'C' REFERRED TO THE INDEPENDENT AUDITORS' REPORT OF THE KERALA STATE FINANCIAL ENTERPRISES LIMITED AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the 'Guidance Note') and the standards on auditing (the 'Standards') issued by ICAI specified under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit and on the basis of reports of other Regional/Branch auditors, the following material weaknesses have been identified as at 31st March, 2019:

- a) Fixed assets accounting for inter branch transfers is not adequate.
- b) Non reconciliation of inter branch accounts referred to Note No.29.22 of the financial statements.
- c) Non-reconciliation of various suspense accounts.
- d) Non-adjustments of terminated chitties.
- e) Errors in accounting of interest on deposits received from public on migration to new software. The 'CASBA' software had failed to recognise 'Actual Interest for the year' on fixed deposits from public in many cases.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants (FRN: 001488S)

(Sd/-)

K.J. Narayanan
Partner
Membership No.:202844
UDNI:20202844AAAAACQ7711

Place : Thrissur
Date : 04.05.2020

ANNEXURE 'D' REFERRED TO THE INDEPENDENT AUDITORS' REPORT OF THE KERALA STATE FINANCIAL ENTERPRISES LIMITED AS OF AND FOR THE YEAR ENDED MARCH 31, 2019

As required by Section 143(5) of the Companies Act 2013, we give a statement on the compliance to the Directions issued by the Comptroller and Auditor General of India:

- I) **Whether the company has system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any may be stated.**

The Company has system in place to process all the accounting transactions through IT System. According to the explanations and information given to us all the accounting transactions of the Company is processed through the IT system. However, the IT system of Revenue Recovery Department is not integrated with the company's main system and software.

- II) **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts / loans / interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.**

During the period there were no restructuring of loans or cases of waiver/ write off of debts/ loans/ interest made by any lender to the company.

- III) **Whether funds received/ receivable for specific schemes from Central/ State agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.**

No such funds were received by the company during the period.

Sector Specific sub-directions under section 143(5) of the Companies Act, 2013

Finance Sector

1. Whether the Company has complied with the directions issued by Reserve Bank of India for:
 - i) Non-Banking Finance Companies (NBFCs);
Reply: KSFE is a Miscellaneous Non- Banking Company.
 - ii) Classification of Non-performing assets; and Capital adequacy norms for NBFCs:
Reply: KSFE is a Miscellaneous Non Banking Company and it has complied with the directions of Reserve Bank of India.
2. Whether the Company has a system to ensure that loans were secured by adequate security free from encumbrances and have first charge on the mortgaged assets. Further, instances of undue delay in disposal of seized units may be reported:
Reply: In case of loans sanctioned against security of land and building, non- encumbrance certificate has been collected by the branches. Instances of undue delay in disposal of seized units are not available from the accounting system.
3. Whether introduction of any scheme for settlement of dues and extensions thereto are in compliance with the policy guidelines of the Company/ Government:
Reply: One Time Settlement Schemes are operated as per the policy guidelines of the company.
4. Comment on the confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash:
Reply: Confirmation have been received on a random basis at branch level.
5. Whether the bank guarantees are revalidated in time:
Reply: No lapses were noticed by us

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants (FRN: 0014885)

(Sd/-)

K.J. Narayanan
Partner
Membership No.:202844
UDNI:20202844AAAACQ7711

Place : Thrissur
Date : 04.05.2020

THE KERALA STATE FINANCIAL ENTERPRISES LIMITED
BALANCE SHEET AS AT 31st MARCH 2019

(Rs in Lakhs)

Particulars	Note No.	As at	As at	As at
		31.03.2019	31.03.2018	01.04.2017
I. ASSETS				
1. Financial Assets				
a. Cash and cash equivalents	5	1,61,630.72	54,416.35	14,667.78
b. Bank Balances other than (a) above	6	6,08,443.06	5,68,927.37	4,00,397.50
c. Loans	7	23,20,809.17	20,55,643.46	18,78,881.73
d. Investments	8	576.80	-	-
e. Other Financial Assets	9	46,601.88	43,130.15	32,703.60
Total Financial Assets		31,38,061.63	27,22,117.33	23,26,650.61
2. Non-Financial Assets				
a. Current Tax Assets (Net)	10	13,781.73	11,673.82	11,044.06
b. Deferred Tax Assets (Net)	11	20,490.24	19,453.64	15,662.06
c. Property, Plant and Equipment	11A	2,558.70	1,897.66	2,156.59
d. Capital Work in progress	11B	-	-	0.84
e. Intangible Assets	11C	109.78	32.67	17.17
f. Other Non-Financial Assets	12	10,763.46	19,894.52	24,528.72
Total Non-Financial Assets		47,703.90	52,952.31	53,409.44
TOTAL ASSETS		31,85,765.53	27,75,069.64	23,80,060.05
II. LIABILITIES AND EQUITY				
LIABILITIES				
1. Financial Liabilities				
a. Borrowings (other than Debt Securities)	13	2,42,568.00	1,37,891.07	583.78
b. Deposits	14	12,54,769.50	11,25,565.42	10,03,029.91
c. Other Financial Liabilities	15	15,74,655.13	13,93,997.14	12,85,117.76
Total Financial Liabilities		30,71,992.64	26,57,453.63	22,88,731.45
2. Non-Financial liabilities				
a. Provisions	16	13,516.64	12,909.53	10,449.06
b. Other Non-Financial Liabilities	17	5,240.97	13,234.11	3,856.77
Total Non-Financial Liabilities		18,757.61	26,143.65	14,305.83
TOTAL LIABILITIES		30,90,750.24	26,83,597.28	23,03,037.28
EQUITY				
a. Equity Share Capital	18	10,000.00	10,000.00	10,000.00
b. Other Equity	19	85,015.29	81,472.36	67,022.77
TOTAL EQUITY		95,015.29	91,472.36	77,022.77
TOTAL LIABILITIES & EQUITY		31,85,765.53	27,75,069.64	23,80,060.05

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date

For and on behalf of the Board of Directors,

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants (FRN: 0014885)

(Sd/-)
K.J. Narayanan
Partner
Membership No.:202844

Place : Thrissur
Date : 30.04.2020

(Sd/-)
Adv. Peelipose Thomas
Chairman
(Sd/-)
V.P.Subramanian
Managing Director (Incharge)
(Sd/-)
Mini.V.R
Director
(Sd/-)
S.Sarath Chandran
General Manager (Finance)
(Sd/-)
Emil Alex
Company Secretary

THE KERALA STATE FINANCIAL ENTERPRISES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(Rs in Lakhs)

	Particulars	Note No.	For the year ended 31.03.2019	For the year ended 31.03.2018
(I)	Revenue from Operations			
	(i) Interest Income	20	1,29,161.99	1,08,848.91
	(ii) Foreman Commission		94,042.82	84,063.89
	(iii) Service Charges		1,128.37	1,112.99
	(iv) Other Revenue from Chit Fund Operations	21	22,955.32	22,159.73
	Total Revenue from Operations		2,47,288.51	2,16,185.51
(II)	Other Income	22	69.58	82.74
(III)	Total Income (I+II)		2,47,358.09	2,16,268.25
(IV)	EXPENSES			
	Finance Costs	23	96,629.95	90,270.51
	Impairment of financial instruments	24	40,313.21	15,369.39
	Employee benefits expenses	25	75,691.07	63,960.99
	Depreciation, amortisation and Impairment	26	637.47	617.57
	Other expenses	27	21,842.26	18,206.36
	Total Expenses		2,35,113.96	1,88,424.81
(V)	Profit before exceptional items and tax (III-IV)		12,244.13	27,843.44
(VI)	Exceptional Items			
(VII)	Profit before Tax (V-VI)		12,244.13	27,843.44
(VIII)	Tax Expense:			
	a. Current Tax		5,423.79	11,129.57
	b. Deferred Tax		(1,028.17)	(2,417.22)
	c. Relating to earlier years (Net)		70.22	38.49
			4,465.84	8,750.84
(IX)	Profit for the year from continuing operations (VII-VIII)		7,778.29	19,092.60
(X)	Profit for the Year		7,778.29	19,092.60
(XI)	Other Comprehensive Income			
	(i) Items that will not be reclassified to profit or loss (Re-measurements of the defined benefit obligation)		(24.36)	(3,971.22)
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		8.43	1,374.36
	Other Comprehensive Income (Net of Tax)			(2,596.86)
(XII)	Total Comprehensive Income for the year (X+XI)		7,762.36	16,495.74
(XIII)	Earnings per Equity Share	28		
	Basic and diluted earnings per equity share (Rs.)		77.62	164.96
	Nominal value per equity share (Rs.)		100.00	100.00
	Additional Information	29		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date

For and on behalf of the Board of Directors,

For **Krishnamoorthy & Krishnamoorthy**

Chartered Accountants (FRN: 0014885)

(Sd/-)

K.J. Narayanan

Partner

Membership No.:202844

Place : Thrissur
Date : 30.04.2020

(Sd/-)

Adv. Peelipose Thomas
Chairman

(Sd/-)

V.P.Subramanian
Managing Director (Incharge)

(Sd/-)

Mini.V.R
Director

(Sd/-)

S.Sarath Chandran
General Manager (Finance)

(Sd/-)

Emil Alex
Company Secretary

THE KERALA STATE FINANCIAL ENTERPRISES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

		(Rs in Lakhs)	
Particulars		For the year ended 31.03.2019	For the year ended 31.03.2018
A.	Cash Flows from Operating Activities		
	Profit / (Loss) Before Tax	12,219.77	23,872.22
	<i>Adjustments for:</i>		
	Depreciation and amortisation expense	637.47	617.57
	Impairment on financial instruments	40,313.21	15,369.39
	(Profit) / Loss on Sale of Property, Plant & Equipment	(3.83)	(0.79)
	Interest received on Deposits (Investments)		
	Interest on Loans and OD against flexy FD		
	Operating Profit before Working Capital Changes	53,166.63	39,858.38
	<i>Adjustments for:</i>		
	Decrease / (increase) in other non-financial assets	9,326.06	4,634.20
	Decrease / (increase) in loans	(3,05,478.92)	(1,92,131.12)
	Decrease / (increase) in other financial assets	(3,471.72)	(10,426.55)
	Increase / (decrease) in other financial liabilities	1,80,657.99	1,08,879.38
	Increase / (decrease) in provisions	607.10	2,481.92
	Increase / (decrease) in other non-financial liabilities	(7,993.14)	9,377.34
	Cash generated from Operations	(73,186.01)	(37,326.44)
	Direct Taxes paid	(7,601.92)	(11,819.27)
	Net Cash used in Operating Activities	(80,787.94)	(49,145.71)
B.	Cash Flows from Investing Activities		
	Purchase of property, plant and equipment	(1,282.99)	(347.30)
	Purchase of Intangible assets	(93.99)	(40.80)
	Investment in Capital Work In Progress	-	(0.84)
	Interest Received		
	Sale proceeds of fixed assets	5.16	16.45
	Capital advance given	(195.00)	
	Bank Balances not considered as Cash and Cash equivalents	(39,515.69)	(1,68,529.87)
	Increase in Investment	(576.80)	-
	Net Cash from/(used) in Investing Activities	(41,659.31)	(1,68,902.36)
C.	Cash Flows from Financing Activities		
	Proceeds/ (Repayment) from Loans repayable on demand from Banks	7,176.93	(192.71)
	Proceeds from Short Term Loan from Banks	97,500.00	1,37,500.00
	Proceeds from Deposits from public	1,29,204.09	1,22,535.51
	Dividend & Dividend Distribution Tax Paid	(4,219.43)	(2,046.15)
	Net Cash used in Financing Activities	2,29,661.58	2,57,796.65
	Summary		
	Net Cash used in Operating Activities	(80,787.94)	(49,145.71)
	Net Cash from/(used) in Investing Activities	(41,659.31)	(1,68,902.36)
	Net Cash used in Financing Activities	2,29,661.58	2,57,796.65
	Net Decrease in Cash Equivalents	1,07,214.34	39,748.58
	Cash and Cash Equivalents at the beginning of the year	54,416.35	14,667.78
	Cash and Cash Equivalents at the end of the year	1,61,630.72	54,416.35
		1,07,214.38	39,748.57

As per our separate report of even date attached

For and on behalf of the Board of Directors,

For **Krishnamoorthy & Krishnamoorthy**

Chartered Accountants (FRN: 0014885)

(Sd/-)

K.J. Narayanan

Partner

Membership No.:202844

Place : Thrissur

Date : 30.04.2020

(Sd/-)

Adv. Peeliyose Thomas
Chairman

(Sd/-)

V.P.Subramanian
Managing Director (Incharge)

(Sd/-)

Mini.V.R
Director

(Sd/-)

S.Sarath Chandran
General Manager (Finance)

(Sd/-)

Emil Alex
Company Secretary

THE KERALA STATE FINANCIAL ENTERPRISES LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

A. Equity Share Capital		(Rs in Lakhs)	
		Numbers	Amount
Equity shares of Rs.100 each issued, subscribed and fully paid			
	Balance as at the beginning on 1st April, 2017	1,00,00,000	10,000.00
Changes in Equity Share Capital during 2017-'18			
	Balance as at 31st March, 2018	1,00,00,000	10,000.00
Changes in Equity Share Capital during 2018-'19			
	Balance as at 31st March, 2019	1,00,00,000	10,000.00

B. Other Equity		(Rs in Lakhs)			
Particulars	Reserves and Surplus			Items of other comprehensive income - Remeasurement of defined benefit obligations (net of tax)	Total
	General Reserve	Chitty Statutory Reserve	Retained Earnings		
Balance As at 1st April 2017	63,976.66	3,046.11	0.00	-	67,022.77
Profit for the Year			19,092.60		19,092.60
Other comprehensive income (net of taxes)				(2,596.86)	(2,596.86)
Total comprehensive income for the year	-	-	19,092.60	(2,596.86)	16,495.74
Dividend (including taxes)	(2,046.15)		-		(2,046.15)
Transfer to/(from) retained earnings	16,531.67	2,560.93	(19,092.60)		-
As at 31st March, 2018	78,462.18	5,607.04	(0.00)	(2,596.86)	81,472.36
Balance As at 1st April 2018	78,462.18	5,607.04	(0.00)	(2,596.86)	81,472.36
Profit for the year			7,778.29		7,778.29
Other comprehensive income (net of taxes)				(15.93)	(15.93)
Total comprehensive income for the year	-	-	7,778.29	(15.93)	7,762.36
Dividend (including taxes)	(4,219.43)		-		(4,219.43)
Transfer to/(from) retained earnings	6,553.88	1,224.41	(7,778.29)		-
As at 31st March, 2019	80,796.63	6,831.45	-	(2,612.79)	85,015.29

The accompanying notes form an integral part of the financial statements.

As per our separate report of even date attached

For and on behalf of the Board of Directors,

For **Krishnamoorthy & Krishnamoorthy**

Chartered Accountants (FRN: 0014885)

(Sd/-)

K.J. Narayanan

Partner

Membership No.:202844

Place : Thrissur
Date : 30.04.2020

(Sd/-)

Adv. Peelipose Thomas
Chairman

(Sd/-)

V.P.Subramanian
Managing Director (Incharge)

(Sd/-)

Mini.V.R

Director

(Sd/-)

S.Sarath Chandran
General Manager (Finance)

(Sd/-)

Emil Alex
Company Secretary

The Kerala State Financial Enterprises Limited

Notes forming part of Financial Statements for the year ended March 31, 2019

1. Corporate Information

The Kerala State Financial Enterprises Limited ("the Company") was incorporated as a Private Limited Company fully owned by Government of Kerala on 6th November 1969. The Company was established with the objective of providing an alternative to the public from the private chit promoters in order to bring in social control over chit fund business. The Company is primarily engaged in Chit fund operations and is also into lending business and accepts deposits from public, the repayment of which is guaranteed by Government of Kerala. The Registered Office of the Company is situated at Thrissur and as at 31.03.2019, the Company is having 11 regional offices and 577 branches, spread across the state of Kerala.

2. Basis of preparation and presentation

2.1. Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

For all periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with Accounting Standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). The financial statements for the year ended 31 March 2019 are the first financial statements of the Company prepared in accordance with Ind AS. Refer to note No.29.3 on first time adoption to Ind AS for information on adoption of Ind AS by the Company.

2.2. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for following assets and liabilities which have been measured at fair value:

- i) Other financial assets held for trading,
- ii) Financial assets and liabilities designated at fair value through profit or loss (FVTPL),
- iii) Financial assets and liabilities designated at fair value through Other Comprehensive Income (FVOCI).

2.3. Presentation

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to Non-Banking Financial Companies (NBFC), as notified by the Ministry of Corporate Affairs.

The financial statements are presented in Indian Rupees (INR) which is also its functional currency and all values are rounded to the nearest lakhs, except when otherwise indicated.

2.4 Impact of Covid - 19 Pandemic

The Company is of the view that the Covid - 19 is a non-adjusting event as on 31.03.2019 and it has no effect on the financial estimates as on 31.03.2019 as per Ind AS-10 and Going Concern assessment.

3. Significant accounting policies

3.1. Revenue from Operations

- a) Recognition of interest income

The Company recognises interest income by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets.

Interest income on all trading assets and financial assets required to be measured at FVTPL is recognised using the contractual interest rate as net gain on fair value changes.

Accrual method of accounting for interest income on advances is followed for all loans except for default on prized chitties. However, Interest income on advances where instalment is overdue for more than 90 days falling under NPA category and chitty loan of amount advanced to KSFE Staff Co-op. Society Ltd. 777 is recognized as and when the same is received.

The Company has taken the rate of interest charged to the customers as the effective rate of interest (EIR) since, the rate of interest charged is par with the market rate of interest. Transaction costs viz; processing fee, administrative charges recovered are not adjusted for calculation of EIR and not amortised as the amount involved is not material.

- b) Recognition of revenue from sale of goods or services
Revenue (other than for Financial Instruments within the scope of Ind AS 109) is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Foreman's commission on company substituted tickets and profit /loss on such tickets gets recognized under the head "Profit on Chitty substituted tickets" only at the time of termination of the chitty.

3.2. Financial instruments

A. Financial Assets

3.2.1. Initial recognition and measurement

All financial assets are recognised initially at fair value when the parties become party to the contractual provisions of the financial asset. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

3.2.2. Subsequent measurement

The Company classifies its financial assets into various measurement categories. The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

- a. *Financial assets measured at amortised cost*

A financial asset is measured at Amortised Cost if it is held within a business model whose objective is to hold

the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. *Financial assets measured at fair value through other comprehensive income (FVOCI)*

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c. *Financial assets measured at fair value through profit or loss (FVTPL)*

A financial asset which is not classified in any of the above categories are measured at FVTPL.

B. Financial liabilities

3.2.3. Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, public deposits and borrowings including bank overdrafts.

3.2.4. Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

3.3. Derecognition of financial assets and liabilities

3.3.1. Financial Asset

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

3.3.2. Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.4. Offsetting

Financial assets and financial liabilities are generally reported at gross value in the Balance Sheet except financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or wherein the net value after provision is shown in the Balance Sheet to realise the asset and settle the liability simultaneously in all the following circumstances:

- a) The normal course of business
- b) The event of default
- c) The event of insolvency or bankruptcy of the Company and/or its counterparties

3.5. Impairment of financial assets

Even though the prudential norms of RBI with regard to provisioning requirements are not applicable to the Company, as a matter of

prudence, 180 days NPA norms being followed for classifying debts and provision for doubtful debts was being created till FY 2017-18 as per internal parameters as set by the Company. Effective from FY 2018-19, the Company has switched to 90 days NPA norms & creation of provision for doubtful debts & standard assets as per age-wise analysis as stipulated by RBI in its master circular No.DBODNo.BPBC.9/21.04.048/2014-15 dated 01.07.2014 from FY 2018-19 (though 120 days norm is applicable for non-banking finance companies for FY 2018-19). The Company has also adopted classification of debts on borrower wise categorization as against facility wise categorization being followed till FY 2017-18. Prudential norms of RBI with regard to provisioning requirement is not being adopted for chitty & prized default in chitties arising to the peculiar nature of the scheme.

The impairment allowance calculated for expected credit loss on loan portfolio and the provisions calculated on non-performing assets in line with the NPA guidelines issued by the Reserve Bank of India were compared. Since, amount of provision as per RBI norms is more, the management is of the view that such provision is more conservative and as a measure of prudence, provision has been made in the accounts accordingly.

3.5.1. Expected Credit Loss (ECL) model

Expected Credit Loss, at each reporting date, is measured through a loss allowance for a financial asset:

- * At an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.
- * At an amount equal to 12-month expected credit losses, if the credit risk on a financial instrument has not increased significantly since initial recognition.

Lifetime expected credit losses means expected credit losses that result from all possible default events over the expected life of a financial asset.

12-month expected credit losses means the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition. When making the assessment, the change in the risk of a default occurring over the expected life of the financial instrument is used instead of the change in the amount of expected credit losses.

Estimation of Expected Credit Loss

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The Company uses historical information to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools and the PD are calculated considering fresh slippage of past years.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdown on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses the estimate of PD, LGD determined by the Company based on its internal data.

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, securities, letters of credit/guarantees etc. However, the fair value of collateral affects the calculation of ECL. The

collateral is majorly the property for which the loan is given. The fair value of the same is based on data provided by third party or management judgements.

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the Statement of Profit and Loss.

Since, amount of provision as per RBI norms is more than the ECL calculation, the management is of the view that such provision as per RBI norms is more conservative and as a measure of prudence, provision has been made in the accounts accordingly.

3.6. Determination of fair value of Financial Instruments

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability, or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1. Financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2. Financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3. Financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole

3.7. Finance Costs

Finance cost represents interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

- a. As the rate that exactly discounts estimated future cash payment through the expected life of the financial liability to the gross carrying amount of the amortised cost of a liability,
- b. By considering all the contractual terms of the financial instrument in estimating the cash flows,
- c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

The Company has taken the rate of interest paid on borrowings as the effective rate of interest (EIR) since, the rate of interest paid is par with the market rate of interest. Transaction costs viz; processing fee, administrative charges recovered are not adjusted for calculation of EIR and not amortised as the amount involved is not material.

3.8. Prior period Income/ expense

As per Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:

- a. Restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- b. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

In line with the said provision, Prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

3.9. Other Income and Expenses

All other income and expense are recognized in the period they occur.

3.10. Cash and cash equivalents

Cash and cash equivalents comprise of balance at banks/treasury cash/cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

3.11. Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Advances paid towards the acquisition of fixed assets, outstanding at each reporting date are shown under other non-financial assets. The cost of property, plant and equipment not ready for its intended use at each reporting date are disclosed as capital work-in-progress.

Subsequent expenditure related to the asset are added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

3.12. Depreciation

Depreciation on Property, Plant and Equipment is calculated using written down value method (WDV) to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II of the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the Statement of Profit and Loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.13. Intangible assets

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure related to the asset is added to its carrying amount or recognised as a separate asset only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably.

Intangible assets comprising of software is amortised on straight line basis over a period of 3 years, unless it has a shorter useful life.

Gains or losses from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Profit or Loss when the asset is derecognised.

3.14. Impairment of non-financial assets: Property, Plant and Equipment and Intangible Assets

The Company assesses, at each reporting date, whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of assets called Cash Generating Units (CGU) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount to determine the extent of impairment, if any.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as an increase in revaluation reserve.

3.15. Employee Benefits Expenses

3.15.1. Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services

3.15.2. Post-Employment Benefits

A. Defined contribution schemes

All eligible employees of the company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the company contribute monthly at a stipulated percentage of the covered employee's salary. Contributions are made to Employees Provident Fund Organization in respect of Provident Fund, Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates and are charged to Statement of Profit and Loss at actuals. The company has no liability for future provident fund benefits other than its annual contribution.

B. Defined Benefit schemes

Gratuity

The Company provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

3.15.3. Other Long-term employee benefits

Accumulated compensated absences

The Company provides for liability of accumulated compensated absences for eligible employees on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss for the period in which they occur.

3.16. Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate

can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

3.17. Taxes

Income tax expense represents the sum of current tax and deferred tax

3.17.1. Current Tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible in accordance with applicable tax laws.

The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.17.2. Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities used in the computation of taxable profit and their carrying amounts in the financial statements for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- i) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii) In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.17.3. Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) paid in a year is charged in the Statement of Profit and Loss as current Tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period. i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss as shown as MAT Credit Entitlement. The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

3.18. Contingent Liabilities and assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The company does not have any contingent assets in the financial statements.

3.19. Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued later. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.20. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss.

3.21. Cash-flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

3.22. Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 April 2017, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

4.1. Business Model Assessment

Classification and measurement of financial assets depends on the results of the Solely Payment of Principal and Interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

4.2. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, probable fluctuations in collateral value as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

4.3. Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement of the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.4. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

4.5. Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.6. Other estimates

These include contingent liabilities, useful lives of tangible and intangible assets etc.

5. Cash and Cash Equivalents

(Rs in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Cash on hand	1,279.33	1,007.12	1,345.74
Balance with banks/ Treasury			
a. In Current Accounts	8,890.51	16,222.73	11,666.21
b. In Savings Accounts	1,460.88	2,186.49	1,655.83
Others			
(i) Short Term Deposit with Kerala Transport Development Finance Corporation Limited		35,000.00	-
(ii) Short Term Deposit with Kerala State Social Security Pension Limited	1,50,000.00		
Total	1,61,630.72	54,416.35	14,667.78

6. Bank Balances other than cash and cash equivalents

(Rs in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Fixed deposits with bank/Treasury (maturing after period of three months)- (See Note 3.1)	6,08,443.06	5,68,927.37	4,00,397.50
Total	6,08,443.06	5,68,927.37	4,00,397.50

3.1 FD with Banks/ Treasury includes restricted treasury/ bank balances of Rs.2,82,194.05 Lakhs (Previous year Rs.2,52,277.38 Lakhs) This restrictions are primarily on account of deposits made in treasury in order to comply with provisions of The Kerala Chitties Act, 1975. Rs.9,854.43 Lakhs (Previous Year Rs. 16,072.81 Lakhs) and Rs.2,32,308.50 Lakhs (Previous Year Rs.2,06,735.40 Lakhs) in accordance with the provision of Chit Fund Act 1982. Chitty Security Deposit in Trust matured but not released due to various reasons Rs.40,031.10 Lakhs (Previous Year Rs.29,469.15 Lakhs) and earmarked balances for unpaid dividend Rs.0.02 Lakhs (Previous Year Rs.0.02 Lakhs).

7. Loans (as at March 31, 2019)

Particulars		As at March 31, 2019				
		Amortised Cost	At Fair Value			Total
			Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through profit or loss	
(A)	LOANS					
	i) Gold Loan	89,912.60				89,912.60
	ii) Loan against Chitty	1,74,612.26				1,74,612.26
	iii) Amount Recoverable from Prized Subscribers	16,71,604.96				16,71,604.96
	iv) Employee loans	6,402.50				6,402.50
	v) Revenue Recovery Debtors	1,30,559.85				1,30,559.85
	vi) Loan to government companies	52,069.00				52,069.00
	vii) Others	2,99,584.51				2,99,584.51
	Total (A) - Gross	24,24,745.69	-	-	-	24,24,745.69
	Less: Impairment loss allowance	(1,03,936.53)				(1,03,936.53)
	Total (A) - Net	23,20,809.17				23,20,809.17
(B)						-
	(i) Secured by Tangible Assets	23,66,274.19				23,66,274.19
	(ii) Covered by Government Guarantee	52,069.00				52,069.00
	(iii) Unsecured	6,402.50				6,402.50
	Total (B) - Gross	24,24,745.69	-	-	-	24,24,745.69
	Less: Impairment loss allowance	(1,03,936.53)				(1,03,936.53)
	Total (B) - Net	23,20,809.17	-	-	-	23,20,809.17
(C)						-
	I Loans in India					-
	i) Public Sector	52,069.00				52,069.00
	ii) Others	23,72,676.69				23,72,676.69
	II Loans outside India					-
	Total (C) - Gross	24,24,745.69				24,24,745.69
	Less: Impairment loss allowance	(1,03,936.53)				(1,03,936.53)
	Total (C)- Net	23,20,809.17				23,20,809.17

Loans (as at March 31, 2018)

Particulars	As at March 31, 2018				
	Amortised Cost	At Fair Value			Total
		Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through profit or loss	
(A) LOANS					
i) Gold Loan	71,991.68				71,991.68
ii) Loan against Chitty	1,73,776.81				1,73,776.81
iii) Amount Recoverable from Prized Subscribers	14,99,588.34				14,99,588.34
iv) Employee loans	5,174.49				5,174.49
v) Revenue Recovery Debtors	90,855.79				90,855.79
vi) Loan to government companies	-				-
vii) Others	2,86,273.88				2,86,273.88
Total (A) - Gross	21,27,660.98	-	-	-	21,27,660.98
Less: Impairment loss allowance	(72,017.53)				(72,017.53)
Total (A) - Net	20,55,643.46				20,55,643.46
(B)					
(i) Secured by Tangible Assets	21,22,486.50				21,22,486.50
(ii) Covered by Government Guarantee	-				-
(iii) Unsecured	5,174.49				5,174.49
Total (B) - Gross	21,27,660.98	-	-	-	21,27,660.98
Less: Impairment loss allowance	(72,017.53)				(72,017.53)
Total (B) - Net	20,55,643.46				20,55,643.46
(C)					
I Loans in India					
i) Public Sector	-				-
ii) Others	21,27,660.98				21,27,660.98
II Loans outside India					
Total (C) - Gross	21,27,660.98				21,27,660.98
Less: Impairment loss allowance	(72,017.53)				(72,017.53)
Total (C) - Net	20,55,643.46				20,55,643.46

Loans (as at April 1, 2017)

Particulars	As at April 1, 2017				
	Amortised Cost	At Fair Value			Total
		Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through profit or loss	
(A) LOANS					
i) Gold Loan	79,579.76				79,579.76
ii) Loan against Chitty	1,60,682.71				1,60,682.71
iii) Amount Recoverable from Prized Subscribers	13,77,598.45				13,77,598.45
iv) Employee loans	4,634.10				4,634.10
v) Revenue Recovery Debtors	72,684.20				72,684.20
vi) Loan to government companies	-				-
vii) Others	2,41,491.04				2,41,491.04
Total (A) - Gross	19,36,670.26	-	-	-	19,36,670.26
Less: Impairment loss allowance	(57,788.53)				(57,788.53)
Total (A) - Net	18,78,881.73	-	-	-	18,78,881.73
(B)					-
(i) Secured by Tangible Assets	19,32,036.16				19,32,036.16
(ii) Covered by Government Guarantee	-				-
(iii) Unsecured	4,634.10				4,634.10
Total (B) - Gross	19,36,670.26	-	-	-	19,36,670.26
Less: Impairment loss allowance	(57,788.53)				(57,788.53)
Total (B) - Net	18,78,881.73				18,78,881.73
(C)					-
I Loans in India					-
i) Public Sector	-				-
ii) Others	19,36,670.26				19,36,670.26
II Loans outside India					-
Total (C) - Gross	19,36,670.26				19,36,670.26
Less: Impairment loss allowance	(57,788.53)				(57,788.53)
Total (C) - Net	18,78,881.73				18,78,881.73

8. Investments

As at March 31, 2019

Particulars	Amortised Cost	At Fair Value				Total
		Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through profit or loss	At Cost	
(A) Government Securities	576.80	-	-	-	-	576.80
Total (A) - Gross	576.80	-	-	-	-	576.80
(B)						
(i) Investment outside India	-	-	-	-	-	-
(ii) Investment in India	576.80	-	-	-	-	576.80
Total (B) - Gross	576.80	-	-	-	-	576.80
Less: Impairment loss allowance - C	-	-	-	-	-	-
Total - Net D = (A) - (C)	576.80	-	-	-	-	576.80

As at March 31, 2018

Particulars	Amortised Cost	At Fair Value				Total
		Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through profit or loss	At Cost	
(A) Government Securities	-	-	-	-	-	-
Total (A) - Gross	-	-	-	-	-	-
(B)						
(i) Investment outside India	-	-	-	-	-	-
(ii) Investment in India	-	-	-	-	-	-
Total (B) - Gross	-	-	-	-	-	-
Less: Impairment loss allowance - C	-	-	-	-	-	-
Total - Net D = (A) - (C)	-	-	-	-	-	-

As at April 1, 2017

Particulars	Amortised Cost	At Fair Value				Total
		Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through profit or loss	At Cost	
(A) Government Securities	-	-	-	-	-	-
Total (A) - Gross	-	-	-	-	-	-
(B)						
(i) Investment outside India	-	-	-	-	-	-
(ii) Investment in India	-	-	-	-	-	-
Total (B) - Gross	-	-	-	-	-	-
Less: Impairment loss allowance - C	-	-	-	-	-	-
Total - Net D = (A) - (C)	-	-	-	-	-	-

Government Securities

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Units	Amount	Units	Amount	Units	Amount
7.5% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board	-	246.70	-	-	-	-
8.0% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board	-	330.10	-	-	-	-
Total	-	576.80	-	-	-	-

9. Other Financial Assets

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest Accrued on Deposits	42,869.27	42,219.98	31,677.21
Security Deposits	240.20	195.15	165.59
Others	3,492.41	715.03	860.80
Total	46,601.88	43,130.16	32,703.60

10. Current Tax Assets (Net)

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Income Tax (Net)	13,781.73	11,673.82	11,044.06
Total	13,781.73	11,673.82	11,044.06

11. Deferred Tax Assets (Net)

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(a) Property, Plant and Equipment	377.47	406.29	383.27
(b) Employee Benefits	4,633.08	4,269.48	2,885.20
(c) Provision for Bad and Doubtful Debts	15,418.94	14,717.12	12,336.07
(d) Others	60.75	60.75	57.52
Total	20,490.24	19,453.64	15,662.06

11A Property, Plant and Equipment

Particulars	Gross Carrying Value				Depreciation				Net carrying value	
	Cost As at 01.04.2018	Additions	Sales/ Adjustments	Cost As at 31.03.2019	Upto 01.04.2018	For the year	Transition adjustment (See Note No. 2.07.02 Below)	Sales/ Adjustments	Upto 31.03.2019	As at 31.03.2019
Land	69.51			69.51	-				-	69.51
Building	250.00	13.00		263.00	12.01	12.24			24.25	238.75
Furniture & Fixtures	1,140.54	414.80	55.58	1,499.75	267.25	262.82		54.51	475.56	1,024.19
Office Equipments	138.27	29.59	9.33	158.64	37.92	31.03		9.06	59.89	98.75
Electrical Fittings	291.96	151.32	20.13	423.15	73.60	78.29		19.46	132.43	290.71
Motor Vehicle	61.25	0.05	14.57	46.73	18.79	13.19		13.95	18.03	28.70
Data Processing Equipments	535.46	674.13	16.50	1,193.09	179.76	223.05		17.80	385.00	808.09
Total	2,486.98	1,282.99	116.12	3,653.86	589.32	620.62	-	114.78	1,095.16	2,558.70

Previous Year Figures

Particulars	Gross Carrying Value			Depreciation				Net carrying value		
	Deemed Cost as at 01.04.2017 - See Note below)	Additions	Sales/ Adjustments	Cost As at 31.03.2018	Upto 01.04.2017	For the year	Transition adjustment (See Note No. 2.07.02 Below)	Sales/ Adjustments	Upto 31.03.2017	As at 31.03.2018
Land	69.51	-	-	69.51	-	-	-	-	-	69.51
Building	249.16	0.84	-	250.00	-	12.01	-	-	12.01	237.99
Furniture & Fixtures	984.16	171.48	15.10	1,140.54	-	254.32	-	(2.93)	267.25	873.29
Office Equipments	120.07	14.99	(3.22)	138.27	-	41.93	-	4.01	37.92	100.35
Electrical Fittings	270.20	40.59	18.83	291.96	-	78.03	-	4.43	73.60	218.36
Motor Vehicle	47.65	13.65	0.05	61.25	-	18.81	-	0.02	18.79	42.47
Data Processing Equipments	415.85	105.74	(13.87)	535.46	-	175.47	-	(4.29)	179.76	355.70
Total	2,156.59	347.30	16.90	2,486.98	-	590.57	-	1.25	589.32	1,897.66

11B Capital Work in Progress

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Buildings/ Others	-	-	0.84
Total	-	-	0.84

11C Intangible Assets

Particulars	Gross Carrying Value			Amortisation			Net carrying value		
	Cost As at 01.04.2018	Additions	Sales / Adjustments	Cost As at 31.03.2019	Upto 01.04.2018	For the Year	Sales / Adjustments	Upto 31.3.2019	As at 31.03.2019
Computer Software	59.71	93.99	0.04	153.66	27.04	16.85	-	43.89	109.78

Previous Year figures

Particulars	Gross Carrying Value			Amortisation			Net carrying value		
	As at 1.04.2017	Additions	Disposals / Adjustments	As at 31.03.2018	As at 1.04.2017	For the Year	Disposals / Adjustments	As at 31.03.2018	As at 31.03.2018
Computer Software	17.17	40.80	(1.74)	59.71	-	27.00	(0.04)	27.04	32.67

9.1 The Company has elected to continue with the carrying value of all of its property, plant and equipment and other intangible assets recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date. Accordingly, the net carrying value of Property, plant and equipment aggregating to Rs.21,56,58,964.05, comprising of carrying value of following assets and intangible assets of Rs. 17,17,415 as on 01.04.2017, is considered as the deemed cost of the respective property, plant and equipment and intangible assets:

Particulars	Gross carrying Value as at 01.04.2017	Accumulated Depreciation/ Amortisation as at 01.04.2017	Net Carrying value (deemed cost) as at 01.04.2017
Land	69.51	-	69.51
Building	431.71	182.55	249.16
Furniture & Fixtures	3,389.41	2,405.25	984.16
Office Equipments	1,064.00	943.93	120.07
Electrical Fittings	810.62	540.42	270.20
Motor Vehicle	151.07	103.42	47.65
Data Processing Equipments	3,949.36	3,533.51	415.85
TOTAL	9,865.68	7,709.09	2,156.59

12. Other Non-Financial Assets

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Unsecured - Considered Good			
Prepaid Expenses	114.93	27.28	42.63
Advance to Gratuity Fund (Net)	-	-	1,737.09
Balance with Government Authorities	19.64	216.14	5.73
Other Advances	111.89	505.95	448.00
Stock of Stationery	176.79	192.70	189.93
Inter Branch Current Account	10,141.63	18,948.54	22,100.50
Stamp and Stamp Paper on Hand	3.58	3.91	4.83
Capital Advances	195.00	-	-
Total	10,763.46	19,894.52	24,528.72

12.1. See Note 29.22 for details regarding Inter Branch Current Accounts

13. Borrowings

Particulars	As at March 31, 2019			Total
	At Amortised Cost	At Fair Value through Profit or Loss	Designated at Fair Value through profit or loss	
Loans repayable on demand from Banks - (Secured by a lien on Fixed Deposit with Banks)	7,568.00			7,568.00
Short Term Loan from Banks - (Secured by a lien on Fixed Deposit with Banks)	2,35,000.00			2,35,000.00
Total	2,42,568.00			2,42,568.00

Particulars	As at March 31, 2018			Total
	At Amortised Cost	At Fair Value through Profit or Loss	Designated at Fair Value through profit or loss	
Loans repayable on demand from Banks - (Secured by a lien on Fixed Deposit with Banks)	391.07			391.07
Short Term Loan from Banks - (Secured by a lien on Fixed Deposit with Banks)	1,37,500.00			1,37,500.00
Total	1,37,891.07			1,37,891.07

Particulars	As at April 1, 2017			Total
	At Amortised Cost	At Fair Value through Profit or Loss	Designated at Fair Value through profit or loss	
Loans repayable on demand from Banks - (Secured by a lien on Fixed Deposit with Banks)	583.78			583.78
Short Term Loan from Banks - (Secured by a lien on Fixed Deposit with Banks)	-			-
Total	583.78			583.78

14. Deposits

Particulars		As at March 31, 2019			Total
		At Amortised Cost	At Fair Value through Profit or Loss	Designated at Fair Value through profit or loss	
1	Deposit from Public				
a	Fixed Deposit	7,71,299.74			7,71,299.74
b	Chitty Security Deposit in Trust	3,82,787.11			3,82,787.11
c	Short Term Deposits	15,622.13			15,622.13
d	Sugama Deposits	85,060.53			85,060.53
Total		12,54,769.51	-	-	12,54,769.51

Particulars		As at March 31, 2018			Total
		At Amortised Cost	At Fair Value through Profit or Loss	Designated at Fair Value through profit or loss	
1	Deposit from Public				
a	Fixed Deposit	6,98,425.39			6,98,425.39
b	Chitty Security Deposit in Trust	3,33,409.57			3,33,409.57
c	Short Term Deposits	15,119.88			15,119.88
d	Sugama Deposits	78,610.57			78,610.57
Total		11,25,565.41	-	-	11,25,565.41

Particulars		As at April 1, 2017			Total
		At Amortised Cost	At Fair Value through Profit or Loss	Designated at Fair Value through profit or loss	
1	Deposit from Public				
a	Fixed Deposit	6,26,004.17			6,26,004.17
b	Chitty Security Deposit in Trust	2,93,376.61			2,93,376.61
c	Short Term Deposits	14,942.76			14,942.76
d	Sugama Deposits	68,706.37			68,706.37
Total		10,03,029.91	-	-	10,03,029.91

15. Other Financial Liabilities

(Rs in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Interest Accrued and due on Public Deposit	16,030.84	13,709.47	10,850.89
Interest Accrued and due on Short Term Deposit	199.66	205.18	216.35
Interest Accrued on Chitty Security Deposit in Trust	10,416.25	8,705.34	6,856.35
Unpaid Matured Fixed Deposits	31,463.78	34,607.02	33,840.26
Unpaid Matured Short Term Deposits	2,971.29	3,536.58	4,213.50
Unpaid Non-Operative Sugama Deposits	166.26	149.14	133.19
Finance Payable- Chitty/ Kuri	14,99,255.41	13,18,952.74	12,06,833.07
Finance Payable- Hire Purchase	63.35	340.77	350.74
Finance Payable- (Suppliers of HP Items)	-	3.24	3.27
Interest Accrued but not due on Loan from Dhanalaxmi Bank	614.66	880.01	-
Interest On Gratuity Deposit	3.75	3.75	3.75
Chitty Security Deposit in Trust Matured but not claimed	5,844.32	6,487.82	7,797.77
Employee Benefits Expenses Payable	239.53	237.11	328.07
Security Deposits	161.30	163.06	133.55
Creditors for Expenses	7,224.74	6,015.92	13,557.00
Total	15,74,655.13	13,93,997.14	12,85,117.76

16. Provisions

(Rs in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Provision for Employee Benefit			
(i) Gratuity	1,740.98	2,545.71	70.76
(ii) Leave Encashment	10,807.38	9,790.97	10,003.12
Provision for Interest Tax Payable	-	-	21.44
Provision for losses on Fraud / Misappropriation	968.27	572.85	353.73
Total	13,516.64	12,909.53	10,449.05

16.1 See Note 29.8 for disclosures required under Indian Accounting Standard (Ind AS) 19 - "Employee Benefits"

16.2 See Note 29.21 (c) for details of provision made for Fraud/ Misappropriation.

17. Other Non-Financial liabilities

(Rs in Lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Margin Money on Employees Loan	0.52	2.44	2.75
Social Security Scheme (Revised Bhadratha)	192.93	273.31	163.48
Income Received in Advance	6.44	6.43	6.45
Statutory and other dues	5,041.08	12,951.93	3,684.09
Total	5,240.97	13,234.11	3,856.77

17.1 See Note 29.24 for details regarding Social Security Scheme (Revised Bhadratha)

18. Equity Share Capital

Particulars	(Rs in Lakhs)		
	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
Authorised :			
1,00,00,000 (1,00,00,000) Equity Shares of par value of Rs.100/- each	10,000.00	10,000.00	10,000.00
Issued, Subscribed and Fully paid:			
1,00,00,000 (1,00,00,000) Equity Shares of par value of Rs.100/- each	10,000.00	10,000.00	10,000.00

18.1 Terms/ Rights attached to Equity Shares

The company has only one class of shares referred to as equity shares with a face value of Rs. 100/- each. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Board of Directors has recommended final dividend of Rs 35/- per equity share of Rs. 100/- each, subject to approval of shareholders at the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

18.2 Reconciliation of shares at the beginning and at the end of the financial year

Particulars	(Rs in Lakhs)					
	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
No. of shares as at the beginning of the financial year	1,00,00,000	10,000.00	1,00,00,000	10,000.00	1,00,00,000	10,000.00
Add: Shares issued during the year	-	-	-	-	-	-
No. of shares as at the end of the financial year	1,00,00,000	10,000.00	1,00,00,000	10,000.00	1,00,00,000	10,000.00

18.3 Particulars of Shareholder Rs in Lakhs holding more than 5% share in the Company

Particulars	(Rs in Lakhs)					
	As at 31.03.2019		As at 31.03.2018		As at 01.04.2017	
	%	No. of Shares	%	No. of Shares	%	No. of Shares
Government of Kerala	100%	1,00,00,000	100%	1,00,00,000	100%	1,00,00,000

18.4 There was no fresh issue or buying back of shares in the preceding five years other than the bonus issue as stated in Note No.18.6 below .

18.5 There are no issue of securities convertible into Equity / Preference shares.

18.6 The Company had issued 50,00,000 Equity shares of Rs.100 each as fully paid up by Bonus issue in the ratio of 1:1 for Rs.5,000 lakhs during the financial year 2016-17 by capitalizing General Reserve.

19. Other Equity

Particulars	(Rs in Lakhs)		
	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
General reserve			
Balance at the beginning of the year	78,462.18	63,976.66	61,955.76
Add: Transfer from Retained Earnings	6,553.88	16,531.67	7,020.90
Less: Utilized for issuing Bonus Shares	-	-	5,000.00
Less: Dividend	3,500.00	1,700.00	
Less: Dividend Distribution Tax	719.43	346.15	
Closing balance	80,796.63	78,462.18	63,976.66
Chitty Statutory Reserve			
Balance at the beginning of the year	5,607.04	3,046.11	1,539.55
Add: Transfer from Retained Earnings	1,224.41	2,560.93	1,506.56
Closing balance	6,831.45	5,607.04	3,046.11
Other Comprehensive Income (OCI)			
Balance at the beginning of the year	(2,596.86)	-	-
Add: Re-measurements of the defined benefit plans in OCI	(15.93)	(2,596.86)	-
Closing balance	(2,612.79)	(2,596.86)	-
Retained Earnings			
Balance at the beginning of the year	-	-	-
Add: Profit for the year	7,778.29	19,092.60	8,527.46
Less: Transfer to General Reserve	6,553.88	16,531.67	7,020.90
Less: Transfer to Chitty Reserve	1,224.41	2,560.93	1,506.56
Closing Balance	-	-	-
Total	85,015.29	81,472.37	67,022.77

20. Interest Income

Particulars	Year ended March 31, 2019			Year ended March 31, 2018		
	On Financial asset measured at fair value through OCI	On Financial asset measured at amortised cost	Interest income on financial assets classified at fair value through profit or loss	On Financial asset measured at fair value through OCI	On Financial asset measured at amortised cost	Interest income on financial assets classified at fair value through profit or loss
Interest on Loans						
Gold Loan		8,828.22			8,565.55	
Fixed Deposit Loan/NFDL		599.13			547.19	
Chitty Loan/Passbook Loan		3,273.99			2,993.42	
New Chitty Loan		18,024.74			14,920.73	
N.H.F.S./ H.F.S.		7,557.80			5,771.68	
Reliable Customer Loan		21,256.57			20,384.60	
Consumer Vehicle Loan		403.96			441.92	
Sugama Akshaya OD		292.14			228.99	
Kerala State Social Security Pension Ltd		1,428.42			-	
Interest on RR Dues		4,749.00			2,863.52	
Interest on Investment		12.05			-	
Interest on deposits with bank/treasury		42,075.72			36,217.26	
Other interest income		20,660.26			15,914.05	
Total		1,29,161.99			1,08,848.91	

21. Other Revenue from Chitty Operations

particulars	<i>(Rs in Lakhs)</i>	
	For the year ended 31.03.2019	For the year ended 31.03.2018
Profit on Chitty Substituted Tickets	16,340.65	16,910.51
Forfeited Veethapalisa Income	2,523.12	1,531.25
Dividend Income (Auction Surplus)	4,091.56	3,717.97
Total	22,955.32	22,159.73

21.1 See Note 29.23 for details of Forfeited Veethapalisa Income.

22. Other Income

particulars	<i>(Rs in Lakhs)</i>	
	For the year ended 31.03.2019	For the year ended 31.03.2018
Profit on Sale of Fixed Assets	7.60	2.15
Miscellaneous Income	61.98	80.59
Total	69.58	82.74

23. Finance Costs

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost
Fixed Deposits	-	86,722.80	-	81,443.23
Suguma Deposits	-	3,795.76	-	3,385.42
Others	-	170.22	-	119.47
Other Borrowing Costs	-	5,941.17	-	5,322.40
Total	-	96,629.95	-	90,270.51

24. Impairment of financial instruments

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost	On financial instruments measured at fair value through OCI	On financial instruments measured at amortised cost
Loan Assets	-	39,405.85	-	15,124.60
Bad Debts Written Off	-	511.95	-	25.67
Others	-	395.42	-	219.12
Total	-	40,313.21	-	15,369.39

25. Employee Benefits Expense

Particulars	(Rs in Lakhs)	
	For the year ended 31.03.2019	For the year ended 31.03.2018
Salaries and Wages	62,280.36	47,518.34
Contribution to Provident Fund	6,646.80	5,669.50
Contribution to Gratuity Fund	1,773.24	1,374.35
Earned Leave Salary	3,984.40	5,392.69
Bonus & Performance Incentive	80.40	3,105.39
Staff Welfare Expenses	925.87	900.71
Total	75,691.07	63,960.99

26. Depreciation and amortisation expenses

Particulars	(Rs in Lakhs)	
	For the year ended 31.03.2019	For the year ended 31.03.2018
Tangible Assets	620.62	590.57
Intangible Assets	16.85	27.00
Total	637.47	617.57

27. Other Expenses

(Rs. In Lakhs)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Vehicle Running Expenses	51.17	47.32
Rent	1,921.36	1,733.84
Rates & Taxes	26.73	22.50
Power and Fuel	415.41	418.60
Postage and Telephone	196.33	230.12
Printing & Stationery	455.47	538.65
Legal and Professional Charges	75.88	50.62
Registration and Filing Fee	3,577.04	3,072.64
Insurance	106.49	29.81
Sitting Fees to Directors	3.95	3.24
Service Tax	26.62	533.24
Loss on Sale of Assets	3.77	1.35
Miscellaneous Expenses	1,512.60	826.32
Travelling Expenses	323.21	307.00
Corporate Social Responsibility	237.00	400.00
CASBA connectivity charges	852.20	822.28
Repairs and Maintenance:		
Building	11.49	4.66
Data Processing Equipments	197.88	166.33
Others	89.94	70.00
Remuneration to Auditors:		
(i) For Audit	86.92	76.71
(ii) For Tax Audit	-	14.42
(iii) Other Expenses	12.66	11.57
Advertisement	1,742.46	743.20
Development Expenses	8,988.78	8,081.93
GST Input Reversal	926.90	-
Total	21,842.26	18,206.36

27.1 See Note No. 29.20 for disclosures regarding CSR Expenditure.

28. Earnings per share

Particulars	(Rs in Lakhs)	
	For the year ended 31.03.2019	For the year ended 31.03.2018
Profit/ (Loss) for the year	7,762.36	16,495.74
Weighted average number of equity shares of Rs.100/- each fully paid up	1,00,00,000.00	1,00,00,000.00
Earnings per Share (Basic & Diluted)	77.62	164.96

Additional Information

29.1 Fair Value Measurement

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

LEVEL 1	Quoted prices (unadjusted) in active market for identical assets or liabilities.
LEVEL 2	Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly.
LEVEL 3	Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The fair value of Current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

There were no transfers between Level 1 and Level 2 during the year.

Fair value hierarchy of financial instruments measured at fair value on a recurring basis is as follows:

Particulars	Fair value Hierarchy	Fair Value		
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2017
Financial Assets measured at Fair value through amortized Cost				
Investments in Non-Convertible Redeemable Bonds Unquoted	3	576.8	-	-

Category wise classification of financial instruments is as follows:

Particulars	Refer Note	Fair Value		
		As at 31.03.2019	As at 31.03.2018	As at 31.03.2017
Financial Assets measured at amortised cost				
Loans	7	23,20,809.17	20,55,643.46	18,78,881.73
Other Financial Assets	9	46,601.88	43,130.15	32,703.60
Bank balances other than cash and cash equivalents	6	6,08,443.06	5,68,927.37	4,00,397.50
Cash and cash equivalents	5	1,61,630.72	54,416.35	14,667.78
Total		31,37,484.83	27,22,117.33	23,26,650.61
Financial Liabilities measured at amortised cost				
Borrowings	13	2,42,568.00	1,37,891.07	583.78
Deposits	14	12,54,769.50	11,25,565.42	10,03,029.91
Other financial liabilities	15	15,74,655.13	13,93,997.14	12,85,117.76
Total		30,71,992.64	26,57,453.63	22,88,731.45

Financial Risk Management - Objectives and Policies

The Company's principal financial liabilities comprise borrowings and trade and other payables. The main purpose of these financial liabilities is to finance and support the company's operations. The Company's principal financial assets include chits, loans, investments, cash and cash equivalents and other receivables that are derived directly from its operations. As a financial lending institution, Company is exposed to various risks that are related to lending business and operating environment. The principal objective in Company's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks. The Company has a well-managed risk management framework, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as liquidity risk, market risk, credit risk and foreign currency risk) that may arise as a consequence of its business operations as well as its investing and financing activities.

Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable risk parameters in a disciplined and consistent manner and in compliance with applicable regulation.

Risk Management department shall be responsible for the following:

- a) Identifying the various risks associated with the activities of the Company and assessing their impact on the business.
- b) Measuring the risks and suggesting measures to effectively mitigate the risks.

However, the primary responsibility for managing the various risks on a day to day basis will be with the heads of the respective business units of the Company.

1) Liquidity Risk

Liquidity risk is the risk that the Company will encounter due to difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The company has sound financial strength represented by its aggregate current assets against aggregate current liabilities and its strong equity base. In such circumstances, liquidity risk is insignificant.

2) Market Risk

As the Company's overall debt is less compared to its equity, the exposure to interest rate risk from the perspective of Financial Liabilities is negligible. Further, treasury activities, focused on managing investments in debt instruments, are administered under a set of approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within acceptable risk parameters after due evaluation. The Company's investments are predominantly held in fixed deposits. Fixed deposits are held with highly rated banks and have a short tenure and are not subject to interest rate volatility.

3) Credit Risk

Credit Risk arises from the risk of loss that may occur from the default of Company's customers under loan agreements. Customer defaults and inadequate collateral may lead to loan losses.

The Company addresses credit risk through following processes:

- a) Credit risk on Gold loan is considerably reduced as collateral is in the form of Gold ornaments which can be easily liquidated and there is only a distant possibility of losses due to adequate margin of 25% or more retained while disbursing the loan. Credit risk is further reduced through a quick but careful collateral appraisal and loan approval process. Hence overall, the Credit risk is normally low.

4) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is subject to interest rate risk, primarily since it lends to customers at fixed rates and for maturity periods shorter than the funding sources. Majority of our borrowings are at fixed rates. However, borrowings at floating rates gives rise to interest rate risk. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans. The company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks. The Interest Rate Risk is mitigated by availing funds at very competitive rates through diversified borrowings and for different tenors.

5) Foreign Currency Risk

The Company undertakes transactions denominated in foreign currency (mainly US Dollar) which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency, are also subject to reinstatement risks.

As the number of transactions are less in number company is not entered into any forward contracts to hedge the risk.

Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Company. The primary objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals and also through borrowings. The Company aims at maintaining a strong capital base largely towards supporting the future growth of its businesses as a going concern.

As at 31st March, 2019, the Company has only one class of equity shares. The company is not subject to any externally imposed capital requirements.

29.2 The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The tables on the following pages show the maximum exposure to credit risk by class of financial asset. They also shows the total fair value of collateral and the net exposure to credit risk.

As at March 31, 2019	Maximum exposure to credit risk	Coverage of collateral and credit enhancements held								
		Cash	Securities	Bank and government guarantees	Household used Gold Ornaments	Book debts, Inventory and other working capital items	Other securities including personal properties	Total collateral	Net exposure	Associated ECLs
1 Cash and cash equivalents	1,61,640.72	1,61,640.72	-	-	-	-	-	1,61,640.72	-	-
2 Bank Balance other than Cash and cash equivalents	5,08,443.06	5,08,443.06	-	-	-	-	-	6,08,443.06	-	-
3 Loans (Gross):										
i Gold Loan	89,912.60	-	-	-	89,912.60	-	-	89,912.60	-	-
ii Loan against Chitty	1,74,612.26	-	-	-	-	1,74,612.26	-	1,74,612.26	-	-
iii Amount Recoverable from Prized Subscribers	15,71,604.96	-	-	-	-	-	15,71,604.96	16,71,604.96	-	-
iv Employee loans	6,402.50	-	-	-	-	-	6,402.50	6,402.50	-	-
v Revenue Recovery Debtors	1,30,559.85	-	-	-	-	-	1,30,559.85	1,30,559.85	-	-
vi Loan to government companies	52,069.00	-	-	52,069.00	-	-	-	52,069.00	-	-
vii Others	2,99,584.51	-	-	-	-	-	2,99,584.51	2,99,584.51	-	-
4 Other financial assets	46,601.88	-	-	-	-	-	-	-	46,601.88	-

As at March 31, 2018	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held								
		Cash	Securities	Bank and government guarantees	Household used Gold Ornaments	Book debts, Inventory and other working capital items	Other securities including personal properties	Total collateral	Net exposure	Associated ECLs
1 Cash and cash equivalents	54,416.35	54,416.35	-	-	-	-	-	54,416.35	-	-
2 Bank Balance other than Cash and cash equivalents	5,68,927.37	5,68,927.37	-	-	-	-	-	5,68,927.37	-	-
3 Loans (Gross):										
i Gold Loan	71,991.68	-	-	-	71,991.68	-	-	71,991.68	-	-
ii Loan against Chitty	1,73,776.81	-	-	-	-	1,73,776.81	-	1,73,776.81	-	-
iii Amount Recoverable from Prized Subscribers	14,99,588.34	-	-	-	-	-	14,99,588.34	14,99,588.34	-	-
iv Employee loans	5,174.43	-	-	-	-	-	5,174.43	5,174.43	-	-
v Revenue Recovery Debtors	90,855.79	-	-	-	-	-	90,855.79	90,855.79	-	-
vi Loan to government companies	-	-	-	-	-	-	-	-	-	-
vii Others	2,86,273.88	-	-	-	-	-	2,86,273.88	2,86,273.88	-	-
4 Other financial assets	43,130.15	-	-	-	-	-	-	-	43,130.15	-

As at March 31, 2017	Maximum exposure to credit risk	Fair value of collateral and credit enhancements held								
		Cash	Securities	Bank and government guarantees	Household and gold ornaments	Book debts, inventory and other working capital items	Other Securities including personal properties	Total collateral	Net exposure	Associated ECLs
1. Cash and cash equivalents	14,667.78	14,667.78	-	-	-	-	-	14,667.78	-	-
2. Bank Balance other than Cash and cash equivalents	4,00,397.50	4,00,397.50	-	-	-	-	-	4,00,397.50	-	-
3. Loans (Gross):	-	-	-	-	-	-	-	-	-	-
i. Gold Loan	79,579.76	-	-	-	79,579.76	-	-	79,579.76	-	-
ii. Loan against Chitty	1,60,682.71	-	-	-	-	1,60,682.71	-	1,60,682.71	-	-
iii. Amount Recoverable from Prized Subscribers	13,77,598.45	-	-	-	-	-	13,77,598.45	13,77,598.45	-	-
iv. Employee loans	4,634.10	-	-	-	-	-	4,634.10	4,634.10	-	-
v. Revenue Recovery Debtors	72,684.20	-	-	-	-	-	72,684.20	72,684.20	-	-
vi. Loan to government companies	-	-	-	-	-	-	-	-	-	-
vii. Others	2,41,481.04	-	-	-	-	-	2,41,481.04	2,41,481.04	-	-
4. Other Financial assets	32,703.60	-	-	-	-	-	-	-	32,703.60	-

29.3 First Time adoption Of Ind AS

These financial statements, for the year ended March 31, 2019, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by RBI (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2017, the Company's date of transition to Ind AS. These financial results may require further adjustments, if any, necessitated by the guidelines / clarifications / directions issued in the future by RBI, Ministry of Corporate Affairs, or other regulators, which will be implemented as and when the same are issued and made applicable. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2017 and the financial statements as at and for the year ended March 31, 2018.

Exemptions applied:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Set out below are the applicable IND AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to IND AS.

a) Deemed cost for Property, plant and equipment and intangible assets

IND AS 101 permits a first time adopter to elect to continue the carrying value of all its property, plant and equipment as recognised in the financial statements as at the date of transition to IND AS, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments to decommissioning liabilities. This exemption can also be used for intangible assets covered under IND AS 38 and Investment Property covered under IND AS 40. Accordingly, the Company has elected to measure all its property, plant and equipment, intangible assets and investment property at their Indian GAAP carrying value.

b) Determining whether an arrangement contains a lease

Appendix C of Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease, at the inception of the contract or arrangement. However, Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

c) Derecognition of financial assets and financial liabilities

Company has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

d) Classification and measurement of financial assets

Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

29.4 Ind AS Reconciliations

(i) Reconciliation of Balance Sheet as at 01.04.2017 (date of transition to Ind AS)

	Particulars	Foot Note	Indian GAAP	Adjustments	Ind AS
	ASSETS				
1	Financial Assets				
a	Cash and cash equivalents		14,667.78	-	14,667.78
b	Bank Balances other than (i) above		4,00,397.50	-	4,00,397.50
c	Loans		18,78,881.73	-	18,78,881.73
d	Investments		-	-	-
e	Other financial assets		32,703.60	-	32,703.60
	Total Financial Assets		23,26,650.61	-	23,26,650.61
2	Non-financial Assets				
a	Current tax assets (Net)		11,044.06	-	11,044.06
b	Deferred Tax Asset (Net)		-	15,662.06	15,662.06
c	Property, Plant and Equipment		2,156.59	-	2,156.59
d	Capital work-in-progress		0.84	-	0.84
e	Other Intangible assets		17.17	-	17.17
f	Other non-financial assets		22,791.63	1,737.09	24,528.72
	Total Non-Financial Assets		36,010.29	17,399.15	53,409.44
	TOTAL ASSETS		23,62,660.90	17,399.15	23,80,060.05
	LIABILITIES AND EQUITY				
	LIABILITIES				
1	Financial Liabilities				
a	Borrowings (other than debt securities)		583.78	-	583.78
b	Deposits		10,03,029.91	-	10,03,029.91
c	Other Financial Liabilities		12,85,117.76	-	12,85,117.76
	Total Financial liabilities		22,88,731.45	-	22,88,731.45
2	Non-Financial liabilities				
a	Provisions		12,508.59	(2,059.53)	10,449.06
b	Other non-financial liabilities		3,856.77	-	3,856.77
	Total Non-Financial liabilities		16,365.36	(2,059.53)	14,305.83
3	EQUITY				
a	Equity share capital		10,000.00	-	10,000.00
b	Other equity		47,564.09	19,458.68	67,022.77
	Total Equity		57,564.09	19,458.68	77,022.77
	TOTAL EQUITY AND LIABILITIES		23,62,660.90	17,399.15	23,80,060.05

(ii) Reconciliation of Balance Sheet as at 31.03.2018

	Particulars	Foot Note	Indian GAAP	Adjustments	Ind AS
	ASSETS				
1	Financial Assets				
a	Cash and cash equivalents		54,416.35		54,416.35
b	Bank Balances other than (i) above		5,68,927.37		5,68,927.37
c	Loans		20,55,643.46		20,55,643.46
d	Investments		-		-
e	Other financial assets		43,130.15		43,130.15
	Total Financial Assets		27,22,117.33		27,22,117.33
2	Non financial Assets				
a	Current tax assets (Net)		11,673.82		11,673.82
b	Deferred Tax Asset (Net)		-	19453.64	19,453.64
c	Property, Plant and Equipment		1,897.66		1,897.66
d	Capital work-in-progress		-	-	-
e	Other Intangible assets		32.67	-	32.67
f	Other non-financial assets		19,894.52	-	19,894.52
	Total Non-Financial Assets		33,498.67	(19453.64)	52,952.31
	TOTAL ASSETS		27,55,616.00	(19453.64)	27,75,069.64
	LIABILITIES AND EQUITY				
	LIABILITIES				
1	Financial Liabilities				
a	Borrowings (other than debt securities)		1,37,891.07	-	1,37,891.07
b	Deposits		11,25,565.42	-	11,25,565.42
c	Other Financial Liabilities		13,93,997.14	-	13,93,997.14
	Total Financial liabilities		26,57,453.63	-	26,57,453.63
2	Non- Financial liabilities				
a	Provisions		12,909.53	-	12,909.53
b	Other non financial liabilities		13,234.11	-	13,234.11
	Total Non- Financial liabilities		26,143.65	-	26,143.65
3	EQUITY				
a	Equity share capital		10,000.00	-	10,000.00
b	Other equity		62,018.72	19453.64	81,472.36
	Total Equity		72,018.72	19453.64	91,472.36
	TOTAL EQUITY AND LIABILITIES		27,55,616.00	19453.64	27,75,069.64

(iii) Statement of Profit and loss for the year ended 31.03.2018

Particulars		Foot Note	Indian GAAP	Adjustments	Ind AS
INCOME:					
I	Revenue from operations		2,16,185.51	-	2,16,185.51
II	Other income		82.74	-	82.74
III	Total Income (I+II)		2,16,268.25	-	2,16,268.25
EXPENSES:					
	Finance costs		90,270.51	-	90,270.51
	Employee benefits expense	2	66,195.11	2,234.13	63,960.99
	Impairment of financial instruments		15,369.39	-	15,369.39
	Depreciation and amortization expense		617.57	-	617.57
	Other expenses		18,206.36	-	18,206.36
	TOTAL EXPENSES:(IV)		1,90,658.94	2,234.13	1,88,424.81
V	Profit before tax (III - IV)		25,609.31	(2234.13)	27,843.44
Tax expense:					
a	Current tax		11,129.57	-	11,129.57
b	Deferred Tax		-	2,417.22	(2417.22)
c	Relating to earlier years	3	38.49	-	38.49
			11,168.06	2,417.22	8,750.84
VII	Profit for the period (V - VI)		14,441.25	(4651.35)	19,092.60
Other comprehensive income					
A Items that will not be reclassified to profit or loss					
a(i)	Remeasurements of post employment benefit obligations		-	3,971.22	(3971.22)
(ii)	Income tax relating to items that will not be reclassified to profit or loss		-	(1374.36)	1,374.36
IX	Total Comprehensive Income for the period (VII+ VIII) (Comprising Profit and Other Comprehensive Income for the period)		14,441.25	(2054.49)	16,495.74

(iv) Reconciliation of Net Profit reported as per Indian GAAP and Ind AS

Particulars	Year Ended 31.03.2018
Net Profit as per Indian GAAP	14,441.25
Adjustments on account of remeasurement of net defined benefit plan	2,234.13
Deferred tax adjustments	2,417.22
Net profit as per IND AS	19,092.60
Other Comprehensive income (net of tax)	(2,596.86)
Total Comprehensive income reported under Ind AS	16,495.74

(v) Reconciliation of equity as previously reported on account of transition from the previous Indian GAAP to IND AS

Particulars	As at 31.03.2018	As at 01.04.2017
Equity as per previous Indian GAAP	72,018.72	57,564.09
Adjustments on account of remeasurement of net defined benefit plan	-	1,737.09
Other Comprehensive income (net of tax)	-	-
Adjustments for proposed dividend (including tax thereon)	-	2,059.53
Deferred tax adjustments	19,453.64	15,662.06
Total Equity as per Ind AS	91,472.36	77,022.77

29.5 Details of Measurement and recognition difference between Ind AS and Previous GAAP for the year ended 31st March 2018

1) Proposed dividend

Under Previous GAAP, upto year ended 31.03.17, proposed dividend including dividend distribution tax (DDT), are recognized as liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, proposed dividend is recognized as liability in the period in which it is declared by Company, usually when approved by shareholders in a general meeting or paid.

Therefore, the dividend liability (proposed dividend) including dividend distribution tax liability amounting to Rs.2,046.15 lakhs has been derecognised in the retained earnings as on the date of transition.

Proposed dividend including dividend distribution tax liability amounting to Rs.2,046.15 lakhs which was derecognised as on the transition date, has been recognised in retained earnings during the year ended 31st March, 2018 as declared and paid.

As per the audited financial statements under Indian GAAP for the year ended 31.03.2017, Company's Contribution towards Gratuity made under the Group Gratuity Scheme with Life Insurance Corporation of India is determined based on the amounts recommended by LIC

2) Remeasurement benefit of defined benefit plans

Under previous GAAP, till 31.03.2017, the Company had accrued the liability towards gratuity obligation as per the computation received from LIC. However, as per Ind AS, the Company has obtained independent actuaries valuation for the purpose of measurement of gratuity liability. The effect of the above has been recognised in the transition date with corresponding effect to the balance of reserves as on 1.4.2017. This has resulted in an increase of Rs. 1737.09 lakhs in the other non financial assets with a corresponding increase in the equity as at 1.4.2017.

For the subsequent period i.e., year ended 31.03.2018, the Company has accounted for the above liability on the basis of independent actuarial valuation under previous GAAP and hence the effect of the above has been reversed in the Statement of Profit and Loss for the year ended 31.03.2019 under Ind AS.

Under previous GAAP, actuarial gains and losses on employees defined benefit obligations were recognised as employee benefits expense in the Statement of Profit and Loss. Under Ind AS, such remeasurement benefits relating to defined benefit plans is recognised in Other Comprehensive Income as per the requirements of Ind AS 19- Employee benefits.

For the year ended 31st March, 2018, remeasurement of gratuity liability resulted in a net obligation of Rs.3,971.22 lakhs which has now been removed from employee benefits expense in the Statement of Profit and Loss and recognised separately in Other Comprehensive Income. This has resulted in decrease in employee benefits expense by Rs.3,971.22 lakhs and loss in Other Comprehensive Income by Rs.3,971.22 lakhs for the year ended 31st March, 2018.

The above changes do not affect Equity as at date of transition to Ind AS and as at 31st March, 2017. However, Profit before tax and profit for the year ended 31st March, 2017 increased by Rs.3,971.22 lakhs.

3) Deferred tax

Previous GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under previous GAAP.

4) Other comprehensive income

Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expenses that are not recognized in profit or loss, but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under the previous GAAP.

5) Statement of cash flows

The transition from Previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities.

6) Other matters

In the preparation of these Ind-AS Financial Statements, Company has made several presentation differences between previous GAAP and Ind-AS. These differences have no material impact on reported profit or total equity. Accordingly, some assets and liabilities have been reclassified into another line item under Ind-AS at the date of transition. Further, in these Financial Statement, some line items as described differently under Ind-AS compared to previous GAAP although the assets and liabilities included in these line items are unaffected.

29.6 Taxation

(i) Reconciliation of income tax expenses for the year to accounting profit

		(Rs in Lakhs)	
Particulars		Year Ended 31.03.2019	Year Ended 31.03.2018
(a)	Profit before Tax as per Statement of Profit and Loss	12,244.13	27,843.44
	Add : Other Comprehensive Income that will not be reclassified to Statement of Profit and Loss	(24.36)	(3,971.22)
	Accounting Profit	12,219.77	23,872.22
(b)	Tax on above at the applicable tax rate	4,270.08	8,261.70
(c)	Adjustment in respect of current income tax of prior years	70.22	38.49
(d)	Tax effect of items that are not deductible in determining Taxable profit	128.19	2,087.90
(e)	Tax effect of items that are deductible in determining Taxable profit	(11.09)	(3,011.61)
		4,457.40	7,376.49
(f)	Add: Interest payable under Income Tax Act	-	-
(g)	Tax and Interest	4,457.40	7,376.49
(h)	Add: Income tax relating to items that will not be reclassified to profit or loss	8.43	1,374.36
(i)	Current Tax as per Statement of Profit and Loss	4,465.83	8,750.85
(j)	Applicable rate of tax as per Finance Act	34.944%	34.608%
(k)	Average effective tax rate (g/a)	36.48	30.90

(ii) Deferred Tax Expense

Particulars	As at 01.04.2017	Change/(Credit) to Statement of Profit/Loss [2017-18]	Change/(Credit) to Statement of Other Comprehensive Income [2017-18]	As at 31.03.2018	Change/(Credit) to Statement of Profit/Loss [2018-19]	Change/(Credit) to Statement of Other Comprehensive Income [2018-19]	As at 31.03.2019 (d)+(e)+(f)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
(a) Property, Plant and Equipment	383.27	23.02	-	406.29	(28.82)	-	377.47
(b) Employee Benefits	2,885.20	9.92	1,374.36	4,269.48	355.18	8.43	4,633.08
(c) Provision for Bad and Doubtful Debts	12,336.07	2,381.05	-	14,717.12	701.82	-	15,418.94
(d) Others	57.52	3.23	-	60.75	-	-	60.75
Total	15,662.06	2,417.22	1,374.36	19,453.64	1,028.17	8.43	20,490.24

29.7 Contingent Liabilities, Commitments and Contingent Assets (to the extent not provided for in the accounts)

Particulars	2018-19	2017-18
I Contingent Liabilities		
a) Claims against the Company not acknowledged as debt (See Note below)		
i) Income Tax	11,500.59	3,713.15
ii) Interest Tax	1,043.48	1,043.48
iii) Service Tax	1,608.74	1,608.74
iv) Refund on TDS on rent from vidhura branch	1.73	1.73
v) Consultancy Agreement with M/s Kerala State Construction Corporation Ltd	NIL	15.88
vi) Provisions of ESI Act	53.37	53.37
vii) Rent Escalation Claim	88.77	69.07
b) Bank Guarantees:		
c) Other money for which the Company is contingently liable	-	-
	14,296.69	6,505.42
II Commitments		
a) Estimated amount of contracts remaining to be executed not provided for	379.93	349.66
b) Uncalled liability on shares and other investments partly paid	-	-
c) Letter of credit in favour of Thyssenkrupp	-	-
TOTAL	14,676.62	6,855.08

III. Details in respect of claims against the Company not acknowledged as debt disclosed above are as follows :

Particulars		2018-19	2017-18
(i)	AO was directed to reconsider interest u/s 244A by Hon'ble High Court of Kerala (AY 1994-95)		
(ii)	ACIT,Thrissur issued demand order u/s 156 during 2015-16 against which the Company filed rectification application. The ACIT issued fresh orders u/s 154 raising demand of Rs.53.89 lakhs. (AY 1995-96)	53.89	53.89
(iii)	ITAT passed Order directing AO to re-examine the issue of auction veethapalisa afresh. AO confirmed disallowance and raised demand of Rs. 3070.23 lacs of which Rs. 1350 lacs was already paid by Company. Aggrieved by the Order, appeal was filed before CIT (Appeals). During FY 2015-16, the Company, however paid full amount demanded totalling to Rs 1712.49 lakhs as detailed below:- AY 2004-05 (Rs 127.23 lakhs), AY 2005-06 (Rs 256.64 lakhs) AY 2006-07 (Rs 607.01 lakhs) AY 2007-08 (Rs 56.78 lakhs) AY 2008-09 (Rs 144.50 lakhs) AY 2009-10 (Rs 146.85 lakhs) AY 2011-12 (Rs 184.87 lakhs) and AY 2012-13 (Rs 188.62 lakhs). Appeal has been filed after remitting the demand amount in full. (AY 2004-05 to 2009-10 and 2011-12 to 2012-13)	3,070.23	3,070.23
(iv)	Assessment u/s 143(3) for AY 2013-14 & 2015-16 and u/s 147 for AY 2010-11 was completed disallowing undistributed veethapalisa and raised demand for AY 2010-11 (Rs 266.57 lakhs), AY 2013-14 (Rs 257.05 lakhs) and AY 2015-16 (Rs 65.41 lakhs). Appeal filed before CIT (Appeals) for these years. Appeal was also filed for AY 2014-15 against disallowance of undistributed veethapalisa amounting to Rs 607.21 lakhs. (AY 2010-11, 2013-14 to 2015-16)	589.03	589.03
(v)	Assessment u/s 143(3) for AY 2017-18 was completed disallowing undistributed veethapalisa of Rs.3.84 lakhs and provision for bad & doubtful debts of Rs.22,498.00 lakhs and raised a tax demand of Rs.7,784.44 lakhs. Appeal filed before CIT (Appeals) for the demand. Tax has been paid in full against the demand.	7,787.44	-
(vi)	The Income Tax Department (TRACES) has raised demand notices on some procedural irregularities regarding TDS from AY 2007-08 to 2017-18 amounting to Rs 3150450 till 09.08.2018. The same is being looked into and getting rectified on an ongoing basis. (AY 2008-09 to 2016-17)	31.50	31.50
(vii)	SLP (SLP(C) No 26727 OF 2008) filed with Hon'ble Supreme Court during 2008 against interest tax applicable on finance charge amounting to Rs 1043.48 lakhs under Hire Purchase scheme. SLP (SLP(C) No 26727 OF 2008) filed with Hon'ble Supreme Court during 2008 against interest tax applicable on finance charge amounting to Rs 1043.48 lakhs under Hire Purchase scheme.	1,043.48	1,043.48
(viii)	Commissioner of Central excise, Customs & Service Tax- Calicut demanded Rs 761.85 lakhs along with a penalty of Rs.380.93 lakhs towards Service charges paid to Government during FY 2012-13 and 2013-14. Appeal filed before CESTAT (AY 2013-14 & 2014-15).	1,142.78	1,142.78
(ix)	Addl. Commissioner, Calicut raised a demand of Rs 6.00 lakhs being Service tax on commission received on sale of lottery tickets. Personal hearing held and Order awaited. (AY 2011-12 to 2013-14)	6.00	6.00
(x)	Asst Commissioner, Thrissur issued an Order for Rs. 0.66 lakhs (including penalty) relating to Service tax on salary paid to Kelso staff. Appeal filed with Commissioner (Appeals). (AY 2013-14)	0.66	0.66

Particulars		2018-19	2017-18
(xi)	Commissioner of Central Excise, Customs & Service Tax- Calicut issued demand for Rs 455.67 lakhs regarding irregular availment of CENVAT credit on guarantee commission paid to Government and other short payments. Appeal is being filed in this regard (AY 2015-16 & 2016-17).	455.67	455.67
(xii)	Asst. Commissioner, Thrissur filed an appeal before the Commissioner (Appeals) against his own orders, disposing off 5 show cause notices with regard to non payment of service tax on commission received from WUMT business. The appeal was against dropping off demand on 3-show cause notices and the decision for not imposing penalty on 2 show cause notices on Service tax was already remitted. (AY 2012-13 to 2014-15)	ORDER IN ORIGINAL 61-65/2016-17 AND SCN NO. 91/2014 AND SCN NO. 05/2015	
(xiii)	Appeal filed against the Order of Asst. Commissioner, Thrissur rejecting our refund application (based on CBFC notification No.19/2015-ST dtd 14.10.2015) for Rs 3.64 lakhs being service tax remitted with interest on WUMT & Express money transactions for the period July 2012 to Sept 2014. (AY 2013-14 & 2014-15)	3.64	3.64
(xiv)	Appeals filed against Orders received at our various branches which are pending before Commissioner (Appeals) Ernakulam. Major portion of the demand was on chit related income. Based on the judgment of Hon'ble High Court of Kerala of 2018 regarding non-applicability of Service Tax on Chit related transactions between 2012 to 2015, modalities are being worked out. (AY 2008-09 to 2016-17)		
(xv)	The Company has obtained stay from Hon'ble High Court of Kerala against Lok Ayukta decision to refund (TDS) on rent from the building owner of Vithura Branch.	1.73	1.73
(xvi)	The Company had entered into a consultancy agreement with M/s Kerala State Construction Corporation Ltd on 29-03-2010 for construction of office complex (G+4) at its site at Kakkanad, Kochi for an estimated cost of Rs. 265.25 lakhs. During the year 2011-12, they had submitted a revised Bill of Rs. 296.25 lakhs. Till 31-03-2017, amount to the tune of Rs. 280.85 lakhs has been paid to them.	15.88	15.88
(xvii)	The Company was exempted from provisions of ESI Act up to 31-03-2008. The Company had taken up with Government the issue of extending ESI exemption for 2008-09, 2009-10, 2010-11 & 2011-12. However, Government informed on 12-10-2011 that Company's request for exemption could not be considered since medical benefits given by it are neither similar nor superior to those provided under ESI scheme. The matter was subsequently taken up before the Government and again it was not considered favourably. In the meanwhile, ESI authorities conducted inspection and demanded a sum of Rs.21.10 lakhs. The Company approached Employee Insurance Court and obtained a stay with regard to the aforesaid orders. The liability of Rs.21.10 lakhs is up to 31-10-2011. ESI Corporation had raised a demand on 01.08.2017 amounting to Rs. 32.27 lakhs being regular contribution from 01.08.2012 till 30.06.2017. Subsequently, during the personal hearing before the Assistant Director, ESI, the Company reiterated it's stand and status quo has been maintained on the matter in view of Court Stay already obtained by the Company.	53.37	53.37
(xviii)	Rent Escalation Claim	88.77	69.07

Particulars	2018-19	2017-18
III Contingent Contracts		
a) The Company had placed an order with M/s. Nest Systems & Technologies (P) Ltd for Design, Development & Implementation of "Core Application Software for Business Accounting" (CASBA) for a contract value of Rs. 215.10 lakhs (excluding AMC) on 03-08 2009, out of which an amount of Rs.184.39 lakhs had been paid to them up to 31.03.2019.	31.71	31.71
b) The Company had issued work order to M/s Accel Frontline Limited on 20-05-2008 for Design, Development Installation & Commissioning of a Centralized Application Software (CAS) for integrating various system applications. The contract value was Rs. 61.16 lakhs out of which an amount of Rs.40.57 lakhs had been provided in the accounts / paid to them up to 31-03-2019.	20.59	20.59
c) The Company had entered into a contract with M/s. BSNL for VSAT services on 08.05.2015 for a contract value of Rs.132.75 lakhs out of which an amount of Rs.65.98 lakhs had been paid to them till 31.03.2019.	66.77	66.77
d) The Company had entered into a tripartite contract with M/s. BSNL and M/s Dimension Data for Managed Network Service on 08.05.2015 for a contract value of Rs. 903.58 lakhs out of which an amount of Rs. 769.06 lakhs had been provided in the accounts /paid to them till 31.03.2019.	134.52	104.25
e) The Company had entered into a contract with M/s. School of Management Studies, Cochin University of Science and Technology for study on restructuring of KSFE Ltd 30.10.2015 for a contract value of Rs. 24.00 lakhs out of which an amount of Rs.10.00 lakhs had been paid to them till 31.03.2019.	14.00	14.00
f) The Company had entered into a contract on 12.07.2017 with M/s Accel Frontline Ltd with regard to maintenance of computer systems & accessories for an annual contract value of Rs. 173.99 lakhs The contract is executed for a period of 3 years and an amount of Rs. 61.85 lakhs had been paid them till 31.03.2019.	112.34	112.34
g) The Company had entered into a contract on 14.11.2018 with Uralungal Labour Contract Co-operative Society , Vatakara, Kozhikode to renovate the Head Office building for contract value of Rs. 1301.53 lakhs plus GST. The contract is executed for a period of 10 months from the date of execution of agreement and an amount of Rs. 195.00 lakhs had been paid till 31.03.2019.	1,106.53	-

29.8 Disclosures required under Ind AS 19 - "Employee Benefits"

I. Defined Contribution Plans

During the year the following amounts have been recognised in the statement of profit and loss on account of defined contribution plans:

Particulars	2018-19	2017-18
Employers contribution to Provident Fund	6,646.80	5,669.50
Employers contribution to Employee's State Insurance Corporation	-	-

II. Defined Benefit Plan/ Other Long Term Benefits

	Gratuity (Funded)		Compensated absences (Non-Funded)	
	2018-19	2017-18	2018-19	2017-18
(i). Actuarial Assumptions				
Discount Rate (per annum)	7.50%	7.50%	7.50%	7.50%
Expected return on plan assets (per annum)	8.00%	7.50%	5.00%	5.00%
Compensation escalation rate (per annum)	5.00%	5.00%	5.00%	5.00%
Mortality rate	Indian Lives Mortality (1994-96) Ultimate			
	2018-19	2017-18	2018-19	2017-18
(ii) Reconciliation of present value of obligation				
Present value of obligation at the beginning of the year	23,406.50	19,684.26	9,790.97	10,003.12
Current Service Cost	1,535.68	1,468.57	4,122.84	4,123.59
Interest Cost	1,812.63	1,531.39	888.93	904.87
Actuarial (gain)/ loss	24.36	3,971.22	(1,027.37)	364.23
Benefits Paid	(2,293.38)	(3,248.95)	(2,967.98)	(5,604.84)
Present value of obligation at the end of the year	24,485.79	23,406.50	10,807.38	9,790.97
(iii) Reconciliation of fair value of plan assets				
Fair value of plan assets at the beginning of the year		21,421.36	20,860.79	
Expected return on plan assets		1,713.71	7,564.56	
Actuarial (gain)/ loss			-	
Contributions		1,096.09	2,558.42	
Benefits paid		(3,248.95)	(2,293.38)	
Actual Return on Plan Assets		(121.42)	(54.42)	
Fair value of plan assets at the end of the year		20,860.79	22,744.80	-
(iv) Description of plan assets- Insurer Managed Funds				
(v) Major category of plan assets as % of total plan assets				
Equities	-	-	-	-
Bonds	-	-	-	-
Gilts	-	-	-	-
Others - Insurer Managed Funds (LIC of India)*				
(vi) Net (Asset)/ Liability recognised in the balancesheet as at the end of the year				
Present value of Obligations as at the end of the year	24,485.79	23,406.50	10,807.38	9,790.97
Fair value of Plan Assets as at the end of the year	22,744.80	20,860.79	-	-
Net present value of funded obligation recognised as (asset)/ liability in the balancesheet	1,740.98	2,545.71	10,807.38	9,790.97

* In the absence of detailed information regarding plan assets which is funded by Insurance Company, the composition of each major category of plan assets, the percentage on amount of each category to the fair value of plan assets has not been disclosed.

Particulars	Gratuity (Funded)		Compensated absences (Non-Funded)	
	2018-19	2017-18	2018-19	2017-18
(vii) Expenses recognized in the Statement Profit and Loss				
Current Service Cost	1,535.68	1,468.57	4,122.84	4,123.59
Interest Cost	1,812.63	1,531.39	888.93	904.87
Expected return on plan assets	(1,564.56)	(1,713.71)	-	-
Actuarial (gain) / loss recognised in the period	24.36	3,971.22	(1,027.37)	364.23
Total expenses recognized in the Statement of Profit and Loss for the year	1,808.11	5,257.47	3,984.40	5,392.69
Actual return on plan assets	-	-	-	-
(viii) Non-current and current value of obligation				
Non-current	24,273.55	23,332.15	10,806.11	9,762.72
Current	212.23	74.35	1.27	28.25
Total value of obligation	24,485.79	23,406.50	10,807.38	9,790.97

Particulars	As at 31.03.2019	As at 31.03.2018	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(ix) Amount recognised in current year and previous four years					
Gratuity (Funded)					
Present value of defined benefit obligations	24,485.79	23,406.50	-	-	-
Fair Value of plant assets	22,744.80	20,860.79	-	-	-
Funded status- (asset) / liability	1,740.98	2,545.71	-	-	-
Actuarial (gain) / loss on plan obligations	24.36	3,971.22	-	-	-
Actuarial (gain) / loss on plan assets	-	-	-	-	-
Compensated absences (Funded)					
Present value of defined benefit obligations	10,807.38	9,790.97	-	-	-
Fair Value of plant assets	-	-	-	-	-
Funded status- (asset) / liability	10,807.38	9,790.97	-	-	-
Actuarial (gain) / loss on plan obligations	(1,027.37)	364.23	-	-	-
Actuarial (gain) / loss on plan assets	-	-	-	-	-

Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
	1% increase	1% decrease	1% increase	1% decrease
(x) A quantitative sensitivity analysis for significant assumption (impact on defined benefit obligation) is as below:				
Gratuity (Funded)				
Discount rate	22,783.69	26,469.20	21,931.26	25,449.04
Salary increase rate	25,941.48	23,163.97	25,015.82	22,242.86
Employee Turnover	37,238.80	11,732.77	35,588.26	11,212.74
Undiscounted Cash flow over the years	48,122.76	-	46,411.54	-
Compensated absences (Non - Funded)				
Discount rate	10,044.26	11,675.71	85,835.32	11,169.79
Salary increase rate	11,578.57	10,116.56	11,086.41	8,630.20
Employee Turnover	16,436.23	5,778.54	14,890.43	4,691.51
Undiscounted Cash flow over the years	21,891.93	-	33,821.09	-

In the above analysis the change in the factor is made with other factors remaining intact

Undiscounted Cash flow over the years is the aggregate cash flow without discounting but keeping other factors intact and is the total payment for the current complement of staff. Maturity profile of the obligation is reflected in the undiscounted aggregate cash flow given above.

Actuarial gain/ loss arising on experience adjustments

Particulars	As at 31.03.2019	As at 31.03.2018
Gratuity (Funded)	24.36	3,971.22
Compensated absences (Non-Funded)	1,024.37	364.23

(xi) Note on actuarial risks

These plans typically expose the Company to actuarial risks such as: Investment Risk, Interest Risk, Longevity Risk and Salary Risk.

(a) Investment Risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

(b) Interest Risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

(c) Longevity Risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(d) Salary Risk

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes:

- The above disclosures are based on information certified by the independent actuary and relied upon by the Company.
- The plan assets of the Company are managed by the Life Insurance Corporation of India in terms of insurance policies taken to fund the obligations of the Company with respect to its Gratuity and Compensated Absences Plan. Information on categories of plan assets is not available with the Company.

29.9 Lease Rental Payments

(Rs in Lakhs)

SL NO	Particulars	2018-19	2017-18
(a)	Recognised in statement of profit and loss	1,921.36	1,733.84
	Total (A)	1,921.36	1,733.84
(b)	Future minimum lease rentals payable as per lease agreement at the year end		
	(i) Not later than one year	182.03	254.58
	(ii) Later than one year and not later than five years	278.87	760.38
	Total (B)	460.90	1,014.96

29.10 Operating Segments (Ind AS -108):

Segment information

The Company has identified business segments viz; Chitty and Lending as its primary segments. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. The assets of the Company are used interchangeably between segments, and the management believes that it is currently not practical to provide segment disclosures relating to total assets and liabilities since a meaningful segregation is not possible. Since, the revenue and profit or loss attributable to external customers are not material as compared to the combined revenue or profit or loss respectively, geographic segments reporting is not given.

Sl. NO	Particulars	Financial Year	Business segments		Total
			Chitty	Lending	
a)	Segment Revenue	2018-19	1,54,443.47	65,303.84	2,19,747.31
		2017-18	1,38,346.54	57,818.54	1,96,165.08
	Less: Inter Segment Revenue	2018-19			-
		2017-18	-	-	-
	Total Revenue	2018-19	1,54,443.47	65,303.84	2,19,747.31
		2017-18	1,38,346.54	57,818.54	1,96,165.08
b)	Segment results	2018-19	1,39,807.39	33,809.91	1,73,617.30
		2017-18	1,12,056.71	57,806.28	1,69,862.99
	Less: Unallocable Expenditure(net of Unallocated Income)	2018-19			1,88,983.95
		2017-18			1,62,080.49
	Add: Other income(Net)	2018-19			27,610.78
		2017-18			20,060.94
	Total Profit Before Tax and Exceptional Items	2018-19			12,244.13
		2017-18			27,843.44
	Add: Exceptional Items	2018-19			-
		2017-18			-
	Profit before Tax	2018-19			12,244.13
		2017-18			27,843.44
c)	Income Tax Expenses	2018-19			4,465.84
		2017-18			8,750.84
	Profit after Tax	2018-19			7,778.29
		2017-18			19,092.60

29.11 Disclosure of Related Party Transactions in accordance with Ind AS 24 " Related Party Disclosures"

- A. List of Related Parties where control exists and also other Related Parties with whom transactions have taken place and relationships:

Sl. No	Nature of Relationship	Name of Related Party
1	Related party	Adv. Peelipose Thomas, Chairman
2	Key managerial personnel	Sri. A.Purushothman, Managing Director

B. Transactions during the year

			(Rs in Lakhs)	
1. Transactions with Key Managerial Personnel			2018-19	2017-18
a	Remuneration to the Managing Director	Sri. A.Purushothman	24.57	18.07
		Total	24.57	18.07
b	Honorarium to Chairman	Adv. Peeliyose Thomas	2.40	2.40
		Total	2.40	2.40
c	Other Payments to Managing Director/Other Directors:			
	Other Payments		9.03	7.18
	Others: Sitting fees		3.95	3.24
		Total	12.98	10.42
d	Travel Expenses:			
	Managing Director	Sri. A.Purushothman	0.68	0.67
	Chairman and Other Directors		4.94	6.38
		Total	5.62	7.05

Guarantee Commission Payable to Government of Kerala.

The Company has been remitting Guarantee Commission on the Fixed/Sugama/Short Term Deposits outstanding as at the end of the preceding financial year. Interest accrued on Deposits is not considered for the purpose of remitting Guarantee Commission as interest is paid on a monthly basis & Company is not having any cumulative deposit scheme. The Comptroller & Auditor General during the course of their inspection during 2003-04 had stated that an amount of Rs.561 lakhs is due up to that year on account of difference in method adopted for computation of Guarantee Commission.

Particulars		Year ended 31st March 2019	Year ended 31st March 2018
29.12	CIF value of imports (Rs.in lakhs)		
	Raw materials	Nil	Nil
	Capital goods	Nil	Nil
	Stores and Spares	Nil	Nil
29.13	Expenditure in Foreign Currency (Rs.in lakhs)	Nil	Nil
29.14	Earnings in Foreign Exchange (Rs.in lakhs)	Nil	Nil
29.15	Remittance in foreign currencies on account of dividend (including remittance to NRE accounts)		
	(i) No. of Non-Resident shareholders	Nil	Nil
	(ii) No. of shares held by them	Nil	Nil
	(iii) Dividend remitted in Foreign Currency	Nil	Nil

29.16 Standards Issued but not yet effective

<p>Ind AS 116 Leases:</p>	<p>On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 01, 2019. The Standard sets out the principles for recognition, measurement presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The Company is in the process of evaluating the impact on application of Ind AS 116 with respect to lease arrangements entered into on its financial statements.</p>
<p>Ind AS 12 Appendix C:</p>	<p>Uncertainty over Income tax Treatments: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit, (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the profitability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The effective date for the adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is in the process of evaluating the impact on application of this standard on its financial statements.</p>
<p>Amendment to Ind AS 12- Income Taxes:</p>	<p>On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company is in the process of evaluating the impact on application of this standard on its financial statements</p>
<p>Amendment to Ind AS 19- Plan amendment, Curtailment or settlement</p>	<p>On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments or settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company is in the process of evaluating the impact on application of this standard on its financial statements.</p>

29.17 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Fig. 10. Latices

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial Assets									
Cash and cash equivalents	1,61,630.72	-	1,61,630.72	54,416.35	-	54,416.35	14,667.78	-	14,667.78
Bank Balances other than (a) above	2,30,765.46	3,77,677.64	6,08,443.10	2,44,577.19	3,24,350.18	5,68,927.37	4,00,397.50	4,00,397.50	4,00,397.50
Loans	83,717.81	5,65,486.39	6,49,204.20	83,717.81	4,72,337.30	5,56,055.11	5,01,283.28	-	5,01,283.28
Investments	-	576.80	576.80	-	-	-	-	-	-
Other financial assets	46,345.64	16,71,861.17	17,18,206.80	42,935.01	14,99,783.49	15,42,718.50	14,10,302.05	14,10,302.05	14,10,302.05
Non-financial Assets									
Current tax assets (Net)	-	13,781.73	13,781.73	-	11,673.82	11,673.82	11,044.06	11,044.06	11,044.06
Deferred Tax Asset (Net)	-	20,490.24	20,490.24	-	19,453.64	19,453.64	15,662.06	15,662.06	15,662.06
Property, Plant and Equipment	-	2,558.70	2,558.70	-	1,897.66	1,897.66	2,156.59	2,156.59	2,156.59
Capital work-in-progress	-	-	-	-	-	-	0.84	0.84	0.84
Other intangible assets	-	109.78	109.78	-	32.67	32.67	17.17	17.17	17.17
Other non financial assets	-	10,763.46	10,763.46	729.83	17,328.99	18,058.82	24,528.72	24,528.72	24,528.72
Total	5,22,459.64	26,63,305.89	31,85,765.53	4,26,376.19	23,46,857.75	27,73,233.94	14,667.78	23,65,392.27	23,80,060.05

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Liabilities									
Borrowings (other than debt securities)	2,37,063.08	-	2,37,063.08	-	-	-	-	934.53	934.53
Deposits	7,55,585.89	-	7,55,585.89	6,68,071.98	3,63,762.99	10,31,834.97	10,03,029.91	10,03,029.91	10,03,029.91
Other Financial Liabilities	15,74,728.78	-	15,74,728.78	13,93,656.37	-	13,93,656.37	12,84,767.02	-	12,84,767.02
Provisions	-	13,516.64	13,516.64	-	12,909.53	12,909.53	10,449.06	10,449.06	10,449.06
Other Non Financial Liabilities	4,771.80	193.45	4,965.25	11,122.67	275.75	11,398.42	166.24	166.24	166.24
Total	25,72,149.56	13,710.09	25,85,859.64	20,72,851.01	3,76,948.28	24,49,799.29	12,88,457.55	10,14,579.73	23,03,037.28

29.18 As required by Ind AS 109 ('Financial Instruments'), provision for expected credit loss in respect of loans has been calculated based on management's estimate of probable default and loss given default. However, provision created on loan assets towards non-performing assets and standards assets as per the RBI norms in the books of accounts, as a matter of prudence.

29.19 Other Financial Asset includes the following

Safe Deposit Locker Rent Receivable	5.71
CMDRF Advance Recoverable	1,642.46
Festival Advance To Staff	806.60
Advance To KSFE Staff Co-Operative Society Ltd	750.00
Flood Advance To Staff	287.64
Total	3,492.41

29.20 Corporate Social Responsibility

The provisions of Section 135 of the Companies Act 2013 are applicable to the Company and accordingly it has to spend amount calculated in accordance with relevant provisions of the Act towards CSR activities. The CSR Committee of the Company comprise Adv. Peelipose Thomas (Chairman), Adv. Reji Zacharia (Director), Sri. Vijayan Cherukara (Director), Sri. R. Mohammed Sha (Director), Sri. P.K. Anadakuttan (Director), Adv. V.K. Prasad (Director) and Sri. A. Purushothaman (Managing Director) as members.

During FY 2018-19, the Company has spent an amount of Rs. 236.99 Lakhs towards CSR activities.

29.21 Bad And Doubtful Debts

- a) The impairment allowance calculated for expected credit loss on loan portfolio and the provisions calculated on non-performing assets in line with the NPA guidelines issued by the Reserve Bank of India were compared. Since, amount of provision as per RBI norms is more, the management is of the view that such provision is more conservative and as a measure of prudence, provision has been made in the accounts accordingly.
- b) During the year, the Company had made a provision of Rs.31475.00 lakhs (PY: 14229.00 lakhs) towards bad & doubtful debts on RR Debtors and outstanding NPA (Non RR). Provision has been created on the basis of RBI norms. The total provision created for this category amounts to Rs.101944.00 lakhs as at 31.03.2019.
- c) The provision for amount outstanding under 'Amount Recoverable from Prized Subscribers' is calculated based on internal parameters fixed by the Company. The percentage of personal surety cases under RR in relation to total RR dues is ascertained and the same percentage is applied on 'Prized chitty default'. The amount so arrived is considered for creation of provision @5% thereon. The Company has made a provision of Rs.822.00 lakhs up to 31.03.2019 as against a provision of Rs. 379.00 lakhs as at 31.03.2018 for 'Amount Recoverable from Prized Subscribers'.
- c) The Company, as a matter of prudence, has made a provision @50% amounting to Rs.395.42 lakhs (PY: Rs.219.12 lakhs against fraud/ misappropriation during the year, the cumulative provision of which comes to Rs.968.27 lakhs as on 31.03.2019. Even though the prudential norms of RBI with regard to provisioning requirements are not applicable to the Company still as a matter of prudence, 180 days NPA norms being followed for classifying debts and provision for doubtful debts was being created till FY 2017-18 as per internal parameters as set by the Company. Effective from FY 2018-19, Company had switched to 90 days NPA norms &

creation of provision for doubtful debts & standard assets as per age-wise analysis as stipulated by RBI in its master circular No.DBODNo.BP.BC.9/21.04.048/2014-15 dated 01.07.2014 (though 120 days norm is prescribed for the year 2018-19 for NBFCs by RBI). The Company has also adopted classification of debts on borrower wise categorization as against facility wise categorization being followed till FY 2017-18.

- e) The Company has identified bad debts, which are classified in to the following categories and written off during the year:

(Rs. In lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
For Recovery from Prized Subscribers	26.69	25.21
For Interest wiver write off on Gold Loan	0.19	0.46
For Revenue Recovery Debtors	0.00	0.00
Total	26.88	25.67

29.22 Inter Branch Accounts

- a) Inter Branch Accounts is shown under Other Current Assets in Note 12 .

(Rs in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
Inter Branch Current Account Asset / (Liability)	10,141.63	18,948.54
Total	10,141.63	18,948.54

- b) The net difference of current accounts represents difference between the Head Office and Branches and between Regional Offices and Branches. Efforts are being continued to reconcile the same.

29.23 Auction Veethapalisa In Terminated Chitties

Auction Veethapalisa in Terminated Chitties under Kerala Chitties Act, 1975 is shown as liability. From F.Y.2014-15 onwards, the Board, vide Resolution No.6738 dt 11-11-2014, in accordance with the provisions of the Chit Fund Act-1982 (CFA), had decided to treat forfeited Veethapalisa of Chitties under CFA 1982 as Income of Company at time of termination of chitty after adjusting defaulted amount. Accordingly, during the year, the Company has accounted an amount of Rs. 2523.12 lakhs as income under this head as against Rs. 1531.25 lakhs in the previous year.

29.24 Revised Bhadratha Social Society Scheme

The Company had been acting as agent of Government of Kerala in respect of Revised Bhadratha Social Security Scheme on commission basis. The scheme has been since discontinued, the account shows a net balance of Rs.192.93 lakhs (PY: Rs.273.31 lakhs) due to pending reconciliation.

(Rs in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
Deposits Received & Outstanding	119.82	121.21
Interest Accrued on Deposit	385.08	376.38
Interest Credited by Treasury on the Amount Deposited	3,134.77	3,015.91
Sub Total (A)	3,639.68	3,513.50
Less: Amount Receivable from Govt. on account of;		
(a) Commission Paid	12.03	10.58
(b) Interest Accrued on Deposit Receivable from Govt	480.05	478.97
(c) Balance with Treasury	2,954.67	2,750.64
Sub Total (B)	3,446.74	3,240.19
Net (A - B)	192.93	273.31

29.25 Matured Fixed Deposits not withdrawn include unclaimed matured deposits < 7 years and there are 7 no deposits of Rs. 2.43 Lakhs > 7 years required to be transferred to Investor Education and Protection Fund during FY 2018-19 have been transferred to the said fund on 30.09.2019.

29.26 Maximum balance outstanding at any time during the year with non-scheduled banks (Treasuries and District Co-Operative Banks) is not exhibited in Note 2. In view of large number of accounts maintained at different branches, it is not possible to compile the figures, within the existing system framework.

29.27 Finance Charges Payable Chitty/Kuri shown in Note 6 (a) (1) amounting to Rs. 1499255.41 lakhs (P.Y. Rs. 1319263.57 lakhs) includes Prize Money Payable amounting to 108959.17 lakhs (P.Y. Rs. 116605.47 lakhs). This includes amount payable in respect of tickets substituted by the Company. The said amount is net of the prize money paid in advance.

29.28 Government of Kerala had allotted 15 cents of land to construct Kollam branch building as per letter from District Collector, Kollam vide Letter No.L3-23875/72-3 dated 04-10-1976. Assignment has not been obtained so far. The cost of land has not been paid to the Government, as it has not been fixed so far.

29.29 At all branches, balances of debtors and creditors are confirmed on random basis.

29.30 The Company is accepting deposits from public, repayment of which is guranteed by Government of Kerala. The Government had guaranteed deposit to the extent of Rs.300,000 lakhs vide GO (MS) No.182/2012/TD dated 24th September 2012 for a period of 10 years from 17th August 2012. Guarantee coverage limit of Rs. 700,000 lakhs as sanctioned vide GO(MS) No. 24/2017/Taxes dated 18.04.2018 had been further enhanced to Rs.900,000 lakhs vide Government Order No: G.O. (MS) No.49/2018/Taxes dated 29.06.2018 it has further enhanced Rs. 1,200,000 lakhs vide Government Order No: G.O. (MS) No.16/2019/Taxes dated 19.03.2019

29.31 Government, vide Government Order No. G.O. (MS) No.54/2016/Taxes dated 16.04.2016 had directed to pay 100% dividend on the equity shares from 2015-16 onwards and exempted Company from paying Service charges from

2015-16 onwards. The Company had declared dividend @ 35% for FY 2016-17 and taken up the matter with Government for reduction in rate of dividend. Dividend @ 35% for FY 2017-18 was declared and paid during April 2019.

29.32 The Company has a system to identify the customers at the time of opening accounts in respect of loans and deposits. Steps are also being initiated to identify the customers in line with the guidelines issued by the RBI under provisions of Prevention of Money Laundering Act 2002/ Know Your Customer (KYC) norms.

29.33 During the year, as per provisions of Chit Fund Act- 1982, Company had transferred 10% of Book profit to Chitty Reserve Account.

29.34 The Company was acting as an agent of Government of Kerala for its Old Bhadratha & Revised Bhadratha scheme (both of which had been since discontinued). Funds mobilized by the Company under this scheme were parked with District Treasury, Thrissur TPA424 (Old Bhadratha) & TPA875 (Revised Bhadratha Scheme) respectively. The District Treasury Thrissur, on the basis of G.O (P) No. 51/2018/Fin dated 28.03.2018 had resumed a sum of Rs. 2,04,18,998/- & Rs. 11,42,63,277/- from the said TPAs vide letter no. SB/3043/18 & letter no. SB/3043(2)/18 respectively. Balance under the said TPAs appear under Note 6 (Other Current Liabilities) & Note 12 (Other current assets) in our financial statements. The Company is yet to get back the funds so resumed. No accounting entry has been passed in this regard.

29.35 In compliance with letter no SS-1/311/2017-FIN dated 05.04.2018 of Finance (Secret Section) Department, Government of Kerala and subsequent directives in this regard, an amount of Rs 35000 lakhs was deposited with M/s KTDFC on 28.03.2018 as short term deposit till 03.04.2018 @ 8% interest p.a and is shown under Note No.2 (Cash and Cash Equivalents). The proceeds along with interest was received on the due date.

29.36 Figures of the previous year have been regrouped and recast wherever necessary to suit the current year's layout in accordance with the Ind AS requirements.

As per our separate report of even date attached

for and on behalf of the Board of Directors,

For **Krishnamoorthy & Krishnamoorthy**

Chartered Accountants (FRN: 0014885)

(Sd/-)

K.J. Narayanan

Partner

Membership No.:202844

Place : Thrissur
Date : 30.04.2020

(Sd/-)

Adv. Peelipose Thomas
Chairman

(Sd/-)

V.P.Subramanian
Managing Director (Incharge)

(Sd/-)

Mini.V.R

Director

(Sd/-)

S.Sarath Chandran
General Manager (Finance)

(Sd/-)

Emil Alex

Company Secretary



**OFFICE OF THE ACCOUNTANT GENERAL (AUDIT-11), KERALA
THIRUVANANTHAPURAM**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF KERALA STATE FINANCIAL ENTERPRISES
LIMITED, THRISSUR FOR THE YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of **Kerala State Financial Enterprises Limited, Thrissur** for the year ended **31 March 2019** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated **4 May 2020**. I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Kerala State Financial Enterprises Limited, Thrissur** for the year ended **31 March 2019** under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. COMMENTS ON FINANCIAL POSITION

Balance Sheet as on 31 March 2019

Other Financial Liabilities : ₹15,74,655.13 Lakh

Finance Payable Chitty/Kuri : ₹14,99,255.41 Lakh

1. Finance Payable Chitty/Kuri is arrived at after netting off the debit balances (₹52,269.71 Lakh) under the heads of account viz Advance paid to removed members account (₹273.53 Lakh), Foremen's investment in chitty (statutory tickets ₹167.12Lakh), Foremen's investment in chitty (substituted tickets ₹51,484.60 Lakh) and Advance paid to non-prized defaulted subscribers (₹344.46 Lakh). Netting off of debit balance has resulted in understatement of Other Financial Liabilities and Other Financial Assets by ₹52,269.71 Lakh

B. COMMENTS ON PROFITABILITY**Statement of Profit and Loss for the year ended 31 March 2019**

The profit for the year is overstated with a net amount of ₹285.16 Lakh due to;

1. Non accounting of expenses ₹75.22 Lakh being the disputed tax liability settled before finalization of the accounts. This has resulted in overstatement of profit and understatement of Other Non-Financial Liabilities by ₹75.22 Lakh
2. Non provision of ₹67.37 Lakh payable to BSNL towards BSNL VSAT Service charges as per the Memorandum of Understanding and the claim raised by BSNL *vide* letter dated 5 June 2018. This has also resulted in understatement of Other Non-Financial Liabilities to the same extent.
3. Non provision of ₹28.64 Lakh arising from revision of rent in respect of branches of the Company with retrospective effect up to 31 March 2019 has resulted in overstatement of profit for the year. This has also resulted in understatement of Other Non-Financial Liabilities to the same extent.
4. Non provision of NPA amounting to ₹187.50 Lakh on the loan granted to KSFE Staff Co-operative Society being the 25 *percent* provision for doubtful asset in compliance to RBI's Master Circular dated 1 July 2015. This has resulted in overstatement of Other Financial Assets to the same extent.
5. Non recognizing the interest income amounting to ₹73.57 Lakh being the interest loss in treasury fixed deposit compensated by M/s Kerala State Social Security Pension Limited at the instance of Government of Kerala. This has also resulted in understatement of Other Financial Assets to the same extent.

*For and on behalf of the
Comptroller and Auditor General of India*

Sd/-

ACCOUNTANT GENERAL (AUDIT-II), KERALA

Thiruvananthapuram

Dated: 29.12.2020

Reply to comments of the Comptroller and Auditor General India for FY2018-2019:

B. COMMENTS ON FINANCIAL POSITION

1. Balance sheet as at 31 March 2019

Other Financial Liabilities Rs. 15,74,655.13 Lakh

Finance payable – Chitty/Kuri – Rs. 14,99,255.41 Lakh

Items mentioned under Sl.No. 1 & 4 represents the head of accounts relating to amount paid to chit subscribers before termination of the chit. Chitty is closed on its termination by passing appropriate closing entries. This account relates to payments made to chit subscribers after deducting advance interest from payment date to chit termination date. It is pertinent to note that the same gets set off on termination of chit.

Items mentioned under Sl.No. 2 & 3 represents the head of accounts relating to foreman's investment in chit substitution. This amount gets set off on termination of chit by passing of appropriate closing entries.

The said accounts are appropriately set off at the time of termination of chit, and after passing of closing entries, these account heads do not exist any more.

1. The Sabka Vishwas Scheme, 2019 is a scheme proposed in the Union Budget, 2019, and introduced to resolve all disputes relating to the erstwhile Service Tax and Central Excise Acts, which are now subsumed under GST. The scheme allows us to close our pending disputes, with substantial relief provided by the Government. The scheme had been notified by the CBIC to come into force on the 1st of September, 2019, and to be operational until the 31st of December, 2019.

Under Service Tax regime, each branch is considered as separate assessee and the amount is remitted by each branch directly. Thus there was some lack of clarity with regard to the total liability that would arise and accordingly it was decided to categorize the same under contingent liability.

The Sabka Vishwas Scheme announced in 2019 and we don't have no clear idea of how much tax liability will arise for disputed pending Service Tax cases, we are not provided contingent liability in books of account for the said expenses being pardoned.

2. Company had entered into a tripartite agreement with BSNL and Dimension Data for VSAT services and Managed Network Services. Owing to deficiency in services, the said contract for VSAT services was discontinued before completion of the contract. As the contract is contingent in nature, no provision had been created in the accounts and the same has been appropriately disclosed in the note 29.7 III(c) under "contingent contract". The said contract comes under the ambit of "contingency" as defined under AS 4 and thus the need for making provision for the same in the accounts does not arise. Appropriate disclosure in the notes is sufficient to comply with the requirement of provisions of Companies Act.

3. We had been creating provision for revised rent with retrospective effect based on the Board decision in this regard taken from time to time. It may be noted that all revisions approved till 30.06.2019 for period ending up to 30.03.2019 had been provided vide JV 4155 dated 30.03.2019. It may further noted that Rs.33.85 lakhs as reported in the audit enquiry, is inclusive of an amount of Rs.4.78 lakhs of revised rent with retrospective effect till 30.06.2019 already provided vide the said JV.
4. Vide Government Order No. 34/2017/Co. op dated 16.09.2017 we had been directed to advance Rs. 15 Crore to KSFE Staff Co-Operative society for a period of 18 months @4% interest. The Order specially mentioned that the payment to made two equal instalment and 1st instalment to be paid immediately and balance amount to be released after recovering 50% of amount from the persons responsible for the fraudulent activities. Based of the above, Company entered into on MoA with KSFE Staff Co operative Society No. T-777 and advanced Rs.7.50 crores on 02.03.2018.

The advance amount had become due for repayment during March 2019. As the advance was released on the strength of Government guarantee, we have already taken up the matter of renewal of guarantee deed. As the said advance was made on the strength of Government guarantee, the same was not reckoned as NPA.

5. Company had availed loan from various banks pledging treasury deposit/bank deposit receipts and deposit to District Treasury, Thrissur/KSSP as per the direction from Government. Government would release the monthly interest along with applicable premium to the Company and on the maturity of loan, Government/KSSP provide funds for settle the said bank loan/ loan account and settle the bank loan.

As on 29.03.2019 Government had instructed to pre close 3 nos of treasury deposits amounting to Rs. 1500 crore and transfer to Kerala State Social Security Pension Limited. Accordingly, we had pre closed the three treasury deposits amounting to Rs. 1500 Crores transferred to KSSP Ltd. Treasury had allowed the applicable interest rate of deposits till 29.03.2019 and there is no monetary loss due to pre closure of the said deposits. KSSP had returned the fund on 02.04.2019 in 2 instalments Rs. 500 Cr and on 03.04.2020 Rs. 1000 Cr with interest of the applicable period amounting Rs. 1,35,00,00 4 days Rs.50,13,699).



**Contribution to Chief Ministers Distress Relief Fund (CMDRF) in the FY 2018-19
Amounting to INR 10 Crores**

KSFE CSR Initiative 2018 -19



Kanivu Pain and Paliative Society, Alappuzha - Lab Equipment

KSFE CSR Initiative 2018-19



Govt.Up School, Kaduppaserry, Thrissur Dt. - Smart Class Room



Alpha Palliative Care North Paravur, Ernakulam District

KSFE CSR Initiative 2018-19



District council for child welfare, Pathanamthitta



Govt. HSS, Kodakara, Thrissur Dt.