



അഭിമാനത്തിന്റെ

54



വർഷങ്ങൾ



ഭദ്രത
BHADRATHA

വളരണം നാടിനൊപ്പം

BOARD OF DIRECTORS

Sri. K.Varadarajan
(Chairman)

Dr. Sanil.S.K.
(Managing Director)

DIRECTORS

- | | |
|-----------------------------------|-------------------------------|
| 1. Mrs. Sreedhanya Suresh, I.A.S. | 6. Mr. T.Narendran |
| 2. Mrs. B.S.Preetha | 7. Adv. V. T. Joseph |
| 3. Mr. Manoj K. | 8. Mr. R. Mohammed Shah |
| 4. Adv. U. P. Joseph | 9. Dr. K. Sasikumar |
| 5. Adv.M.C.Raghavan | 10. Adv. Govindan Pallikappil |

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 2022-23)

STATUTORY AUDITOR	M/s K.Varghese & Co. Chartered Accountants, Ernakulam
BRANCH AUDITORS	M/s Paulson & Co , Ernakulam (Urban) Region
	M/s Elias George & Co , Ernakulam (Rural) Region
	M/s Dharmalingam & Associates , Trivandrum (Urban) Region
	M/s Ranjith Karthikeyan Associates , Thiruvananthapuram (Rural) Region
	M/s B S J & Associates , Kozhikode (Urban) Region
	M/s Pavithran & Murali , Kozhikode (Rural) Region
	M/s Rangamani & Co , Kollam (Urban) Region
	M/s K Venkatachalam Aiyer , Kollam (Rural) Region
	M/s Ayyar & Cherian , Kottayam Region
	M/s Babu A Kallivayalil & Co , Kannur Region
	M/s Elias George & Co , Alappuzha & Kattappana Regions
	M/s Jacob & George , Malappuram Region
	M/s K Venkatachalam Aiyer & Co , Palakkad Region
	M/s Dhan & Co , Pathanamthitta Region

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

EXECUTIVES

Managing Director

Dr.Sanil.S.K

General Manager

C A Sarathchandran S. (Finance)

Deputy General Manager

Sri. Pramodan A (Recovery)

Smt. Sujatha M. T.

(KSFE Digital Business Centre)

Assistant General Managers

Smt. Nisha A.B (IT)

Sri. Raju R (Business) I/C

Smt. Meera K.S. (Planning)

Sri. Krishnendhu Sureshkumar (Legal)

Sri. Ganesan P. (GAD)

Sri. Kunhikannan H. (DGM, P & HR) I/C

Assistant General Managers (Region)

Smt. Saraswathy N.

(R.O. Tvm Urban)

Sri. John Dennison

(R.O. Trichur)

Sri. Vijayakumar C.

(R.O. Tvm Rural)

Sri. Vijayan A.

(R.O. Malappuram)

Sri. Prasantha Kumar P.K.

(R.O.Kollam Urban)

Sri. Madhumohan C.K.

(R.O.Palakkad)

Smt. Prameela K.P.

(R.O. Kollam Rural)

Sri. Ajith Kumar K.D.

(R.O. Kattappana)

Smt. Asha M.S.

(R.O. Pathanamthitta)

Sri. Chandrasekharan K.T.

(R.O. Kozhikode Urban)

Sri. Sivaprasad C.P.

(R.O.Kottayam)

Sri. Sivadasan K.

(R.O. Kozhikode Rural)

Sri. Venugopala Pillai S.

(R.O. Alappuzha)

Sri. Gireeshkumar S.

(R.O. Kannur)

Sri. Rajendran V.

(R.O. Ekm Urban)

Smt. Sujatha M. T.

(KSFE Digital Business Centre)

Smt. Reena Joseph

(R.O. Ekm Rural)

Company Secretary

CS Emil Alex

Directors as on March 31, 2023

Mr. K. Varadarajan
(Chairman)

Dr. Sanil S.K.
(Managing Director i/c)

DIRECTORS

- | | |
|------------------------------|-------------------------------|
| 1. Mr. K. Inbasekhar, I.A.S. | 6. Mr. T. Narendran |
| 2. Mrs. B. S. Preetha | 7. Adv. V. T. Joseph |
| 3. Mrs. Sini J. Shukoor | 8. Mr. R. Mohammed Shah |
| 4. Adv. U. P. Joseph | 9. Dr. K. Sasikumar |
| 5. Adv. M. C. Raghavan | 10. Adv. Govindan Pallikappil |

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The Kerala State Financial Enterprises Limited

(A Government of Kerala Undertaking)

Bhadratha, Museum Road, P.B. No. 510, Throssur - 680, Kerala, India
Ph: +91 487 2332255, Fax: +91 487 2336232, www.ksfe.com

Ref: 154ADJ/CS

Date: 17-02-2024

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 54th Adjourned Annual General Meeting of the Company will be held at **3.30 pm on Thursday the 29th day of February 2024** at KSFE Digital Business Centre situated at 6th Floor, KSRTC Bus Terminal Complex, Thampanoor, Thiruvananthapuram 695 001 **at shorter notice** to transact the following business:

ORDINARY BUSINESS

1. To receive consider and adopt the Directors' Report, the Audited Balance Sheet as on 31st March, 2023 and the Profit and Loss Account for the Year ended 31st March, 2023 together with the Auditors' Report and the Comments of the Comptroller and Auditor General of India thereon.
2. To declare dividend for the year FY 2022-23.

By Order of the Board of Directors,
For KERALA STATE FINANCIAL ENTERPRISES LTD.,

Sd/-

CS EMIL ALEX
COMPANY SECRETARY
MEMBERSHIP NO. ACS - 45209.

Regd.Office: "Bhadratha",
P.B.No.510, Museum Road,
Thrissur, Kerala – 680 020.
CIN: U65923KL1969SGC002249
www.ksfe.com

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

Dear Members,

The Board of Directors of your Company are pleased to share the highlights of developments and progress of your Company since its last report along with audited financial statements, Auditors' Report thereon and comments on the financial statements by the Comptroller and Auditor General (C&AG) of India.

Your Directors are pleased to present the 54th Annual Report and the Audited Financial Statements of the Company for the financial year ended March 31, 2023.

FINANCIAL HIGHLIGHTS:

The standalone financial highlights for the year ended 31.03.2023 are summarized below:

Financial Parameters for the year ended	March 31, 2023	March 31, 2022
	(₹ in Crores)	
Gross Income	4521.86	3656.57
Total Expenditure	4090.65	3402.15
Profit Before Tax	431.20	254.42
Provision for Taxes/Deferred tax	80.33	148.93
Profit for the year	350.88	105.49
Other Comprehensive Income (net of tax)	(61.49)	(18.72)
Total Comprehensive Income (after tax)	289.38	86.77
Shareholder's Equity (Networth)	1289.79	1000.40
APPROPRIATION		
Transfer to Reserve	350.88	105.49
Proposed Dividend	35.00	35.00
Basic Earnings per Share (in ¹) [face value ¹ 100/- each]	₹ 350.88	₹ 105.49

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 2022-23 striking a 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 2022 was accounted for as liability in accordance with the then existing Accounting Standard.

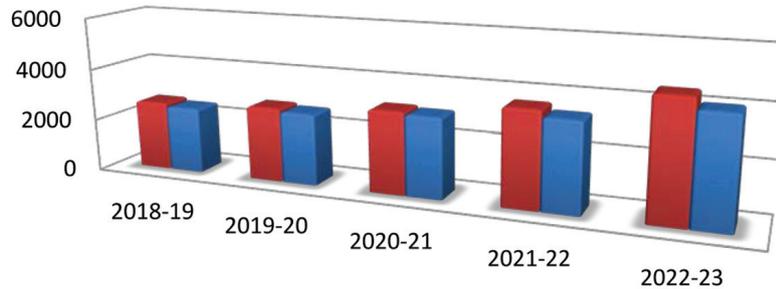
A sum of ₹ 350.88 crores (i.e., ₹ 43.12 crores to Chitty reserve and ₹ 307.76 crores to General Reserve) respectively had been transferred to Reserves as decided by the Board. The Company is expecting a higher growth in business volume and profits in the coming years.

RESULTS OF OPERATIONS

Your Company continues to establish its position as leading MNBC of the country and the market leader in chitty business in Kerala. Company plays a major role in the financial lives of people of Kerala. During the financial year 2022-23, your Company launched low key chitty campaign & Bhadratha Smart Chittikal 2022 with attractive prize scheme and other value additions. Samatha Gold Loan scheme was introduced at reduced rates exclusively for women of Kerala. KSFE's operational capabilities were enhanced

by adopting latest technologies viz, migrating to cloud platform as part of expanding the service provided to the customers and toll-free number was started for public use for inquiries and redressal of grievances. Default collection drive was also intensified. Thus in this financial year too Company achieved a dominant market position in portfolios like personal loan, gold loan, housing loan etc. in addition to chitty, the flagship business of the Company. Further the Company has maintained a consistently rapid pace of growth, demonstrating its ability to scale up and to leverage on its well established brand name.

FINANCIAL HIGHLIGHTS FROM FY 2018-19 TO FY 2022-23 (₹ in Crores)



	2018-19	2019-20	2020-21	2021-22	2022-23
Income	2634	2827	3136	3657	4522
Expenditure	2512	2722	3056	3402	4091

Your Company achieved a turnover of ₹ 69,153 Crore during the financial year 2022-23 as against ₹ 59,323 Crores during the financial year 2021-22. During the year your Company had earned an aggregate income of ₹ 4522 Crores registering an increase of 23.65 % over the previous year's gross income of ₹ 3657 crores and registered a profit before tax amounting to ₹ 431.20 crores thereby signifying a year on year growth.

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

TEN YEAR DIGEST

(Growth of Selected Variables from FY 2013-14 to FY 2022-23)

(₹ in Crores)

Years	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23
Capital & Reserves	379.63	444.95	490.37	575.64	720.19	950.15	976.33	983.92	1000.40	1289.79
Turnover *	21372.00	25352.00	28960.00	32643.00	35306.00	39166.00	45040.00	52,762.00	59,323.00	69,153.00
Fixed Deposits**	5472.46	6708.19	7900.21	9801.75	10916	11697	13319.97	16728.30	18,148.84	20,594.02
Profit after Tax	59.88	70.72	35.87	85.27	144.41	77.78	72.79	71.46	105.49	350.88
Branches (Nos.)	501	507	600	568	577	577	577	621	632	660
Employees (Nos.)	5112	5585	6426	6819	6877	6777	6571	7515	7917	8287
Contribution to State Exchequer***	117.09	146.39	81.26	108.28	84.46	130.46	154.30	167.88	183.21	161.35

* 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 in FY 2022-23 includes Guarantee Commission - ₹ 105.44, Registration & Filing Fee - ₹ 55.46, Rates & Taxes - ₹ 0.28, and Insurance - ₹ 0.17 (amount in crores).

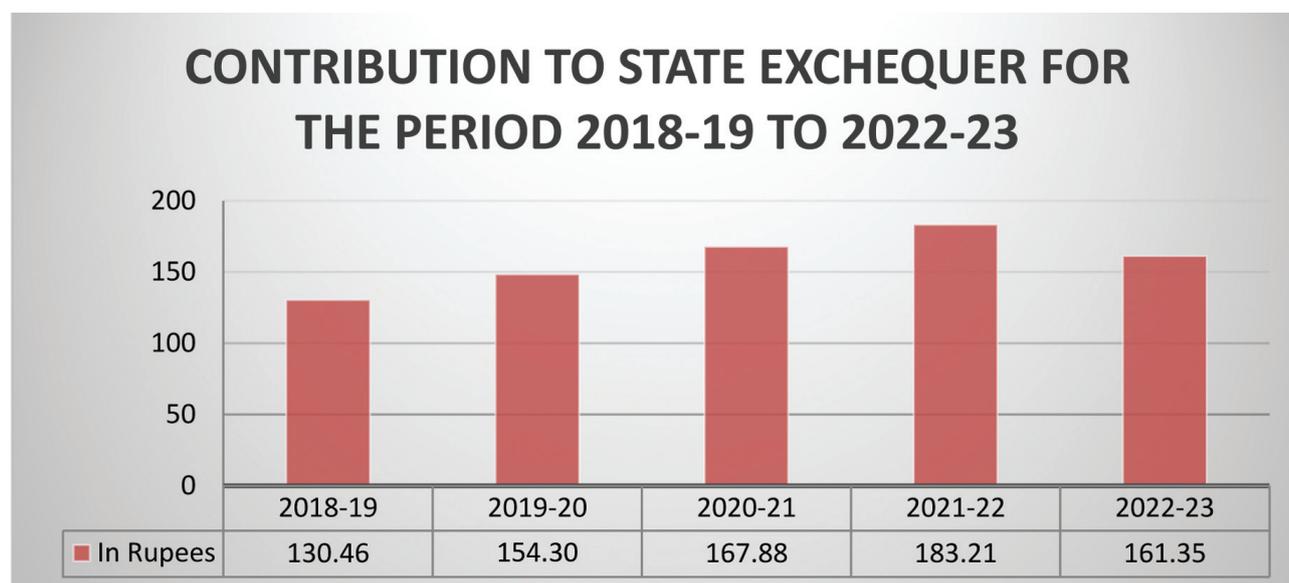
NUMBER OF BRANCHES

At the close of financial year, your Company had 674 branches spread under 16 regional offices. The Company opened 42 new branches across the State of Kerala in the financial year. Out of these, 20 branches are opened as micro/ satellite branches. Company proposed to open 100 new branches (including micro branches) in the coming year based on the budget approvals received previously. Company intends to provide employment opportunities for the educated job aspirant youth in the State and make its presence felt in unrepresented areas thereby extending its area of operation and including more and more people under its ambit thereby expanding the customer base. As envisaged in the previous year, as part of rebranding exercise your company had already renovated 426 branches across the State as on 31.03.2023. Steps have also been initiated to renovate the remaining branches at the earliest.

CONTRIBUTION TO STATE EXCHEQUER

	2022-23	2021-22
	(₹ in Crores)	
Guarantee Commission	105.44	96.75
Registration & Filing Fee	55.46	51.00
Rates & Taxes	0.28	0.26
Dividend	0.00*	35.00
State Insurance Premium	0.17	0.20
Total	161.35	183.21

*Payment of Dividend is reckoned on actual basis.



PERFORMANCE OF MAJOR PORTFOLIOS OF THE COMPANY

CHITTY

The total monthly sala of the chitties rose to ₹ 3228 crores as against ₹ 2838 crores at the end of previous year registering a net increase of ₹ 390 crores during the year under review translating to 14% growth. Total no of subscribers also increased to 2526320 during 2022-23 from 2347088 during 2021-22.

LOW -KEY CAMPAIGN

This chitty campaign was introduced at the very beginning of the financial year 2022-23, targeting a chitty business of ₹ 200 Crores. The scheme was a resounding success, mobilising a business to the tune of ₹ 216 Crores.

BHADRATHA SMART CHITTIKAL 2022

A new branded chitty scheme was launched during July 2022 with attractive prize schemes and other value additions. In this scheme, the first prize was Flat/Villa worth ₹ 1 crore, and regional prize were 70 Tata Tiago electric car with a maximum value of ₹ 12.5 lakhs and 100 Hero electric scooters, or a maximum of ₹ 75000/-.

GOLD LOAN

Financial year 2022-23 saw another turnaround in our gold loan business as we could attain a position of ₹ 3644 crores from ₹. 2939 crores during 2021-22. Advertisement campaigns through audio visual, print and outdoor media, introduction of product innovation and motivation of staff through multilevel meetings on regular basis, all contributed in the 25% growth on year on year basis. The company has completely revamped its gold loan portfolio to attract more customers.

AJAYA GOLD LOAN

To empower women financially, KSFE reintroduced Ajaya Gold Loan exclusively for women of Kerala. The crux of this product is to provide loan up to ₹ 50,000/- at a nominal interest rate of 6.50%.

SAMATHA GOLD LOAN

In connection with International Women's day on March 8th 2023 as an endeavour towards financial empowerment of women, KSFE introduced Samatha gold loan exclusively for women of Kerala. This scheme aimed to disburse ₹ 1000 crores worth loans, spread over 1 lakh accounts within March 2023. This scheme had an attractive prizing scheme wherein 1 gram gold coin each were gifted 100 selected loanees.

OTHER INITIATIVES

MIGRATION TO CLOUD PLATFORM

As part of our constant endeavour to provide more and more efficient services by making optimal use of available technology, KSFE's core business applications have successfully migrated to the cloud platform, significantly improving up on the vulnerability aspect associated with unauthorised access and cyber criminal activities. Overall operational capabilities of KSFE have been significantly enhanced by migration to the cloud platform.

EXPANDED CRM FUNCTIONS WITH A TOLL FREE NUMBER

As a part of expanding the ambit of service provided to the customers and increasing the facilities for further communication with the customers, CRM function was started with a toll free number(1800 425 3455) which could be used by public for inquiries and grievance redressal.

NETTAM DEPOSIT SCHEME

It is a safe and secure deposit scheme which provides best interest rate to the depositors and is also one of the best deposit schemes in Kerala. This scheme was introduced for a period of 400 days at an attractive rate of 8% interest with a minimum deposit amount of INR 25000/-.

SANJEEVANAM

Sanjeevanam is a campaign designed to arrest the growth of non prized chitty dues (NPD) and non -performing assets (NPA) which are on the rise. The scheme, which started in March and ended in April 2023 received a good response from all units.

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 31.03.2023 is as tabulated below:

Overall Loans & Advances for the FY 2022-23;		
	2022-23	Composition (0%) of total loans
	(₹ in Crores)	
Gold Loan	3644	33
KSFE Housing Loan	1829	17
KSFE Personal Loan	1734	17
Chitty Loan & PBL	3259	29
Other Loans	494	4
Total	10960	100

GOLD LOAN

Total gold loan disbursed during the year under review amounted to ₹ 6175 crores and the total outstanding as on 31st March, 2023 stood at ₹ 3558 crores as against ₹ 2842 crores for the previous year.

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

Disbursements amounting to ₹ 1111 crores were made under the Reliable Customer Loan Scheme & FD Loan during the year under review and the total outstanding as on 31.03.2023 stood at ₹ 1822 crores as against ₹ 1831 crores as on 31.03.2022.

KSFE CHITTY LOAN/PASS BOOK LOAN

KSFE Chitty loan amounting to ₹ 1792 crores were disbursed during the year and the total loan outstanding as on 31.03.2023 rose to ₹ 3259 crores as against ₹ 2690 crores for the immediately preceding previous year registering a growth of 21%.

NEW HOUSING FINANCE SCHEME

During the financial year under review, disbursement under the scheme amounted to ₹ **541 crores**. The total loan outstanding including loans under Housing Finance Scheme as on 31st March, 2023 increased by 13% to ₹ 1829 crores as against ₹ 1615 crores for 2021-22.

CONSUMER /VEHICLE LOAN

Total amount of advance disbursed during the year under Consumer/Vehicle loan scheme was ₹ 9.19 crores. The outstanding advances under both, Hire Purchase and Consumer Vehicle Loan schemes as on 31st March, 2023 were at ₹ 27.00 crores as against ₹ 30.68 crores for the previous year.

It could be noticed from the above that all the major schemes of the Company viz Chitty, 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 as total advances, during 2022-23 rose to ₹ 10960 crores as against ₹ 9325 crores for 2021-22, signifying an increase of ₹ 1635 crores which translates to 17.50%. In addition to the above ₹ 3720.69 crores has been advanced to M/s Kerala Social Security Pension Limited as inter corporate loan.

PRAVASI BHADRATHA MICRO LOAN SCHEME (PBMS)

During the year under review a new scheme viz Pravasi Bhadratha Micro Loan Scheme (PBMS) was introduced by your Company in association with NORKA. The scheme was designed to help NRI's who were forced to return home due to the pandemic conditions. NRI's who returned during the pandemic time were eligible for an loan amount upto INR 5 lakhs at 6% interest along with a Capital subsidy upto INR 1 lakh (subject to certain condition) for setting up new ventures/ expansion of existing facilities etc. Outstanding loan amount under the scheme as on 31.03.2023 was ₹ 311 crores.

VIDYASREE SCHEME

In association with Kudumbasree Mission & State IT department, KSFE introduced a social security scheme viz. "KSFE Vidyasree Scheme" in order to provide digital devices viz laptops, tablets etc to children of Kudumbasree members to facilitate their online education during the pandemic times. The repayments were arranged in a systematic and convenient manner, so that they could pay the instalments with ease. Option was also provided to pay lump sum amount to those who did not intended to buy laptop or tab. The amount outstanding under this scheme as on 31.03.2023 was ₹ 3.87 crores.

DEPOSITS

The total deposits viz. Fixed Term Deposits under Government Guarantee increased by 10% to ₹ 13,682 crores as on 31.03.2023 as compared to ₹ 12,455 crores as of 31.03.2022. The amount outstanding under Sugama Deposits, under Government guarantee, as of 31.03.2023 was ₹ 1221 crores against the previous year's figure of ₹ 1251 crores. Short-term deposit increased to ₹ 365 crores as of 31.03.2023 from ₹ 353 crores as of 31.03.2022.

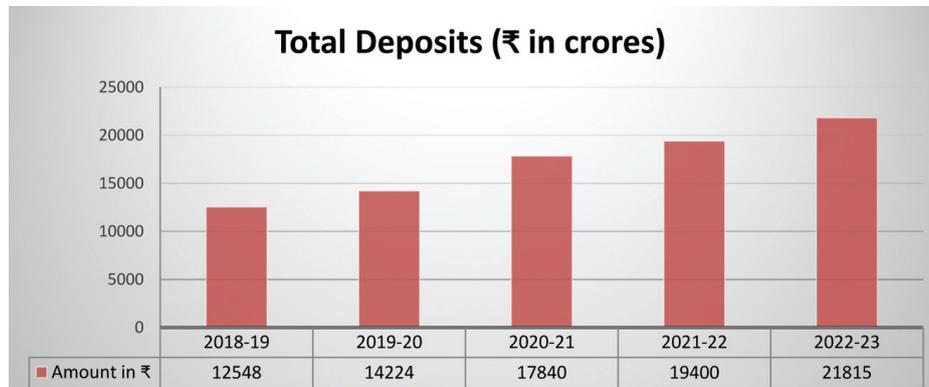
The breakup of the deposit portfolio as on 31.03.2023 is as under:

Overall Deposit Portfolio;		
	2022-23	Composition (0%) of total loans
	(₹ in Crores)	
Fixed Deposit	13682	90
Short Term Deposits	365	2
Sugama Deposits	1221	8
Total	15,268	100

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) rose by 23% and stood at ₹ 6547 crores as on 31.03.2023 as against ₹ 5341 crores as on 31.03.2022.

The total deposits of the year ended 31.03.2023 stood at ₹ 21,815 crores as against ₹ 19,400 crores as on 31.03.2022, representing a growth of 12%.



The company based on the expert opinion received, had not transferred any amount relating to unclaimed matured deposits beyond 7 years to IEPF in accordance with Section 125(2) of the Companies Act, 2013 during FY 2021-22. Repayment of deposits accepted by the Company is fully guaranteed by the State Government of Kerala and falls under the category of exempted deposits read with Rule (2)(1)(c)(i) of Companies (Acceptance of Deposits) Rules, 2014. During the year under review based on the recommendation of the Board, company has restarted transferring of unclaimed deposits beyond 7 years to IEPF and accordingly during the year under review an amount of INR 17,88,890/- was transferred to Investor Education and Protection Fund as stipulated under section 125 of the Companies Act, 2013.

NON-PERFORMING ASSETS

The total dues as on 31.03.2023 stood at ₹ 4818 crores which include RR dues of ₹ 1411 crores and Non RR dues of ₹ 3407 crores respectively. For the previous year RR dues stood at ₹ 1082 crores and Non RR dues at ₹ 3092 crores thus making total dues as 31.03.2022 to ₹ 4174 crores. The company has always accorded top priority for preventing fresh NPAs and for reducing existing default level. Company is giving emphasize to current action for current default policy to reduce the default level. A multi-pronged strategy comprising effective follow up and activation of settlement process for reducing both RR and Non RR files is actively followed.

Going forward in FY 2023-24 the company would be further intensifying its collection drive in order to maximize collections and minimizing the adverse impact of growing NPAs. The focus on managing nonperforming assets still continue with special emphasis on current default, technology up gradation via launching of CAMRA , a core solution for monitoring RR accounts and relief measures like adalat. Moreover company has implemented Receivables Management System software for current action for current default so as to arrest the default in chitties and other loan schemes from the starting stage.

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 with 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 of 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 including our Company.

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

During this period, our Core Application and the other related software were migrated to AWS Cloud. A Dashboard was introduced in CASBA, which is a graphical representation of our Business indicators. We have also provided a Chitty Quick Search with registered mobile number in ksfeonline.com. During the year under review, we have integrated more payment gateways in ksfeonline.com. Single payment towards multiple Chitty of a customer was also introduced for our customers in ksfeonline.com.

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 Mangers (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 the Right to Information Act 2005 at HO as on 31.03.2023:

Name	Designation	Department	Status Under RTI
CA Sarath Chandran S	General Manager (Finance)	Accounts	PIO
Soman K G	Asst. General Manager i/c	Business	PIO
Sujatha M T	Deputy General manager (P&HR)	Personal and Human Resource Development	PIO
Jayaprakashan K V	Deputy General Manager (IA&V)	Internal Audit & Vigilance	PIO
Krishnendu Sureshkumar	Asst. General Manager (Legal)	Legal	PIO
Nisha A B	Asst. General Manager	Information Technology	PIO
Sivadasan K	Asst. General Manager (P&B)	Planning & Business	PIO
Pramodan A	Deputy General Manager (Recovery)	Recovery	PIO
Madhumohan C K	Asst. General Manager (GAD)	General Administration	PIO
CS Emil Alex	Company Secretary	Secretarial	PIO (Secretarial) & APIO for HO
Dr. Sanil S K	Managing Director i/c		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 225 requests under RT Act at Head Office alone during the year 2022-23 compared to 269 applications received in FY 2021-22.

HUMAN RESOURCES DEVELOPMENT

PAY REVISION

The Pay Revision of KSFE employees are implemented in every 5 years period as per the Long Term Settlements arrived at between Management and the Unions/Associations representing Officers and Workmen. The settlements are implemented on getting approval from the Government. The period of existing Long Term Settlement expired on 31.07.2022.

PROMOTION TEST

As in previous years, the Promotion Test for 2022 was conducted in a time bound manner in association with M/s. CMD and Rank lists were published. The details of candidates who qualified in this promotion test as detailed below:

Promotion Test for the post of Asst. Manager		
Paper	No. of Candidates appeared	Qualified
Paper I	351	195
Paper II	544	340
Total	895	535
Promotion Test for the post of Manager Gr. IV		
Paper I	132	85
Paper II	142	104
Group Discussion and Interview	92	90
Total	366	279

CARE FOR RETIRED EMPLOYEES

Our retired employees are getting meagre pension as less than Rs. 5000/- as per EPS-95 scheme. Company introduced a scheme whereby all such employees who retired prior to 31.07.2007 should receive at least ₹ 5000/- as monthly income. If EPS

pension is less than ₹ 5000/-, the shortfall would be compensated by KSFE. The scheme was implemented from April 2020 and accordingly company disbursed ₹ 80,32,390/- during FY 2022-23 to 214 such retired employees.

TRAINING

The Company was unable to conduct onsite training programmes in the wake of Covid-19 pandemic. As the situations improved and life returned to normalcy, we resumed our Residential training programmes. The following training programmes were conducted during the financial year 2022-23:

Sl. No.	Training programme	Target Group	No. of participants Till 31.03.2023
1	Executive Development Programme for AGMs of the Company at State Bank Institute of Learning and Development	AGM's	20
2	Awareness programme for AM/DM in charge of Gold Loan	Asst. Managers	185
3	Residential Training programme for Junior Assistants at KIED, Ernakulam	Junior Assistants	159
4	Training for staff of KSFE on Digital Marketing	Assistants/ AM/Managers	81
5	Residential Training programme "Skilling Tomorrows Managers" for 4 days	Asst. Manager who qualified for Manager Gr IV Promotion	93

This commitment for skill development will persist into the following years also.

Additionally, our plans include organizing comprehensive training programmes for employees across all categories, including Office Attendants. Our goal is to equip each employee over a period of two to three years with the necessary skill sets for effective discharge of their official commitments striking a balance with their personal life, driven by a careful analysis of their specific needs.

RECRUITMENTS

The Company made a total number of 682 appointments at various entry cadre posts during the FY 2022-23. The details are as tabled below:

Post	No. of Appointments made	Male	Female
AGM (Legal)	1	1	0
Manager Gr IV	10	6	4
Junior Asst.	554	189	365
Driver	16	16	0
Office Attendant	82	12	70
PTS	19	4	15
Total	682	228	454

Cadre	Men	Women	Total
Officers	1425	1060	2485
Assistants	1622	2958	4580
Office Attendants	214	385	599
Part Time Sweepers	230	393	623
Total	3491	4796	8287

The total staff strength of the Company as on 31st March 2023 was 8287 numbers comprising 2485 Officers, 4580 Assistants and 599 Subordinate Staff besides 623 Part-Time Sweepers. Out of the total work force, the representation of women is over 57%. Furthermore, the women employees in our organization are spread across all levels of hierarchy.

DIRECTORS

The Board of Directors of Company comprises 12 Directors including Chairman and Managing Director, as on 31.03.2023. There were changes in the Board during the period under review.

Government vide GO (Rt) No. 62/2022/Taxes dated 25.08.2022 had reconstituted the Board with following members Adv, MC Raghavan, Adv. UP Joseph, Adv. Govindan Pallikappil, Mr. R Mohammed Sha, Mr. VT Joseph, Mr. T Narendran and Dr. K Sasikumar. On Completion of his tenure, Mr. VP Subramanian, Managing Director was relieved from his duties on November 30, 2022, accordingly Government vide G.O (Rt.) No.919/2022/Taxes dated 26.11.2022 had given full additional charge of Managing Director to Dr. Sanil SK.

CHANGE IN KEY MANAGERIAL PERSONNEL

On the completion of tenure of Mr. VP Subramanian, Managing Director, Government vide G.O (Rt.) No.919/2022/Taxes dated 26.11.2022 has given full additional charge of Managing Director to Dr. Sanil S K. There were no other changes in Key Managerial Personnel during the FY 2022 – 23.

COMPLIANCE DEPARTMENT

The Company has institutionalized a strong compliance culture and mechanism across the Company, under its strategic goals of transparency and trust, among all its stakeholders. The Company Secretary is responsible for ensuring compliance with various Acts, Rules and regulations, especially the 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, guide on compliance-related matters, among others.

INTERNAL AUDIT & VIGILANCE

There is a system in place for internal audit of all branches on a regular basis. The Company has 28 dedicated teams that undertake routine branch inspection at regular intervals. Apart from the foregoing, the company undertakes surprise inspection and special investigation (Preventive Vigilance Team) at its branches on all required cases and situations. Internal audits have been properly conducted at all branches (100%) for the reported year (2022-2023). Furthermore, the audits for the FY 2023–2024 are progressing seamlessly.

The Company is taking continuous steps to improve the control system and to prevent occurrence of fraud/irregularities. It has continued its efforts to align all its processes and controls with best practices.

The Company is committed to develop a culture wherein it is safe for all employees to raise concerns about any poor or unacceptable practice and any event of misconduct. Accordingly, the Board of Directors has formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177 (10) of the Companies Act 2013. The policy provides for a framework and process whereby concerns could be raised by its employees against any kind of discrimination, harassment, victimization or any other unfair practice being adopted against them. More details on the Vigil mechanism and the Whistle Blower Policy of your Company have been outlined in the Corporate Governance Report which forms part of this report. The “KSFE Whistle Blower Policy” can be accessed on the Company’s website at the links: <http://ksfe.com/whistle-blower-policy/>

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 2023, the applicable accounting standards were 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

2022-23 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 Annual accounts for the financial year ended 31st March, 2023, 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 that
- (f) They have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

AUDIT

➤ STATUTORY AUDIT

M/s. K Varghese & Co., Chartered Accountants, Kollam were appointed as Central Statutory Auditors for FY 2022-23, by the Comptroller & Auditor General of India (C&AG) for Corporate Office, Auditors of Branches under Thrissur Region and Regional Consolidation of accounts of 16 Regional Offices. They will hold office till conclusion of the ensuing Annual General Meeting. C&AG have appointed M/s Abraham & Jose, Chartered Accountants, Thirssur as Statutory Auditors for the year 2023-24.

The Central Statutory Auditors have been paid a total remuneration of INR 11.60 lakhs towards audit fees, certification and other services. The above fees exclude taxes, reimbursement of travelling and out of pocket expenses.

➤ BRANCH/REGIONAL AUDITORS

The following firms of Chartered Accountants were appointed by Comptroller and Auditor General of India as Branches/Regional Auditors for the year 2022-23.

SI No	Name of the Auditors	Branches/Regions
1	Paulson & Co, (SR 1411), 37/2830, main road, Deshabhimani Junction, Kaloor Ernakulam, Kochi – 682017, Kerala	Auditors of Branches under Ernakulam (Urban) Region, Regional Office for Regional Consolidation of accounts and Tax audit
2	Elias george & Co (SR0082) 28/1968A, EGC House, H.I.G Avenue Gandhi Nagar Kochi-682020, Kerala	Auditors of Branches under Ernakulam (Rural) Region, Regional Office and could be consolidate Regional Consolidation of accounts and Tax audit
3	Dharmalingam & Associates (SR1098) TC 40/270, Second Puthen Street, Spasra 27, Manacaud Post Thiruvananthapuram - 695009	Auditors of Branches under Trivandrum (Urban) Region, Regional Office and Regional Consolidation of accounts and Tax audit
4	Ranjith Karthikeyan Associates (SR 1018) 12/654 Pranam Thampuranmukku, Vanchiyoor P.O. Thiruvananthapuram - 695035, Kerala	Auditors of Branches under Thiruvananthapuram (Rural) Region, Regional Offices and Regional Consolidation of accounts and Tax audit
5	B S J & Associates, (SR 1972)1 st Floor, Amar Villa, Near Malayala Manorama Office, Wayanad Road, Kozhikode - 673011	Auditors of Branches under Kozhikode (Urban) Region, Regional Office and Regional Consolidation of accounts and Tax audit
6	Pavithran & Murali (SR 0682) 11/266 F Opp. Bharath Petroleum Pump Cherooty Road, Calicut, Kozhikode - 673 032, Kerala	Auditors of Branches under Kozhikode (Rural) Region, Regional Office and Regional Consolidation of accounts and Tax audit
7	Rangamani & Co (SR 2296) Rohini Lakshmi Nada Near Cutcherry Post Office Kollam -691013	Auditors of Branches under Kollam (Urban) Region, Regional Office and Regional Consolidation of accounts and Tax audit

SI No	Name of the Auditors	Branches/Regions
8	K Venkatachalam Aiyer & Co (SR 0012), Uzhichakam Veedu, Sreekrishna Swamy Kshethram, 2 nd Floor, Kollam - 691 001	Auditors of Branches under Kollam (Rural) Region, Regional Office and Regional Consolidation of accounts and Tax audit
9	Ayyar & Cherian (SR 0123) Keralapuram Buildings, Sreenivasa Ayyar Road, Kottayam - 686001	Auditors of Branches under Kottayam Region, Regional Office Regional Consolidation of accounts and Tax audit
10	Babu A Kallivayalil & Co (SR 0763), PT Usha Road, Manchu Complex, Ernakulam, Kochi - 682011	Auditors of Branches under Kannur Region, Regional Office and Regional Consolidation of accounts and Tax audit
11	Elias George & Co (SR 0082) 38/1968 A, EGC House, HIG Avenue Gandhi Nagar Kochi - 682020	Auditors of Branches under Alappuzha & Kattappana Regions, Regional Office and Regional Consolidation of accounts and Tax audit
12	Jacob & George (SR 0743) Chartered Accountants, BB Complex South Bazar, Kannur - 670002.	Auditors of Branches under Malappuram Region, Regional Office and Regional Consolidation of accounts and Tax audit
13	K Venkatachalam Aiyer & co (SR 0012) No.30, Aadarsh First Floor Indirani Nagar, Near Chunnambuthara Vadakkanthara, Palakkad - 678 012	Auditors of Branches under Palakkad Region, Regional Office and Regional Consolidation of accounts and Tax audit
14	Dhan & Co (SR 0312) T.C 4/1274 Krishna, Kuravankonam, Thiruvanthapuram 695003	Auditors of Branches under Pathanamthitta Region, Regional Office and Regional Consolidation of accounts and Tax audit

The fees paid to Branches / Regional Auditors towards audit fees, certification and other services was INR 1.04 crores. The above fees exclude applicable taxes, reimbursement of travelling and out of pocket expenses.

➤ SECRETARIAL AUDIT

The Board had appointed M/s SMS & CO LLP, Practicing Company Secretaries, Thrissur, to conduct the Secretarial Audit of the Company for the year 2022-23. The Secretarial Auditor in his report have stated that during the period under review the Company had complied with the applicable provisions of the Acts, Rules, Regulations, guidelines, Standards except for those observations mentioned in Secretarial Audit Report, which is appended as Annexure-II. Management reply to the observations of the Secretarial Auditor is attached as an addendum to Director's report.

➤ AUDITORS' REPORT

Auditors' Report on the annual accounts for the financial year 2022-23 is appended to this report. Replies to observations of Statutory Auditors are attached as an addendum to this report.

➤ COMMENTS OF C&AG U/S 143 (6) (b) OF COMPANIES ACT, 2013 ON THE STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED AND STANDALONE FINANCIAL STATEMENTS FOR THE FY 2022-23

The Comments of Comptroller & Auditor General of India (C&AG) and replies thereto forms part of this report and are attached as 'Annexure- IV'.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

KSFE is committed to the society at large through its CSR initiatives. The Company meticulously took care of its social responsibility and spent INR 3.10 crores during the financial year 2022-23.

Annual Report on CSR activities including the composition of CSR Committee is enclosed as Annexure-III to the report.

The details of the CSR policy, projects and programmes are available on the website of the Company at <https://www.ksfe.com/csr>

PREVENTION OF SEXUAL HARASSMENT AT THE WORK PLACE

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 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	– 3
Number of complaints pending as at the end of the financial year	– 2

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

RELATED PARTY TRANSACTIONS

There had 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) along with 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 2022-23, 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 well within the period prescribed under the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

There are no transactions of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013.

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.

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, 2023 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.

REGULATORY OR COURT ORDER:

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 particularly Taxes (H) Department, the Reserve Bank of India, various Departments of State Governments and Statutory Auditors. The Directors would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from our legal consultants, tax consultants, IT consultant, bankers, advocates, business associates, members, customers and other stakeholders. Your Directors recognize the patronage extended by the valued customers for the products of the Company and promise to provide them the best satisfaction. The Board would like to express its sincere appreciation for the dedicated efforts made and valuable services rendered by all the employees collectively and concertedly as a team towards the Company's achievements during the year 2021-22.

For and on behalf of the Board of Directors,

Date : 17.02.2024
Place : Thrissur

Sd/-
K Varadarajan
Chairman
DIN: 08157496

Sd/-
Dr. Sanil S K
Managing Director i/c
DIN: 09811727

ADDENDUM TO THE DIRECTORS' REPORT

COMPANY'S REPLIES TO STATUTORY AUDITOR'S OBSERVATION IN THEIR REPORT

Point No.	Statutory Auditor's Observations	Company's Remarks
1	<p>The company follows the practice of recognising the income by way of forfeited veethapalisha only after the respective chit is terminated and all the arrears are settled. Accordingly, a sum of Rs.1,85,330.74 lakhs has been accumulated as 'unpaid veethapalisha' and classified under Finance payable- Chitty/Kuri under 'other financial liabilities'. The above balances includes forfeited veethapalisha amounting to Rs.19,575.48 lakhs relating to the forfeited chitty tickets, which in any way, does not relate to the arrears outstanding under such chits. Hence, in our opinion, the company ought to have applied the principles of Ind AS 115 for the recognition of revenue from the chits and accordingly, the above balances in its entirety, should have been recognized as income as soon as the stage wise performance obligations have been satisfied by the customer. This violation of the principles of Ind AS 115 has resulted in overstatement of the 'other financial liabilities and understatement of the 'revenue from chit fund operations' under revenue from operations amounting to Rs.19,575.48 lakhs.</p>	<p>The Company had been following recognition of forfeited veethapalisha as income at the time of termination of chitties after reducing the default under respective chitties. The same practice was followed by the Company consistently and is being continued even after the migration to IndAS. The auditors for the FY 2021-22 had objected the point of recognition of forfeited veethapalisha as income and suggested to seek the opinion from Expert Advisory Committee of ICAI. Accordingly, the Company had sought the opinion from ICAI regarding the point of recognition of forfeited veethapalisha as income and the opinion from ICAI is still awaited. Hence, the Company has continued with the same practice of recognition of income for FY 22-23 as followed in previous years</p>
2	<p>Un-reconciled balances/suspense accounts</p> <ul style="list-style-type: none"> • With respect to 'Other non-financial liabilities' the carrying amount includes a sum of 646.10 lakhs being the unreconciled balances in terminated chits. • The carrying amounts of 'other financial liabilities' and 'provisions' include 36,570.95 Lakhs and 8.09 lakhs respectively, being the net balances of unreconciled suspense accounts, the nature of which is not ascertainable. The impact of such balance on gross or net basis on the financial statements are not ascertainable. The amounts are significant and likely to have the effect of material overstatement of financial liabilities. 	<p>The terminated chitty suspense represent amount received from subscriber in terminated and closed chitties. It is a temporary parking of remittance received in terminated chitties and it is transferred to chitty as and when remittance is sufficient to complete an installment amount. Thus there is no un-reconciled amount in this head as stated,</p> <p>The major portion of "other financial liabilities" ₹ 36570.95 lakhs comprises chitty suspense amounting to ₹ 26915 lakhs which primarily includes advance installment amount received from subscribers before the date of auction which will be transferred to their chit account on the date of auction. Further this account includes incomplete installment amount (ie, less than the full installment amount) received from subscribers. Another major amount represents General suspense ₹ 9523 lakhs which is a temporary parking account head of collections received from customers with insufficient/ mismatch details which would be transferred to correct accounting head whenever the correct details are obtained. Thus there is no un-reconciled amount under this group too as stated by audit</p> <p>The provision of ₹ 8.09 lakhs represents the provision against fraud/misappropriation reported in Thiruvalla branch. The case is not yet settled and hence the provision is continuing in books of accounts.</p>

Point No.	Statutory Auditor's Observations	Company's Remarks
3	<p><i>In respect of some branches, the company has not correctly accounted for the impact of the unidentified credits and debits in the bank accounts and time-barred and dishonoured cheques, which are long outstanding and kept pending in the bank reconciliation. In our opinion, the company ought to have reversed such balances to the respective personal/party accounts, thereby reversing the transactions from the bank accounts. This could have resulted in the understatement or overstatement of the balances accounted under 'Balance with Banks/Treasury' and corresponding personal account. The total unadjusted debit and credit balances in bank reconciliation statements of Kozhikode Rural, Kozhikode Urban, Ernakulam Urban, Ernakulam Rural and Kattappana Region are of Rs.30,11,755 and Rs.2,01,67,287.70 respectively. In the absence of sufficient information from other regions, we are unable to comment the impact of the same on the financial statement of the company.</i></p>	<p>Certain customers transfer their chit/loan installments directly to branch bank account without adequate details and hence the branch cannot identify the concerned account and transfer the amounts. Moreover due to some errors from the side of banks, certain unwanted credits and debits appear. When branches prepare bank reconciliation statements, these amounts are kept in credit as unidentified credit and reconciliation is carried out. Later on identifying the customer accounts or details of such credits, branches transfer the amount to chitty/loans or adjust the same to the appropriate heads.</p> <p>As part of our annual closing instructions for FY 2022-23, we had issued directions to transfer unidentified credits beyond 3 months to Miscellaneous Income and unidentified debits beyond 3 months to Miscellaneous. Also in the case of cheques unrepresented/ unrealized beyond 3 months, strict directions had been given to reverse the same without fail. However, some unidentified credits / debits in five regions, as pointed out by audit has been noticed. Necessary directions have already been given to rectify the same.</p>
4	<p><i>The company has classified the 'Amount Recoverable from Prized Subscribers' amounting to Rs. 33,53,507. 51 Lakhs as loans under financial assets measured at amortized cost. As per the provisions of Ind AS 109 'Financial Instruments' read with Ind AS 107 and 32, income from any financial asset measured at amortized cost shall be measured using the effective interest rate method, by applying the effective interest rate (EIR) to the gross carrying amount of the asset. This accounting treatment, according to the company management is not practical to the business model of the company and hence has not been followed. In the absence of adequate information, we are unable to comment on the impact of the same on the financial statements of the company.</i></p>	<p>The amount recoverable from Prized Subscribers amounting to ₹ 33,779 Crores includes various heads of account viz. prized collection, piricheduppu, prize amount paid, prize amount paid in advance, amount receivable from subscribers in terminated chitty etc. As per IndAs 109, Effective Interest Rate (EIR) is the rate that exactly discounts the expected future cash receipts through maturity to the net carrying amount at initial recognition. Amortized cost method involves calculation of present value of all future cash flows expected throughout the life of financial assets at the prevailing rate of interest. The future amount recoverable from the prized subscribers will not be known in advance as it is impractical to ascertain the probable default in various chitty which may occur during the entire future tenure of the chit. It may be further noted that the auditors have stated to measure only the amount recoverable from prized subscribers at EIR. However, there is a corresponding Liability against the head "Amount recoverable from prized subscribers" i.e, Finance payable – Chitty/Kuri which reflects, amounts due to Non Prized Subscribers amounting to ₹ 30934 Crores which has not been considered by the auditors. The head mainly includes non-prized collections, auction veethapalisa, forfeited veethapalisa prize money payable, removed subscriber's contribution etc.</p> <p>The amount recoverable from prized subscribers and amount due to non prized subscribers shown separately is only for disclosure purpose as per Ind As 32. Chitty is a unique product and cannot be equated to loans. We are also not aware of any chit company that has migrated to Ind AS and</p>

		<p>there is no specific model for chit business for measuring the same using effective interest rate (EIR), thus compliance with the said observation is impractical. The said suggestion that EIR working has to be calculated and compared with the present method is not possible as calculation under EIR could not be done due to reasons mentioned above.</p>
5	<p><i>Company has not transferred the entire amount of the contribution received from removed subscribers amounting to Rs.18,449.19 Lakhs to a separate bank account, which is in violation of Section 30 (1) of Chit Funds Act, 1982. This has resulted in non-compliance with the provisions of Chit Funds Act, 1982. The impact of this non-compliance for the purpose of standards on auditing 250 (SA 250) in the balance sheet is unlikely to be a material misstatement except for likely penalties imposable for non- compliance.</i></p>	<p>It may be noted that Section 30(1) of Chit Fund Act, 1982 stipulates deposit of Removed Subscribers Contribution in an identifiable account with an approved bank. We had sought exemption from this provision which was not favourably considered by Gok. Subsequently we have sought permission from GoK to deposit RSC due with Government Treasury instead of Bank account, reply of which is still awaited. As soon as the above permission is received, necessary steps would be initiated to comply with the above directions</p>
6	<p><i>The role of the company as an agent of Government of Kerala in respect of Revised Bhadratha Social Security Scheme (RBD) on the commission basis. The scheme has been discontinued; however, the Social Security Scheme (Revised Bhadratha) account shows a net balance of Rs.3066.58 lakhs due to pending reconciliation. In the absence of confirmation and reconciliation, the impact thereof, if any on the financial statements are not ascertainable at this stage.</i></p>	<p>Bhadratha Social Security Scheme (since discontinued) was a scheme of Government of Kerala during November 1977 in which the Company has been appointed as the agent for running the scheme. The scheme was operated by the Company through it's various branches spread throughout the State. Since the scheme was introduced by Govt of Kerala, prior sanction of Govt is required for settling the account.</p> <p>Balance under the group "Social Security Scheme (Revised Bhadratha)" comprises the following heads:-</p> <ul style="list-style-type: none"> ◆ Revised Bhadratha Deposit ◆ Interest on RBD payable to Govt ◆ Interest accrued on RBD ◆ Treasury Saving Bank Accounts ◆ Bhadratha int. accrued and receivable from Government ◆ Commn. Receivable from Govt ◆ Treasury Resumptions <p>Even though the aforesaid scheme has been since discontinued, some of the deposits along with the interest need to be still refunded and as such there is an outstanding balance in this account. Statement of Revised Bhadratha holders forms part of our closing financial statements, which confirm the balance in the General Ledger accounts with personal accounts of RBD holders. Amount in respect of this account is lying in separate Treasury Accounts held by branches. As these amounts were collected on behalf of GoK, periodical resumptions by Government from these accounts happen. Necessary instruction has been issued to branches to locate RBD holders to the maximum extent possible to repay the deposits. Underlying Treasury Accounts are also getting reconciled periodically. Amounts payable to Government will be settled in consultation with GoK. Thus there is no un-reconciled amount under this group as stated by audit</p>

REPLY TO OBSERVATIONS OF SECRETARIAL AUDITOR

Point No.	Statutory Auditor's Observations	Company's Remarks														
10	<i>I further report that the company has not transferred the entire amount of the contribution received from removed subscribers amounting to Rs. 18449.19 lakhs to a separate bank account, which is in violation of section 30(1) of the Chit Funds Act, 1982. This has resulted in non-compliance with the provisions of Chit Funds Act, 1982.</i>	Company has already taken necessary steps to transfer Removed Subscribers Contribution amount as stipulated under Chit Fund Act, 1982. Company has sought necessary approvals from the Government to transfer and maintain the same in a Treasury Savings Banks A/c instead of Bank A/c. We have received necessary approvals from Government to open TSB A/c and we have already transferred INR 99 crores to the account, balance amount will be credited to the account before March 31, 2024.														
12	<p><i>Based on the Reports of the Auditors as on 31st March 2023, the particulars of various statutory dues which have not been deposited on account of dispute, are as follows;</i></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Name of the statute</th> <th style="text-align: center;">Nature of dues</th> <th style="text-align: center;">Amount (in lakhs)</th> <th style="text-align: center;">Period to which the amount relates</th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="text-align: center;">Finance Act, 1994</td> <td rowspan="2" style="text-align: center;">Service tax</td> <td style="text-align: center;">0.66</td> <td style="text-align: center;">July 2012-October 2012</td> </tr> <tr> <td style="text-align: center;">3.64</td> <td style="text-align: center;">2012-13 to 2014-15</td> </tr> <tr> <td style="text-align: center;">Income Tax Act, 1961</td> <td style="text-align: center;">Income Tax</td> <td style="text-align: center;">5973.71</td> <td style="text-align: center;">AY 2018-19</td> </tr> </tbody> </table>	Name of the statute	Nature of dues	Amount (in lakhs)	Period to which the amount relates	Finance Act, 1994	Service tax	0.66	July 2012-October 2012	3.64	2012-13 to 2014-15	Income Tax Act, 1961	Income Tax	5973.71	AY 2018-19	With respect to various statutory dues pending to be deposited as on March 31, 2023. We would like to point out that since the appeal is pending before appropriate authorities, the disputed amount has been shown under the contingent liability head in the financial statement as per the existing provisions.
Name of the statute	Nature of dues	Amount (in lakhs)	Period to which the amount relates													
Finance Act, 1994	Service tax	0.66	July 2012-October 2012													
		3.64	2012-13 to 2014-15													
Income Tax Act, 1961	Income Tax	5973.71	AY 2018-19													
13	<i>It has been observed from the Reports of the Auditors that the Company has not complied with the applicable Accounting Standards vis a viz IND AS 115, 109 & 107 issued by the Institute of Chartered Accountants in India.</i>	We have complied with relevant IND AS to the maximum extent possible. It is also pertinent to note that considering the peculiar nature of the business i.e. Chitty Business, few IND AS could not be applied vis a viz AS 115, 109 & 107 arising to practical constraints. Considering the statutory auditor observation and as per the recommendation of the audit committee, we have appointed M/s Varma & Varma, Chartered Accountants, Thrissur as our IND AS Consultants. As per the recommendation of the Board we have already written to Expert Advisory Committee of ICAI for an expert opinion on accounting forfeited veethapalisa as per IND AS 115.														
14	<i>It has been observed from the Reports of the Auditors and financials for the financial year 2022-23, the company has been generally regular in depositing undisputed statutory dues including Provident Fund and other material statutory dues with the appropriate authorities and there were no outstanding except the amount payable to provident fund amounting to Rs. 33.16 lakhs for the period from 2004-2022.</i>	These payments were made in subsequent Financial Years and as on date no balance remains due to EPF. The main reason for the delay is due to the delay in submitting requisite details by the new joinees, and in cases where employees are on deputation the amount are remitted on a yearly basis. There were around 245 PSC new appointments in FY 2021-22 and there was delay in submission of relevant details by the new appointees, which resulted in the aforesaid delay. The due amount was remitted with the department in the month of April 2024.														

**EXTRACT OF ANNUAL RETURN
FORM NO. MGT 9**

As on financial year ended on 31.03.2023
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: cs@ksfe.com
6	Whether listed company	NO
7	Name, Address & Contact details of the Registrar & Transfer Agent, if any.	- N I L -

I. 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.

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
- N I L -					

I. 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-2021]				No. of Shares held at the end of the year [As on 31-March-2020]				% 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 ₹ 1 lakh	NIL	2	2	-	NIL	2	2	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs1 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

(ii) Shareholding of Promoters

Sl.No.	Shareholder's Name	Shareholding at the end 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

(iii) Change in Promoters' Shareholding:

Sl. 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

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs): - NIL

Sl. 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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. 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	Sini J Shukkor				
	At the beginning of the year	1	0.00001	0	-
	Date wise Increase/Decrease in Shareholding during the year: Go (Rt) No. 591/2021/Taxes dated 01.09.2021	-	-	0	-
	At the end of the year	0	-	0	-
2	BS Preetha				
	At the beginning of the year	1	0.00001	0	-
	Date wise Increase/Decrease in Shareholding during the year: Go (Rt) No. 685/2021/Taxes dated 11.10.2021	-	-	0	-
	At the end of the year	0	0.00001	0	-

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	₹ 346,947.07	₹ 2,041,208.25	-	₹ 2,388,155.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	₹ 346,947.07	₹ 2,041,208.25	-	₹ 2,388,155.33
Change in Indebtedness during the financial year				
* Addition	₹ 56014.19	₹ 257415.27	-	₹ 313429.45
* Reduction	(-)	(5737.33)	-	(1 5737.33)
Net Change	(₹ 56014.19)	₹ 251,677.94	-	₹ 307,692.13
Indebtedness at the end of the financial year				
i) Principal Amount	₹ 402,961.25	₹ 22,92,886.20	-	₹ 2,695,847.46
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	₹ 402,961.25	₹ 22,92,886.20	-	₹ 2,695,847.46

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in INR)

Sl.No.	Particulars of Remuneration	K Varadarajan	VP Subramanian	Sanil SK	Total
1	Gross Salary	₹ 2,40,000/-	₹ 21,43,879/-	₹ 12,38,937/-	₹ 36,22,816/-
	(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	₹ 79,000/-	-	-	₹ 79,000/-
	HRA	-	-	-	-
	Other	₹ 71,246/-	₹ 2,63,765/-	₹ 1,49,119/-	₹ 4,84,130/-
	Total (A)	₹ 3,90,246/-	₹ 24,07,644/-	₹ 13,88,056/-	₹ 41,85,946/-
	Ceiling as per the Act	NA		NA	NA

A. Remuneration to other directors:

(Amount in INR)

A. Independent Directors				
SLNo	Name	Fee for attending Board / Committee Meetings	Others, please specify	Total
None				NIL
B. Other Non-Executive Directors				
Sl. No.	Name	Sitting Fees	Others, please specify (Mobile/Travel Allowance, Festival Allowance etc.)	Total
1	Adv. V K Prasad	₹ 10,500/-	₹ 43,529/-	₹ 54,029/-
2	Adv. Reji Zachariah	₹ 9,000/-	₹ 38,655/-	₹ 47,655/-
3	R Rajagopal	₹ 7,500/-	₹ 41,273/-	₹ 48,773/-
4	Vijayan Cherukara	₹ 6,000/-	₹ 34,446/-	₹ 40,446/-
5	R Mohammed Sha	₹ 39,000/-	₹ 97,488/-	₹ 136,488/-
6	D Narayana	₹ 7,500/-	₹ 39,149/-	₹ 46,649/-
7	K N Gangadharan	₹ 6,000/-	₹ 25,880/-	₹ 31,880/-
8	P V Unnikrishnan	₹ 4,500/-	₹ 5,560/-	₹ 10,060/-
9	P K Anandakuttan	₹ 13,500/-	₹ 48,266/-	₹ 61,766/-
10	P C Pillai	₹ 7,500/-	₹ 33,050/-	₹ 40,550/-
11	K Inbasekar, IAS	₹ 19,500/-	₹ 17,990/-	₹ 37,490/-
12	Sini J Shukkoor	₹ 34,500/-	₹ 38,207/-	₹ 72,707/-
13	BS Preetha	₹ 39,000/-	₹ 46,335/-	₹ 85,335/-
14	T Narendran	₹ 24,000/-	₹ 44,183/-	₹ 68,183/-
15	Dr Sasikumar K	₹ 32,500/-	₹ 41,818/-	₹ 74,318/-
16	VT Joseph	₹ 29,000/-	₹ 52,857/-	₹ 81,857/-
17	Adv Govindan Pallikappil	₹ 24,500/-	₹ 45,937/-	₹ 70,437/-
18	Adv MC Raghavan	₹ 33,000/-	₹ 55,952/-	₹ 88,952/-
19	Adv UP Joseph	₹ 35,000/-	₹ 38,183/-	₹ 73,183/-
Total (2)		₹ 11,70,778/-		
Total (B) = (1 + 2)		₹ 11,70,778/-		
Total Managerial Remuneration*		₹ 53,56,724/-		
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
		Emil Alex (Company Secretary)	
1	Gross salary	₹ 17,70,855/-	₹ 17,70,855/-
	(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	₹ 14,485/-	₹ 14,485/-
	Total	₹ 17,85,340/-	₹ 17,85,340/-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties/punishments/compounding of offences for the year ending 31st March 2022.

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/-
K Varadarajan
Chairman
DIN: 08157496

Sd/-
Dr Sanil SK
Managing Director i/c
DIN: 09811727

Date: 17.02.2024

Place: Thrissur

Form No. MR-3
Secretarial Audit Report for the financial year ended 31st March 2023
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
M/s Kerala State Financial Enterprises Limited
CIN: U65923KL1969SGC002249
P B NO 510, Bhadratha Museum Road,
Thrissur – 680 020, Kerala, India

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **Kerala State Financial Enterprises Limited** (hereinafter called as 'the Company'). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and orders and circulars issued by government and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, and subject to letter annexed herewith, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31 March 2023, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place subject to the reporting made hereinafter.

Opinion

I have examined the books, registers, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31 March 2023, according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Chit Funds Act, 1982 and Kerala Chit Fund Rules 2012.
- III. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **Not applicable to the Company for the year under review;**
- IV. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **Not applicable to the Company for the year under review;**
- V. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent applicable during the period under review of Overseas Direct Investment; External Commercial Borrowings - **These rules and not attracted to the Company for the year under review;**
- VI. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable to the Company for the year under review;**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - **Not applicable to the Company for the year under review;**
 - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **Not applicable to the Company for the year under review;**

- d. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not applicable to the Company for the year under review;**
- e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – **Not applicable to the Company for the year under review;**
- f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable to the Company for the year under review;**
- g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **Not applicable to the Company for the year under review;**
- h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client – **Not applicable to the Company for the year under review;**
- i. The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 – **Not applicable to the Company for the year under review;**

I have also examined compliance with the applicable clauses of the following:

- a. Rules, Regulations and Guidelines issued by the Reserve Bank of India as are applicable to **Miscellaneous Non-Banking Financial Company** which are specifically applicable to the Company.
- b. Secretarial Standards pursuant to section 118(10) of the Act, issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. The company is a **Miscellaneous Non-Banking Financial Company** conducting the business of chit and is regulated by the Ministry of Finance, Government of Kerala. Hence, the chit companies are exempt from the provisions of section 45-IA of the RBI Act, 1934.
2. The Company from time to time has obtained necessary prior approval from Taxes Department, Ministry of Finance, Government of Kerala for conducting various denomination Chits.
3. As per the independent Statutory Auditors Report for the year ended 31/03/2023 the Company has disclosed the impact of pending litigations on its financial position and disclosed in its standalone financial statements
4. I further report that:
 - a. The Board of Directors of the Company is duly constituted and the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - b. Adequate notice of at least seven days was given to all directors to schedule the Board Meetings and Meetings of Committees except in some cases where the meeting was held on a shorter notice. Agenda and detailed notes on agenda were sent in advance in adequate time before the meetings and a system exists for Directors for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - c. On verification of minutes, we have not found any dissent/disagreement on any of the agenda items discussed in the Board and Committee meetings from any of the Directors and all the decisions are carried through.
5. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.
6. Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India is fully complied by the company during the year.
7. The company held the Annual general meeting on 28/09/2023 but the item of adoption of accounts was adjourned since the supplementary audit as envisaged under Section 143(6)(b) of Companies Act, 2013 was pending as on date.

8. *Adoption of Financials for the year 2021-2022 is still pending since supplementary audit report as per section 143(6)(b) by Comptroller and Auditor General of India is yet to be received by the Company.*
9. *The company is yet to declare dividend for FY 2021-22 since the financials are not yet adopted in the AGM of the Company.*
10. *I further report that the company has not transferred the entire amount of the contribution received from removed subscribers amounting to Rs. 18449.19 lakhs to a separate bank account, which is in violation of section 30(1) of the Chit Funds Act, 1982. This has resulted in non-compliance with the provisions of Chit Funds Act, 1982.*
11. *I further report that Company has transferred unclaimed matured deposits due as on 31st March 2023 amounting to Rs.17,88,890/- to Investor Education and Protection Fund on 29/07/2023, as stipulated by section 125 of Companies Act, 2013.*
12. *Based on the Reports of the Auditors as on 31st March 2023, the particulars of various statutory dues which have not been deposited on account of dispute, are as follows;*

Name of the statute	Nature of dues	Amount (in lakhs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service tax	0.66	July 2012-October 2012	Commissioner of Central Excise & Customs (appeals)
		3.64	2012-13 to 2014-15	
Income Tax Act, 1961	Income Tax	5973.71	AY 2018-19	Commissioner of Income Tax (Appeals), Kochi

13. *It has been observed from the Reports of the Auditors that the Company has not complied with the applicable Accounting Standards vis a viz IND AS 115, 109 & 107 issued by the Institute of Chartered Accountants in India.*
14. *It has been observed from the Reports of the Auditors and financials for the financial year 2022-23, the company has been generally regular in depositing undisputed statutory dues including Provident Fund and other material statutory dues with the appropriate authorities and there were no outstanding except the amount payable to provident fund amounting to Rs. 33.16 lakhs for the period from 2004-2022.*

Sd/-
SURESH. M. V
 COMPANY SECRETARY IN PRACTICE
 SENIOR PARTNER
 SMS&CO, COMPANY SECRETARIES, LLP
 Membership Number: 9741
 Certificate of Practice: 17830
 UDIN:

Date: 07.11.2023
 Place: Thrissur

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Annexure A

To,

The Members,
Kerala State Financial Enterprises Limited
CIN: U65923KL1969SGC002249
P B NO 510 Bhadratha Museum Road
Thrissur – 680 020, Kerala, India

My Secretarial Audit Report for Financial Year ended on 31 March 2023 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have relied on the audited financial furnished by the Management, for the purpose of verification of correctness and appropriateness of financial records and Books of Account by the Company. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards keeping of records is the responsibility of the management. My examination was limited to the verification of procedure on the test basis.
4. The Company did not produce the documents related any specific violations/cases against the company/fines, penalties etc. imposed by the any authority. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. I have not verified the correctness and appropriateness of financial records and Books of Account of the company
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sd/-

SURESH. M. V
COMPANY SECRETARY IN PRACTICE
SENIOR PARTNER
SMS&CO, COMPANY SECRETARIES, LLP
Membership Number: 9741
Certificate of Practice: 17830
UDIN:

Date: 07.11.2023
Place: Thrissur

ANNUAL REPORT ON CSR ACTIVITIES FOR YEAR ENDED 31ST MARCH, 2023
1) Brief outline on CSR Policy of 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 both 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 is responsible for 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. The CSR Policy of the Company can be accessed in the Company's website "www.ksfe.com" under Media.

2) Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Sri. K Varadarajan	Chairman, Non-independent Non-Executive Director	02	02
2	Dr Sanil SK	Member, Non-Independent, Managing Director	02	02
3	Adv. MC Raghavan	Member, Independent, Non-Executive Director	02	02
4	Adv. Govindan Pallikappil	Member, Independent, Non-Executive Director	02	01
5	Sri. T Narendran	Member, Independent, Non-Executive Director	02	02
6	Sri. VT Joseph	Member, Independent, Non-Executive Director	02	02

3) Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

The average CSR obligation in pursuance of subsection (5) of section 135 of the Act, in the three immediately preceding financial years is less than ₹ 10 Crores and hence impact assessment is not applicable.

4) Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

Composition of CSR Committee	https://ksfe.com/csr/
CSR Policy	https://ksfe.com/csr/
CSR projects	https://ksfe.com/csr/

5) Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in INR)	Amount required to be set-off for the financial year, if any (in INR)
1	2019-20	Nil	Nil

2	2020-21	Nil	Nil
3	2021-22	Nil	Nil
	Total	Nil	Nil

- 6) **Average net profit of the company as per section 135(5)** : ₹ 155,00,00,000/-
- 7) (a) Two percent of average net profit of the company as per section 135(5) : ₹ 3,10,00,000/-
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
- (c) Amount required to be set off for the financial year, if any : Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 3,10,00,000/-
- 8) (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹ crs)	Amount Unspent (in ₹ Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135 (6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
3.10	2.55	03.05.2023	-	-	-

- (b) Details of CSR amount spent against on-going projects for the financial year:

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount allocated for the project (in ₹)	(7) Amount spent in the current financial Year (in ₹)	(8) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	(9) Mode of Implementation - Direct (Yes/ No)	(10) Mode of Implementation - Through Implementing Agency	
										Name	CSR Registration number
1.	Online Education System to Schools in Kattakkada, Thiruvananthapuram	[Promoting education including special education [Schedule VII (ii)]]	No	Kerala	Thiruvananthapuram	10,00,000/-	10,00,000/-	-	No	Aswas Foundation, Bengaluru	CSR000368 27
2.	Purchasing 130 semi fowler beds for the use of Ashraya Charitable Society	[Setting up facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups [Schedule VII (iii)]]	No	Kerala	Kottarakara	25,00,000/-	-	25,00,000/-	No	Ashraya Charitable Society, Kalayapuram,	CSR000203 47
3.	Purchasing a vehicle for transporting patients for the use of EMS Charitable Society, Konni	Promotion of Health Care [Schedule VII (i)]	No	Kerala	Pathanamthitta	11,39,290/-	11,39,290/-	-	No	EMS Charitable Society, Konni, PTA	CSR000467 69
4.	Additional Funds for purchasing Ambulance for the use of Comm. M Aliyaar Charitable Society, Tvm	Promotion of Health Care [Schedule VII (i)]	No	Kerala	Thiruvananthapuram	10,00,000/-	-	10,00,000/-	No	Comm. M Aliyaar Charitable Society, Tvm	CSR000544 15

	Additional Funds										
5.	Purchasing Ambulance for the use of Njarakkal Taluk Hospital, Njarakkal, Vypin, Kochi	Promotion of Health Care [Schedule VII (i)]	No	Kerala	Ernakulam	20,00,000/-	-	20,00,000/-	No	Njarakkal Taluk Hospital, Njarakkal, Vypin, Kochi	CSR000526 32
6.	School Bus for the use of St. Joseph LP School, Maniyamkundu, Poonjar, Kottayam	Promoting education including special education [Schedule VII (ii)]	No	Kerala	Kottayam	17,75,000/-	17,75,000/-	-	No	St. Joseph LP School, Maniyamkundu, Poonjar, Kottayam	CSR000449 51
7.	Funds for setting up Laboratories for the use of Govt. Tribal H.S.S, Kattappana, Idukki	Promoting education including special education [Schedule VII (ii)]	No	Kerala	Idukki	10,00,000/-	5,00,000/-	5,00,000/-	No	Govt. Tribal H.S.S, Kattappana, Idukki	CSR000474 72
8.	Funds for renovating Children's Park for the use of Vaikom Municipality	Promoting education including special education [Schedule VII (ii)]	Yes	Kerala	Kottayam	9,20,000/-	-	9,20,000/-	No	Vaikom Municipality	CSR000338 90
9.	Funds for purchasing 5 dialysis machines for the use of Initiative For Rehabilitation and Palliative Care (IRPC) Kannur	Promoting Health care including preventive healthcare [Schedule VII (i)]	No	Kerala	Kannur	34,50,000/-	-	34,50,000/-	No	Initiative For Rehabilitation and Palliative Care (IRPC) Kannur	CSR000463 13
10.	Funds for purchasing Blood Separation Unit and 2 dialysis machines for the use of Govt. Taluk Hospital, Kottarakkara	Promoting Health care including preventive healthcare [Schedule VII (i)]	No	Kerala	Kottarakkara	46,00,000/-	11,64,800/-	34,35,200/-	No	Govt. Taluk Hospital, Kottarakkara	CSR000454 08
11.	Funds for setting up Orma Clinic for the use of Kadappakada Sports Club & Reading Room, Kollam	Promoting education including special education [Schedule VII (ii)]	No	Kerala	Kollam	10,00,000/-	-	10,00,000/-	No	Kadappakada Sports Club & Reading Room, Kollam	CSR000325 43
12.	Funds for purchasing 5 dialysis machines for the use of Govt. Taluk Hospital, Neendakara	Promoting Health care including preventive healthcare [Schedule VII (i)]	No	Kerala	Kollam	11,64,800/-	-	11,64,800/-	No	Govt. Taluk Hospital, Neendakara	CSR000553 35
13.	Funds for purchasing Medical Equipments for the use of EMS Co-operative Hospital, Pathanapuram, Kollam	Promoting Health care including preventive healthcare [Schedule VII (i)]	No	Kerala	Kollam	20,00,000/-	-	20,00,000/-	No	EMS Co-operative Hospital, Pathanapuram, Kollam	CSR000526 58
14.	Installing CC TV Cameras in and around Thris-sur Town Area as per		Yes	Kerala	Thris-sur	8,65,990/-	-	8,65,990/-	Yes	NA	NA

	the request of East Police Station Thrissur										
15.	ICCU Ambulance for the use of Gandhibhavan, Pathanapuram, Kollam	Promoting Health care including preventive healthcare [Schedule VII (i)]	No	Kerala	Kollam	25,00,000/-	-	25,00,000/-	No	Gandhibhavan, Pathanapuram, Kollam	CSR000126 01
16.	Fund for overall development of Aroorkonam No 132, Anganavadi, Velliyam	Promoting education including special education [Schedule VII (ii)]	No	Kerala	Kottarakkara	15,00,000/-	-	15,00,000/-	Yes	NA	NA
17.	Fund for overall development of Aroorkonam No 132, Anganavadi, Velliyam	Promoting education including special education [Schedule VII (ii)]	No	Kerala	Kottarakkara	15,00,000/-	-	15,00,000/-	Yes	NA	NA
18.	Ambulance for the use of MA Ashraf Charitable Society, Anchal, Kollam	Promoting Health care including preventive healthcare [Schedule VII (i)]	No	Kerala	Kollam	12,00,000/-	-	12,00,000/-	Yes	MA Ashraf Charitable Society, Anchal, Kollam	Awaited**
	Total					3,11,15,080/-*	55,79,090/-	2,55,35,990/-			

* Excess amount of INR 1,15,080/- is utilised from the amount earmarked for KSFE Vidya Sree Scheme.

** CSR Committee had initially allocated funds to Mother Theresa Snehasparsham Charitable Trust, Elamad and later transferred the same to MA Ashraf Charitable Society, Anchal, Kollam.

- (c) Amount spent in Administrative Overheads: NIL
- (d) Amount spent on Impact Assessment, if applicable: NIL
- (e) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 3,10,00,000/-
- (f) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	3,10,00,000/-
(ii)	Total amount spent for the Financial Year	3,10,00,000/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9) (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ¹ crs)	Amount spent in the reporting Financial Year (in ¹ crs)	Amount transferred to any fund specified under Schedule VII as per section 135 (6), if any.			Amount remaining to be spent in succeeding financial years. (in ¹ crs)
				Name of the Fund	Amount(in ¹ crs)	Date of transfer	
1	2020-21	29,43,000	-	Nil	Nil	Nil	14,00,000/-
2	2021-22	1,49,20,000	15,02,000	-	-	-	1,34,18,000/-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

SL.NO.	Beneficiary	Allotted Amount	Project	Date of Transfer
1	Pazhasi Chartable Society, Kalpetta, Wayanad	15,02,000/-	Hostel for Tribal Senior Citizen	10.06.2022 17.11.2022
	TOTAL	15,02,000/-		

- 10) In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:
- Date of creation or acquisition of the capital asset(s): NA
 - Amount of CSR spent for creation or acquisition of capital asset: NA
 - Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA
 - Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NA
- 11) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

Company's CSR mission is to contribute to the social and economic welfare of the people of the State. The Company had spent a sum of ₹ **3,10,00,000/-** (100%) 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 and are socially relevant. Through these CSR spent, KSFE was able to touch the lives of many.

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/-
K Varadarajan
Chairman
DIN : 08157496

Sd/-
Dr Sanil SK
Managing Director i/c
DIN : 09811727

Date: 17.02.2024
Place: Thrissur

COMMENTS OF C&AG ON THE JOINT STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED AND STANDALONE FINANCIAL STATEMENTS FOR THE FY 2022-23

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT-II), 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 THE KERALA STATE FINANCIAL ENTERPRISES LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of financial statements of The Kerala State Financial Enterprises Limited for the year ended 31 March 2023 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 28 September 2023 wherein they have issued Qualified Opinion.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of The Kerala State Financial Enterprises Limited for the year ended 31 March 2023 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 PROFITABILITY

Statement of Profit and Loss for the year ended 31 March 2023.

IV. Expenses

Finance Cost (Note 23) : ₹ 171867.94 lakh

- I. This is understated by ₹ 110.01 lakh being the non-accounting of interest on income tax payable for the year. This has resulted in understatement of finance cost with corresponding overstatement of Profit before Tax by ₹ 110.01 lakh.

B. COMMENTS OF FINANCIAL POSITION

Balance Sheet as at 31 March 2023

Assets - 1. Financial Assets.

e. Other financial Assets (Note9): ₹ 9595.60 lakh.

1. This includes a credit balance of ₹ 313.04 lakh being the amount withheld from Staff, pending enquiry and finalization, arising out of cases like non-adherence of chitty related procedure, improper loan appraisal, lapses in release of securities and financial irregularities amounting to. fraud and misappropriation etc. This should have been classified under other financial liabilities. Non-classification has resulted in understatement of Financial Assets and understatement of Other Financial Liabilities.

Balance Sheet as at 31 March 2023**Assets - 1. Financial assets****a. Cash and cash equivalents : (Note 5)- ₹ 16830.38 lakh**

2. This was arrived at after netting off Bank Overdraft amounting to 820.07 lakh. This has resulted in understatement of Cash and cash equivalents with corresponding understatement of Borrowings.

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



SUNIL RAJ
PRINCIPAL ACCOUNTANT GENERAL (AUDIT-ID),
KERALA

Thiruvananthapuram
Dated: 24.01.2024

REPLY TO THE COMMENTS OF C&AG UNDER SECTION 143(6) OF COMPANIES ACT 2013 FOR FY ENDED 31/03/2023

Under Section 143(6)(b) of The Companies Act 2013, Comptroller and Auditor General of India had issued comments on the financial statements of the Company for the year ended 31.03.2023. Seriatim reply to the comments is furnished hereunder:

A. Comment on Profitability.

1. Statement of Profit and Loss for the year ended March 31, 2023

IV. Expenses

Finance Cost (Note 23): Rs 171867.94 lakh

C & AG in its comments u/s 143(6)(b) of The Companies Act 2013 for FY 2021-22 had commented upon non accounting of interest on income tax under finance cost. Company had agreed to account the same accordingly in future. However, the same comment has been retained in FY 2022-23 too by C&AG. As the comment for FY 2021-22 was received subsequent to finalization of accounts for FY 2022-23, the same could not be accounted under finance cost. Interest on income tax payable, if any would be categorized under finance cost henceforth.

B. Comments on Disclosure

Balance Sheet as at 31 March 2023

Assets – 1. Financial Assets.

e. Other financial assets (Note 9) : Rs 9595.60 lakh

The Company used to show the amount recoverable from staff under Other Financial Assets even though it had credit balance. This practice was being consistently followed by the Company with no adverse comments from the statutory auditors/C&AG in the past. Noted for future compliance.

Balance Sheet as at 31 March 2023

Assets – 1. Financial Assets.

a. Cash and cash equivalents: (Note 5) - Rs 16830.38 lakh

The bank overdraft was classified under "Borrowings" till FY 2019-20. The same was shown on net off basis as per the suggestion of the central statutory auditors for FY 2020-21 and the same practice is being consistently followed. No adverse comment has been made by C&AG in this regard on earlier occasion.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

KSFE LIMITED – AN OVERVIEW

Kerala State Financial Enterprises Limited (KSFE, the Company) is a leading Miscellaneous Non-Banking Company (MNBC) generally catering to the financial requirements of people belonging to the lower socio-economic classes, particularly in rural and semi-urban areas of State of Kerala and those of NRI/NRK residing outside the State. The Company concentrates more on its chitty business and offers other financial services viz Personal Loan, Housing Loan, Vehicle Loan and Term Deposits etc. It is one of the highest profits making PSU's in Kerala. It continues to be the market leader in chitty sector in the State of Kerala. The Company has grown both in terms of value and volume during the year under review and further consolidated 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 5 decades of operation the Company has achieved significant growth in different portfolios viz. 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.

ECONOMIC REVIEW

Some signs of resurgence are noticed in the post Covid economic scenario world over. Financial services sector also got traction. Indian scenario is no exception.

However, the General belief prevailing in the economy is a bit disturbing and demands constant observation of economic scenario and action. The world outlook Report of IMF published on October 2022 cautions all stake holders as follows. "The global economy is experiencing a number of turbulent challenges. Inflation higher than seen in several decades, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Normalization of monetary and fiscal policies that delivered unprecedented support during the pandemic is cooling demand as policymakers aim to lower inflation back to target. But growing shares of economies are in a growth slowdown or outright contraction. The global economy's future health rests critically on the successful calibration of monetary policy. Global GDP growth forecast a declining trend from 6% in 2021 to 3.2% in 2022 and 2.7% in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies: a US GDP contraction in the first half of 2022, a Euro area contraction in the second half of 2022, and prolonged COVID-19 outbreaks and lockdowns in China with a growing property sector crisis. About a third of the world economy faces two consecutive quarters of negative growth. Global inflation forecast to rise from 4.7% in 2021 to 8.8% in 2022 but to decline to 6.5% in 2023 and to 4.1% by 2024. Upside inflation surprises have been most widespread among advanced economies, with greater variability in emerging market and developing economies."

Accordingly, the American Federal Reserve had renewed its benchmark interest rate level to 4.375% on 21st December 2022, the highest in last 15 years. Experts say that in 2023, it may rise to a minimum of 5.1%. The situation in UK is not so different since The Bank of England, the regulator of English economy hiked the interest rate to 3.5%, and its ninth consecutive rate increase to battle soaring inflation. Experts predicts 4.25% in early next year. Accordingly the RBI raised Repo Rate by 225 basis points since May 2022 to 6.25% as it continues in its fight against inflation (It is expected that the repo rate will further be hiked to 6.75%).

Our State as part of India and the world of course will suffer its share of inflation, but counting on such peculiar nature of economy is important for an institution like KSFE. For example, when the world has undergone a drastic recession in 2008, KSFE showed a jump in its turnover. Keralites, including NRI's has shown a tendency to increase domestic savings as a response to global recession. It may happen in this fiscal as well. Though the share of foreign remittances in Kerala's GSDP shows a decline, we can understand that it is not due to the decrease in the volume of remittances, but due to the increase of other areas contributing to GSDP. Moreover the decline of value of rupee to dollar may increase the amount of foreign remittances, which remains as the main source of the State's economic activities and in turn may activate the economic activities further which may reflect in the State's financial structure. After the grim days of Covid, the financial activities show resurgence, which also help us to reap the opportunities, despite the after effects of the Ukraine War.

Ensuing years Company's budget is crafted in such a manner. On one side, it carefully addresses the recessionary trends as predicted by global experts and on other side it is confidently looking into the opportunities that arise in the State's peculiar economy. So, our

renewed motto is comprehensive growth with care. The approach behind each element in ensuing year's activities is vested on the above said principles.

Review Company's Financial Performance

Though the hazards arising out of Pandemic hits every now and then, our chitty business reached INR 3228 Cr as on 31.03.2023 with a fresh business in excess of INR 390 Crores during the current fiscal. The Gold Loan Portfolio also reached highest in the history of the Company at INR 3558 crores as on 31.03.2023. We are expecting to have our gold loan portfolio reaching INR 5000 crores by end of ensuing fiscal.

The total Loan and Deposit portfolio as on 31.03.2023 was INR 11157 Crores and INR 21,800 Crores respectively. The CD ratio for the year under review was at 51% as compared to corresponding figure of 48% for immediate preceding year. The total turnover increased to INR 69153 Crores as on 31.03.2023 from INR 59323 Crores of 31.03.2022 representing an increase of INR 9830 Crores. As on 31.03.2023, the Company has total deposits amounting to INR 8403 Crores with Govt. Treasury including Chitty Security Deposit.

For the FY 2022-23 the Company posted a profit after tax of ₹ 350.88 crores as against ₹ 105.49 crores during the previous year. The Gross income registered an increase of 24% at ₹ 4522 crores as against ₹ 3657 crores of previous years. The earnings per share stood at ₹ 350.88.

Opportunities and Threats

In the second year of the Covid pandemic, financial institutions have continued to see huge changes on all fronts - from stressed assets due to impacted businesses, to consumer behaviour and digitization of as many transactions as possible. The financial institutions fear that any restrictions placed locally or across the country may hamper the economic progress and lead to economic losses which may further increase the loan defaults. The RBI has brought on a slew of reforms, actions and initiatives to maintain liquidity in the economy, give relief to distressed segments, and aid the banks in helping businesses and individuals tide through the tough times.

The advantages of Chitty Business arising to the Company are (1) reputation and brand image of the Company as the market leader for its chitty products and (2) financial backbone of the Company by helping to contribute significantly. The threats to the segment are (1) outbreak of pandemic like Covid-19 requiring lockdown of operations affecting conduct of auction (2) unhealthy competition from private chitty players and (3) lack of technological support for digitising our business and (4) 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.

Review of KSFE's Overall Business:

The overall business achieved in the FY 2022-23 was ₹ **69,153 crores** as against the business volume of FY 2021-22 amounting to ₹ **59,323** crores representing growth of **16.5%**.

Chitty business achieved in F.Y 2022-23 was INR 36,196 Cr. (Including Pravasi Chitty) as against INR 30,688 Cr of F.Y. 2021-22 signifying growth of 18 %. The total sala of chitties conducted during the period 2022-23 from all the branches put together rose to INR 3228 Cr. as against INR 2838 Crores at the end of previous year, registering an increase of 14%, translating to INR 390 Crores during the year under review. Total number of subscribers also increased to 25,26,320 during 2022-23 from 23,47,088 at the end of previous year.

Advances amounting to ₹ **11,157 Crores** and Deposit business to the tune of ₹ **21,800 Crores** were achieved during the FY 2022-23 as against the advance and deposit business of ₹ 9115 Crores and ₹ 19,520 Crores respectively for FY 2021-22.

During 2023-24 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 would 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 the current FY 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.

Internal Control Systems and their adequacy

The Company's internal control systems are commensurate with the nature of its business, the size, and complexity of its operations. Internal control systems operate at different levels of effectiveness. These policies and procedures play a pivotal role in the deployment of the internal controls. They are regularly reviewed to ensure both relevance and comprehensiveness, and compliance is ingrained into the management review process. There are adequate internal control systems in vogue in all spheres of operations of the Company so as to ensure safety to its assets against loss. These internal controls are designed in such a way to ensure adequate accounting and financial controls. The internal control system is being continuously reviewed by the Management and adequate steps are taken for improvement, wherever felt.

Internal Audit Department of the company, reviews various compliances with the Company's procedures & policies. The department coordinates with the Unit/Divisions of the Company for ensuring coverage of all major areas of operations and such internal financial controls with reference to Financial Statements are adequate.

Human Resources and the infrastructure development

As on March 31, 2023, Company had 8287 personnel on its rolls compared to 7917 as at the end of previous year. The detailed information on material developments in Human Resources is given in Directors' Report.

Caution

Statements made in the Management Discussion and Analysis about your Company's objectives, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's performance include economic conditions affecting demand/supply and price conditions in the domestic market in which your Company operates, changes in Government regulations, tax laws, statutes and other incidental/ related matters.

For and on behalf of the Board of Directors,

Sd/-

K Varadarajan

Chairman

DIN: 08157496

CORPORATE GOVERNANCE

Company's philosophy on corporate governance

The Corporate Governance framework and philosophy is a reflection of the Company's corporate culture, policies, values and relationship with stakeholders which is driven relentlessly across the organisation. The Company believes that good Corporate Governance is essential for achieving long-term corporate goals and to enhance stakeholders' value. As a good corporate citizen, the Company lays great emphasis on a corporate culture of integrity, fairness, transparency, accountability and responsibility for efficient and ethical conduct of its business. The Board and Management processes, audits and internal control systems reflect the corporate governance framework principles.

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 31.03.2023 the Board of Directors of the Company comprised 12 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 there under 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 under review 12 Board Meetings were held on 09-05-2022, 27-05-2022, 29-06-2022, 12-07-2022, 26-08-2022, 15-09-2022, 11-10-2022, 17-11-2022, 29.11.2022, 27.12.2022, 16.01.2023 and 23-02-2023.

The particulars regarding composition of Board of Directors as on 31st March, 2023 and the details of other Directorships & Membership/ Chairmanship of Committees of Board as on that date, attendance of each Director at Board Meetings held during 2022-23, last Annual General Meeting (AGM) are furnished below:

Name of Director	Designation	Total Board Meetings		Attendance at the last AGM	Other Committee memberships held	
		Held during tenure of Director	Attended during tenure of Director		As Member	As Chairperson
Directors						
Mr K Varadarajan	Chairman	12	12	Yes	0	1
Mr. VP Subramanian ²	Managing Director	9	9	Yes	1	0
Dr Sanil SK ⁴	Managing Director i/c	3	3	NA	1	0
Adv. Reji Zachariah ¹	Director	5	4	NA	0	1
Adv. V K Prasad ¹	Director	5	3	NA	1	0
Mr. P C Pillai ¹	Director	5	4	NA	1	0
Mr. Muhammed Sha	Director	12	12	NA	1	0
Mr. P V Unnikrishnan ¹	Director	5	3	NA	0	0
Mr. K N Gangadharan ¹	Director	5	5	NA	0	0
Mr. D Narayana ¹	Director	5	4	NA	0	0
Mr. P K Anandakuttan ¹	Director	5	5	NA	1	0
Mr. Vijayan Cherukara ¹	Director	5	3	NA	1	0
Mr. R Rajagopal ¹	Director	5	5	NA	0	0
Adv. MC Raghavan ³	Director	7	7	NA	1	0

Adv. UP Joseph ¹	Director	7	7	NA	1	0
Adv. Govindan Pallikkappil ²	Director	7	6	NA	1	0
Mr VT Joseph ³	Director	7	7	NA	1	0
Mr T Narendran ³	Director	7	6	NA	1	0
Dr. K Sasikumar ³	Director	7	7	NA	1	0
Government Directors						
Mr K Inbasekar, IAS	Government Director	12	5	NA	1	0
Mrs BS Preetha	Government Director	12	11	Yes	0	1
Mrs Sini J Shukkoor	Government Director	12	9	Yes	1	0

1 Ceased to be a member w.e.f. 25.08.2022

2 Ceased to be a member w.e.f.30.11.2022

3 Was appointed as Director of the Company w.e.f. 25.08.2022

4 Was give full additional charge of MD of the Company w.e.f. 01.12.2022

5 Chairmanships / Membership of Audit Committee and the CSR Committee are only reckoned with.

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 conducts 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 comprises of five Directors; Sri. K Inbasekar, IAS, Smt.Sini J Shukkoor, Smt. BS Preetha, Dr Sasikumar K and Sri T Narendran were the members of the Committee during the period. During the period under review Audit Committee met four times. 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	Mr. K Inbasekar, IAS	04	03
2	Mrs. Sini J Shukkoor	04	03
3	Mrs. BS Preetha	04	04
4	Mr . PC Pillai*	02	02
5	Dr K Sasikumar**	02	01
6	Mr. T Narendran**	02	02

* Sri PC Pillai ceased to be member of the Committee consequent to his retirement from the Board.

** Was appointed as member on 29.11.2022

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.

The members of the Committee as on 31.03.2023 were:

1. Mr. K Varadarajan : Chairman
2. Dr Sanil SK : Member
3. Adv. MC Raghavan : Member
4. Adv. Govindan Pallikappil : Member
5. Mr. T Narendran : Member
6. Mr. VT Joseph : 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, 2023, the CSR Committee met two times on 27.12.2022 and 25.03.2023. 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	Mr. K Varadarajan	02	02
2	Dr Sanil SK ²	02	02
3	Adv. MC Raghavan ¹	02	02
4	Adv. Govindan Pallikkappil ¹	02	01
5	Mr. VT Joseph ¹	02	02
6	Mr. T Narendran ¹	02	02

¹ Appointed as member from 15.09.2022

² Appointed as member from 27.12.2022

Compliance with Secretarial Standards

Your Company is in compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 for FY 2022-23.

Secretarial Audit Report and Certificates from Company Secretary in Practice

The Secretarial Audit for FY 2022-23, was conducted by Shri. CS MV Suresh, Senior Partner, M/s SMS & Co Company Secretaries LLP, with respect to compliance to the applicable provisions of the Companies Act, 2013, and other applicable laws. The Secretarial Audit Report forms part of Directors report.

Disclosures

- a) During the year under review the Company did not enter into any contracts, arrangements and transactions with any related party which are not at arm's length basis and ordinary course of business. No materially significant related party transactions are entered into that may have potential conflict with the interest of the Company at large.
- b) The Company has established a mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Code. It also provides for adequate safeguards against the victimization of employees who avail the mechanism, and allows direct access to the chairperson of the audit committee in exceptional cases. During the year, no person was denied access to the Audit Committee. The Whistleblower Policy is available on the website of the Company at <http://ksfe.com/grivance/whistleblower.aspx>.
- c) The disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is disclosed in Directors' Report.
- d) During the financial year 2022-23, the Board has accepted all the recommendation of the Board Committees.
- e) 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/-

K Varadarajan

Chairman

DIN: 08157496

INDEPENDENT AUDITOR'S REPORT

To the Members of
The Kerala State Financial Enterprises Limited, Thrissur

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 March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information, in which are included in the financial statement for the year ended on that date.

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 of Qualified Opinion section to 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) specified under the section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit including other comprehensive income, its cash flow and the changes in equity for the year ended on that date.

Basis of Qualified Opinion

1. The company follows the practice of recognising the income by way of forfeited veethapalisha only after the respective chit is terminated and all the arrears are settled. Accordingly, a sum of Rs.1,85,330.74 lakhs has been accumulated as 'unpaid veethapalisha' and classified under Finance payable- Chitty/Kuri under 'other financial liabilities. The above balances include forfeited veethapalisha amounting to Rs.19,575.48 lakhs relating to the forfeited chitty tickets, which in any way, does not relate to the arrears outstanding under such chits. Hence, in our opinion, the company ought to have applied the principles of Ind AS 115 for the recognition of revenue from the chits and accordingly, the above balance of Rs. 19,575.48 Lakhs in its entirety, should have been recognized as income as soon as the stage wise performance obligations have been satisfied by the customer. This violation of the principles of Ind AS 115 has resulted in overstatement of the 'other financial liabilities and understatement of the 'revenue from chit fund operations' under revenue from operations amounting to Rs.19,575.48 lakhs.
2. **Unreconciled balances/suspense accounts**
 - ◆ With respect to 'Other non-financial liabilities' the carrying amount includes a sum of 646.10 lakhs being the unreconciled balances in terminated chits.
 - ◆ The carrying amounts of 'other financial liabilities' and 'provisions' include Rs.36,570.95 Lakhs and Rs.8.09 lakhs respectively, being the net balances of unreconciled suspense accounts, the nature of which is not ascertainable. The impact of such balance on gross or net basis on the financial statements are not ascertainable. The amounts are significant and likely to have the effect of material overstatement of financial liabilities.
3. In respect of some branches, the company has not correctly accounted for the impact of the unidentified credits and debits in the bank accounts and time-barred and dishonoured cheques, which are long outstanding and kept pending in the bank reconciliation. In our opinion, the company ought to have reversed such balances to the respective personal/party accounts, thereby reversing the transactions from the bank accounts. This could have

resulted in the understatement or overstatement of the balances accounted under 'Balance with Banks/Treasury' and corresponding personal account. In the absence of sufficient information, we are unable to comment the impact of the same on the financial statement of the company.

4. The company has classified the 'Amount Recoverable from Prized Subscribers' amounting to Rs.33,53,507.51 Lakhs as loans under financial assets measured at amortized cost.

As per the provisions of Ind AS 109 'Financial Instruments' read with Ind AS 107 and 32, income from any financial asset measured at amortized cost shall be measured using the effective interest rate method, by applying the effective interest rate (EIR) to the gross carrying amount of the asset. This accounting treatment, according to the company management is not practical to the business model of the company and hence has not been followed. In the absence of adequate information, we are unable to comment on the impact of the same on the financial statements of the company.

5. Company has not transferred the entire amount of the contribution received from removed subscribers amounting to 18,449.19 Lakhs to a separate bank account, which is in violation of Section 30 (1) of Chit Funds Act, 1982. This has resulted in non-compliance with the provisions of Chit Funds Act, 1982. The impact of this non-compliance for the purpose of standards on auditing 250 (SA 250) in the balance sheet is unlikely to be a material misstatement except for likely penalties imposable for non-compliance.
6. The role of the company as an agent of Government of Kerala in respect of Revised Bhadratha Social Security Scheme (RBD) on the commission basis. The scheme has been discontinued; however, the Social Security Scheme (Revised Bhadratha) account shows a net balance of Rs.3066.58 lakhs due to pending reconciliation. In the absence of confirmation and reconciliation, the impact thereof, if any on the financial statements is not ascertainable at this stage.

We conducted our audit of standalone financial statements in accordance with the Standards of Auditing (SAs) as specified under section 143(10) of the Act. 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 Accounts of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and Rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to:

1. Note No.29.29 of the notes forming part of the financial statements regarding the transfer of unclaimed matured deposits to Investors Education and Protection Fund (IEPF), pursuant to the Section 125 of the Companies Act, 2015. During the financial year the company have created provision for the same in books of accounts, however, as of year ended on March 31st 2023, the actual transfer of the amount had not been made.
2. Note No.29.21 of the Notes forming part of the financials statements regarding the non-availability of the confirmation of outstanding balances in respect of the amounts due from and to the customers and chit subscribers.
3. Note No.29.30 of the notes forming part of the financial statements regarding the Company approved its financial statements for the year 2021-22 in the 569th Board of Directors meeting held on April 10th 2023 and the Audited Financial statements for the FY 2021-22 was yet to be adopted in the Annual General Meeting.

Information other than the Standalone financial statements and auditors' report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to

Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

As the company has not provided the annual report and the other information as referred above, we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the 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, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records with the provisions of the Act for safeguarding of 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 responsible and prudent; and 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 statement 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, the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the 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 SA's 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 SA's, we exercise professional judgement 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has an adequate internal financial control system in place and the operating effectiveness of such controls.

- ◆ Evaluate the appropriations 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 transaction and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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.

From matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters, if any. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The Head Office of the company and Revenue Recovery Office associated with head office, regional office, Special Deputy Tahsildar (SDT) office and 54 branches in the Thrissur region has been audited by us.

We did not audit the financial statements/financial information of 15 Regional Offices, 09 SDT offices and 609 branches (including 4 merged branches) coming under these regional offices and 1 NRI Chitty Centre whose financial statements/financial information reflect total assets of Rs 44,33,224.34 Lakhs as at 31st March ,2023 and total revenue of Rs. 4,71,919.00 Lakhs for the year ended on that date, as considered in the financial statements. The Audit has been conducted by the other auditors based on the appointment given by the Comptroller and Audit General of India. Only trial balance has been prepared at the branch/regional level. 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 disclosure included in respect of these Regional offices and Branch, 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 report of the other auditors.

Our opinion is not qualified in respect of these matters.

Report on other legal and regulatory requirements

- i. As required by the Companies (Auditor's Report) Order, 2020 issued by the Central Government of Indian in terms of sub-section 11 of section 143 of the Act, we give in the **Annexure A** statement on the matters specified in the paragraphs 3 and 4 of the order, to the extend applicable.

- ii. As required by section 143(3) of the Act, we report that:
- a) We have sought and except for the matters described in the Basis of Qualified Opinion Paragraph obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) Excepts for the effects of the matters described in para “Basis of Qualified Opinion” above, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books and 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 accounts received from the Regional Offices/ Branches which have been audited by other branch/ Regional auditors.
 - d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**” to this report;
 - g) Being a Government company, the provisions of sec 197 of the act with respect to the matters to be included in the Auditors Report is not applicable.
 - h) With respect to the matters to be included in the Independent Auditor’s Report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanation 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 29.5 to the standalone Ind AS financial statements);
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. While there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, the related shares could not be transferred due to technical issues. We were informed that the Company is taking necessary steps in this regard.
 - iv.
 - (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend. The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.
- vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April,2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules,2014 is not applicable.
- iii. As required by Section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the Company in " **Annexure C**".

For K. VARGHESE & Co.

Chartered Accountants
(Firm Registration No. 004525S)

Ernakulam
28.09.2023

Sd/-

Lal Krishna R P

Partner

(Membership No. 251969)

UDIN: 23251969BGTRZC8786

Annexure 'A' to the Independent Auditors' Report

(Referred to in Paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our Report)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- I. a) (A) The Company has maintained proper records showing full particulars of Property, Plant and Equipment (PPE) and relevant details of right-of-use assets in the computer system, However, the quantitative details and location of the assets are not properly updated in the asset register.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- b) The property, plant and equipment and right-of-use assets were physically verified during the year by the management in accordance with a regular programme of verification at reasonable intervals. However, we are not provided with the periodical physical verification reports for the year end. Also, we understand that the register of PPE does not contain the identification particulars and the quantitative particulars; we are unable to comment on the sufficiency and completeness of the physical verification of the PPE.

As we are not provided with physical verification report of the PPE, we are unable to comment on the material discrepancies, if any, noticed in such verification and the accounting treatment of such discrepancies noticed.

- c) According to the information and explanations given by the management, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company except in the following cases, we are informed that title deeds are not available with the company.

Description of property	Location	Area of Land	Remarks
Land in Sy. No: 266/2	Thrissur	75 Cent	Cost as per the accounting records is Rs 1.73 Lakhs
Land	Kollam	15 Cent	Land value is not paid/ accounted in accounting records of the company, as the cost is not yet decided by the Govt. of Kerala

- d) The Company has not revalued its Property, Plant and Equipment (including right-of-use assets) or intangible assets during the year ended March 31, 2023.
- e) There are no proceedings initiated or are pending against the Company for holding any Benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- II. The company does not have any inventory other than the stock of stationery. We are informed that the stock of stationery has been verified at reasonable intervals by the management and no material discrepancies were noticed during such verification.
- III. a) A) In our opinion and based on Regional Auditors Report and according to the information and explanation given to us, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to subsidiaries, joint ventures, and associates;
- B) During the year the Company has given loan amounting to Rs.5,47,069.00 Lakhs to another government company the balance outstanding Rs.3,72,069 Lakhs at the balance sheet date with respect to such loans or advances and guarantees or security.

- b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.
- c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation.
- d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.
- f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year.
- IV. In our opinion and according to the information and explanations given to us, the Company has granted loans or made investments or given guarantees or securities only with the approval of Ministry of Finance, Government of Kerala, and the provisions of section 185 and 186 is not applicable to the company. Hence, the requirements of clause (IV) of (3) of the said order not applicable.
- V. According to the information and explanations given to us and according to the examination of records, the company has accepted deposits from the public. We are informed that the company is a miscellaneous Non-Banking Financial company conducting the business of chit and is regulated by the Ministry of Finance, Government of Kerala.
- VI. According to the explanations and information given by the management, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for any of the activities of the company. Hence, the provision of clause (VI) of (3) of the said order is not applicable to the company.
- VII. a) According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable except in the following cases.

Nature of dues	Amount	Period
EPF	33.16 Lakhs	2004-2022

- b) According to the records made available to us and the information and explanation given by the management, the particulars of dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (in Lakhs)	Period in which the dispute relates	Forum where the dispute pending
Finance Act, 1994	Service tax	0.66	July 2012 - October 2012	Commissioner of Central Excise & Customs (Appeals)
		3.64	2012-13 to 2014-15	
Income tax Act, 1961	Income tax	5,973.71	AY 2018-19	Commissioner of Income Tax (Appeals), Kochi

- VIII. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause (VIII) of (3) of the Order is not applicable to the Company.
- IX. a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b) The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
- c) According to the information and explanation given to us, term loans were applied for the purpose for which the loans were obtained;
- d) According to the information and explanation given to us, funds raised on short term basis have not been utilised for long term purposes;
- e) According to the information and explanation given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates, or joint ventures;
- f) According to the information and explanation given to us, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures, or associate companies
- X. a) According to the information and explanations given by the management, the Company has not raised any money during the year by way of initial public offer/further public offer (including debt instruments) hence, reporting under clause 3(x)(a) is not applicable to the Company and hence not commented upon.
- b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable to the company.
- XI. 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 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 acceptances of security/document fabrication etc. (excluding chitty inflation) have occurred for an estimated amount of Rs.2143.56 Lakhs. The financial impact of frauds in respect of chitty inflation has not been ascertained. The Company has created full provision for Rs.2143.56 Lakhs during the year in respect of frauds identified during the year.
- XII. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) (a) to (c) of the order are not applicable to the Company and hence not commented upon.
- XIII. Being an unlisted Government company, the provisions of Section 188 relating to the related party transactions are not applicable to the company. According to the records of the Company examined by us and the information and explanation given to us, the company has complied with the provisions of Section 177 with respect to the transactions with the related parties. The details of such transactions have been disclosed in the financial statements etc. as required by relevant accounting standards.
- XIV.a) The Company has an internal audit system commensurate with the size and nature of its business. However, in our opinion, the reporting and review system need to be strengthened.
- b) The internal audit reports of the Company was not issued till the date of the audit report, for the period under audit for the KSFE Head Quarter.
- XV. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- XVI.a) According to the information and explanations given to us, the company being a Miscellaneous Non-banking

- Financial Company (MNBC) carrying on the business of chits, regulated by State Government of Kerala, is not required to obtain registration with RBI as above
- b) On verification of the financial statement of the company for the year ended 31-03-2023, we understand the Company carries out financial business along with chit business. The financial assets of the company as at 31 03-2023 exceed 50% of the total assets of the company. Also, the income from such financial assets constitutes more than 50% of the gross income of the company. As such, the company falls within the criteria specified under section 45-IA of the Reserve Bank of India (RBI) Act, 1934 for obtaining registration as Non-banking Financial Company (NBFC). However, the company being a miscellaneous Non-banking Financial Company (MNBC) carrying on the business of chits, regulated by State Government of Kerala, is not required to obtain registration with RBI as above.
 - c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(XVI) of the Order is not applicable to the Company.
 - d) The Group does not have more than one CIC as part of the Group, hence, the requirement to report on clause 3 (XVI) (d) of the Order is not applicable to the Company.
- XVII. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- XVIII. There has been no resignation of the statutory auditors of the Company during the year.
- XIX. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- XX. a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of Section 135 of the Act.
- b) All amounts that are unspent under sub-section (5) of Section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub-section (6) of Section 135 of the said Act.

Ernakulam
28.09.2023

For K. VARGHESE & Co.
Chartered Accountants
(Firm Registration No. 004525S)

Sd/-
LalKrishna RP
Partner
(Membership No. 251969)
UDIN: 23251969BGTRZC8786

Annexure 'B' to the Independent Auditors' Report

(Referred to in Paragraph ii(f) under 'Report on Other Legal and Regulatory Requirements' section of our Report)

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

We have audited the internal financial controls with references to standalone financial statements of Kerala State Financial Enterprises Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone 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. 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 with reference to these standalone financial statements 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 as prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls and both issued by the Institute of Chartered Accountants of India. 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 with reference to these standalone financial statements 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 with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to these standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, 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 with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control with reference to these standalone financial statements 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 with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) 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 (3) 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 with reference to these standalone financial statements, 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 with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the matters prescribed in the basis for qualified opinion paragraph the Company has in all material respects an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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.

Basis for Qualified Opinion

- 1) The financial and operating controls established by the company for the prompt and up-to-date reconciliation of inter-branch / region / head office balances is not working effectively, due to which there are huge unreconciled balances outstanding in the book of accounts of each branch, regional office as well as the head office. As the volume of financial transactions contained in these accounts are very large and has not been reconciled up to date, we are unable to comment on the accuracy of the gross balances reported in such accounts. The cumulative impact of such unreconciled balances should be ascertained on gross basis, from the branch level onwards, without setting off the debit and credit transactions to understand the financial impact of such transactions. Being a financial company managed by numerous employees, such lack of up-to-date reconciliation poses serious challenges in the terms of both financial and operational risks including the risk of delay in detection of frauds, misappropriation, and errors in the financial reporting, if any.
- 2) The financial and operating controls established by the company for the prompt and up-to-date identification and accounting of receipts and payments reflected in the bank accounts are not working effectively, due to which there are many financial transactions recorded in suspense accounts under various account heads. As the volume of financial transactions contained in these accounts are very large and has not been reconciled up-to-date, we are unable to comment on the accuracy of the gross balances reported in such accounts.
- 3) The company does not have a system for conducting Information System (IS) audit of the entire financial operations and the allied technology components due to which there has been inconsistency with respect to the information and reports extracted from the ERP software. Also, the various ERP software used by the company in the course of financial reporting and operations are not properly integrated each other due to which there are instances of errors and delays in identification and rectification of such errors.

For K. VARGHESE & Co.
Chartered Accountants
(Firm Registration No. 004525S)

Sd/-
LalKrishna R P
Partner
(Membership No. 251969)
UDIN: 23251969BGTRZC8786

Ernakulam
28.09.2023

Annexure 'C'

To the Independent Auditor's Report of even date on the financial statements of Kerala state financial enterprises limited

(Referred to in Paragraph iii under 'Report on Other Legal and Regulatory Requirements' section of our Report)

Replies to directions from Comptroller and Auditor General of India under section 143(5) of the Companies Act, 2013

- 1) **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.**

According to the information and explanations given to us, the Company has system in place to process all the accounting transactions through IT system. All the accounting transactions of the Company are processed through the IT systems. However, we have noticed the following deficiencies/scope for improvement with respect to the IT infrastructure of the company in relation to the financial reporting-

- ◆ The company maintain different software/systems for processing various functions within the company including pay roll processing, statutory payment process etc, which have not integrated each other.
- ◆ The company does not have a proper integration between the accounting at the branch levels with the accounting at the regional offices/head offices levels due to which there has been considerable delay in reconciliation of inter-branch/inter-region/head office balances.
- ◆ The company does not have a proper IT system for prompt reporting of statutory deductions done at the branch levels and paid at the head office levels, due to which we have observed considerable delay and improper reporting of such statutory deductions by the branches to the head office.
- ◆ The company has not taken any sufficient steps to automate various methods followed for reporting of various financial information such as, computation of impairment credit loss, auto-deduction and application of tax, consolidation of trial balance, reporting of contingent liabilities etc.
- ◆ The company does not have a proper system to ensure the prompt reconciliation of transactions parked in suspense accounts with the help of IT infrastructure, due to which there are long outstanding balances in such accounts.

- 2) **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 implications may be stated.**

According to the information and explanations given to us, there were no instances of restructuring of an existing loan or cases of waiver/write off debts/loans/interest etc. due to the company's inability to repay the loan.

- 3) **Whether funds received/receivable for specific schemes from Central or State agencies were properly accounted for/utilized as per its terms and conditions? List the case of deviations.**

- ◆ According to the information and explanation given to us, no such funds were received by the company during the period.

Reply to Sector Specific Sub-Directions

Finance Sector

1) Whether the company has complied with the directions issued by Reserve Bank of India for:

a) Non-Banking Finance Companies (NBFCs);

Reply: According to the information and explanations given to us, KSFE is carrying on the business of conducting chits and is regulated by the Taxes Department, Government of Kerala. Hence, we are informed that the chit companies are exempt from the provisions of Section 45-IA of the RBI Act, 1934.

b) Classification of Non-performing assets:

Reply: According to the information and explanations given to us, NPA (Other than balances due to the company under the chit business) is classified on the basis of prudential norms for Income Recognition and Asset Classification (IRAC) issued by RBI for NBFCs. We understand that the company has voluntarily adopted the above norms.

c) Capital adequacy norms for NBFCs:

Reply: According to the information and explanations given to us, The Capital adequacy norms is not applicable to KSFE as the company is a Miscellaneous Non-banking company.

2) Whether the company has a system to ensure that the loans were secured by adequate security free from encumbrances and have first charge on mortgaged assets. Further, instances of undue delay in disposal of seized units may be reported:

In cases of loans sanctioned against security of land and building, no 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:

According to the information and explanations given to us, One Time Settlement schemes are operated as per policy guidelines of the Company.

4) Comment on the confirmation of balances of trade receivables, trade payables, term deposits, bank account and cash:

Confirmations have been received on a random basis at Head Office, Regional Office and Branch level.

5) Whether the bank guarantees are revalidated in time?

According to the information and explanations given to us, no lapses were notice by us.

The regional offices and the branches under such regional offices are audited by various branch auditors. The company has not structured the branch/regional offices' audit report and hence the report received from different regions lacks consistency. As only trial balance is prepared at the branch level some of the regional offices' report does not speak about true and fairness of the state of affairs/profit (loss). Thus, the accounting reports of the branch used for preparation of the financial statements of this company suffers from this deficiency, if any, the impact of which on the financial statements of the company could not be ascertained by us.

For K. VARGHESE & Co.
Chartered Accountants
(Firm Registration No. 004525S)

Sd/-
Lalkrishna RP
Partner
(Membership No. 251969)
UDIN: 23251969BGTRZC8786

Ernakulam
28.09.2023

THE KERALA STATE FINANCIAL ENTERPRISES LIMITED
BALANCE SHEET AS AT 31st MARCH 2023

	Particulars	Note No.	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
I.	ASSETS			
	1. Financial Assets			
	a. Cash and cash equivalents	5	16,830.38	21,128.83
	b. Bank Balances other than (a) above	6	929,550.47	834,157.30
	c. Loans	7	4,811,478.35	4,089,899.50
	d. Investments	8	91,113.00	64,680.00
	e. Other financial assets	9	9,595.60	11,287.85
	Total Financial Assets		5,858,567.81	5,021,153.47
	2. Non-financial Assets			
	a. Current tax assets (Net)	10A	14,816.31	15,613.04
	b. Deferred tax assets (Net)	10B	19,422.00	14,856.00
	c. Property, Plant and Equipment	11A	7,008.78	6,558.93
	d. Right of use assets	11B	5,400.63	4,321.14
	e. Other Intangible assets	11C	53.78	94.60
	f. Other non-financial assets	12	91,641.22	90,850.12
	Total Non-Financial Assets		138,342.70	132,293.83
	Total Assets		5,996,910.51	5,153,447.31
II.	LIABILITIES AND EQUITY			
	LIABILITIES			
	1. Financial Liabilities			
	a. Payables			
	i) Trade Payables	13A		
	(a) Total outstanding due of micro enterprises and small enterprises			
	(b) Total outstanding due of creditors other than micro enterprises and small enterprises		18,988.82	15,662.24
	b. Borrowings (other than debt securities)	13B	402,141.18	346,134.82
	c. Deposits	14A	2,181,491.85	1,939,979.76
	d. Lease Liability	14B	5,406.38	4,342.10
	e. Other Financial Liabilities	15	3,206,030.92	2,697,257.27
	Total Financial liabilities		5,814,059.15	5,003,376.19
	2. Non- Financial liabilities			
	a. Provisions	16	38,769.66	39,854.12
	b. Other non-financial liabilities	17	15,102.37	10,176.28
	Total Non- Financial liabilities		53,872.03	50,030.40
	Total liabilities		5,867,931.18	5,053,406.59

	Particulars	Note No.	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
	3. EQUITY			
	a. Equity Share Capital	18	10,000.00	10,000.00
	b. Other Equity	19	118,979.33	90,040.71
	Total Equity		128,979.33	100,040.71
	Total Liabilities and Equity		5,996,910.51	5,153,447.31

Significant accounting policies 1 to 4

Additional Information 29

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

For and on behalf of the Board of Directors

For K Varghese & Company
Chartered Accountants
Firm Registration No: 004525S

Sd/-

Lalkrishna R P
Partner
Membership No.: 251969
UDIN: 23251969BGTR LC 8786

Place : Ernakulam
Date : 28.09.2023

Sd/-

K. Varadarajan
DIN: 08157496
Chairman

Dr. Sanil S.K
DIN : 09811727
Managing Director

Preetha B.S
DIN: 07553746
Director

CA Sarath Chandran S
General Manager (Finance)

CS Emil Alex
Company Secretary

THE KERALA STATE FINANCIAL ENTERPRISES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

	Particulars	Note No.	For the year ended 31.03.2023 Rs in Lakhs	For the year ended 31.03.2022 Rs in Lakhs
(I)	Revenue from operations			
	(i) Interest Income	20	252,784.02	223,117.73
	(ii) Foreman Commission		167,140.79	119,967.77
	(iii) Service Charges	21(a)	1,705.40	1,289.79
	(iv) Other Revenue from Chit Fund Operations	21(b)	30,453.55	21,218.47
	Total Revenue from Operations		452,083.76	365,593.76
(II)	Other Income	22	102.46	63.55
(III)	Total Income (I+II)		452,186.22	365,657.31
(IV)	EXPENSES			
	Finance Costs	23	171,867.94	160,508.20
	Impairment of financial instruments	24	81,827.53	38,792.92
	Employee benefits expenses	25	122,387.90	111,874.87
	Depreciation, amortisation and Impairment	26	4,792.67	4,387.89
	Other expenses	27	28,189.80	24,651.15
	Total Expenses		409,065.83	340,215.04
(V)	Profit before exceptional items and tax (III-IV)		43,120.39	25,442.27
(VI)	Exceptional Items			
(VII)	Profit before tax (V-VI)		43,120.39	25,442.27
(VIII)	Tax expense:			
	a. Current tax		12,598.52	8,244.31
	b. Deferred tax	10B	(4,566.00)	7,834.06
	c. Relating to earlier years (net)			(1,185.19)
			8,032.52	14,893.18
(IX)	Profit for the year from continuing operations (VII-VIII)		35,087.87	10,549.09
(X)	Profit for the year		35,087.87	10,549.09
(XI)	Other Comprehensive Income			
	(i) Items that will not be reclassified to profit or loss (Re-measurements of the defined benefit obligation)		(6,149.25)	(1,872.08)
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	Other comprehensive income (net of tax)		(6,149.25)	(1,872.08)
(XII)	Total Comprehensive Income for the year (X+XI)		28,938.61	8,677.01

	Particulars	Note No.	For the year ended 31.03.2023 Rs in Lakhs	For the year ended 31.03.2022 Rs in Lakhs
(XIII)	Earnings per equity share	28		
	Basic earnings per equity share (Rs.)		350.88	105.49
	Diluted earnings per equity share (Rs.)		350.88	105.49
	Nominal value per equity share (Rs.)		100.00	100.00

Significant accounting policies 1 to 4

Additional Information 29

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

For K Varghese & Company
Chartered Accountants
Firm Registration No: 004525S

Sd/-

Lal Krishna R P
Partner
Membership No.: 251969
UDIN: 23251969BGTR LC 8786

Place : Ernakulam
Date : 28.09.2023

For and on behalf of the Board of Directors

Sd/-

K. Varadarajan
DIN: 08157496
Chairman

Dr. Sanil S.K
DIN : 09811727
Managing Director

Preetha B.S
DIN: 07553746
Director

CA Sarath
Chandran S
General Manager (Finance)

CS Emil Alex
Company Secretary

THE KERALA STATE FINANCIAL ENTERPRISES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

(Rs in Laks)

	Particulars	Note No.	For the year ended ended 31.03.2023	For the year ended ended 31.03.2022
A.	Cash Flows from Operating Activities			
	Profit / (Loss) Before Tax		36971.14	23570.19
	Adjustments for:			
	Depreciation and amortisation expense		4792.67	4387.89
	Impairment on financial instruments		82277.53	38905.42
	(Profit)/ Loss on sale of Property, Plant & Equipment		(0.86)	0.74
	Interest income on loans		(147,022.89)	-125080.13
	Finance costs		171867.94	160508.20
	Interest income from banks, investments and others		(105,761.13)	-98037.60
	Operational cash flows from interest			
	Interest received on loans		252784.02	223117.73
	Finance costs		(171,867.94)	-160508.20
	Interest on income tax refund		-	
	Operating Profit before Working Capital Changes		124040.48	66864.25
	Adjustments for:			
	Decrease / (increase) in other non-financial assets		(791.09)	(9,479.82)
	Decrease / (increase) in loans		(803,406.38)	(746,507.27)
	Decrease / (increase) in other financial assets		1,242.25	(7,960.65)
	Increase / (decrease) in payables		3,326.57	(21,193.78)
	Increase / (decrease) in other financial liabilities		508773.66	447174.62
	Increase / (decrease) in provisions		-1084.46	9818.14
	Increase / (decrease) in other non-financial liabilities		4,926.09	2,959.15
	Cash generated (used in) Operations		(162,972.89)	(258,325.36)
	Direct Taxes Paid		(11,801.79)	(7,947.10)
	Net Cash flows from / (used) in Operating Activities		(174,774.68)	(266,272.45)
B.	Cash Flows from Investing Activities			
	Purchase of property, plant and equipment		(2,460.02)	(2,114.86)
	Purchase of Other Intangible assets		-3.30	(16.81)
	Sale proceeds of fixed assets		29.61	18.61
	Inflow from Bank Balances not considered as Cash and Cash equivalents (FD with bank/treasury & interest thereon)		(95,393.18)	15,939.08
	Investment in Government securities		(26,433.00)	(28,648.20)
	Net Cash flows from/(used) in Investing Activities		(124,259.88)	(14,822.18)
C.	Cash Flows from Financing Activities			
	Proceeds from Short Term Loan from Banks		56,006.37	141,134.82
	Proceeds from Deposits from public		241512.08	155974.10
	Dividend Paid		-	(7,000.00)
	Payment of lease liability		(2,782.34)	(2,536.80)
	Net Cash flows from/(used in) Financing Activities		294736.12	287572.12

	Particulars	Note No.	For the year ended ended 31.03.2023	For the year ended ended 31.03.2022
	Summary			
	Net Cash flow from/ used in Operating Activities		(174,774.68)	(266,272.45)
	Net Cash flow from/(used) in Investing Activities		(124,259.88)	(14,822.18)
	Net Cash flow from/(used in) Financing Activities		294,736.12	287,572.12
	Net Increase /(Decrease) in Cash Equivalents		(4,298.45)	6,477.49
	Cash and Cash Equivalents at the beginning of the year		21,128.83	14,651.34
	Cash and Cash Equivalents at the end of the year		16,830.38	21,128.83
	Net increase / (decrease) as disclosed above		(4,298.45)	6,477.49

Significant accounting policies 1 to 4

Additional Information 29

Note: Cash and cash equivalent comprise of cash on hand, balance in current account, treasury savings account and overdraft account. (Refer Note 5 of the Balance Sheet)

For K Varghese & Company
Chartered Accountants
Firm Registration No: 004525S

Sd/-

Lalkrishna R P
Partner
Membership No.: 251969
UDIN: 23251969BGTR LC 8786

Place : Ernakulam
Date : 28.09.2023

For and on behalf of the Board of Directors

Preetha B.S
DIN: 07553746
Director

CA Sarath Chandran S
General Manager (Finance)

CS Emil Alex
Company Secretary

Sd/-

K. Varadarajan
DIN: 08157496
Chairman

Dr. Sanil S.K
DIN : 09811727
Managing Director

THE KERALA STATE FINANCIAL ENTERPRISES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2023

A. Equity Share Capital

	Numbers	Amount Rs in Lakhs
Equity shares of Rs.100 each issued, subscribed and fully paid		
Balance as at the beginning on 1st April, 2021	1,00,00,000	10,000.00
Changes in equity share capital during the year	-	-
Balance as at 31st March, 2022	1,00,00,000	10,000.00
Changes in equity share capital during the year	-	-
Balance as at 31st March, 2023	1,00,00,000	10,000.00

A. Equity Share Capital

(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 2021	89,150.98	8,682.36		(9,441.32)	88,392.02
Profit for the year			10,549.09		10,549.09
Other comprehensive income (net of taxes)				(1,872.08)	(1,872.08)
Total comprehensive income for the year	-	-	10,549.09	(1,872.08)	8,677.01
Dividend	(7,000.00)	-			(7,000.00)
Transfer to/(from) retained earnings	7,976.54	2,544.23	(10,549.09)		(28.32)
As at 31st March, 2022	90,127.52	11,226.59	-	(11,313.40)	90,040.71
Balance As at 1st April 2022	90,127.52	11,226.5	-	(11,313.40)	90,040.71
Profit for the year			35,087.87		35,087.87
Other comprehensive income net of taxes				(6,149.25)	(6,149.25)
Total comprehensive income for the year	-	-	35,087.87	(6,149.25)	28,938.61
Dividend	-		-		-
Transfer to/(from) retained earnings	30,775.83	4,312.04	(35,087.87)		-
Adjustment on account of transition to Ind As 116 " Leases" (Net of tax")			-		-
Balance As at 31st March, 2023	1,20,903.35	15,538.63	-	(17,462.65)	1,18,979.34

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

For K Varghese & Company
Chartered Accountants

Firm Registration No: 004525S

Sd/-

Lalkrishna R P

Partner

Membership No.: 251969

UDIN: 23251969BGTR LC 8786

Place : Ernakulam

Date : 28.09.2023

For and on behalf of the Board of Directors

Sd/-

K. Varadarajan

DIN: 08157496

Chairman

Dr. Sanil S.K

DIN : 09811727

Managing Director

Preetha B.S

DIN: 07553746

Director

CA Sarath

Chandran S

General Manager (Finance)

CS Emil Alex

Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

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 operators 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 31.03.2023; the Company is having 16 regional offices and 660 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) under historical cost convention on accrual basis except for certain assets and liabilities which are measured at fair values, prescribed under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after read with relevant rules issued thereafter and other accounting principles generally accepted in India.

For all periods up to and including the year ended 31 March 2018, the Company had 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.

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,
- i) financial assets and liabilities designated at fair value through profit or loss (FVTPL),
- ii) 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.

Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

- i. The normal course of business
- ii. The event of default
- iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

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.

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 amount advanced to KSFE Staff Co-op. Society Ltd. is recognized as and when the same is received.

The Company has taken rate of interest paid on deposits as the effective rate of interest (EIR) since the rate of interest paid is par with the market rate of interest.

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
- a. The event of default
- b. The event of insolvency or bankruptcy of the Company and/or its counterparties

3.5 Impairment of financial assets

The Company recognises impairment allowance for expected credit loss on financial assets held at amortised cost. The Company recognises loss allowances (provisions) for expected credit losses on its financial assets (including undisbursed sanctioned amounts) that are measured at amortised costs or at fair value through profit or loss.

No ECL is recognised on

- a) Pass book Loan
- b) Fixed Deposit Loan
- c) Employee Loan
- d) Inter-Corporate loan

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.

3.6 Determination of fair value

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
- i. 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.

for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 - "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 - "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 - "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 as per Ind AS-7, cash and cash equivalents consist of cash and short-term deposits, as defined above and also Bank Overdrafts.

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 are 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 de recognition 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.

Depreciation calculated on useful life method, useful life may be considered as a period oer which as asset is available for use or as the number of production or similar units expected to be obtained from the asset by the Company. The following are the useful lives of various tangible assets notified in the schedule II of the Companies Act,2013:

S. No.	Nature of Asset	Useful life
1	Building other than RCC structure	30 Yrs
2	Furniture & Fixtures	10 Yrs
3	Motor Vehicles	8 Yrs
4	Office Equipments	5 Yrs
5	Computer and data processing equipments	6 Yrs
6	End user devices such as laptops, Printers etc.	3 Yrs
7	Electrical installation and equipment	10 Yrs

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 actual. 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.

3.18 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

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

THE COMPANY AS A LESSEE

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying

amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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

Particulars	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
Cash on hand	1,665.92	1,707.42
Balance with banks/ Treasury		
a. In Current Accounts	14,896.80	18,932.66
b. In Savings Accounts	1,087.74	1,301.00
c. In Overdraft Accounts	(820.07)	(812.25)
Total	16,830.38	21,128.83

6 Bank Balances other than above

Particulars	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
Deposits with bank/Treasury with original maturity of three months and above (See Note 6.1)	9,13,349.62	8,17,113.39
Interest Accrued on Deposits	16,200.86	17,043.91
Total	9,29,550.47	8,34,157.30

6.1 FD with Banks/ Treasury includes restricted treasury/ bank balances of Rs.371535.93 Lakhs (Previous year Rs.341027.38 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. 403.18 Lakhs (Previous Year Rs. 735.23 Lakhs) and Rs.344025.78 Lakhs (Previous Year Rs. 309504.43 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. 27106.95 Lakhs (Previous Year Rs.30787.70 Lakhs) and earmarked balances for unpaid dividend Rs.0.02 Lakhs (Previous Year Rs.0.02 Lakhs).

7 Loans

(Rs in Laks)

Particulars	As at March 31, 2023				
	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	3,53,677.02				3,53,677.02
Janamithram gold loan	10,683.83				10,683.83
ii) Loan against Chitty	3,25,903.63				3,25,903.63
iii) Amount Recoverable from Prized Subscribers	33,77,956.59				33,77,956.59
iv) Employee loans	10,140.46				10,140.46
v) Revenue Recovery Debtors	1,80,588.72				1,80,588.72
vi) Loan to government companies	3,72,069.00				3,72,069.00
vii) Others	3,95,581.25				3,95,581.25
Total (A) - Gross	50,26,600.50	-	-	-	50,26,600.50
	(2,15,122.14)				(2,15,122.14)
Less: Impairment loss allowance					
Total (A) - Net	48,11,478.35				48,11,478.35
(B)					
(I) Secured by Tangible Assets	46,44,391.04				46,44,391.04
	3,72,069.00				3,72,069.00
(II) Covered by Government Guarantee					
(III) Unsecured	10,140.46				10,140.46
Total (B) - Gross	50,26,600.50	-	-	-	50,26,600.50
	(2,15,122.14)				(2,15,122.14)
Less: Impairment loss allowance					
Total (B) - Net	48,11,478.35	-	-	-	48,11,478.35
(C)					
(I) Loans in India					-
i) Public Sector	3,72,069.00				3,72,069.00
ii) Others	46,54,531.50				46,54,531.50
(II) Loans outside India					-
Total (C) - Gross	50,26,600.50				50,26,600.50
Less: Impairment loss allowance	(2,15,122.14)				(2,15,122.14)
Total (C) - Net	48,11,478.35				48,11,478.35

(Rs in Laks)

Particulars	As at March 31, 2022				
	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	2,93,928.41				2,93,928.41
ii) Loan against Chitty	2,68,998.36				2,68,998.36
iii) Amount Recoverable from Prized Subscribers	27,92,710.85				27,92,710.85
iv) Employee loans	9,596.76				9,596.76
v) Revenue Recovery Debtors	1,10,021.67				1,10,021.67
vi) Loan to government companies	4,12,069.00				4,12,069.00
vii) Others	3,59,962.91				3,59,962.91
Total (A) - Gross	42,47,287.95	-	-	-	42,47,287.95
Less: Impairment loss allowance	(1,57,388.45)				(1,57,388.45)
Total (A) - Net	40,89,899.50				40,89,899.50
(B)					-
(I) Secured by Tangible Assets	38,25,622.19				38,25,622.19
(II) Covered by Government Guarantee	4,12,069.00				4,12,069.00
(III) Unsecured	9,596.76				9,596.76
Total (B) - Gross	42,47,287.95	-	-	-	42,47,287.95
Less: Impairment loss allowance	(1,57,388.45)				(1,57,388.45)
Total (B) - Net	40,89,899.50				40,89,899.50
(C)					-
(I) Loans in India					-
i) Public Sector	4,12,069.00				4,12,069.00
ii) Others	38,35,218.95				38,35,218.95
(II) Loans outside India					-
Total (C) - Gross	42,47,287.95				42,47,287.95
Less: Impairment loss allowance	(1,57,388.45)				(1,57,388.45)
Total (C)- Net	40,89,899.50				40,89,899.50

8 Investments

(Rs in Laks)

Particulars	As at March 31, 2023					
	Amortised Cost	At Fair Value			At Cost	Total
		Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through profit or loss		
Government securities	91,113.00	-	-	-	-	91,113.00
Total Gross (A)	91,113.00	-	-	-	-	91,113.00
i) Investments outside India	-	-	-	-	-	-
ii) Investments in India	91,113.00	-	-	-	-	91,113.00
Total Gross (B)	91,113.00	-	-	-	-	91,113.00
Less: Allowance for impairment loss (C)	-					
Total - Net D = (A) - (C)	91,113.00	-	-	-	-	91,113.00

(Rs in Laks)

Particulars	As at March 31, 2022					
	Amortised Cost	At Fair Value			At Cost	Total
		Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through profit or loss		
Government securities	64,680.00	-	-	-	-	64,680.00
Total Gross (A)	64,680.00	-	-	-	-	64,680.00
i) Investments outside India	-	-	-	-	-	-
ii) Investments in India	64,680.00					64,680.00
Total Gross (B)	64,680.00	-	-	-	-	64,680.00
Less: Allowance for impairment loss (C)	-					
Total - Net D = (A) - (C)	64,680.00	-	-	-	-	64,680.00

Government securities

(Rs in Laks)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Units	Amount	Units	Amount
7.5% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board	435	11,361.40	1,261.00	5,928.40
7.6% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board	5,811	58,110.00	1,608.00	16,080.00
8% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board	29	724.60	77.00	724.60
8.1% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board	-	-	218.00	2,180.00
8.5% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board	166	3,927.00	912.00	3,927.00
8.6% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board	1,699	16,990.00	3,584.00	35,840.00
Total	8,140	91,113.00	7,660.00	64,680.00

9 Other Financial Assets

Particulars	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
Security Deposits	204.52	188.82
Others	10,141.08	11,399.02
Total-Gross	10,345.60	11,587.85
Less: Impairment loss allowance	(750.00)	(300.00)
Total- Net	9,595.60	11,287.85

Others includes amount receivable from Government (Treasury resumption) of Rs 2908.50 lakhs and amount receivable from Government (Vidyakiran scheme) of Rs 7449.74. lakhs.

10 A Current tax assets (Net)

Particulars	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
Advance tax and tax deducted at source (net of provisions)	14,816.31	15,613.04
Total	14,816.31	15,613.04

10 B Deferred tax assets (Net)

Particulars	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
(a) Property, Plant and Equipment	702.00	574.00
(b) Lease Liabilities	2.00	5.00
(c) Provisions	18718.00	9159.00
(d) Others	0.00	5118.00
Total	19422.00	14856.00

11 A Property, Plant and Equipment

Description of Assets	Freehold Land	Buildings	Furniture and fixtures	Office equipment	Electrical Fittings	Motor Vehicle	Data Processing Equipments	Total
Owned assets								
I. At cost or deemed cost								
Balance as at 31 March 2021	69.51	1,415.06	4,185.62	287.73	1,555.51	60.64	1,756.16	9,330.23
Additions	-	5.86	1,005.44	216.33	379.79	-	507.44	2,114.86
Disposals	-	-	(161.81)	(20.76)	(43.03)	(7.99)	(15.91)	(249.50)
Balance as at 31 March 2022	69.51	1,420.92	5,029.25	483.30	1,892.26	52.65	2,247.69	11,195.59
Additions	-	16.33	1,398.25	110.36	424.60	-	510.48	2,460.02
Disposals	-	(194.75)	(37.55)	(47.52)	(0.16)	-	(45.57)	(325.54)
Balance as at 31 March 2023	69.51	1,437.25	6,232.76	556.12	2,269.34	52.49	2,712.60	13,330.07
II. Accumulated depreciation								
Balance as at 31 March 2021	-	113.38	1,282.22	85.35	473.91	35.37	1,107.69	3,097.92
Charge for the year	-	62.91	863.14	148.09	328.45	6.73	359.55	1,768.86
Disposals	-	-	(155.76)	(19.96)	(39.28)	(7.60)	(7.52)	(230.12)
Balance as at 31 March 2022	-	176.29	1,989.60	213.48	763.08	34.50	1,459.71	4,636.66
Charge for the period	-	60.21	926.62	126.	338.02	4.35	525.60	1,981.42
Disposals	-	-	(179.12)	(33.85)	(44.14)	(0.16)	(39.53)	(296.79)
Balance as at 31 March 2023	-	236.50	2,737.10	306.25	1,056.96	38.70	1,945.79	6,321.29
Carrying value (I-II)								
Balance as at 31 March 2022	69.51	1,244.63	3,039.65	269.82	1,129.18	18.15	787.98	6,558.93
Balance as at 31 March 2023	69.51	1,200.75	3,495.65	249.87	1,212.38	13.80	766.81	7,008.78

11 B

(Rs in Laks)

Description of Assets	Land & Building	Plant & machinery	Total
Right of use assets			
I. At cost or deemed cost			
Balance as at 31 March 2021	6,238.95		6,238.95
Additions	2,697.66		2,697.66
Disposals			
Balance as at 31 March 2022	8,936.62		8,936.62
Additions	3,846.61		3,846.61
Disposals			-
Balance as at 31 March 2023	12,783.23		12,783.23
II. Accumulated depreciation			
Balance as at 1st April 2021	2,095.04		2,095.04
Charge for the year	2,520.44		2,520.44
Disposals			
Balance as at 31 March 2022	4,615.48		4,615.48
Charge for the period	2,767.12		2,767.12
Disposals			-
Balance as at 31 March 2023	7,382.60		7,382.60
Carrying value (I-II)			
Balance as at 31 March 2022	4,321.14		4,321.14
Balance as at 31 March 2023	5,400.63		5,400.63

11 C Other Intangible assets

(Rs in Lakhs)

Description of Assets	Computer Software
II. At cost or deemed cost	
Balance as at 1st April 2021	412.83
Additions	16.81
Disposals	(0.01)
Balance as at 31 March 2022	432.81
Additions	3.30
Disposals	(0.11)
Balance as at 31 March 2023	432.81
II. Accumulated amortisation	
Balance as at 1st April 2021	236.47
Charge for the year	98.59
Disposals	(0.04)
Balance as at 31 March 2022	335.02
Charge for the period	44.13
Disposals	(0.11)
Balance as at 31 March 2023	379.04
Carrying value (I-II)	
Balance as at 31 March 2022	94.61
Balance as at 31 March 2023	53.78

12 Other Non - Financial Assets

Particulars	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
Unsecured - Considered Good		
Prepaid Expenses	24.28	13.33
Balance with government authorities	1.54	1.07
Other advances	91,466.85	76,155.46
Stock of Stationery	144.50	107.67
Inter Branch Current Account	(0.50)	14,567.62
Stamp and Stamp Paper on Hand	4.55	4.97
Total	91,641.22	90,850.12

Other advances includes foreman's investment in chits (substituted tickets) Rs 87289.46 lakhs (previous year Rs 74905.74 lakhs)

12.1 See Note 29.15 for details regarding Inter Branch Current Accounts.

13 A Trade Payable

Particulars	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
Trade Payables:		
(a) Total outstanding due of micro enterprises and small enterprises	-	-
(b) Total outstanding due of creditors other than micro enterprises and small enterprises	18,988.82	15,662.24
Total	18,988.82	15,662.24

13 B Borrowings

(Rs in Laks)

Particulars	As at March 31, 2023			
	Amortised Cost	At fairvalue Through Profit or Loss	Designated at Fair Value through profit or loss	Total
Short Term Loan from Banks- (Secured by a lien on Fixed Deposit with Treasury)	4,02,141.18			4,02,141.18
Total	4,02,141.18	-	-	4,02,141.18
Borrowings in India	4,02,141.18			4,02,141.18
Borrowings outside India		-	-	

Short term loans from banks	As at 31.03.2023 Rs in Lakhs	Rate of Interest	Repayment terms
Federal Bank	30000	7.95%	Repayable on demand/maturity
Federal Bank	5000	7.85%	Repayable on demand/maturity
Dhanlakshmi Bank	13000	7.75%	Repayable on demand/maturity
HDFC Bank	7400	7.75%	Repayable on demand/maturity
HDFC Bank	2000	7.50%	Repayable on demand/maturity
Bank of Baroda	85000	8.40%	Repayable on demand/maturity
State Bank of India	30000	7.98%	Repayable on demand/maturity
State Bank of India	12000	7.85%	Repayable on demand/maturity
Bank of Maharashtra	200000	8.00%	Repayable on demand/maturity
South Indian Bank	17741.18	8.15%	Repayable on demand/maturity
Total	402141.18		

(Rs in Laks)

Particulars	As at March 31, 2022			
	Amortised Cost	At fairvalue Through Profit or Loss	Designated at Fair Value through profit or loss	Total
Short Term Loan from Banks- (Secured by a lien on Fixed Deposit with Treasury)	3,46,134.82			3,46,134.82
Total	3,46,134.82	-	-	3,46,134.82

14 A Deposits

Particulars	As at March 31, 2023			
	At Amortised Cost	At fair value Through Profit or Loss	Designated at Fair Value through profit or loss	Total
Deposit from Public				
Fixed Deposit	13,68,233.82			13,68,233.82
Chitty Security Deposit in Trust	6,54,701.67			6,54,701.67
Short Term Deposits	36,467.08			36,467.08
Sugama Deposits	1,22,089.27			1,22,089.27
Total	21,81,491.85	-	-	21,81,491.85

(Rs in Laks)

Particulars	As at March 31, 2022			
	At Amortised Cost	At fair value Through Profit or Loss	Designated at Fair Value through profit or loss	Total
Deposit from Public				
Fixed Deposit	12,45,507.66			12,45,507.66
Chitty Security Deposit in Trust	5,34,121.77			5,34,121.77
Short Term Deposits	35,255.04			35,255.04
Sugama Deposits	1,25,095.30			1,25,095.30
Total	19,39,979.76	-	-	19,39,979.76

Deposits from public	As at 31.03.2023 Rs in Lakhs	Rate of Interest	Secured status & Repayment terms
Fixed Deposit	1368233.82	6.60% - 7.10%\	Guaranteed by Government of Kerala. The deposits are repayable on maturity. Pre-closure facility is available subject to the conditions
Chitty Security Deposit in Trust	654701.67	8.15%	The deposits are repayable on maturity. Pre-closure facility is available subject to the conditions
Short Term Deposits	36467.08	3.25% - 5.50%	Guaranteed by Government of Kerala . The deposits are repayable on maturity. Pre-closure facility is available subject to the conditions
Sugama Deposits	122089.27	4.50%	Guaranteed by Government of Kerala. The deposits are repayable on demand
Total	2181491.85		

14 B Lease liability

Particulars	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
Balance as at 1 st April	4,342.10	4,181.23
Additions	3,846.61	2,697.66
Increase in lease liability due to increase in tariff	-	-
Add: Finance cost accrued during the period	436.13	305.65
Less: Payment of lease liabilities	3,218.46	2,842.45
Total	5,406.38	4,342.10

15 Other Financial Liabilities

Particulars	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
Interest Accrued and due on Public Deposit	25,188.45	23,256.78
Interest Accrued and due on Short Term Deposit	452.87	449.25
Interest Accrued on Chitty Security Deposit in Trust	19,428.77	16,492.95
Unpaid Matured Fixed Deposits	47,670.81	40,234.33
Unpaid Matured Short Term Deposits	5,747.01	5,159.27
Unpaid Non-Operative Sugama Deposits	185.25	183.41
Finance Payable- Chitty/ Kuri	30,93,436.78	25,94,674.33
Finance Payable- Hire Purchase	144.82	160.65
Interest Payable on Loan from banks(Mobilisation)	376.22	543.47
Interest On Gratuity Deposit	3.75	3.75
Chitty Security Deposit in Trust Matured but not claimed	12,721.21	15,452.51
Employee Benefits Expenses Payable	224.01	225.59
Security Deposits	206.10	202.64
Others	244.88	218.34
Total	32,06,030.92	26,97,257.27

Others includes state life insurance (PRD) Rs 78.85 lakhs (previous year Rs 70.98 lakhs), LIC(PR D) Rs 68.25 lakhs (previous year Rs 60.56 lakhs), group insurance scheme (PRD) Rs 65.46 lakhs (previous year Rs 56.61 lakhs), group insurance claim payable Rs 29.46 lakhs (previous year Rs 26.25 lakhs)

16 Provisions

(Rs in Laks)

	Gratuity	Leave Encashment	Provision for losses on Fraud/ Misappropriation	Total
Carrying amount as on 31.03.2022	13,433.78	22,487.73	3,932.61	39,854.12
Add				
Provision made during the Financial year	9493.13	712.63	2,143.56	12,349.32
Less				
Amount Paid/Reversed during the year	13433.78			13,433.78
Carrying amount as on 31.03.2023	9493.13	23200.36	6076.17	38769.66

16.1 See Note 29.6 for disclosures required under Indian Accounting Standard (Ind AS) 19 - "Employee Benefits" 16.2 See Note 29.14 (d) for details of provision made for Fraud/ Misappropriation.

17 Other Non-Financial Liabilities

Particulars	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
Margin Money on Employees Loan	0.48	0.47
Social Security Scheme (Revised Bhadratha)	3,066.58	1,727.35
Income Received in Advance	960.28	640.56
Statutory and other dues	11,075.03	7,807.90
Total	15,102.37	10,176.28

Statutory and other dues includes EPF payable Rs 1679.30 lakhs (previous year Rs 2027.81 lakhs), GST payable Rs 2813.19lakhs (previous year Rs 1968.66 lakhs), TDS payable Rs 1917.24 lakhs (previous year Rs 1388.68 lakhs), recovery from gratuity Rs 1990.51 lakhs (previous year Rs 757.96 lakhs), terminated chitty adjustment Rs 646.10 lakhs (previous year Rs 860.61 lakhs) etc.

17.1 See Note 29.17 for details regarding Social Security Scheme (Revised Bhadratha)

18 Equity Share Capital

Particulars	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
Authorised :		
100,00,000 (100,00,000) Equity Shares of par value of Rs.100/- each	10,000.00	10,000.00
Issued, Subscribed and Fully paid:		
100,00,000 (100,00,000) Equity Shares of par value of Rs.100/- each	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. 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	As at 31.03.2023 Rs in Lakhs		As at 31.03.2022 Rs in Lakhs	
	No. of Shares	Amount Rank in laks	No. of Shares	Amount Rank in laks
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
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

18.3 Particulars of Shareholders holding more than 5% share in the Company

Particulars	As at 31.03.2023 Rs in Lakhs		As at 31.03.2022 Rs in Lakhs	
	%	No. of Shares	%	No. of Shares
Government of Kerala	100%	1,00,00,000	100%	1,00,00,000

18.4 Details of equity shares held by promoters

As on 31.03.2023

Promoter Name	Number of shares at the beginning of the year	Change during the year	Number of shares at the end of the year	% of total shares	% change during the year
Government of Kerala	10000000	-	1,00,00,000.00	100.00%	-

18.5 Details of equity shares held by promoters

As on 31.03.2022

Promoter Name	Number of shares at the beginning of the year	Change during the year	Number of shares at the end of the year	% of total shares	% change during the year
Government of Kerala	10000000	-	1,00,00,000.00	100.00%	-

18.5 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 .

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

18.7 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	As at 31.03.2023 Rs in Lakhs	As at 31.03.2022 Rs in Lakhs
General reserve		
Balance at the beginning of the year	90,127.52	89,150.98
Add: Transfer from Retained Earnings	30,775.83	7,976.54
Less: Utilized for issuing Bonus Shares	-	-
Less: Dividend		7,000.00
Less: Dividend Distribution Tax		
Closing balance	1,20,903.35	90,127.52
Chitty Statutory Reserve		
Balance at the beginning of the year	11,226.59	8,682.36
Add: Transfer from Retained Earnings	4,312.04	2,544.23
Closing balance	15,538.63	11,226.59
Other Comprehensive Income (OCI)		
Balance at the beginning of the year	(11,313.40)	(9,441.32)
Add : Re-measurements of the defined benefit plans in OCI	(6,149.25)	(1,872.08)
	(17,462.65)	(11,313.40)
Retained Earnings		
Balance at the beginning of the year		
Add : Profit for the year	35,087.87	10,549.09
Less: Transfer to General Reserve	30,775.83	7,976.54
Less: Transfer to Chitty Reserve	4,312.04	2,544.23
Less : Adjustment on account of transition to Ind As 116 " Leases" (Net of tax")	28.32	
Closing Balance	-	-
Total	1,18,979.33	90,040.71

20 Interest Income

In Lakhs

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	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		31,612.05			29,434.75	
Janamithram Gold Loan		370.68				
Fixed Deposit Loan/NFDL		627.75			573.59	
Chitty Loan/Passbook Loan		6,052.58			5,123.61	
New Chitty Loan		26,262.57			19,955.62	
N.H.F.S./ H.F.S.		15,108.57			11,781.08	
Reliable Customer Loan		22,294.62			20,894.34	
Consumer Vehicle Loan		99.87			126.34	
Sugama Akshaya OD		285.18			182.69	
Tax Planning Loan		0.42				-
Kerala State Social Security Pension Ltd		4,928.57			5,935.20	
Interest on RR Dues		11,495.85			12,033.15	
Interest on Investment		6,202.48			4,148.53	
Interest on deposits with bank/treasury		94,630.08			87,953.86	
Other interest income		32,812.74			24,974.96	
Total		2,52,784.02			2,23,117.73	

Other interest income mainly includes default interest (Chitty) Rs 22162.71 lakhs (previous year Rs 19467.57 lakhs), penal interest on Reliable Customer Loan Rs 4806.10 lakhs (previous year Rs 2747.06 lakhs), and interest on chitty advance payment Rs 1646.68 lakhs (previous year Rs 1085.47 lakhs)

21 (a) Service Charges

Particulars	For the year ended 31.03.2023 Rs in Lakhs	For the year ended 31.03.2022 Rs in Lakhs
Writing Fee	1,064.95	797.52
Administrative and Processing Charges	248.22	190.04
Registration Charges	7.31	6.16
Others	384.92	296.08
	1,705.40	1,289.79

21 (b) Other Revenue from Chitty Operations

Particulars	For the year ended 31.03.2023 Rs in Lakhs	For the year ended 31.03.2022 Rs in Lakhs
Profit on Chitty Substituted Tickets	19,858.46	13,085.74
Forfeited Veethapalisa Income	3,886.35	2,998.86
Dividend Income (Auction Surplus)	6,708.74	5,133.86
	30,453.55	21,218.47

21.1 See Note 29.16 for details of Forfeited Veethapalisa Income.

22 Other Income

Particulars	For the year ended 31.03.2023 Rs in Lakhs	For the year ended 31.03.2022 Rs in Lakhs
Profit on Sale of Fixed Assets	6.59	6.17
Miscellaneous Income	95.88	57.38
Total	102.46	63.55

23 Finance Costs

Particulars	Year ended March 31, 2023 Rs in Lakhs		Year ended March 31, 2022 Rs in Lakhs	
	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	-	1,26,238.10	-	1,22,599.89
Suguma Deposits	-	5,655.74	-	5,829.08
Others	-	28,994.04	-	22,098.42
Guarantee Commission	-	10,543.93	-	9,675.15
Finance Cost on lease liability	-	436.13	-	305.65
Total	-	1,71,867.94	-	1,60,508.20

Others includes interest paid to banks on borrowings Rs 28881.15 lakhs

24 Impairment of financial instruments

Particulars	Year ended March 31, 2023 Rs in Lakhs		Year ended March 31, 2022 Rs in Lakhs	
	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	-	58,183.69	-	16,738.27
OTS/Adalath interest	-	11,876.02	-	18,190.07
Written Off	-	318.95	-	204.09
Others	-	2,143.56	-	1,160.49
Provision for unreconciled inter branch balance	-	9,305.30	-	2,500.00
Total	-	81,827.53	-	38,792.92

25 Employee Benefits Expense

Particulars	For the year ended 31.03.2023 Rs in Lakhs	For the year ended 31.03.2022 Rs in Lakhs
Salaries and Wages	1,00,953.55	79,991.33
Contribution to Provident Fund	9,885.95	8,680.13
Contribution to Gratuity Fund	3,417.33	11,622.35
Earned Leave Salary	6,302.65	9,970.89
Bonus & Performance Incentive	52.44	75.38
Staff Welfare Expenses	1,775.97	1,534.79
Total	1,22,387.90	1,11,874.87

27 Other Expenses

Particulars	For the year ended 31.03.2023 Rs in Lakhs	For the year ended 31.03.2022 Rs in Lakhs
Vehicle Running Expenses	78.69	42.34
Other lease expense - Arrears	12.66	20.43
Rates & Taxes	27.78	26.09
Power and Fuel	805.35	594.67
Postage and Telephone	254.48	238.66
Printing & Stationery	676.61	537.19
Legal and Professional Charges	120.58	78.88
Registration and Filing Fee	5,546.04	5,099.73
Insurance	16.78	20.06
Sitting Fees to Directors	4.61	6.24
Service Tax	2.72	4.21
Loss on Sale of Assets	5.73	6.91
Miscellaneous Expenses	1,166.54	1,920.01
Travelling Expenses	510.04	334.64
Corporate Social Responsibility	386.47	219.98
CASBA connectivity charges	518.02	810.36
Repairs and Maintenance:		
Building	21.71	16.52
Data Processing Equipments	243.37	195.61
Others	93.42	72.15
Remuneration to Auditors:		
(i) For Audit	115.51	110.03
(ii) Other Expenses	23.26	11.23
Advertisement	1,563.69	1,063.04
Sales promotion Expenses	873.84	19.43
Development Expenses	13,570.10	11,333.13
GST Input Reversal	1,551.81	1,869.60
Total	28,189.80	24,651.15

27.1 See Note No. 29.3 for disclosures regarding Leases.

27.2 See Note No. 29.13 for disclosures regarding CSR Expenditure.

28 Earnings per share

Particulars	For the year ended 31.03.2023 Rs in Lakhs	For the year ended 31.03.2022 Rs in Lakhs
Profit/ (Loss) for the year	35,087.87	10,549.09
Average number of equity shares of Rs.100/- each fully paid up	1,00,00,000	1,00,00,000
Earnings per Share (Basic) (Rs)	350.88	105.49
Earnings per Share (Diluted) (Rs)	350.88	105.49

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 31.03.2023	As at 31.03.2022
Financial Assets measured at Fair value through P&L/OCI			
Investments in Non-Convertible Redeemable Bonds - Unquoted	8	91,113.00	64,680.00

Category wise classification of financial instruments is as follows:

Particulars	Refer Note	Fair Value	
		As at 31.03.2023	As at 31.03.2022
Financial Assets measured at amortised cost			
i. Loans	7	48,11,478.35	40,89,899.50
ii. Other Financial Assets	9	9,595.60	11,287.85
iii. Bank balances other than cash and cash equivalents	6	9,29,550.47	8,34,157.30
iv. Cash and cash equivalents	5	16,830.38	21,128.83
		57,67,454.81	49,56,473.47
Financial Liabilities measured at amortised cost			
i. Payables	13	18,988.82	15,662.24
ii. Borrowings	13 B	4,02,141.18	3,46,134.82
iii. Deposits	14 A	21,81,491.85	19,39,979.76
iv. Lease liability	14 B	5,406.38	4,342.10
iv. Other financial liabilities	15	32,06,030.92	26,97,257.27
		58,14,059.15	50,03,376.19

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. It may be noted that the Company has a process in place to-

- Identify the various risks associated with the activities of the Company and assessing their impact on the business.
- Measure 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 networth. In such circumstances, liquidity risk is insignificant.

2) Market Risk

As the Company's overall debt is within acceptable parameters, 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. Most of the Fixed deposits are held with treasury and for long duration 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:

- Credit risk on Gold loan is considerably reduced as the security offered is in the form of Gold ornaments which could be easily liquidated and there is only a distant possibility of losses due to adequate margin cover retained while disbursing the loan.
- Credit risk in other schemes is reduced through a careful appraisal and loan approval process & adequate security coverage. 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 for different terms as against public deposits at variable rates with different tenors. 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 seeks to optimize borrowing profile between deposits of varying tenors. 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 appropriate time buckets and Asset Liability Management Committee supervises rates periodically for assessment of interest rate risks. The Interest Rate Risk is mitigated by availing funds at competitive rates by appropriately adjusting the interest rates at periodical intervals.

5) Foreign Currency Risk

Foreign Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company had no exposure to foreign currency and foreign currency risk during the FY 2022-23 is Nil.

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 acceptance of deposits / borrowings. The Company aims at maintaining a healthy network largely towards supporting the future growth of its businesses as a going concern.

As at 31st March, 2023, 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.

(Rs in Laks)

As at March 31, 2023	Maximum exposure to credit risk	Coverage of collateral and credit enhancements held							Total collateral	Net exposure
		Cash	Securities	Bank and government guarantees	Household used Gold Ornaments	Book debts, Inventory and other working capital items	Other Securities Including personal properties			
Cash and cash equivalents	16,830.38	16,830.38	-	-	-	-	-	16,830.38	-	
Bank Balance other than Cash and cash equivalents	9,29,550.47	9,29,550.47	-	-	-	-	-	-9,29,550.47	-	
Loans (Gross):										
i) Gold Loan	3,53,677.02	-	-	-	3,53,677.02	-	-	3,53,677.02	-	
ii) Loan against Chitty	3,25,903.63	-	-	-	-	3,25,903.63	-	3,25,903.63	-	
iii) Amount Recoverable from Prized Subscribers	33,77,956.59	-	-	-	-	-	33,77,956.59	33,77,956.59	-	
iv) Employee loans	10,140.46	-	-	-	-	-	10,140.46	10,140.46	-	
v) Revenue Recovery Debtors	1,80,588.72	-	-	-	-	-	1,80,588.72	1,80,588.72	-	
vi) Loan to government companies	3,72,069.00	-	-	3,72,069.00	-	-	-	3,72,069.00	-	
vii) Others	3,95,581.25	-	-	-	-	-	3,95,581.25	3,95,581.25	-	
Other financial assets	9,595.60	-	-	-	-	-	-	-	9,595.60	

As at March 31, 2022	Maximum exposure to credit risk	Coverage of collateral and credit enhancements held							Total collateral	Net exposure
		Cash	Securities	Bank and government guarantees	Household used Gold Ornaments	Book debts, Inventory and other working capital items	Other Securities Including personal properties			
Cash and cash equivalents	21,128.83	21,128.83	-	-	-	-	-	21,128.83	-	
Bank Balance other than Cash and cash equivalents	8,34,157.30	8,34,157.30	-	-	-	-	-	8,34,157.30	-	
Loans (Gross):	-	-	-	-	-	-	-	-	-	
i) Gold Loan	2,93,928.41	-	-	-	2,93,928.41	-	-	2,93,928.41	-	
ii) Loan against Chitty	2,68,998.36	-	-	-	-	2,68,998.36	-	2,68,998.36	-	
iii) Amount Recoverable from Prized Subscribers	27,92,710.85	-	-	-	-	-	27,92,710.85	27,92,710.85	-	
iv) Employee loans	9,596.76	-	-	-	-	-	9,596.76	9,596.76	-	
v) Revenue Recovery Debtors	1,10,021.67	-	-	-	-	-	1,10,021.67	1,10,021.67	-	
vi) Loan to government companies	4,12,069.00	-	-	4,12,069.00	-	-	-	4,12,069.00	-	
vii) Others	3,59,962.91	-	-	-	-	-	3,59,962.91	3,59,962.91	-	
Other financial assets	11,287.85	-	-	-	-	-	-	-	11,287.85	

29.3 Lease Disclosures (Entity as a Lessee)

Company Policy

The company adopted Ind AS 116 "Leases" on the basis of retrospective application without restatement of prior year comparatives. This results in the cumulative impact of adoption is recorded as an adjustment to other equity under the head retained earnings, at the beginning of the accounting period in which the standard is first applied. Accordingly, following disclosures are given.

Lease Liabilities

(Rs in Laks)

Particular	Total
Balance as at 1st April 2021	4181.23
Additions	2697.66
Increase in lease liability due to increase in Tarrif	0.00
Add:Finance cost accrued during the period	305.65
Less:Payment of lease liabilities	2842.45
Balance as at 1st April 2022	4342.10
Additions	3846.61
Increase in lease liability due to increase in Tarrif	0.00
Add:Finance cost accrued during the period	436.13
Less:Payment of lease liabilities	3218.46
Balance as at 31st March 2023	5406.38

Maturity Analysis-Contractual undiscounted cash flows

(Rs in Laks)

Particular	Total
Less than one year	2,817.08
One to five years	2,878.97
More than five years	328.77
Total undiscounted lease liabilities	6,024.83

Right-of-use assets

Particular	Total
Balance at 1 April 2021	4143.92
Additions	2697.66
Depreciation for the year	2520.44
Balance at 1 April 2022	4,321.14
Additions	3,846.61
Depreciation for the year	2,767.12
Balance at 31 March 2023	5,400.63

Amounts recognised in statement of profit or loss

(Rs in Laks)

Particular	Total
Interest on lease liabilities	436.13
Depreciation on right-of-use assets	2,767.12
Other lease expenses - arrears	12.66

Amounts recognised in statement of cash flows

(Rs in Laks)

Particular	Total
Total cash outflow for leases	2,782.34

29.4 Taxation

(i) Reconciliation of income tax expense

(Rs in Laks)

	Year Ended 31.03.2023	Year Ended 31.03.2022
(a) Profit before Tax as per Statement of Profit and Loss	43120.39	25442.27
Add : Other Comprehensive Income that will not be reclassified to Statement of Profit and Loss	(6,149.25)	(1,872.08)
Accounting Profit	36971.14	23570.19
Add: Items that are not deductible in determining Taxable profit	12649.46	8810.03
Taxable Profit (A)	49620.60	32380.22
(b) Tax on Accounting profit @25.17%	12489.50	8150.10
(c) Current Tax as per Statement of Profit and Loss [B]	12598.52	8244.31
(i) Applicable rate of tax as per Finance Act	25.17%	25.17%
(ii) Average effective tax rate [B/A]	25.39	25.46

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

	2022-23 (Rs in Lakhs)		2021-22 (Rs in Lakhs)	
I Contingent Liabilities				
a) Claims against the Company not acknowledged as debt (See Note below)				
i) Income Tax	25154.83		22680.83	
ii) Interest Tax	0.00		0.00	
iii) Service Tax	0.00		0.00	
iv) Provisions of ESI Act	53.37		53.37	
v) Rent Escalation Claim	144.09		147.95	
b) Bank Guarantees:				
c) Other money for which the Company is contingently liable	0	25352.29	0	22882.14
II Commitments				
a) Estimated amount of contracts remaining to be executed not provided for	159.20		159.20	
b) Uncalled liability on shares and other investments partly paid	0		0	
	159.20		159.20	
TOTAL		25511.49		23041.34

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

		2022-23	2021-22
1	AO was directed to reconsider interest u/s 244A by Hon'ble High Court of Kerala (AY 1994-95)	Pending Disposal	
2	Notice u/s 156 was issued by ITO raising a demand of Rs.59.68 Crores for the AY 2018-19 majorly by way of disallowing provision for bad and doubtful debts and some other items against which company has filed appeal with CIT	5968	5968
3	Demand raised by way of revision u/s 263 disallowing Guarantee commission amounting to Rs.44.93 Crs for AY 2017-18	1555	1555
4	Demand raised by AO by way of disallowing Guarantee commission of Rs.65.39 Crs and Provision for doubtful debts Rs.227.48 crs for AY 2020-21	9573	9573
5	Demand raised by way of assessment u/s 143(3) for the AY 2021-22 disallowing provision for bad and doubtful debts amounting to Rs.172.29 crs and guarantee commission of Rs.73.65 crs	5580	5580
6	Demand raised by way of revision u/s 263 disallowing Guarantee commission amounting to Rs.53.22 Crs for AY 2018-19	1842	-
7	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)	4.83	4.83
8	TDS appeal filed before CIT (Appeals) on 15G/15H matters and on matters relating to salary TDS.	632	-
9	Appeals filed with CESTAT against Order in Appeal under service tax received at our various branches . Major portion of the original 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 a portion of demand was abated, revised demand has not been confirmed by the Dept. (AY 2008-09 to 2016-17)	Pending	Pending
10	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 re-iterated 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
11	Rent Escalation Claim	144.09	147.95
	Contingent Contracts		
12	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) towards integration of 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 31-03-2022.	20.59	20.59

		2022-23	2021-22
13	The Company had entered into a contract with M/s. BSNL towards VSAT services on 08.05.2015 for a total value of Rs.132.75 lakhs out of which an amount of Rs.65.98 lakhs had been paid to them till 31.03.2022.	66.77	66.77
14	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. 1425.83 lakhs. The contract is executed for a period of 10 months from the date of execution of agreement and an amount of Rs. 1354.54. lakhs had been paid till 31.03.2021.	71.29	71.29
15	The Company had entered into a contract on 03.11.2020 with M/s Nextra Data Ltd., for Amazon AWS cloud . We had paid Rs. 21,95,188/- as against invoice amount of Rs. 22,50,265/-	0.55	0.55
16	The company introduced a new loan scheme on 10.11.2021 in collaboration with NORKA ROOTS for NRK's due to job loss due to Pandemic outbreak. The capital subsidy @25% of loan amount upto maximum Rs 1 lakh will be provided to prompt customers at the end of loan period. Total capital subsidy receivable from NORKA ROOTS till 31.03.2023 was Rs.70,66,25,750- out of which Rs.25,64,05, 125/- was received till 31.03.2023. subsidy receivable till 31.03.2023 is Rs. 45,02,20,625/-. Company has also to get interest subsidy amounting to Rs.8,54,30,206/- till 31.03.2023 from NORKA.		

29.6 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:

	2022-23	2021-22
Employers contribution to Provident Fund	9,885.95	8,680.13
Employers contribution to Employee's State Insurance Corporation	-	-

II Defined Benefit Plan/ Other Long Term Benefits

(i) Actuarial Assumptions	Gratuity (Funded)		Compensated absences (Non-Funded)	
	2022-23	2021-22	2022-23	2021-22
Discount Rate (per annum)	7.58%	7.46%	7.58%	7.46%
Expected return on plan assets (per annum)	7.58%	7.12%	0.00%	0.00%
Compensation escalation rate (per annum)	5.50%	5.50%	5.50%	5.00%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate			
(ii) Reconciliation of present value of obligation	2022-23	2021-22	2022-23	2021-22
Present value of obligation at the beginning of the year	46,039.18	32,837.20	22,487.73	16,277.31
Current Service Cost	2,864.85	2,632.30	8,437.56	8,276.30
Interest Cost	3,185.10	2,284.09	1,469.08	1,074.02
Prior service cost	-	11,215.20		
Actuarial (gain)/ loss	6,030.22	1,509.03	(3,603.99)	620.57
Benefits Paid	(8,038.84)	(4,438.64)	(5,590.02)	(3,760.47)
Present value of obligation at the end of the year	50,080.51	46,039.18	23,200.36	22,487.73

	Gratuity (Funded)		Compensated absences (Non-Funded)	
	2022-23	2021-22	2022-23	2021-22
(iii) Reconciliation of fair value of plan assets				
Fair value of plan assets at the beginning of the year	32,605.41	24,322.68	-	-
Expected return on plan assets	2,677.06	2,060.12	-	-
Actuarial (gain)/ loss			-	-
Contributions	13,462.80	11,024.30	-	-
Benefits paid	(8,038.84)	(4,438.64)	-	-
Actual Return on Plan Assets	(119.04)	(363.05)	-	-
Fair value of plan assets at the end of the year	40,587.39	32,605.41	-	-
(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)*				
* 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.				
(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	50,080.51	46,039.18	23,200.36	22,487.73
Fair value of Plan Assets as at the end of the year	40,587.39	32,605.41	-	-
Net present value of funded obligation recognised as (asset)/ liability in the balancesheet	9,493.12	13,433.77	23,200.36	22,487.73

	Gratuity (Funded)		Compensated absences (Non-Funded)	
	2022-23	2021-22	2022-23	2021-22
(vi) Expenses recognized in the Statement Profit and Loss				
Current Service Cost	2,864.85	2,632.30	8,437.56	8,276.30
Interest Cost	3,185.10	2,284.09	1,469.08	1,074.02
Expected return on plan assets	(2,677.06)	(2,060.12)		
Actuarial (gain) / loss recognised in the period	6,030.22	1,509.03	(3,603.99)	620.57
Total expenses recognized in the Statement of Profit and Loss for the year	9,403.11	4,365.30	6,302.65	9,970.89
Actual return on plan assets				
(vii) Non-current and current value of obligation				
Non-current	7472.77	10801.77	20,978.77	20323.12
Current	2,020.36	2,632.30	2,224.59	2,164.61
Total value of obligation	9,493.13	13,433.78	23,200.36	22,487.73

	31.03.2023	31.03.2022	31.03.2021	31.03.2020	31.03.2019
(ix) Amount recognised in current year and previous					
Gratuity (Funded)					
Present value of defined benefit obligations	50,080.51	46,039.18	32,837.20	25,762.22	24,485.79
Fair Value of plant assets	40,587.39	32,605.41	24,322.68	23,422.52	22,744.80
Funded status- (asset) / liability	9,493.12	13,433.77	8,514.52	2,339.70	1,740.98
Actuarial (gain) / loss on plan obligations	6,030.22	1,509.03	6,364.45	590.34	24.36
Actuarial (gain) / loss on plan assets	-	-	-	-	-
Compensated absences (Funded)					
Present value of defined benefit obligations	23,200.36	22,487.73	16,277.31	11,526.03	10,807.38
Fair Value of plant assets	-	-	-	-	-
Funded status- (asset) / liability	23,200.36	22,487.73	16,277.31	11,526.03	(2,967.98)
Actuarial (gain) / loss on plan obligations	(3,603.99)	620.57	2,660.43	(1,580.53)	(1,027.37)
Actuarial (gain) / loss on plan assets	-	-	-	-	-

(x) A quantitative sensitivity analysis for significant assumption (impact on defined benefit obligation) is as below:

A. Gratuity (Funded) -

	Year ended March 31, 2023		Year ended March 31, 2022	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	44,225.65	57,047.29	40,629.90	52,478.33
Salary increase rate	57,012.80	44,171.90	52,440.08	40,584.62
Employee Turnover	51,048.97	48,996.88	46,867.28	45,114.30

B. Compensated absences (Non - Funded) -

	Year ended March 31, 2023		Year ended March 31, 2022	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	20,283.58	26,804.41	19,720.82	25,900.14
Salary increase rate	26,705.39	20,319.61	25,814.73	19,750.06
Employee Turnover	23,903.87	22,384.68	23,319.38	21,523.48

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

	As at 31.03.2023	As at 31.03.2022
Gratuity (Funded)	6,149.25	1,872.08
Compensated absences (Non-Funded)	(3,603.99)	620.57

(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:

1. The above disclosures are based on information certified by the independent actuary and relied upon by the Company.
2. The plan assets of the Company are managed by the Life Insurance Corporation of India to fund obligations of the Company with respect to its Gratuity.

29.7 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	2022-23	2,54,933.56	1,12,036.25	3,66,969.82
		2021-22	1,62,886.94	80,485.33	2,43,372.27
	Less: Inter Segment Revenue	2021-22	-	-	-
		2021-22	-	-	-
	Total revenue	2022-23	2,54,933.56	1,12,036.25	3,66,969.82
		2021-22	1,62,886.94	80,485.33	2,43,372.27
b)	Segment results	2022-23	2,36,193.65	24,940.82	2,61,134.47
		2021-22	1,47,645.70	44,267.75	1,91,913.45
	Less Unallocable Expenditure(net of Unallocated Income)	2022-23			3,03,230.49
		2021-22			2,85,955.20
	Add Other income(Net)	2022-23			85,216.41
		2021-22			81,868.15
	Total Profit BeforeTax and Exceptional Items	2022-23			43,120.39
		2021-22			25,442.27
	Add Exeptional Items	2022-23			-
		2021-22			-
	Profit Before tax	2022-23			43,120.39
		2021-22			25,442.27
Income Tax Expenses		2022-23			8,032.52
		2021-22			14,893.18
Profit after Tax		2022-23			35,087.87
		2021-22			10,549.09

29.8 Disclosure of Related Party Transactions in accordance with Ind AS 24 “ Related Party Disclosures”

A.(i) 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	Sri. Varadharajan.K
2	Key managerial personnel	Dr. Sanil S K, Managing Director

B. Transactions during the year

(Rs in Laks)

			2022-23	2021-22
1	Transactions with Key Managerial Personnel			
1.a	Remuneration to the Managing Director	Dr. Sanil S K	12.39	-
		Sri. V.P. Subramanian	21.44	29.70
		Total	33.83	29.70
1.b	Honorarium to Chairman	Adv. Peelipose Thomas	-	1.60
		Sri. Varadarajan K	2.40	0.80
		Total	2.40	2.40
1.c	Other Payments to Chairman		0.31	0.41
	Other Payments to Managing Director/Directors		8.47	6.33
	Others: Sitting fees		4.61	6.24
		Total	13.39	12.99
1.d	Travel Expenses: Managing Director	Sri. V.P. Subramanian	-	0.04
		Chairman and Other Directors	2.68	2.60
		Total	2.68	2.64

Related Parties pending payments:

Name	Nature of payment	Amount	Remarks
Smt.Sini J. Shukkur	Sitting fee	15000.00	
Sri. Inbasekhar	Sitting fee	9000.00	
Smt.B.S.Preetha	Sitting fee	18000.00	
Adv. Govindan Pallikkappil	Other payment to director	880.00	

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.

29.9 : Recent IND AS and Other Statutory/ Legal Announcements.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. Accordingly, Ministry had notified the Companies (CSR Policy) Amendment Rules 2021 dated January 22, 2021 and the same is applicable to the Company.

29.10 : Maturity analysis of assets and liabilities

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

Particulars	As at March 31, 2023 (Rs in Lakhs)			As at March 31, 2022 (Rs in Lakhs)		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Borrowings (other than debt securities)	402141.18		402141.18	3,46,134.82		3,46,134.82
Deposits	2181491.847		2181491.847	1939979.763		1939979.763
Other Financial Liabilities	3206030.92		3206030.92	26,97,257.27		26,97,257.27
Provisions		38769.66	38769.66		39854.12	39854.12
Other non-financial liabilities	15102.37	0.00	15102.37	6514.59	702.54	10,176.28
	5804766.32	38769.66	5843535.98	49,89,886.44	40556.66	50,33,402.24

29.11 As required by Ind AS 109 ('Financial Instruments'), provision for expected credit loss in respect of loans, RR debtors, Amount Recoverable from Prized Subscribers has been calculated based on management's estimate of probable default and loss given default and provision created in the books of accounts accordingly.

29.12 Other Financial Asset includes the following

Safe Deposit Locker Rent Receivable	6.57
Festival Advance To Agents	4.86
Festival Advance To Appraiser	3.74
Interest Free Loan	3.69
Rent Receivable	5.90
CMDRF Advance Recoverable	3.96
Amount Recoverable From Staff	-313.04
Festival Advance To Staff	1189.69
Travel Advance To Staff	0.79
Other Advances To Staff	128.77
Amount Recov. From Dismissed Employees	1.42
Recoverable Salary Advance	0.41
Other Advance To RR Staff	0.10
Amount Recoverable Staff On Deputation	0.10
Adv. Recoverable From Staff On Deputation	0.02
Advance To KSFE Staff Co-Operative	750.00
Flood Advance To Staff	2.42
Amount Payable To Removed Members Account	154.92
NPDS	43.46

Amount Receivable From Govt (Online Vidhya Sahayi)	576.26
Interest accrued on Treasury Deposit (CMDRF)	26.51
Interest subsidy on PBMS receivable from Government	854.30
Amount receivable from Govt. (Try resumption)	0.00
Amount receivable from Govt. (Vidhyakiran scheme)	1493.96
KVS Subsidy Receivable from Local Body	0.07
PBMS principal subsidy receivable	5202.21

10141.08

29.13 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. As on 31.03.2023 the CSR Committee of the Company comprised of following members: Mr. K Varadarajan (Chairman), Dr. SK Sanil (Member), Adv. MC Raghavan (Member), Sri. T. Narendran (Member), Sri. VT Joseph (Member) and Adv. Govindan Pallikappil (Member).

During FY 2022-23, the Company has spent an amount of INR. 310.00 lakhs towards CSR activities.

SL. No		Year ended 31.03.2023	Year ended 31.03.2022
		Rs. In lakhs	Rs. In lakhs
A.	Amount required to be spent during the year	310	147
B.	Amount of expenditure incurred	310	147
	i) Construction /acquisition of any Asset	310	147
	ii) on purpose other than (i), above		
C.	Shortfall at the end of the year	Nil	Nil
D.	Total of Previous year shortfall	Nil	Nil
E.	Reasons for Shortfall	NA	NA
F.	Nature of CSR Activities		
	Donation as per Schedule VII		
	For FY 2021-22		
	1 Karuna Pain & Palliative Care Society Chengannur		2.90
	2 Taluk Head Quarters Hospital Nedunkaandam		1.67
	3 Chavara Special School Ernakulam		1.03
	4 Com.Aliyar Charitable Society Vizhinjam TVM		10.00
	5 PAZHASSI-Kalpetta Wayanad		15.02
	6 EK Nayanar Smaraka Santhwana Paricharana Kendram Thirumullavaram Kollam		14.18
	7 Sakhavu Pushkaran Smaraka Trust Deshamangalam Thrissur		30.00
	8 Medical College Hospital Gandhi Nagar Kottayam		32.31
	9 Sabarmati Special School Haripad Alappuzha		10.00
	10 Karuna Charitable Society Chengannur		10.00
	11 DAYA Pariyaram Medical College Pariyam Kannur		10.00
	12 MVR Snake Park and Zoo Parassanikadavu Kannur		10.00
	For FY 2022-23		
	1 KattalEducare Programme,Kattakkada		10.00
	2 Ashraya Charitable Society,Kalayapuram, Kottarakkara		25.00

SL. No			Year ended	Year ended
			31.03.2023	31.03.2022
			Rs. In lakhs	Rs. In lakhs
3	EMS Charitable Society, Konni, Pathanamthitta			11.39
4	Com.M.Aliyar Charitable SocietyVizhinjam, Thiruvananthapuram			10.00
5	Njarakkal Taluk Hospital, Njarakkal (Vyppin Kara)			20.00
6	St.Joseph LP School, Maniyamkunnu, Poonjar			17.75
7	Govt. Tribal H.S.S,Kattappana			10.00
8	Vaikom Municipality			9.20
9	Initiative For Rehabilitation and Palliative Care (IRPC) Kannur			34.50
10	Government Taluk Hospital, Kottarakkara			46.00
11	Kadappakada Sports Club & Reading Room, Kollam			10.00
12	Govt. Taluk Hospital, Neendakara			11.64
13	EMS Co-operative Hospital, Pathanapuram, Kollam			20.00
14	East Police Station, Thrissur			8.65
15	Gandhibhavan, Pathanapuram, Kollam			25.00
16	Aroorkonam - No 132 Anganavadi, Veliyam (Kottarakara ICDS)			15.00
17	Pallickal - No 7 Anganavadi, Mylom			15.00
18	Mother Theresa Snehasparsham Charitable Trust, Elamad			12.00
G.	Details of Related Party Transactions			
	Name of the Entity	Nature of Relation	-	-
	NA	-		
H.	Provision made for liability incurred by entering into a contractual obligation		Nil	Nil

29.14 Bad And Doubtful Debts

- The impairment allowance calculated for expected credit loss on loan portfolio and amount recoverable from prized subscribers
- During the year, the Company had made a provision of Rs.57733.69 lakhs (PY: 16626.45 lakhs) towards impairment allowance on RR Debtors, Amount recoverable from Prized Subscribers, Gold Loan and Other Loans on the basis of Expected Credit Loss. The Total provision created for this category amounts to Rs 215122.14 lakhs as at 31.03.2023. bad & doubtful debts on RR Debtors and outstanding NPA (Non RR). Provision has been created on the basis of Expected Credit Loss. The total provision created for this category amounts to Rs.1,57388.45 lakhs as at 31.03.2022.
- The Company has made a provision of Rs.750 lakhs up to 31.03.2023 for "Advance to KSFE Staff Cooperative Society".
- The Company, as a matter of prudence, has made a provision @ 100% for all frauds/ misappropriation identified during the year to Rs.2143.56 lakhs (PY: Rs.1159.74 lakhs against fraud/ misappropriation during the year, the cumulative provision of which comes to Rs. 6076.17 lakhs as on 31.03.2023 . It may be noted that during immediately preceeding year, Company had created provision @ 50% (for cases < 6 months) & 100% (for cases > 6 months) with regards to all fraud / misappropriation cases identified for during the year.
- 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 31 st March, 2023	Year ended 31 st March, 2022
For Recovery from Prized Subscribers	245.70	178.76
For Interest waiver write off on Gold Loan	0.00	0.00
For Revenue Recovery Debtors	0.00	0.00
For Chitt Activities	73.25	25.33
Total	318.95	204.09

29.15 Inter Branch Accounts

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

Particulars	As at 31.03.2023	As at 31.03.2022
Inter Branch Current Account Asset / (Liability)	(0.50)	14,567.62
Total	(0.50)	14,567.62

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. During the year the Company had made provision of Rs 9305.30 lakhs (Previous year Rs 2500 lakhs) towards unreconciled inter branch accounts.

29.16 Auction Veethapalisa In Terminated Chitties

Auction Veethapalisa in Terminated Chitties under Kerala Chitties Act, 1975 is shown as liability. However 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. 3886.64 lakhs as income under this head as against Rs. 2998.86 lakhs in the previous year.

29.17 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.3066.58 akhs (PY: Rs.1727.35 lakhs). The District Treasury had resumed an amount Rs 1572.08 lakhs.

Particulars	As at 31.03.2023	As at 31.03.2022
Deposits Received & Outstanding	115.63	116.94
Interest Accrued on Deposit	366.05	383.82
Interest Credited by Treasury on the Amount Deposited	3,131.87	3,106.65
Treasury Resumption(Temp. Head)	1,572.08	0.00
Sub Total (A)	5,185.62	3,607.40
Less: Amount Receivable from Govt. on account of	-	1,336.42
(a) Commission Paid	12.03	12.03
(b) Interest Accrued on Deposit Receivable from Govt	496.14	480.05
(c) Balance with Treasury	1,610.88	1,556.93
Sub Total (B)	2,119.04	3,385.43
Net (A - B)	3,066.58	221.97

29.18 Maximum balance outstanding at any time during the year with non-scheduled banks (Treasuries and District Co-Operative Banks) is not exhibited in Note 5 and 6. In view of large number of accounts maintained at different branches, it is not possible to compile the figures, within the existing system framework.

29.19 Finance Charges Payable Chitty/Kuri shown in Note 15 amounting to Rs. 30,93,436.78 lakhs (P.Y. Rs. 25,75,829.64 lakhs) includes Prize Money Payable amounting to 235863.33 lakhs (P.Y. Rs. 205721.74 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.

29.20 The details of immovable properties held by the Company:

Location of land	District	Land areas	Land status
KSFE Building, Chinnakkada,	Kollam	15 cents	Free hold
KSFE Bhavan, Mavelipuram,	Ernakulam	10 cents	Free hold
KSFE Head Office, Museum road,	Thrissur	74.96 cents	Free hold
Kodakara, Vazhiyambalam,	Thrissur	19.907 cents	Free hold
Thekku village	Alappuzha	183.64 cents	Free hold
Silver jubilee building,	Thiruvananthapuram	16.626 cents	Free hold
Kattappana South	Idukki	8.50 cents	Free hold
Title deeds of following immovable properties not held in name of the Company:			
Location of land	District	Land areas	Land status
KSFE Building, Chinnakkada, Kollam	Kollam	15 cents	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 Govt. as it has not been fixed so far.

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

29.22 The Company is accepting deposits from public, repayment of which is guaranteed 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 it has further enhanced Rs. 1,500,000 lakhs vide Government Order No: G.O. (Rt) No.42/2021/Taxes dated 18.01.2021 and enhanced to Rs 1,700,000 lakh vide Government Order No. G.O.(Rt) No.598/2022/Taxes dated 03.08.2022. It has further enhanced to Rs 2,00,0000 lakh vide Government Order No. G.O.(Rt)No.559/2023/Taxes dated 18.08.2023.

29.23 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 & 2017-18. Company had taken up the matter with Government for reduction in rate of dividend. Dividend @35% for FY2018-19 was declared and paid during April 2021. The Company had declared dividend @35% for FY 2019-20 and paid during March 2022. The Company had declared dividend @35% for FY 2020-21 and paid during June 2023.

29.24 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. However in few instances the same has not been complied by few branches, Company has taken strict measures to ensure the compliance of the above mentioned guidelines issued by the RBI.

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

29.26 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. The District Treasury had also resumed Rs 17,99,67,553 on the basis of G.O.(P)No. 57/2021 Fin dated 27.03.2021. The Company is yet to get back the funds so resumed.

29.27 The Company in compliance with the provisions of Chitty Act 1982, registers chitties only after realisations of first instalment however in few instances cheques have been realized after registration of the Chitty, further there are also few

instances of cheque dishonour after registration. Company has taken strict measures to ensure the compliance of the above Chitty Act provision.

29.28 Company has sought permission from GoK for depositing an amount equal to contribution by defaulting non prized removed subscribers less such deductions as may be provided in the chit agreement with Government treasury. Response in this regard is still awaited.

29.29 The Company has restarted to transfer unclaimed matured deposit to Investors Education and Protection Fund .

29.30 The accounts of the company for the year 2021-22 was not laid before the AGM on the date of issue of report of annual accounts for the year 2022-23.

29.31 The Company has not accounted the interest receivable from Government in respect of Vidyasree laptop loan scheme.

29.32 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.

29.33 All charges or satisfaction are registered with ROC within the statutory period for the financial years ended March 31, 2023, and March 31, 2022. No charges or satisfactions are yet to be registered with ROC beyond the statutory period.

Charge Creation:

(Rs in Laks)

Date	Name of Bank	Amount
17.09.2022	HDFC Bank Ltd	10500
08.12.2022	Bank of Baroda	100000

Charge Modification

Date	Name of Bank	Amount
Date	Name of Bank	Amount
25.05.2022	State Bank of India	50000

Charge Satisfaction:

Date	Name of Bank	Amount
Date	Name of Bank	Amount
04.11.2022	Union Bank of India	30000

29.34 Relationship with Struck off Companies : Company has not entered into any transactions with companies whose names have been struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 in the financial years ended March 31, 2023, and March 31, 2022.

29.35 Undisclosed income : The Company does not have any transactions which is not recorded in the books of account.

29.36 Details of Crypto Currency or Virtual Currency: The Company has not traded or invested in Crypto currency or Virtual currency during the financial years ended March 31, 2023, and March 31, 2022.

29.37 Details of Benami Property held: No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in the financial years ended March 31, 2023, and March 31, 2022.

29.38 Compliance with number of layers of companies: The Company has complied with the number of layers prescribed

under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended March 31, 2023, and March 31, 2022.

29.39 Discrepancy in utilisation of Borrowings: No such discrepancies.

29.40 Wilful defaulter: The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender in the financial years ended March 31, 2023, and March 31, 2022.

29.41 No Scheme of arrangement has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 to the company for the year.

29.42 The Company has not availed borrowings from banks or financial institutions on the basis of security of current assets.

29.43 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

29.44 There are no additional regulatory information to be reported as required under MCA notification No. G.S.R 207(E) dated 24.03.2021 at this stage other than the details already furnished.

Analytical Ratios

Sl. No	Analytical Ratios	Units	Numerator	Denominator	31 st March 2023	31 st March 2022	Difference	% Change
1	Debt - Equity Ratio (Total Debt/ Shareholder's Equity)	No. of times	5419664	113441	47.78	52.22	-4.44	-8.51
2	Debt Service Coverage Ratio (Earnings before Interest Tax, Depreciation & Amortization)	No. of times	1,60,887.88	291070	0.55	0.69	-0.13	-19.41
3	Return on Equity Ratio (Net Profit After Tax Average Shareholder's Equity)	Percentage	35087.87	101127.41	34.70	5.91	0.457	7.73
4	Net Profit Ratio (Net Profit after tax / Net Sales)*	Percentage	35088	452084	7.76	2.89	4.88	168.98
5	Return on Capital Employed (Earnings Before Interest & Taxes / Capital Employed)	Percentage	2,04,008	59,24,050	3.44	3.46	-0.02	-0.47
6	Return on Investment (Earnings Before Interest and Taxes/Average Shareholders Equity)	Percentage	2,04,008	101127.41	202	177.36	24.3739	13.74
7	Current Ratio (Current Assets / Current Liabilities)	NA	NA	NA	NA	NA	NA	Refer Note No 29.41
8	Inventory turnover ratio (Cost of Goods Sold/ Average Inventory)	No. of times	NA	NA	NA	NA	NA	Refer Note No 29.41
9	Trade Receivables turnover ratio (Net Sales/Average Trade Receivable)	No. of times	NA	NA	NA	NA	NA	Refer Note No 29.41
10	Trade Payables Ratio (Net Purchases/ Average Trade Payables)	No. of times	NA	NA	NA	NA	NA	Refer Note No 29.41
11	Net Capital Turnover Ratio (Net Sales/ Average Working Capital)	Percentage	NA	NA	NA	NA	NA	Refer Note No 29.41

29.45 The Company is a Miscellaneous Non-Banking Financial Company (MNBC), these ratios are not applicable since the same will not give correct results.

N/P ratio: Profit after tax for FY 2022-23 shows an increase of Rs 24538.78 lakhs in absolute terms and 233% in percentage terms. During FY 2022-23, total income increased Rs 86529 lakhs i.e. 23.66 % whereas expense has gone up by Rs 68851 lakhs i.e. 20.24%

As per our report with UDIN

For K Varghese & Company
Chartered Accountants
Firm Registration No: 004525S

Sd/-

Lalkrishna R P
Partner
Membership No.: 251969
UDIN : 23251969BGTR2C8786
Place : Ernakulam
Date : 28.09.2023

For and on behalf of the Board of Directors

Sd/-

K. Varadarajan
Chairman

Dr. Sanil S.K
Managing Director

Preetha B.S
Director

CA Sarath Chandran S
General Manager (Finance)

CS Emil Alex
Company Secretary