



# ANNUAL REPORT 2023-2024



അഭിമാനത്തിന്റെ

55



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ഭദ്രത  
BHADRATHA

വളരണം  
നാടിനോട്





## BOARD OF DIRECTORS

**Sri. K.Varadarajan**  
(Chairman)

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

### DIRECTORS

- |                                |                               |
|--------------------------------|-------------------------------|
| 1. Mrs. Sreedhanya Suresh, IAS | 6. Mr. T.Narendran            |
| 2. Mrs. B.S.Preetha            | 7. Mr. Jennings Jacob         |
| 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 |

### THE KERALA STATE FINANCIAL ENTERPRISES LIMITED

(A Government of Kerala Undertaking)

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

MUSEUM ROAD, THRISSUR-680 020

Phone: 0487 - 2332255, Fax: 0487 - 2336232

Web: [www.ksfe.com](http://www.ksfe.com) Email: [info@ksfe.com](mailto:info@ksfe.com)

**CIN: U65923KL1969SGC002249**

**GSTIN: 32AABCT3817A1Z0**

LEGAL ADVISORS  
TAX CONSULTANTS

**M/s Menon&Pai Advocates**, Kochi  
**M/s Varma&Varma Chartered Accountants**, Thrissur

## AUDITORS (FY 2023-24)

STATUTORY AUDITOR  
BRANCH AUDITORS

**M/s Abraham & Jose**. Chartered Accountants, Ernakulam  
**M/s.JRS& Co**, Chartered Accountants  
**M/s.Ananthan & Sundararm**, Chartered Accountants  
**M/s. Rangamani& Co.**, Chartered Accountants  
**M/s. K. Venkatachalam Aiyer & Co.**, Chartered Accountants  
**M/s. Dhan & Co.**, Chartered Accountants  
**M/s. Elias George & Co.**, Chartered Accountants  
**M/s. Ayyar & Cherian**, Chartered Accountants  
**M/s. Elias George & Co.**, Chartered Accountants  
**M/s. Sajive Associates**, Chartered Accountants  
**M/s. Elias George & Co.**, Chartered Accountants  
**M/s. Mahadevan & Sivarajan**, Chartered Accountants  
**M/s. Madhusudanan & Fizal**, Chartered Accountants  
**M/s.SVM Associates**, Chartered Accountants  
**M/s. Pavithran & Murali** , Chartered Accountants  
**M/s. Jacob & George**, Chartered Accountants

BANKERS

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

## EXECUTIVES

Managing Director

**Dr.Sanil S.K**

General Managers

**Sri. C A Sarathchandran S.** (Finance)

**Sri. Sreekumar P.** (Business)

Deputy General Managers

**Smt.Sujatha M.T** (DBC)

**Smt. A.B Nisha** (IT)

**Smt. N. Saraswathy** (Recovery)

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

Assistant General Managers

**Sri. Raju R.** (Business)

**Sri. Krishnendhu Sureshkumar** (Legal)

**Smt. Meera K.S.** (GAD)

**Sri. Shaju Francis K.** (R & D)

Assistant General Managers (Region)

**Sri.Vijayakumar.C**

(R.O Tvm Urban)

**Sri.Prasantha Kumar .P.K**

(R.O Tvm Rural)

**Sri.Anilkumar KG**

(R.O Kollam Urban)

**Smt.Biji S.Basheer**

(R.O Kollam Rural)

**Sri.Anilkumar P**

(R.O Pathanamthitta)

**Sri.Jayachandran CN**

(R.O Alappuzha)

**Sri.Sivaprasad C.P**

(R.O Kottayam)

**Sri.Kesavan Nampoothiri.N.**

(R.O Kattappana)

**Smt.Bhadrakumari.K**

(R.O EKM Urban)

**Smt.Reena Joseph**

(R.O EKM Rural)

**Sri.John Dennison**

(R.O Thrissur)

**Sri.Madhumohan C.K**

(R.O Palakkad)

**Sri.Chandrasekharan.K.T.**

(R.O Malappuram)

**Sri.Sasikumar K**

(R.O Kozhikode Urban)

**Sri. Sivadasan.K**

(R.O Kozhikode Rural)

**Sri.Abhiram Krishna**

(R.O Kannur)

Company Secretary

**CS Emil Alex**



## Directors as on March 31, 2024

**Mr. K.Varadarajan**  
(Chairman)

**Dr Sanil SK**  
(Managing Director i/c)

### 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 |





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## THE KERALA STATE FINANCIAL ENTERPRISES LIMITED

(A Government of Kerala Undertaking)  
Bhadraatha, Museum Road, P. B. No. 510, Thrissur-680 020, Kerala, India  
Ph: +91 487 2332255, Fax: +91 487 23362232, www.ksfe.com

Ref: 155/CS

Date: 05-11-2024

### **NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 55<sup>th</sup> Annual General Meeting of the Company will be held at **10.30 am on Tuesday the 3<sup>rd</sup> day of December 2024** at KSFE Digital Business Centre situated at 6<sup>th</sup> Floor, KSRTC Bus Terminal Complex, Thampanoor, Thiruvananthapuram 695 001 to transact the following business:

#### **ORDINARY BUSINESS**

1. To receive consider and adopt the Directors' Report, the Audited Balance Sheet as on 31<sup>st</sup> March, 2024 and the Profit and Loss Account for the Year ended 31<sup>st</sup> March, 2024 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 2023-24.

#### **SPECIAL BUSINESS**

1. To consider and if thought fit to pass the following resolution as an **ORDINARY RESOLUTION**:

*"RESOLVED THAT, clause V of the Memorandum of Association of the company be amended by deletion of the existing clause and by substituting thereof the following:*

*V. The share capital of the company is 250,00,00,000.00 Rupees, divided into 25000000 Equity Shares of 100.00 Rupees each."*

2. To consider and if thought fit to pass, with or without modification, the following resolution as a **SPECIAL RESOLUTION**:

*"RESOLVED that the Object clause III. B. 34 under "The objects incidental and/or ancillary to the main objects are:-" of the Memorandum of Association of the company be amended by deletion of the existing clause 34 and by substituting thereof with the following new clause, with a view to comply with the provisions of Companies Act 2013:*

*34. Subject to the provisions of companies Act 2013, to remunerate or make donations, rewards and payments by cash or shares, or securities to Directors, Officers or agents of this company or to any other person or company or firm or Government for services rendered or to be rendered about the conduct of this Company's business."*

3. To consider and if thought fit to pass, with or without modification, the following resolution as a **SPECIAL RESOLUTION**:

*"RESOLVED that the Object clause III. B. 35 under "The objects incidental and/or ancillary to the main objects are:-" of the Memorandum of Association of the company be amended by deletion of the existing clause 35 and by substituting thereof with the following new clause, with a view to comply with the provisions of Companies Act 2013:*

*35. Subject to the provisions of the Companies Act 2013, to distribute in species or otherwise, as may be resolved any assets of the company among its members, and particularly for the shares, debentures or other securities of any other company formed to take over the whole or any part of the assets or liabilities of the Company."*

4. To consider and if thought fit, to pass with or without modification the following resolution as a **SPECIAL RESOLUTION**:

*"RESOLVED that the Object clause III. C of the Memorandum of Association of the Company containing "The other objects for which the company is established are:" with clauses 1 to 4 be is hereby deleted."*

5. To consider and if thought fit to pass the following resolution as a **SPECIAL RESOLUTION**:

*“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act 2013 and Rules made there under and any statutory modification or re-enactment thereof for the time being in force and subject to the necessary approvals required, if any, the existing clauses 1 to 40 of the Articles of Association of the Company be amended by deletion of the existing clauses and by substituting thereof with the a new set of Articles of Association containing the clauses I - (1) to (3) and II – 1 to 92, a copy of which placed before the meeting duly initialed by the Chairman for the purposes of identification be and is hereby adopted as the new set of Articles of Association of the company, with a view to comply with the provisions of Companies Act 2013.”*

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](http://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 attached herewith.

**STATEMENT SETTING OUT THE MATERIAL FACTS AS REQUIRED U/S 102(1) OF THE COMPANIES ACT, 2013 RELATING TO THE SPECIAL BUSINESS TO BE TRANSACTED**

**Item No. 1:** The Authorised Capital of the company at present is INR 100,00,00,000/- (Rupees One Hundred Crore Only), divided into 10000000 (One Crore) Equity Shares of INR 100/- (Rupees One Hundred Only) each. The company, in order to strengthen its capital base intends to increase the authorised capital to INR 250,00,00,000/- (Rupees Two Hundred and Fifty Crore Only), divided into 25000000 (Two Crore and Fifty Lakhs) Equity shares of INR 100/- (Rupees One Hundred Only) each. Increase in authorised capital requires alteration of the Memorandum of Association by an ordinary resolution. Hence this resolution.

**Memorandum of Interest:** None of the directors, no other Key Managerial Personnel and any relatives of these persons is concerned or interested, financial or otherwise in this item of special business in his/her individual capacity.

**Item No.2:** At present Clause III B. 34 of the Memorandum of Association of the company deals with the objects incidental or ancillary to the attainment of main objects which contains a reference to the provisions of Companies Act 1956. Since the provisions of Companies Act 1956 has no significance, to provide more clarity to the Memorandum of Association, Board proposes to insert a new clause which contains reference to the provisions of newly enacted Companies Act 2013. Object clause of the Memorandum of Association can be amended only by way of Special Resolution. Hence this special resolution for the alteration of object clause in the Memorandum of Association.

**Memorandum of Interest:** None of the directors, no other Key Managerial Personnel and any relatives of these persons is concerned or interested, financial or otherwise in this item of special business in his/her individual capacity.

**Item No.3:** At present Clause III B. 35 of the Memorandum of Association of the company deals with the objects incidental or ancillary to the attainment of main objects which contains a reference to the provisions of Companies Act 1956. Since the provisions of Companies Act 1956 has no significance, to provide more clarity to the Memorandum of Association, Board proposes to insert a new clause which contains reference to the provisions of newly enacted Companies Act 2013. Object clause of the Memorandum of Association can be amended only by way of Special Resolution. Hence this special resolution for the alteration of object clause in the Memorandum of Association.

**Memorandum of Interest:** None of the directors, no other Key Managerial Personnel and any relatives of these persons is concerned or interested, financial or otherwise in this item of special business in his/her individual capacity.

**Item No.4:** As per Section 4 read with TABLE A of the SCHEDULE-1 of the Companies Act 2013, the Memorandum of Association of the company should not have other object in it. Hence all the existing other object clauses of the Memorandum of Association should be deleted by amending the Memorandum of Association of the company. Object clause of the Memorandum of Association can be amended only by way of Special Resolution. Hence this special resolution for the alteration of object clause in the Memorandum of Association.

**Memorandum of Interest:** None of the directors, no other Key Managerial Personnel and any relatives of these persons is concerned or interested, financial or otherwise in this item of special business in his/her individual capacity.

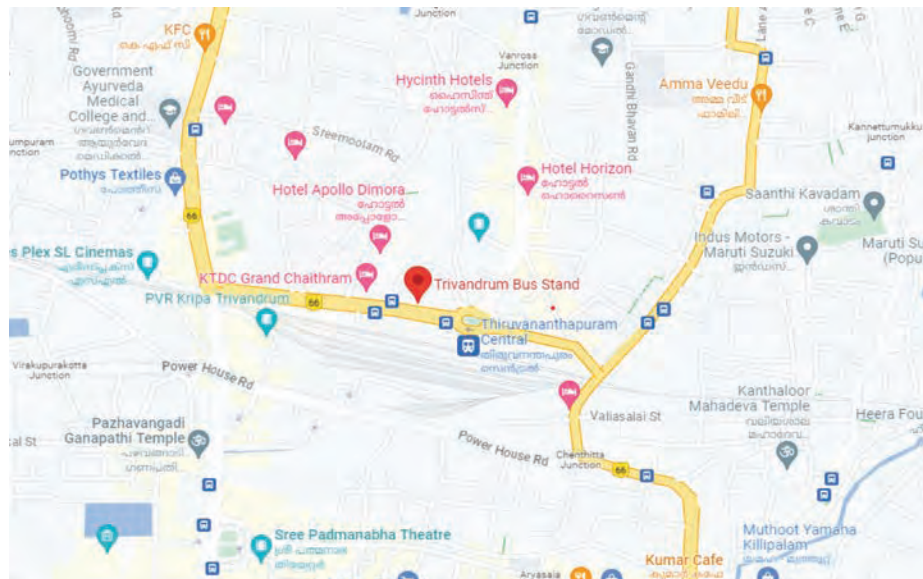
**Item No.5:** The provisions of Companies Act 2013 has come into force with effect from 01<sup>st</sup> April 2014. Accordingly the corresponding Sections of the Companies Act 1956 have been superseded. Hence in order to align with the provisions of the Articles of Association of the company with that of the Companies Act 2013, it is proposed to amend the existing Articles of Association of the company with a new set of Articles of Association as per the provisions of the new Act. The amendment of the Articles of Association of the company requires members' approval by way of Special Resolution. Hence this Special Business.

**Memorandum of Interest:** None of the directors, no other Key Managerial Personnel and any relatives of these persons is concerned or interested, financial or otherwise in this item of special business in his/her individual capacity.

**For KERALA STATE FINANCIAL ENTERPRISES LTD.,**

**Sd/-  
CS EMIL ALEX  
COMPANY SECRETARY  
MEMBERSHIP NO. ACS – 45209.**

**Route Map to the venue of AGM:**



**By Order of the Board of Directors,  
For Kerala State Financial Enterprises Ltd.,**

Regd.Office: "Bhadra",  
P.B.No.510, Museum Road,  
Thrissur, Kerala – 680 020.  
CIN: U65923KL1969SGC002249

**Sd/-  
CS Emil Alex  
Company Secretary,  
Membership No. ACS 45209**



## 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 55<sup>th</sup> Annual Report and the Audited Financial Statements of the Company for the financial year ended March 31, 2024.

### FINANCIAL HIGHLIGHTS:

The standalone financial highlights for the year ended 31.03.2024 are summarized below:

Financial Parameters for the year ended	March 31, 2024	March 31, 2023
	(₹ in Crores)	
Gross Income	5081.83	4521.86
Total Expenditure	4535.92	4091.76
Profit Before Tax	545.91	430.10
Provision for Taxes/Deferred tax	141.81	94.70
Profit for the year	404.10	335.40
Other Comprehensive Income (net of tax)	(42.31)	(46.02)
Total Comprehensive Income (after tax)	361.79	289.38
Shareholder's Equity (Networth)	1446.58	1189.79
<b>APPROPRIATION</b>		
Transfer to Reserve	202.64	335.40
Proposed Dividend	35.00	35.00
Basic Earnings per Share (in₹) [face value ₹ 100/- each]	₹ 404.10	₹ 335.40

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 2023-24 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.

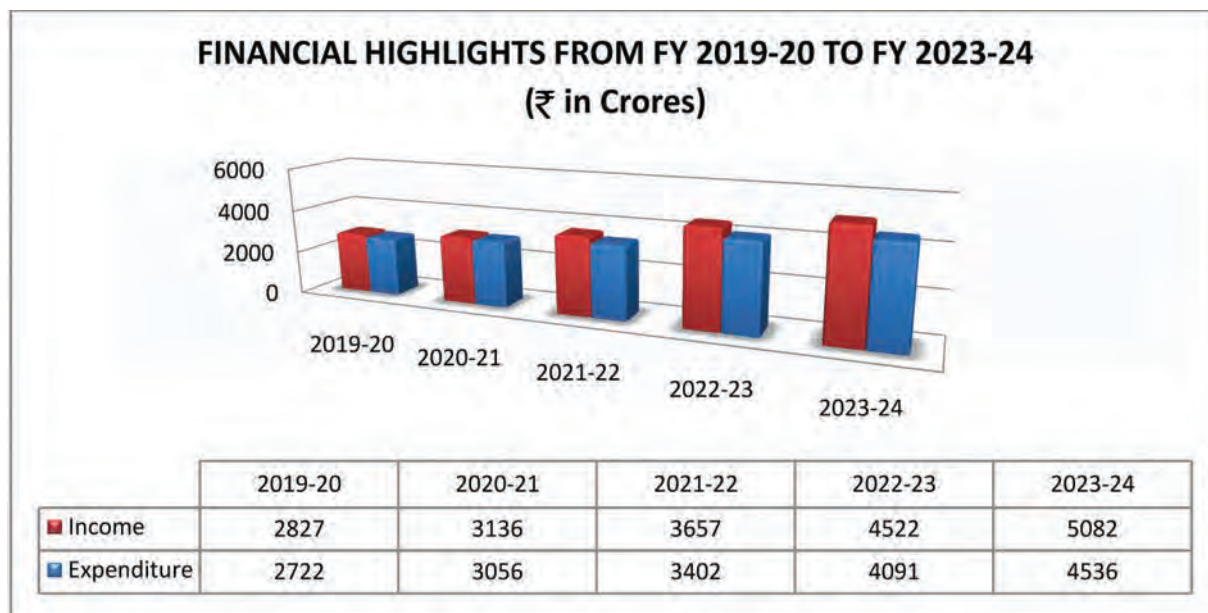
A sum of ₹ 202.64 crores (i.e., ₹ 54.59 crores to Chitty reserve and ₹ 148.04 crores to General Reserve) respectively had been transferred to Reserves during the year under review as decided by the Board. The Company is expecting a higher growth in business volume and profits in the coming years.

### RESULTS OF OPERATIONS

Kerala State Financial Enterprises Ltd continue 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 needs of people of Kerala.

During the financial year 2023-24 Company launched two Chit Campaigns viz KSFE Diamond Chits and KSFE Diamond Chittikal 2.0 laced with attractive prize scheme and other attractive value additions. Pink Gold Loan scheme was introduced at reduced rates exclusively for women of Kerala. KSFE's operational capabilities was considerably enhanced by adopting latest technologies viz KSFE Power App, Receivable Management System (RMS), Swift KPL Software, KSFE Audit

Management System(KAMS), File Tracking System(FTS) etc. Thus in this financial year too Company achieved a dominant market position in areas viz personal loan, gold loan, housing loan etc. in addition to chitty, the flagship business of the company. Moreover the company had maintained a consistently rapid pace of growth, demonstrating its ability to scale up and to leverage on its well established brand name.



Your Company achieved a turnover of ₹ 81,786 Crore during the financial year 2023-24 as against ₹ 69,153 Crores during the financial year 2022-23. During the year, your Company had earned an aggregate income of ₹ 5082 Crores registering an increase of 12.38 % over the previous year's gross income of ₹ 4522 crores and registered a profit before tax amounting to ₹ 545.91 crores during FY 2023-24 as against ₹ 430.10 crores for FY 2022-23 thereby signifying a satisfactory growth on a year on year basis.

## TEN YEAR DIGEST

(Growth of Selected Variables from FY 2014-15 to FY 2023-24)

(₹ in Crores)

Years	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
Capital & Reserves	444.95	490.37	575.64	720.19	950.15	976.33	983.92	1000.40	1289.79	1546.58
Turnover*	25352.00	28960.00	32643.00	35306.00	39166.00	45040.00	52,762.00	59,323.00	69,153.00	81,786.00
Fixed Deposits**	6708.19	7900.21	9801.75	10916	11697	13319.97	16728.30	16728.30	20,594.02	24,015.52
Profit after Tax	70.72	35.87	85.27	144.41	77.78	72.79	71.46	105.49	335.80	404.10
Branches (Nos.)	507	600	568	577	577	577	621	632	660	684
Employees (Nos.)	5585	6426	6819	6877	6777	6571	7515	7917	8287	8281
Contribution to State Exchequer***	146.39	81.26	108.28	84.46	130.46	154.30	167.88	183.21	161.35	278.95

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

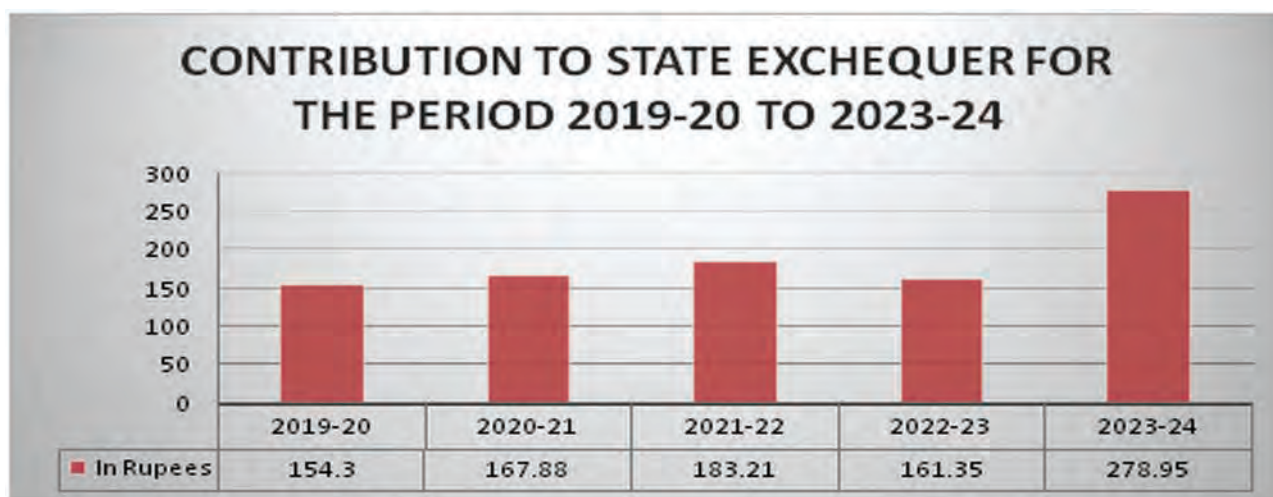
\*\* Fixed deposits include short term deposit and Chitty Security Deposit in Trust

\*\*\* The contribution to State Exchequer in FY 2023-24 includes Guarantee Commission - ₹ 114.51, Registration & Filing Fee - ₹ 58.99, Rates & Taxes - ₹ 0.30, Insurance - ₹ 0.15 and Dividend - ₹ 105.00 (amount in crores).

## CONTRIBUTION TO STATE EXCHEQUER

	2023-24	2022-23
(₹ in Crores)		
Guarantee Commission	114.51	105.44
Registration & Filing Fee	58.99	55.46
Rates & Taxes	0.3	0.28
Dividend	105.00*	0.00*
State Insurance Premium	0.15	0.17
<b>Total</b>	<b>278.95</b>	<b>161.35</b>

\*Payment of Dividend includes dividend for FY 2021-22, 2022-23 & 2023-24 paid during the FY 2023-24.



## NUMBER OF BRANCHES

At the close of financial year, your Company had 684 branches spread under 16 regional offices. The Company opened 9 new branches across the State of Kerala during the year under review. Out of these, 3 branches were opened as micro/satellite branches. 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 513 branches across the State as on 31.03.2024. Steps have also been initiated to renovate the remaining branches at the earliest.

## PERFORMANCE OF MAJOR PORTFOLIOS OF THE COMPANY

### CHITTY

The total monthly sala of chitties rose by ₹351 cores to ₹ 3579 cores as against ₹ 3228 cores at the end of pervious year signifying an increase of 10.87%. Total no of subscribers during FY 2023-24 also increased to 26.35 lakhs from 25.26 lakhs during 2022-23.

### KSFE DIAMOND CHITS (KDC)

The scheme launched during April 2023 with attractive prizing scheme and other value additions. This scheme targeted a domestic chitty business of ₹ 500 crores and ₹ 40 crores at Digital Business Centre respectively. The State level bumper prize of the scheme was Diamond Ornaments worth ₹ 25 lakhs, with prizes at Regional level including 10 sovereign gold for each region, and ₹ 10,000/- worth gold coins at branch level. Scheme ended on 30.09.2023 and was a resounding success as chit business sourced during the campaign period amounted to ₹ 530.38 crores.

### KSFE DIAMOND CHITTICAL 2.0

This scheme which commenced during October 2023 aimed at mobilizing domestic chitty business of ₹ 385 crores and ₹ 20 crores business at Digital Business Centre. Bumper prize of the scheme was Diamond Ornaments worth ₹ 15 lakhs and prizes at Regional level included diamond ornaments worth ₹ 2.50 lakhs each for 2 persons. At branch level gift

cheque worth ₹ 3000/- was offered to one subscriber per 30 new chitty enrollment. The scheme ended by January 31<sup>st</sup> 2024.

### **MAX GOLD LOAN**

This scheme was introduced to facilitate maximum amount of loan within short period against gold. Period of the scheme was 90 days, rate of interest 9% and it provides 90% of the market price of gold. This scheme enabled the loanee to remit interest through KSFE Power App also.

### **KSFE POWER APP**

One of the major milestones was the launch of mobile application viz, KSFE POWER APP which enables a subscriber to view chitty details, remit money, do proxy registration etc. Subsequently loan module too has been introduced wherein the loanee can view his/ her account details and remit the EMI.

### **NETTAM DEPOSITS SCHEME**

This scheme was introduced initially for a period of 400 days @ 8 % during previous year. This year the scheme was extended by enhancing the interest rate to 8.25%.

### **PINK GOLD LOAN**

In connection with International Women's day on March 8<sup>th</sup> 2024 as an endeavor towards financial empowerment, KSFE introduced Pink Gold Loan exclusively for Women of Kerala. Interest rate of gold loan was reduced by 1% of existing rate.

### **RECEIVABLES MANAGEMENT SYSTEM (RMS)**

Receivables Management System aimed at streamlining the recovery procedure and thereby enhancing collections and reducing the impact of NPA and Bad debts. An automated call system is also introduced as an alert to defaulted customer every day before day end.

### **KPL LIABILITY VERIFICATION**

This scheme intended to decentralise liability verification of applicants of KSFE Personal Loan at branch level itself. Swift KPL Software is used in the system.

### **INTERNAL AUDIT SYSTEM**

The Internal Audit System, which was initially conducted manually, has now been computerized. A web-based application viz KSFE Internal Audit Management System is deployed for the system based internal auditing of units starting from the financial year 2023-24.

### **FILE TRACKING SYSTEM (FTS)**

Introduced a File Tracking System at all the units. Complete workflow and file movements are recorded in the system which facilitates tracking of file and expediting decision making process. Periodical pendency reports are also included. A detailed dash board displays the file statistics and pendency details at each stage of work flow. In short the system ensures the accountability of the file handling and file movement.

### **SANJEEVANAM**

Sanjeevanam is a campaign designed to bring down the non prized chitty dues (NPD) and non-performing assets (NPA). The scheme which started in February and ended in April 2024 received a good response from all units.

### **PROMOTIONAL INITIATIVES**

#### **ONAPPUDAVA**

This scheme was introduced by KSFE coinciding with the festive season of Onam and extended from August 17 to August 25, 2023 in which New Chitty subscribers and gold loan customers enrolled during that period were being included in lucky draw and an onapudava worth ₹ 1000 was given to the winner.



## KSFE POWER APP PUNCH

Power App Punch a campaign for promotion of KSFE Power App was also introduced with an objective to promote the mobile App by encouraging maximum number of subscribers to use the App. Prizes at regional and branch levels were also introduced to promote the scheme.

## 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 31.03.2024 is as tabulated below:

Overall Loan & Advances for the FY 2023-24		
	2023-24	Composition (%) of total loan
	(₹ in Crores)	
Gold Loan	5332	40
KSFE Housing Loan	2179	16
KSFE Personal Loan	1971	15
Chitty Loan & Pass Book Loan	3458	26
Other Loan	479	3
<b>Total</b>	<b>13419</b>	<b>100</b>

### GOLD LOAN

Total gold loan disbursed during the year under review amounted to ₹ 9398 crores and the total outstanding as on 31st March, 2024 stood at ₹ 5332 crores as against ₹ 3644 crores for the previous year.

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

Disbursements amounting to ₹ 1364 crores were made under the Reliable Customer Loan Scheme & FD Loan during the year under review and the total outstanding as on 31.03.2024 stood at ₹ 2099 crores as against ₹ 1822 crores as on 31.03.2023.

### KSFE CHITTY LOAN/PASS BOOK LOAN

KSFE Chitty loan amounting to ₹ 2987 crores were disbursed during the year and the total loan outstanding as on 31.03.2024 rose to ₹ 3458 crores as against ₹ 3259 crores for the immediately preceding previous year registering a growth of 6%.

### NEW HOUSING FINANCE SCHEME

During the financial year under review, disbursement under the scheme amounted to ₹ 706 crores. The total loan outstanding including loans under Housing Finance Scheme as on 31<sup>st</sup> March, 2024 increased by 19% to ₹ 2179 crores as against ₹ 1829 crores for 2022-23.

### CONSUMER /VEHICLE LOAN

Total amount of advance disbursed during the year under Consumer/Vehicle loan scheme was ₹ 9.74 crores. The outstanding advances under both, Hire Purchase and Consumer Vehicle Loan schemes as on 31<sup>st</sup> March, 2024 were at ₹ 61.68 crores as against ₹ 57.50 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 2023-24 rose to ₹13419 crores as against ₹ 10960 crores for 2022-23, signifying an increase of ₹ 2459 crores which translates to 22.44%. In addition to the above ₹ 3270.69 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 31.03.2024 was ₹157 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 31.03.2024 was ₹ 2.72 crores.

## DEPOSITS

The total deposits viz. Fixed Term Deposits under Government Guarantee increased by 17% to ₹ 16,030 crores as on 31.03.2024 as compared to ₹ 13,682 crores as of 31.03.2023. The amount outstanding under Sugama Deposits, as of 31.03.2024 was ₹ 1230 crores as against the previous year's figure of ₹ 1221 crores. Short-term deposit increased to ₹ 400 crores as of 31.03.2024 from ₹ 365 crores as of 31.03.2023.

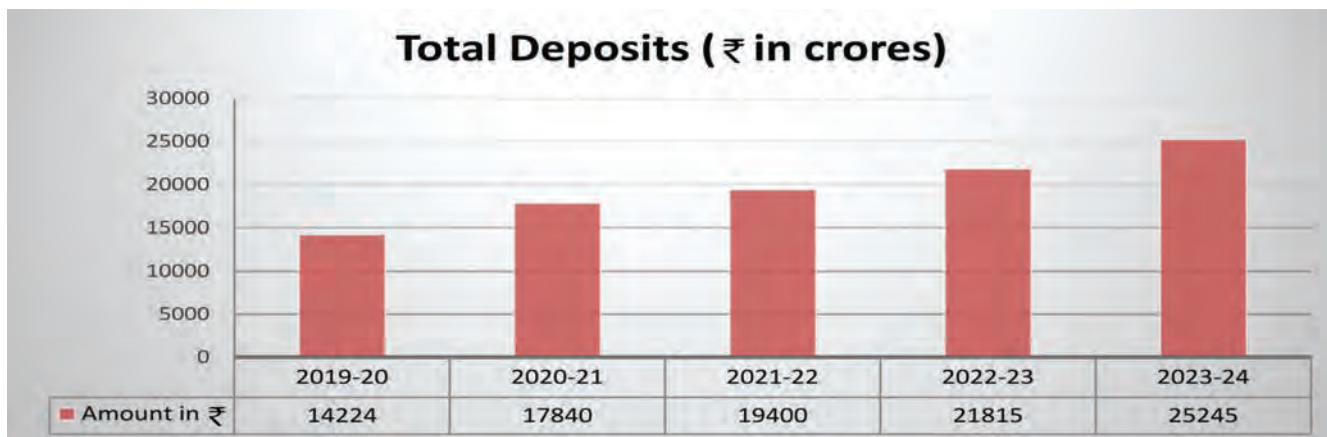
The breakup of the deposit portfolio as on 31.03.2024 is as under:

Overall Deposit Portfolio;		
	2023-24	Composition (%) of total Deposits
	(₹ in Crores)	
Fixed Deposit	16030	91
Short Term Deposit	400	2
Sugama Deposits	1230	7
<b>Total</b>	<b>17,660</b>	<b>100</b>

## 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 16% and stood at ₹ 7585 crores as on 31.03.2024 as against ₹ 6547 crores as on 31.03.2023.

The total deposits of the year ended 31.03.2024 stood at ₹ 25,245 crores as against ₹ 21,815 crores as on 31.03.2023, representing a growth of 16%.



Repayment of deposits accepted by the Company is fully guaranteed by the 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 Company had transferred an amount of INR 609,285/- being unclaimed deposits beyond 7 years to Investor Education and Protection Fund as stipulated under section 125 of the Companies Act, 2013.

## NON-PERFORMING ASSETS

The total dues as on 31.03.2024 stood at ₹ 5783/- crores which include RR dues of ₹ 1724/- crores and Non RR dues of ₹ 4058/- crores respectively. For the previous year RR dues stood at ₹ 1411/- crores and Non RR dues at ₹ 3407/- crores, thus making total dues as on 31.03.2023 to ₹ 4818/- crores. The company has always accorded top priority for preventing fresh NPAs and for reducing existing default level. Company is giving emphasize on current action for current default policy to reduce the default level. A multi-pronged strategy comprising effective follow – up and activation of settlement process of reducing both RR and Non RR files is actively followed.

Going forward in FY 2024-25, 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 already 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.

Also we had implemented Aashwas-2024 OTS Scheme for Chitties and all Loan schemes allowing interest and penal interest concession up to 50% for one time settlement and updation of accounts from 01.08.2024 to 30.09.2024 so as to reduce the default rate in respect of RR and Non RR accounts.

## 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

Customer Mobile App named KSFE Power App was launched in Oct 2023 with Chitty Module. As a second stage, Loan repayments including EMI based was subsequently introduced. Customer Web Portal was released during March 2024. A new system, namely RMS, was introduced to branch for monitoring and arresting default including Current Action for Current Default. Distributed delegation of KSFE Personal Loan liability verification system “Swift RCL” was launched. A new software for KSFE Internal Audit Department “IAMS” was also introduced so as to make the Internal Audit Department paperless and overall efficient. During the period we could roll out automation process of the Employees Transfers for HR Department. An advertisement expense tool was made for KSFE Planning Department. A new Promotion Test Online Application was also introduced. Secondary Connectivity was ensured at all branches except for a very few new branches. During this period almost all our applications were migrated to cloud platform.

## 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 the website. Accordingly, over the years an effective system has evolved for complying with the requirements of Right to Information Act - 2005. As required by the Act the Company has designated Assistant Public Information Officers (APIO), Public Information Officers (PIO) and Appellate Officer (AO). At branches, Branch Managers are Public Information officers for the Branch concerned and one of the Assistant Managers is designated as Assistant Public Information Officer. At SDT Offices also, PIOs and APIOs are appointed. At all Regional Offices, Assistant General Managers (Region) are PIOs and one Chief Manager/Senior Manager is designated as APIO in each Regional Office. At Head Office of the Company, following officers are appointed as PIOs, APIO and Appellate Authority. The Company is complying with the latest circulars and directions under the Act.

### PIOs and APIO under the Right to Information Act 2005 at HO as on 31.03.2024:

Name	Designation	Department	Status Under RTI
CA Sarathchandran S	General Manager (Finance)	Accounts	PIO
Raju R	Asst. General Manager	Business	PIO
Kunhikannan H	Deputy General Manager (P&HR) i/c	Personal and Human Resource Development	PIO
Baiju P M	Chief Manager	Internal Audit & Vigilance	PIO
Krishnendu Sureshkumar	Asst. General Manager (Legal)	Legal	PIO
Nisha A B	Asst. General Manager	Information Technology	PIO
Meera K S	Asst. General Manager	Research & Development Department	PIO
Pramodan A	Deputy General Manager (Recovery)	Recovery	PIO
Ganesan P	Asst. general Manager	General Administration	PIO
CS Emil Alex	Company Secretary	Secretarial	PIO (Secretarial) & APIO for HO
<b>Dr. Sanil S K</b>	<b>Managing Director</b>		<b>Appellate Officer</b>

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 364 applications under RTI Act at Head Office alone during FY 2023-24 compared to 225 applications received during FY 2022-23.

### HUMAN RESOURCES DEVELOPMENT

The Company recognizes the importance and contribution of its Human Resource in providing the competitive advantages. It emphasizes on upgrading the skills and capabilities of its employees to improve their productivity. The company is conducting training and workshops in new and strategic areas, so that its employees are ready to face challenges in the coming years. HR initiatives are focussed on developing team spirits, employee's empowerment and their involvement in various activities. All HR efforts are in alignment with the business priorities and with an objective of smooth transition to latest Technology.

### PROMOTION TEST

As in previous years, the Promotion Test of the year 2023 was conducted in a time bound manner in association with M/s. IMG and Rank lists were published. The details of candidates who qualified in this promotion test are as detailed below:

Promotion Test to the post of Asst. Manager		
Paper	No. of Candidates appeared	Qualified
Paper I	228	103
Paper II	279	74
Promotion Test to the post of Manager Gr. IV		
Paper I	133	115
Paper II	121	58
Group Discussion and Interview	65	65

## CARE FOR RETIRED EMPLOYEES

Our retired employees are getting meagre pension as low as INR 5000/- as per EPS-95 scheme. Company introduced a scheme wherein all employees who retired prior to 31.07.2007 should receive at least ₹ 5000/- as monthly pension. If EPS pension is less than INR 5000/-, the shortfall will be compensated by KSFE. The scheme was implemented from April 2020 and accordingly Company disbursed INR 69,78,192/- for FY 2023-24 to 198 retired employees.

## TRAINING

As technology is evolving rapidly in today's era of globalization, it is crucial for the organization to acquire the necessary skills and knowledge. In order to meet and overcome the obstacles faced, a lot of focus is being dedicated to create new talents, enhancing the current ones and raising capacity. The business's ability to succeed rests on its trained workforce. Skill and knowledge are the main factors influencing the Company's growth and sustainability.

The main challenge for the organization right now is a shortage of skilled people caused by the attrition of trained and experienced workers. The HR Department meticulously designs training and development programmes, leading to improvements/overcoming the difficult circumstances and the lack of the required set of skills. KSFE has implemented a strategy that prioritizes staff training, development, and capacity building through a methodical and need based planning approach that includes identifying training needs, creating and customizing training courses etc.

We have successfully concluded residential training programmes for Assistant Managers, who are eligible for promotion to Manager Grade IV, prior to their promotions. Simultaneously, residential training programmes were conducted for officers in Manager Gr IV, Manager Gr III and members of Internal Audit and Vigilance team.

In addition to the above, Residential Training Programme for Junior Assistants in collaboration with IMG, Trivandrum was also successfully completed.

In a nutshell, in respect of Employee Development - training performance during the FY 2023-24 is as follows:

Sl. No.	Training programme conducted during the FY 2023-24	Target Group	No. of participants As on 31.03.2024
1	Residential Training programme "Skilling Tomorrows Managers" for 4 days	Asst. Manager who qualified for Manager Gr IV Promotion	93
2	Residential Training programme "Upskilling The Managers" for 4 days	Manager Gr IV	267
3	Residential Training programme "Upskilling The Managers" for 3 days	Manager Gr III	122
4	Residential "Refresher programme" for Auditors for 4 days	Auditors	32
5	Residential Training programme of 3 days for JA's in collaboration with IMG, TVM	Junior Assistants	1848

This commitment for skill development will be continued on a regular basis in the coming years too.

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

## RECRUITMENTS

The Company made a total number of 279 appointments in various entry cadre posts during FY 2023-24. The details are as tabled below.

Post	No. of Appointments done	Male	Female
Manager Gr IV	3	0	3
Junior Asst.	198	61	137
Office Attendant	3	1	2
PTS	75	29	46
<b>Total</b>	<b>279</b>	<b>91</b>	<b>188</b>

## MANPOWER

Cadre	Male	Female	Total
Officers	1397	1148	2545
Assistants	1578	3000	4578
Office Attendants	182	286	468
Part Time Sweepers	255	435	690
<b>Total</b>	<b>3412</b>	<b>4869</b>	<b>8281</b>

The total staff strength of the Company as on 31<sup>st</sup> March 2024 was 8281 numbers comprising 2545 Officers, 4578 Assistants and 468 Subordinate Staff besides 690 Part-Time Sweepers. Out of the total work force, the representation of women is over 58%. Furthermore, the women employees in our organization are suitably placed across all hierarchical levels.

## DIRECTORS

The Board of Directors of Company comprises 12 Directors including Chairman and Managing Director, as on 31.03.2024. There were following changes in the Board during the period under review:

### Change in Government Directors:

Government vide GO (Rt) No. 349/2023/Taxes dated 30.05.2023 had nominated Mrs Meghashree DR, IAS as the director of the Company in place of Mr K Inbasekar, IAS. Subsequently, Government vide GO (Rt) No. 668/2023/Taxes dated 25.09.2023 had nominated Mr Manoj K, Joint Secretary (Taxes H) Department as the director of the Company in place of Mrs Sini J Shukkoor, Additional Secretary (Taxes H) Department. Government further vide GO (Rt) No. 12/2024/Taxes dated 03.01.2024 had nominated Mrs Sreedhanya Suresh, IAS as the director of the Company in place of Mrs Meghashree DR, IAS.

## CHANGE IN KEY MANAGERIAL PERSONNEL

There were no changes in the Key Managerial Personnel during FY 2023 – 24.

## COMPLIANCE DEPARTMENT

The Company had 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

The Company has an established system for regularly auditing all of its branches. There are 28 dedicated teams that conduct routine branch inspections at set intervals. In addition to these audits, the Company carries out surprise inspections and special investigations through a specialized unit known as the Preventive Vigilance Team, which steps in as needed in specific cases and situations.

The internal audits were successfully conducted at all units for the FY 2022-2023. Notably, during the FY 2023-2024, the company transitioned to the KSFE Internal Audit Management System (KIAMS), a software-based auditing system was implemented from December 2023. Using IAMS, audits for FY 2023-2024 had progressed smoothly, with audits for 209 branches completed by 31.03.2024 for the first half of the fiscal year.

The Company is continuously enhancing its control systems to prevent fraud and irregularities, with ongoing efforts to align its processes and controls with best practices. Furthermore, the company is committed to fostering a culture in which employees can safely raise concerns about poor practices or misconduct. In line with this, the Board of Directors has adopted a Whistleblower Policy in accordance with Section 177 (10) of the Companies Act, 2013. The "KSFE Whistle Blower Policy" can be accessed on the Company's website at the links: <http://ksfe.com/grivance/whistleblower.aspx>

## 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 2024, 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 2023-24 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, 2024, 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.Abraham & Jose., Chartered Accountants, Thrissur were appointed as Central Statutory Auditors for FY 2023-24, 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.

The Central Statutory Auditors have been paid a total remuneration of INR 13.73 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 2023-24:

Sl.No	Name of Region	Name of Audit firm
1	Thiruvananthapuram (Urban)	M/s.JRS& Co, Chartered Accountants
2	Thiruvananthapuram (Rural)	M/s.Ananthan & Sundaram, Chartered Accountants
3	Kollam (Urban)	M/s. Rangamani& Co., Chartered Accountants
4	Kollam (Rural)	M/s. K. Venkatachalam Aiyer & Co., Chartered Accountants
5	Pathanamthitta	M/s. Dhan & Co., Chartered Accountants
6	Alappuzha	M/s. Elias George & Co., Chartered Accountants
7	Kottayam	M/s. Ayyar & Cherian, Chartered Accountants
8	Kattappana	M/s. Elias George & Co., Chartered Accountants
9	Ernakulam (Urban)	M/s. Sajive Associates, Chartered Accountants
10	Ernakulam (Rural)	M/s. Elias George & Co., Chartered Accountants
11	Palakkad	M/s. Mahadevan & Sivarajan, Chartered Accountants
12	Malappuram	M/s. Madhusudanan & Fizal, Chartered Accountants
13	Kozhikode (Urban)	M/s.SVM Associates, Chartered Accountants
14	Kozhikode (Rural)	M/s. Pavithran & Murali , Chartered Accountants
15	Kannur	M/s. Jacob & George, Chartered Accountants

The fees paid to Branches / Regional Auditors towards audit fees, certification and other services was INR 1.09 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 FY 2023-24. 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 FY 2023-24 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 2023-24**

The Comptroller & Auditor General of India (C&AG) for the financial year under review had issued a "NIL" comment certificate u/s 143(6)(b) of The Companies Act 2013 for FY 2023-24 and the same is 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 3,42,35,000/- during the financial year 2023-24.

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 (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review two 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 - 1

Number of complaints filed during the financial year - 2

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 as 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 FY 2023-24, Board of Directors met on **nine** 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, 2024 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 2023-24.

Date: 05.11.2024

Place: Thrissur

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

## 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>Finance Payable - Chitty/Kuri classified under Note 15- Other Financial Liabilities include undistributed auction discounts to the extent of Rs. 217517.74 lakhs (P.Y. ₹185330.74 lakhs). The above balance includes forfeited veethapalisha amounting to ₹ 26116.05 lakhs (P.Y. ₹19575.48 lakhs) in respect of continuing chits and ₹ 22019.85 lakhs (P.Y.18876.59 lakhs) in respect of terminated chits, which represents amount no longer payable to the prized subscribers owing to their default in payment of instalments. The auction discounts collected from prized subscribers and distributable to the subscribers is a Financial Liability as per Ind AS 32, 'Financial Instruments: Presentation'. On forfeiture of the auction discount consequent to a default by prized subscribers and transferring the same to Forfeited veethapalisha, a legal extinguishment of the liability occurs, and the financial liability is to be derecognised as per Ind AS 109 'Financial Instruments' transferring it to profit or loss. The company presently follows the accounting policy of recognising the forfeited veethapalisha as income only on termination of the chit after setting off the receivables in the chit, if any, which is not in compliance with Ind AS 109 'Financial Instruments'. This has resulted in overstatement of Other financial liabilities and understatement of Reserves and Surplus to the extent of ₹ 48135.90 lakhs (P.Y. ₹ 38452.07) and understatement of revenue from operations for the year to the extent of ₹ 9683.83 lakhs (P.Y. ₹ 9016.73).</p>	<p><b><u>Recognition of forfeited veethapalisha income –</u></b></p> <p>Statutory auditors of the Company in the earlier years had qualified the practice of deferring the recognition of forfeited veethapalisha stating the same to be in violation of the principles of IndAS 115. In reply to our query in this regard, Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India (ICAI) had opined that point of recognition of forfeited veethapalisha would be the time of legal extinguishment / legal release of the obligation of the chit company to pay veethapalisha to the subscriber. The following information / details are furnished in this regard:</p> <ul style="list-style-type: none"> <li>(i) There is no ambiguity with regard to nature of forfeited veethapalisha as the same is to be treated as income. Only point of contention is with regard to timing of recognition i.e. whether it has to be treated as income at the time of default by the prized subscriber or at the time of termination of the chit.</li> <li>(ii) The audit qualification was raised on the ground of violation of principles of IndAS 115. However in its opinion, EAC of ICAI has categorically stated that chit does not fall under the ambit of IndAS 115. It further states chit to be a financial liability in accordance with provisions of IndAS 32.</li> <li>(iii) Our query to EAC was elaborative in nature explaining about chit operations, terminology used in chit business, rationale of our recognizing forfeited veethapalisha as income at the time of termination of chit, citations of ITAT and hon'ble High Courts, Technical guide of ICAI on accounting and auditing of chit fund business etc.</li> <li>(iv) However, EAC in its opinion has not looked into or interpreted regulatory/ legal requirements and implications and opined that point of recognition is the time of legal extinguishment.</li> <li>(v) As EAC has not looked into legal requirements/ interpretations and as "legal extinguishment" is something to be looked into and interpreted legally, it is submitted that an opinion in this</li> </ul>



Point No.	Statutory Auditor's Observations	Company's Remarks
		<p>regard needs to be obtained from legal consultant/ advisors.</p> <p>(vi) It may be noted that forfeited veethaplaisa does not arise out of any performance or by rendering any service by the Company. It arises due to non performance of stipulated obligation by the other party to the chit agreement i.e. the subscriber. As forfeited veethapalalisa arises due to non fulfilment of contractual obligation by the subscriber, the right to decide whether to forfeit or when to forfeit the same should be vested with the other party in the contract i.e. the Company. Moreover, forfeited veethaplaisa cannot be considered on the same footing and equated with other income arising to Company in accordance with the provisions of Chit Fund Act considering the fact that it accrues to the Company in a different manner.</p> <p>(vii) We had been consistently considering forfeited veethapalalisa as income (net of default) at the time of termination of the chit both under erstwhile Kerala Chitties Act 1975 and Chit Fund Act 1982. It may also be noted that the same methodology was consistently followed under Accounting Standards regime as well as under IndAS regime too.</p> <p>(viii) Treating each chit as a separate scheme as per the decision of Kochi bench of ITAT in Popular Kuries and offering forefeited veethapalalisa (net of default) as income at the time of termination of chit was accepted by Income Tax authorities during assessment proceedings.</p> <p>(ix) Even though the chit agreement mentions about forfeiture of veethapalalisa of prized subscriber, it may be noted that the same is not followed in the strictest sense as the same gets allowed in certain instances based on the merits of the case.</p> <p>(x) Considering the peculiarities of chits as a financial instrument, creation of separate provision for default under ECL methodology would raise serious issues with regard to sustainability of the business. Moreover, the present method of recognition at the time of termination appears to provide a much more realistic and appropriate methodology for ascertainment of the correct profit/ loss of a chit.</p> <p>It is reiterated that in view of the opinion of EAC envisaging chit not falling under the ambit of IndAS115,</p>

Point No.	Statutory Auditor's Observations	Company's Remarks
		<p>the very basis of the said qualification of previous auditors under IndAS115 does not hold validity. Thus, to conclude, it is submitted that based on the above facts, the present method of recognizing forfeited veethapalisa (net of default) at the time of termination may be continued for FY 2023-24 and the opinion of EAC of ICAI with regard to timing of "legal extinguishment" may be separately referred to legal consultants/ advisors for factual legal interpretation.</p>
2.	<p>Loans and advances (Note-7) includes impairment loss allowance to the extent of ₹ 260625.03 lakhs (P.Y. ₹ 215122.14) netted off against the gross amount of loans and advances. As required under Ind AS 109 'Financial Instruments', the company creates impairment loss allowance for bad and doubtful advances included in loans and advances, except receivables from prized subscribers in chits, based on Expected Credit Loss (ECL). In respect of receivables from prized subscribers in chits, allowance is made for outstanding balances under RR completed cases. It is observed that no impairment loss allowance has been made on ECL basis for the receivables in respect of prized subscribers in continuing chits. Since there are defaults by prized subscribers in continuing chits, adequate allowance for impairment loss shall be created under ECL model for these receivables. In the absence of adequate details to assess the shortfall in provision, we are unable to quantify the overstatement of the profit for the year, financial assets and Reserves and Surplus.</p>	<p><b><u>Provision for ECL on dues from prized subscribers:</u></b></p> <p>Chitty cannot be treated like loan and advances for ECL working as the model of chit business works on entirely different parameters. Chitty being a unique financial instrument has its own dynamics which makes it difficult to ascertain the rate of Probable default in chits. It may be noted that we had discussed the possibility of doing ECL working for prized subscribers with our IndAS consultants and they too had expressed difficulty owing to uniqueness of chit as a financial instrument.</p> <p>It may be noted that, at present we are creating provision for actual loss on chits in RR completed cases.</p>
3.	<p>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 statements of the company.</p>	<p>Strict directions were issued for appropriately accounting long outstanding un-reconciled debit and credit amounts appearing in bank reconciliation statements. Directions were issued for considering unidentified credits beyond 3 months as income and to reverse outstanding debits beyond 3 months to the relevant expense head/ party but it appears that the directions had not been fully complied with at branches resulting in this observation.</p> <p>As a one-time measure for correcting the same, directions would be issued afresh to branches for appropriately accounting debits/ credits beyond 3 months as appearing in bank reconciliation statement as on 31.03.24 during current fiscal and obtain confirmation from them in this regard. Henceforth on a regular basis, all debits/ credits beyond 3 months appearing after 31.03.24 will have to be adjusted after expiry of 3 months itself. It will be brought under the purview of internal audit to ensure compliance.</p>

## REPLY TO OBSERVATIONS OF SECRETARIAL AUDITOR

Point No.	Secretarial Auditor's Observations																																												
11.	Based on the Reports of the Auditors as on 31 <sup>st</sup> March 2024, the particulars of various statutory dues which have not been deposited on account of dispute, are as follows:																																												
	<table border="1"> <thead> <tr> <th>Name of the statute</th> <th>Nature of dues</th> <th>Amount (in lakhs)</th> <th>Period to which the dispute relates</th> <th>Forum where dispute is pending</th> </tr> </thead> <tbody> <tr> <td>Finance Act, 1994</td> <td>Service Tax</td> <td>0.66</td> <td>July 2012-October 2012</td> <td>Commissioner of Central Excise &amp; Customs (Appeals)</td> </tr> <tr> <td></td> <td></td> <td>3.64</td> <td>2012-13 to 2014-15</td> <td></td> </tr> <tr> <td>Income Tax Act, 1961</td> <td>Income Tax</td> <td>3348.29</td> <td>AY 2018-19</td> <td>Income Tax Appellate Tribunal, Kochi</td> </tr> <tr> <td>Income Tax Act, 1961</td> <td>Income Tax</td> <td>1555</td> <td>AY 2017-18</td> <td>Commissioner of Income Tax (Appeals)</td> </tr> <tr> <td>Income Tax Act, 1961</td> <td>Income Tax</td> <td>50.39</td> <td>AY 2021-22</td> <td>Income Tax Appellate Tribunal, Kochi</td> </tr> <tr> <td>Income Tax Act, 1961</td> <td>TDS</td> <td>549</td> <td>Various Assessment Year</td> <td>Commissioner of Income Tax (Appeals)</td> </tr> <tr> <td>Income Tax Act, 1961</td> <td>TDS</td> <td>669</td> <td>AY 2008-09 to 2016-17</td> <td>Assessing Officer</td> </tr> </tbody> </table>					Name of the statute	Nature of dues	Amount (in lakhs)	Period to which the dispute 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	3348.29	AY 2018-19	Income Tax Appellate Tribunal, Kochi	Income Tax Act, 1961	Income Tax	1555	AY 2017-18	Commissioner of Income Tax (Appeals)	Income Tax Act, 1961	Income Tax	50.39	AY 2021-22	Income Tax Appellate Tribunal, Kochi	Income Tax Act, 1961	TDS	549	Various Assessment Year	Commissioner of Income Tax (Appeals)	Income Tax Act, 1961	TDS	669	AY 2008-09 to 2016-17	Assessing Officer
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	<p><b>Reply:</b></p> <p>With respect to various statutory dues pending to be deposited as on March 31, 2024. 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.</p>																																												
	<b>Secretarial Auditor's Observations</b>		<b>Company Remarks</b>																																										
11(b)	It has been observed from the Reports of the Auditors and financials for the financial year 2023-24, 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 <sup>1</sup> 20.47 lakhs for the period from 2004-2024.		These payments were made in subsequent Financial Years and as on date no balance remains due to EPF																																										
12.	It has been observed from the Reports of the Auditors that the Company has not complied with <i>IND AS 109</i> issued by the Institute of Chartered Accountants in India.		Detailed reply provided in the reply to the comments of Statutory Auditor																																										

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

As on financial year ended on 31.03.2024

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management &amp; 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 -

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

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

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

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

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

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

##### (i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-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	
<b>A. Promoters</b>									
(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>B. Public Shareholding</b>									
<b>1. Institutions</b>									
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)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):</b>									
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs 1 lakh	NIL	2	2	-	NIL	2	2	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	NIL	2	2	-	NIL	2	2	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	2	2	-	NIL	2	2	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>NIL</b>	<b>10000000</b>	<b>10000000</b>	<b>100.00</b>	<b>NIL</b>	<b>10000000</b>	<b>10000000</b>	<b>100.00</b>	<b>0.00</b>



**(ii) Shareholding of Promoters**

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

**(iii) Change in Promoters' Shareholding:**

Sl. No.	Particulars	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	At the beginning of the year	9999998	100	-	
2.	Increase due to allotment	-	-	-	-
3.	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		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	NIL				

(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		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
<b>1</b>	<b>Sini J Shukkor</b>				
	At the beginning of the year	1	0.00001	0	-
	Date wise Decrease in Shareholding during the year: Go (Rt) No. 755/2023/Taxes dated 31.10.2023	-	-	1	0.00001
	At the end of the year	0	-	0	-
<b>2</b>	<b>BS Preetha</b>				
	At the beginning of the year	1	0.00001	0	-
	Date wise Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	1	0.00001	0	
<b>3</b>	<b>Manoj K</b>				
	At the beginning of the year	0	-	0	
	Date wise Decrease in Shareholding during the year: Go (Rt) No. 755/2023/Taxes dated 31.10.2023	-	-	1	0.00001
	At the end of the year	1	0.00001		

## 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 ness Indebted
<b>Indebtedness at the beginning of the financial year</b>				
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	-	-	-	-
<b>Total (i+ii+iii)</b>	₹402,961.25	₹ 22,92,886.20	-	₹ 2,695,847.46
<b>Change in Indebtedness during the financial year</b>				
* Addition	₹ 10.91	₹ 386364.09	-	₹ 386,375.00
* Reduction	(-57648.57)	-1176.08	-	( ₹ 58824.66)
<b>Net Change</b>	<b>( ₹ 57637.66)</b>	<b>₹ 385,188.01</b>	<b>-</b>	<b>₹ 327,550.35</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	₹345,329.59	₹ 26,78,074.21	-	₹ 3,023,397.80
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>₹ 345,323.59</b>	<b>₹ 2,678,074.21</b>	<b>-</b>	<b>₹ 3,023,397.80</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in INR)

Sl. No.	Particulars of Remuneration	K Varadarajan	Sanil S K	Total
1	Gross Salary	₹240,000/-	₹32,96,948/-	₹35,36,948/-
	(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	₹77,000/-	-	₹77,000/-
	HRA	-	-	-
	Other	₹49,605/-	₹3,86,664/-	₹4,36,269/-
	<b>Total (A)</b>	<b>₹3,66,605/-</b>	<b>₹36,83,612/-</b>	<b>₹40,50,217/-</b>
	Ceiling as per the Act	NA	NA	NA

### B. Remuneration to other directors:

(Amount in INR)

#### A. Independent Directors

SL No	Name	Fee for attending Board / Committee Meetings	Others, please specify	Total
		None		
		Total (1)		NIL

#### B. Other Non-Executive Directors

Sl. No.	Name	Sitting Fees	Others, please specify (Mobile/Travel Allowance, Festival Allowance etc.)	Total
1	K Inbasekar, IAS	-	-	-
2	Sini J Shukkoor	-	₹ 18,203/-	₹ 18,203/-
3	BS Preetha	₹ 12,000/-	₹ 27,388/-	₹ 39,388/-
4	T Narendran	₹ 64,000/-	₹ 76,850/-	₹1,40,850/-
5	Dr Sasikumar K	₹ 27,000/-	₹ 61,758/-	₹ 88,758/-
6	VT Joseph	₹ 36,000/-	₹ 75,726/-	₹ 1,11,726/-
7	Adv Govindan Pallikappil	₹ 32,000/-	₹ 36,833/-	₹ 68,833/-
8	Adv MC Raghavan	₹ 71,000/-	₹ 89,810/-	₹ 1,60,810/-
9	Adv UP Joseph	₹ 54,000/-	₹ 63,693/-	₹ 1,17,693/-
10	R Mohammed Sha	₹ 46,400/-	₹ 86,971/-	₹ 133,371/-
11	Manoj K	₹ 10,500/-	₹ 13,740/-	₹ 24,240/-
12	Sreedhanya Suresh, IAS	₹ 3,000/-	-	₹ 3000/-
	Total (2)			₹ 9,06,872/-
	Total (B) = (1 + 2)			₹ 9,06,872/-
	Total Managerial Remuneration*			₹ 49,57,089/-
	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
		<b>Emil Alex (Company Secretary)</b>	
1	Gross salary	₹ 19,75,656/-	₹ 19,75,656/-
	(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	₹ 2,00,742/-	₹ 2,00,742
	<b>Total 1,412,478/-</b>	<b>₹ 21,76,398/-</b>	<b>₹ 21,76,398/-</b>

### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties/punishments/compounding of offences for the year ending 31<sup>st</sup> March 2021.

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)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors,

Date: 05.11.2024  
Place: Thrissur

Sd/-  
**K Varadarajan**  
Chairman  
DIN: 08157496

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

**Form No. MR-3**  
**Secretarial Audit Report for the financial year ended 31st March 2024**  
**[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, 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 2024, 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 2024, according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Chit Funds Act, 1982 and Kerala Chit Fund Rules 2012.
- III. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **Not applicable to the Company for the year under review;**
- IV. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **Not applicable to the Company for the year under review;**
- V. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable during the period under review of Overseas Direct Investment; External Commercial Borrowings - **These rules are not applicable 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 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 Company** conducting the business of chit and is regulated by the Taxes(H) Department under Government of Kerala. Hence, the company is exempt from the provisions of section 45-IA of the RBI Act, 1934.
2. As per the information given and on examination of records, the Company from time to time has obtained necessary prior approval from Taxes (H) Department, Ministry of Finance, Government of Kerala for conducting Chits of various denomination.
3. According to the information and explanations given to us and according to the examination of records, repayment of deposits accepted by the company are guaranteed by the Government of Kerala hence outside the purview of Section 73 to 76 of Companies Act,2013.
4. As per the independent Statutory Auditors Report for the year ended 31/03/2024 the Company has disclosed the impact of pending litigations on its financial position and disclosed in its standalone financial statements
5. 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 for meaningful participation in 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 out unanimously.
6. I further report that there are adequate systems and processes in place in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.
7. Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India is fully complied by the Company during the year under review.

8. The company held its 52<sup>nd</sup>, 53<sup>rd</sup> and 54<sup>th</sup> Adjoined Annual General Meeting on 22/05/2024, 03/02/2024 and 29/02/2024 respectively to adopt the Financials for the years 2020-21, 2021-22 and 2022-23.
9. The final dividend paid by the Company during the year in respect of the same declared for the financial years 2020-21, 2021-22 and 2022-23 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.
10. I further report that Company has transferred unclaimed matured deposits due as on 31st March 2024 amounting to ₹ 609285/- to Investor Education and Protection Fund on 01/07/2024, as stipulated under Section 125 of Companies Act, 2013.
11. (a) Based on the Reports of the Auditors as on 31<sup>st</sup> March 2024 and financials for the financial year 2023-24 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 Central Excise & Customs (Appeals)
		3.64	2012-13 to 2014-15	
Income Tax Act, 1961	Income Tax	3348.29	AY 2018-19	Income Tax Appellate Tribunal, Kochi
Income Tax Act, 1961	Income Tax	1555.00	AY 2017-18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	50.39	AY 2021-22	Income Tax Appellate Tribunal, Kochi
Income Tax Act, 1961	TDS	549.00	Various Assessment Year	Commissioner Income Tax (Appeals)
Income Tax Act, 1961	TDS	669.00	AY 2008-09 to 2016-17	Assessing Officer

(b) Based on the Reports of the Auditors as on 31<sup>st</sup> March 2024 and financials for the financial year 2023-24, 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 ( in lakhs)	Period
EPF	20.47	2004-2024

Sd/-  
**SURESH M. V**  
 COMPANY SECRETARY IN PRACTICE  
 SENIOR PARTNER  
 SMS&CO, COMPANY SECRETARIES, LLP  
 Membership Number: 9741  
 Certificate of Practice: 17830  
 UDIN: F009741F001026669

Date: 23.08.2024  
 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.

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 2024 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 thereon 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 financials furnished by the Management, for the purpose of verification of correctness and appropriateness of financial records and Books of Accounts of 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. 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 Accounts 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: F009741F001026669

Date: 23.08.2024  
Place: Thrissur

**ANNUAL REPORT ON CSR ACTIVITIES FOR YEAR ENDED 31<sup>ST</sup> MARCH, 2024**
**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	00
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	<a href="https://ksfe.com/csr/">https://ksfe.com/csr/</a>
CSR Policy	<a href="https://ksfe.com/csr/">https://ksfe.com/csr/</a>
CSR projects	<a href="https://ksfe.com/csr/">https://ksfe.com/csr/</a>

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	2020-21	Nil	Nil
2	2021-22	Nil	Nil
3	2022-23	72,00,000	Nil
<b>Total</b>		<b>Nil</b>	<b>Nil</b>

- 6) Average net profit of the company as per section 135(5) : ₹ 207,16,00,000/-
- 7) (a) Two percent of average net profit of the company as per section 135(5) : ₹ 4,14,32,000/-
- (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 : ₹ 72,00,000/-
- (d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 3,42,32,000/-
- 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
3.42	3.11	12.06.2024	-	-	-

(b) Details of CSR amount spent against ongoing/other projects for the financial year: **NIL**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District					Name	CSR Registration number
1.	Additional Funds for Purchasing ICCU Ambulance for the use of Gandhibhavan Pathanapuram, Kollam	Promoting Health Care including preventive health care [Schedule VII (i)]	No	Kerala	Kollam	1,43,345/-	1,43,345/-	-	No	Gandhibhavan, Pathanapuram, Kollam	CSR000 12601
2.	Additional Funds for purchasing Ambulance for the use of Comm. M Aliyaar Charitable Society, TVM Additional Funds	Promotion of Health Care [Schedule VII (i)]	No	Kerala	Thiruvananthapuram	15,000/-	15,000/-	-	No	Comm. M Aliyaar Charitable Society, TVM	CSR000 54415
3.	Additional Funds for purchasing ambulance for the use of EK Nayanar Santhwana Paricharana Kendram, Thirumullavaram, Kollam	Promotion of Health Care [Schedule VII (i)]	No	Kerala	Kollam	1,22,970/-	1,22,970/-	-	No	E K Nayanar smarak Paricharana Kendram Thirumullavaram, Kollam	CSR000 50934



(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District					Name	CSR Registration number
4.	Purchase equipment as part of modernisation to Kerala Federation of the Blind Rehabilitation centre	Empowerment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects [Schedule VII (ii)]	No	Kerala	Kannur	25,00,000/-	6,72,750/-	18,27,250/-	No	Kerala Federation of the blind	CSR000 20312
5.	Purchase of Band set instruments and Uniform to Little Flower Convent GHSS, Mammiyur	Promoting education including special education [Schedule VII (ii)]	Yes	Kerala	Thrissur	2,50,000/-	2,49,600/-	400/-	Yes		
6	Fund for purchasing water purifier for GHSS Muthalamada	Promoting education including special education (Schedule VII (ii))	No	Kerala	Palakkad	3,00,000/-	3,00,000/-	-	No	GHSS Muthalamada	CSR000 69673
7	Fund for installation of solar panel Govt. General hospital, Kanjirappally	Promotion of Health Care (Schedule VII (i))	No	Kerala	Kottayam	15,00,000/-	-	15,00,000/-	Yes		
8	Purchase of ambulance for the use of Kasargodel medical college	Promotion of Health Care (Schedule VII (i))	No	Kerala	Kasargode	25,00,000/-	-	25,00,000/-	Yes		
9	Fund for Napkin Incinerator for the use of School of Management Studies, Dr.John Mathai Centre, Aranattukara, Thrissur	Promoting education including special education (Schedule VII (ii))	Yes	Kerala	Thrissur	49,700/-	49,700/-	-	Yes		
10	Fund for renovating GHSS Ravaneswaram School	Promoting education including special education (Schedule VII (ii))	No	Kerala	Thrissur	20,00,000/-	-	20,00,000/-	Yes		
11	Fund for uplifting 164 families Under Thrissur corporation from poverty by distributing food kits	Eradicating hunger poverty and malnutrition	Yes	Kerala	Thrissur	14,76,000/-	-	14,76,000/-	Yes		
12	Purchase of Medical Equipments Suthira Palliative Care Society, Pudukkad	Promotion of Health Care (Schedule VII(i))	Yes	Kerala	Thrissur	3,29,899/-	3,29,899/-	-	No	Suthira Palliative Care Society, Pudukkad	CSR0006 8522
13	Purchase of furniture for Govt UP School Kadakkal	Promoting education including special education (Schedule VII (ii))	No	Kerala	Kollam	2,00,000/-	-	2,00,000/-	Yes		
14	Purchase of Ambulance for the use of PR Balan Master Memorial Charitable Society, Irjalakuda	Promotion of Health Care (Schedule VII(i))	Yes	Kerala	Thrisuur	17,00,000/-	-	17,00,000/-	No	PR Balan Master Memorial Charitable Society	
15	Purchase of Eeco Car for the use of Govt. Old Age Care Centre, Kollam	Setting up facilities for senior citizens and promotion of Health care	No	Kerala	Kollam	6,73,000/-	6,53,396/-	14,604/-	Yes		

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District					Name	CSR Registration number
16	Fund used for construct Shed for Assembly or the use of Government UP School Kollam	Promoting education including special education (Schedule VII (ii))	No	Kerala	Kollam	10,00,000/-	-	10,00,000/-	Yes		
17	Fund used for digital Library for the use of Kulathur Mukku Yuvajana Grandhashala, Chavara	Setting up Public Library	No	Kerala	Kollam	1,50,000/-	-	1,50,000/-	No	Kulathur Mukku Yuvajana Grandhashala Chavara	CSR000 82046
18	Fund for medicines for renal patients of Pain and Palliative Care, Thrissur	Promotion of Health Care (Schedule VII(i))	Yes	Kerala	Thrissur	1,50,000/-	2,39,820/-	12,60,180/-	No	Pain and Palliative Care, Thrissur	CSR000 18532
19	Fund for medicines for renal patients of IRPC Kannur	Promotion of Health Care (Schedule VII(i))	No	Kerala	Kannur	25,00,000/-	-	25,00,000/-	No	IRPC Kannur	CSR0004 6313
20	Purchase of Eeco Car for the use of Cherthala Taluk Hospital	Promotion of Health Care (Schedule VII(i))	No	Kerala	Alappuzha	10,00,000/-	-	10,00,000/-	Yes		
21	Fund used for Uplifting families from poverty under Ezhukone, Kareepra, Veliyam, Ummannoor Neduvathoor Kulakkada and Mylom	Eradicating hunger poverty and malnutrition	No	Kerala	Kollam	50,00,000/-	-	50,00,000/-	Yes		
22	Purchase of school bus for the use of St. Paul's HSS Valiyakumaramangalam, Moonilavu, Kottayam	Promoting education including special education (Schedule VII (ii))	No	Kerala	Kottayam	20,00,000/-	-	20,00,000/-	Yes		
23	Fund for Library facility for the use of Madhusoodanan Thangal Smaraka Govt UP School Mattannur	Promoting education including special education (Schedule VII (ii))	No	Kerala	Kannur	4,00,000/-	4,00,000/-	-	Yes		
24	Purchase of Ambulance for the use of Sree Avittom Thirunal Hospital, TVM	Promotion of Health Care (Schedule VII(i))	No	Kerala	Thiruvananthapuram	31,40,000/-	-	31,40,000/-	Yes		
25	Purchasing mini bus for the use Kollam Municipal Corporation	Promoting education including special education (Schedule VII (ii))	No	Kerala	Kollam	23,00,000/-	-	23,00,000/-	Yes		
26	Purchasing wall fans for the use of Govt LPS Arukalickal, Vayala PO, Pathanamthitta	Promoting education including special education (Schedule VII (ii))	No	Kerala	Pathanamthitta	1,00,000/-	-	1,00,000/-	Yes		

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District					Name	CSR Registration number
27	Fund used purchasing, Lab Stools, Grill shutter, Computer Table, Instructor Chair, Electrification Tube Light for the use of SMT Govt. Higher Secondary school, Chelakkara Thrissur	Promoting education including special education (Schedule VII (ii))	Yes	Kerala	Thrissur	12,45,000/-	-	12,45,000/-	Yes		
28	Additional Funds for Language Laboratory to GHSS Kuzhimathicad	Promoting education including special education (Schedule VII (ii))	No	Kerala	Kollam	70,043/-	-	70,043/-	Yes		
29	Additional Funds for Language Laboratory to GHSS Muttara	Promoting education including special education (Schedule VII (ii))	No	Kerala	Kollam	70,043/-	-	70,043/-	Yes		
<b>Total</b>						<b>3,42,35,000/-</b>	<b>31,81,480/-</b>	<b>3,10,53,520/-</b>			

- (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) : ₹ 3,42,35,000/-
- (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)	3,42,32,000/-
(ii)	Total amount spent for the Financial Year	3,42,35,000/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3,000/-
(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)]	3,000/-

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 ₹ crs)	Amount spent in the reporting Financial Year (in ₹ 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 ₹ crs)
				Name of the Fund	Amount (in ₹ crs)	Date of transfer	
1	2020-21	14,00,000	14,00,000	Nil	Nil	Nil	0
2	2021-22	1,49,20,000	1,19,45,006	-	-	-	29,74,994/-
3	2022-23	2,55,35,990	2,01,71,190	-	-	-	53,64,800/-

(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	29,02,000/-	Hostel for Tribal Senior Citizen	16.12.2023
2	EK.Nayanar Smaraka Swanthana, Paricharana Kendram, Thirumullavaram, Kollam	14,18,000/-	Ambulance	24.05.2023
3	Com.M.Aliyar Charitable society, Vizhinjam , Tvm	20,00,000/-	Ambulance	25.09.2023
4	Ashraya Charitable Society, Kalayapuram, Kottarakkara	25,00,000/-	130 Semi fowler beds	17.05.2023
5	Njarakkal Taluk Hospital, Vyppinkara	20,00,000/-	Ambulance	13.06.2023
6	Govt.Tribal HSS ,Kattappana	5,00,000/-	Setting up Laboratories	28.04.2023
7	Vaikkom Municipality	9,20,000/-	Renovating Children's park	28.10.2023 08.12.2023
8	IRPC, Kannur	34,50,000/-	5 dialysis machines	06.07.2023
9	Govt. Taluk Hospital, Kottarakkara	34,35,200/-	Blood separation unit and Dialysis machines	13.06.2023
10	Kadappakada Sports Club &Reading Room, Kollam	10,00,000/-	For setting up Orma clinic	07.06.2023 25.07.2023 06.10.2023 28.10.2023 28.02.2024
11	EMS Co-operative Hospital, Pathanapuram, Kollam	20,00,000/-	Medical equipments	02.06.2023 14.09.2023
12	East Police Station , Thrissur	8,65,990/-	CCTV Cameras	05.10.2023
13	Gandhi bhavan, Pathanapuram, Kollam	25,00,000/-	ICCU Ambulance	03.06.2023
14	Language Laboratory to GHSS Kuzhimathicad	7,80,000/-	Language Laboratory	21.02.2024 20.03.2024 27.03.2024
15	Language Laboratory to GHSS Muttara	7,80,000/-	Language Laboratory	21.02.2024 20.03.2024 27.03.2024
16	Language Laboratory to GHSS Kottarakara	7,25,000/-	Language Laboratory	21.02.2024 20.03.2024 27.03.2024
17	Language Laboratory to GOVT PVHSS Perumkulam	7,80,000/-	Language Laboratory	21.02.2024 20.03.2024 27.03.2024
18	Language Laboratory to GHSS Puthoor	6,59,500/-	Language Laboratory	21.02.2024 20.03.2024 27.03.2024
19	Language Laboratory to GHSS Kulakada	8,50,000/-	Language Laboratory	21.02.2024 20.03.2024 27.03.2024
20	Purchase of School Bus 40+1 seat IHRD Applied Science College, Kottarakara	31,50,506/-	School Bus	02.02.2024 09.02.2024
21	Purchase of School Bus Govt. UP School Nedumankkavu	23,00,000/-	School Bus	02.02.2024
	<b>TOTAL</b>	<b>3,35,16,196/-*</b>		

\* Amount includes un-utilised amount earmarked for KSFE Vidya Sree Scheme amounting to INR 98,84,920/-, which has been utilised/allocated in financial year under review .

- 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:
- (a) Date of creation or acquisition of the capital asset(s): NA
  - (b) Amount of CSR spent for creation or acquisition of capital asset: NA
  - (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA
  - (d) 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 ₹ **3,42,35,000/-** (100.01%) 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,**

**Date: 05.11.2024**  
**Place: Thrissur**

**Sd/-**  
**K Varadarajan**  
**Chairman**  
**DIN: 08157496**

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



**COMMENTS OF C&AG ON THE JOINT STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED AND STANDALONE FINANCIAL STATEMENTS FOR THE FY 2023-24**

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

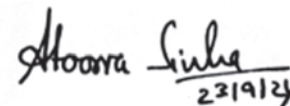
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF THE KERALA STATE FINANCIAL, ENTERPRISES LIMITED FOR THE YEAR ENDED 31 MARCH 2024.**

The preparation of financial statements of **The Kerala State Financial Enterprises Limited** for the year ended **31 March 2024** 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 are 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 **07 August 2024**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **The Kerala Financial Enterprises Limited** for the year ended **31 March 2024** 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.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

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



23/9/24

**ATOORVA SINHA  
ACCOUNTANT GENERAL (AUDIT-II)  
KERALA**

Thiruvananthapuram  
Dated 23.09.2024

## 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 and 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 its 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

The relevance of banking and other financial institutions have reached an all time high during the post pandemic situation. As channels of promoting financial inclusion and access providers to credit, such institutions have got tremendous responsibilities especially considering the resurgence of Indian economy. While scheduled commercial banks have shouldered the responsibilities in a big way the NBFCs and similar other financial institutions have also risen to the occasion.

If we look at the global economy, the International Monetary Fund (IMF) had revised its forecast of global output growth beyond 2023. The downward revision was by 3.37 percent. The WTO had scaled down projection of world trade growth for 2023 to 0.8%. However, the outlook for next year has not been downgraded and remains relatively strong.

Domestic economic activity stabilized during March – April 2023 with the ebbing of the third wave of Covid-19 and the easing urban demand appears to have maintained expansion but some weaknesses persisted in rural demand. Overall system liquidity remained in large surplus. RBI raised the GDP growth projection for FY 2024 to 7% from 6.50%.

The RBI and all other regulators have taken a series of initiatives on the regulatory and supervisory fronts all through. The regulated entities have in turn responded properly, and as a result there has been a consistent turn around. However there was no traction thereafter in this trend due to the Geo- political conflicts and consequent monetary policy tightening across the globe. Further, the warning signals towards the management and the audited committees have become a routine affair in the financial services sector. Thus, of late, strengthening the governance and assurance functions have all become a cause of concern in all the financial services sector organizations.

It seems that the credit growth has now become broad based that too by the strong fundamentals of the financial institutions. Similarly the key economic indicators of the financial institutions fall in line with the banking institutions.

While taking on various challenges posed, the KSFE has been registering robust growth in most segments. The Kerala's retail financial activities attained added vigor through this noble institution's savings and credit instruments. Money circulation, Banking and Treasury operations have heavily been relying on the proven business model brought out by KSFE. The trajectory of this financial institution continues in the winning streak with ambitious one lakh crore rupees targeted turnover by 2025.

#### Review Company's Financial Performance

The overall business achieved during FY 2023-24 was ₹ 81786 Crores as against the business volume of FY 2022-23 amounting to ₹ 69153 Crores representing growth of 18.27%.

Advances amounting to ₹ 13490 crores and deposit business amounting to ₹ 25306 Crores were achieved during FY 2023-24 as against the advance and deposit business of ₹ 11157 Crores and ₹ 21800 Crores respectively for FY 2022-23.

For the FY 2023-24 the Company posted a profit after tax of ₹ 404.10 crores as against ₹ 335.40 crores during the previous year. The Gross income registered an increase of 12.35% to ₹ 5082 crores as against ₹ 4523 crores of previous years. The earnings per share stood at ₹ 404.10.

## 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 about 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 2023-24 was ₹ **81,786 crores** as against the business volume of FY 2022-23 amounting to ₹ **69,153** crores representing growth of **18.27%**.

Chitty business achieved during F.Y 2023-24 was ₹ 40,783 Cr. (Including Pravasi Chitty) as against ₹ 36,196 Cr of F.Y. 2022-23 signifying growth of 13%. The total sala of chitties conducted during the period 2023-24 from all the branches put together rose to ₹ 3544 Cr. as against ₹ 3228 Crores at the end of previous year, registering an increase of 10%, translating to ₹ 316 Crores during the year under review. Total number of subscribers also increased to 26,35,000 during 2023-24 from 25,26,320 at the end of previous year.

Advances amounting to ₹ **13,490 Crores** and Deposit business to the tune of ₹ **25,306 Crores** were achieved during the FY 2023-24 as against the advance and deposit business of ₹ 11,157 Crores and ₹ 21,800 Crores respectively for FY 2022-23.

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 coverage 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.

## KIIFB Bonds

Reserve Bank of India vide notification date 02.03.2015 published in the Gazette of India dated 13.04.2015 had amended provisions of FEMA permitting NRI's to join chit by making subscription through banking channel and on non-repatriation basis. Digital Business Centre of the Company is entrusted with the conduct of Pravsi Chits meant for NRK's. The fund

mobilized under Pravasi Chits Scheme of Company gets utilized for various developmental initiatives under taken by KIIFB. We have been investing substantial amount of KIIFB Bonds as stated below:-

(Figures in Inr. Crores)

Financial Year	Chit Security Bonds (o/s)	Prize Money Bonds (o/s)	Total (o/s)
2018-19	6	0	6
2019-20	23	98	121
2020-21	61	299	360
2021-22	106	541	647
2022-23	160	751	911
2023-24	198	970	1168

### Internal Control Systems and their adequacy

The Company's internal control systems 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, 2024, Company had 8281 personnel on its rolls compared to 8287 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 31.03.2024 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 have been functioning in a professional and transparent manner.

The Board invariably meets at frequent and regular intervals 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 9 Board Meetings were held on 10-04-2023, 09-05-2023, 23-06-2023, 21-08-2023, 28-09-2023, 14-11-2023, 09.01.2024, 17-02-2024 and 15-03-2024.

The particulars regarding composition of Board of Directors as on 31<sup>st</sup> March, 2024 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 2023-24, last Annual General Meeting

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
<b>Directors</b>						
Mr K Varadarajan	Chairman	9	8	Yes	0	1
Dr Sanil SK	Managing Director i/c	9	9	Yes	1	0
Mr. Muhammed Sha	Director	9	9	NA	1	0
Adv. MC Raghavan	Director	9	9	NA	1	0
Adv. UP Joseph	Director	9	8	NA	1	0
Adv. Govindan Pallikkappil	Director	9	8	NA	1	0
Mr VT Joseph	Director	9	9	NA	1	0
Mr T Narendran	Director	9	8	NA	1	0
Dr. K Sasikumar	Director	9	7	NA	1	0
<b>Government Directors</b>						
Mr K Inbasekar, IAS <sup>1</sup>	Government Director	2	1	NA	1	0
Mrs Meghashree, IAS <sup>2,3</sup>	Government Director	4	2	NA	1	0
Mrs Sreedhanya Suresh, IAS <sup>4</sup>	Government Director	3	3			
Mrs BS Preetha	Government Director	9	8	Yes	0	1
Mrs Sini J Shukkoor <sup>5</sup>	Government Director	4	4	Yes	1	0
Mr Manoj K <sup>6</sup>	Government Director	5	5	Yes	1	0

1. Ceased to be a member w.e.f. 30.05.2023

2. Was appointed as Director of the Company w.e.f. 30.05.2023

3. Ceased to be a member w.e.f. 03.01.2024

4. Was appointed as Director of the Company w.e.f. 03.01.2024

5. Ceased to be a member w.e.f. 25.09.2023

6. Was appointed as Director of the Company w.e.f. 25.09.2023

\* 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 statutory 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; Smt. Sreedhanya Suresh, IAS, Smt. Manoj K, 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 on 04.04.2023, 20.09.2023, 05.01.2024 and 31.01.2024. 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 <sup>1</sup>	2	2
2	Mrs Meghashree DR, IAS <sup>2</sup>	2	2
3	Mrs Sreedhanya Suresh, IAS <sup>4</sup>	1	1
4	Mrs. Sini J Shukkoor <sup>3</sup>	3	2
5	Mrs. BS Preetha	4	4
6	Mr. Manoj K <sup>4</sup>	2	2
7	Dr K Sasikumar	4	4
8	Mr. T Narendran	4	4

1 Ceased to be a member on 30.05.2023

2 Ceased to be a member on 03.01.2024

3 Ceased to be a member on 25.09.2023

4. Appointed as member w.e.f 09.01.2024

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 31.03.2024 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, 2024, the CSR Committee met two times on 02.12.2023 and 16.02.2024. 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	02	02
3	Adv. MC Raghavan	02	02
4	Adv. Govindan Pallikkappil	02	00
5	Mr. VT Joseph	02	02
6	Mr. T Narendran	02	02

### 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 2023-24.

### Secretarial Audit Report and Certificates from Company Secretary in Practice

The Secretarial Audit for FY 2023-24, was conducted by 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 2023-24, 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 AUDITORS' 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, 2024, 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 (hereinafter referred to as "Standalone financial statements").

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, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, 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. Finance Payable -Chitty/Kuri classified under Note 15- Other Financial Liabilities include undistributed auction discounts to the extent of Rs. 217517.74 lakhs (P.Y. Rs.185330.74 lakhs). The above balance includes forfeited veethapalisha amounting to Rs.26116.05 lakhs (P.Y. Rs.19575.48 lakhs) in respect of continuing chits and Rs. 22019.85 lakhs (P.Y.18876.59 lakhs) in respect of terminated chits, which represents amount no longer payable to the prized subscribers owing to their default in payment of instalments. The auction discounts collected from prized subscribers and distributable to the subscribers is a Financial Liability as per Ind AS 32, 'Financial Instruments: Presentation'. On forfeiture of the auction discount consequent to a default by prized subscribers and transferring the same to Forfeited veethapalisha, a legal extinguishment of the liability occurs, and the financial liability is to be derecognised as per Ind AS 109 'Financial Instruments'transferring it to profit or loss.The company presently follows the accounting policy of recognising the forfeited veethapalisha as income only on termination of the chit after setting off the receivables in the chit, if any, which is not in compliance with Ind AS 109 'Financial Instruments'.This has resulted in overstatement of Other financial liabilities and understatement of Reserves and Surplus to the extent of Rs. 48135.90 lakhs (P.Y.Rs.38452.07) and understatement of revenue from operations for the year to the extent of Rs. 9683.83 lakhs (P.Y.Rs. 9016.73).
2. Loans and advances (Note-7)includes impairment loss allowance to the extent of Rs.260625.03 lakhs (P.Y. Rs. 215122.14)netted off against the gross amount of loans and advances. As required under Ind AS 109 'Financial Instruments', the company creates impairment loss allowance for bad and doubtful advances included in loans and advances, except receivables from prized subscribers in chits,based on Expected Credit Loss(ECL). In respect of receivables from prized subscribers in chits, allowance is made for outstanding balances under RR completed cases. It is observed that no impairment loss allowance has been made on ECL basis for the

receivables in respect of prized subscribers in continuing chits. Since there are defaults by prized subscribers in continuing chits, adequate allowance for impairment loss shall be created under ECL model for these receivables. In the absence of adequate details to assess the shortfall in provision, we are unable to quantify the overstatement of the profit for the year, financial assets and Reserves and Surplus.

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 statements of the company.

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 Accountants 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. 29.22 regarding balances in suspense accounts which remain unadjusted due to partial remittance of a chitty instalment by subscribers;
2. Note No. 29.23 regarding non-accounting of amount recoverable from prized subscribers at amortised cost using effective interest rate (EIR) as required by Ind AS 109 – 'Financial Instruments', because of the inherent limitations in estimating future cash flows from a prized subscriber, owing to the uncertainty in auction discounts;
3. Note No. 29.28 regarding a net balance of Rs.444.48 lakhs outstanding in respect of Revised Bhadratha Social Security Scheme (RBD), in which the company has been acting as an agent to Govt of Kerala;

### **Our opinion is not modified in respect of these matters.**

### **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 hereon.

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 scepticism throughout the audit. We also:

- a) 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.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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.

- e) 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

1. The financial statements of the Company for the year ended March 31, 2023, were audited by another auditor who expressed a qualified opinion on those statements on September 28, 2023.
2. The Head Office of the company and Revenue Recovery Office associated with head office, regional office, Special Deputy Tahsildar (SDT) office and 56 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 628 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.6200731.14 Lakhs as at 31st March, 2024 and total revenue of Rs. 473130.77 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 on the Standalone Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters, with respect to our reliance on the work done and the reports of the other auditors.

## Report on other legal and regulatory requirements

- i. As required by the Companies (Auditor's Report) Order, 2020 issued by the Central Government of India 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 extent 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 thosebooks 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). Being a Government Company, in terms of notification no. G.S.R.463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, Government of India, provisions of Section 164 (2) of the Act in respect of disqualifications of directorsare not applicable to the Company.
  - 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 Auditor’s 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. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - 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 financial years 2020-21, 2021-22 and 2022-23 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 we report that based on our examination which included test checks, the company has used accounting softwares for maintaining books of accounts which has the feature of recording audit trail (edit)log facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further during the course of our audit, we did not come across any instance of audit trail feature being tampered with.
- As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.
- 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 Abraham and Jose**  
Chartered Accountants  
(FRN: 000010S)

**Sd/-**  
**CA. Mukesh K. P.**  
Partner (M. No. 214773)  
UDIN:24214773BKBEHN6418

Thrissur  
07.08.2024

## 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, 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 Lakhs	Thrissur	74.96 Cent	Cost as per the accounting records is Rs. 1.73
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, 2024.
- (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 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.180000 Lakhs to another government company, the balance outstanding at the balance sheet date with respect to such loans amounts to Rs.327069 Lakhs.
- 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, deposits accepted by the company are guaranteed by the Government of Kerala hence outside the purview of Section 73 to 76 of Companies Act, 2013. 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 (Rs. in lakhs)	Period
EPF	20.47	2004-2024

- 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 the dues	Amount (₹ in lakhs)	Period to which the dispute relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	0.66	July 2012- October 2012	Commissioner of Central Excise & cutsoms (Appeals)
		3.64	2012-13 to 2014-2015	
Income Tax Act, 1961	Income Tax	3348.23	AY 2018 - 19	Income Tax Appellate Tribunal, Kochi
Income Tax Act, 1961	Income Tax	1555.00	AY 2017- 18	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	50.39	AY 2021-22	Income Tax Appellate Tribunal, Kochi
Income Tax Act, 1961	TDS	549.00	Various Assessment Year	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	TDS	669.00	AY 2008-09 to 2016-17	Assessing Officer

- 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 some customer or employees where chitty related misappropriations/improper acceptances of security/document fabrication etc. (excluding chitty inflation) have occurred for an estimated amount of Rs.1506.61 Lakhs. The financial impact of frauds in respect of chitty inflation has not been ascertained. The Company has created full provision for Rs.1506.61 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 does not have an internal audit system commensurate with the size and nature of its business. The scope and coverage of internal audit needs to be widened to include various departments at head office. Further, it shall be ensured that audits are completed and reports are submitted promptly to ensure timely rectifications.
- b) Since the reports for the entire period under audit were not available, we have not considered the same.
- 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 31-03-2024, we understand the Company carries out financial business along with chit business. The financial assets of the company as at 31-03-2024 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 subsection (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.

**For Abraham and Jose**  
Chartered Accountants  
(FRN: 000010S)

**Sd/-**  
**CA. Mukesh K. P.**  
Partner (M. No. 214773)  
UDIN:24214773BKBEHN6418

Thrissur  
07.08.2024

## ANNEXURE – B TO THE INDEPENDENT AUDIT 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, 2024 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 control 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 Annexure 'B' to the Independent Auditors' Report 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.

### **Qualified 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, 2024, 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. The reconciliation of bank accounts and elimination of long outstanding entries in such reconciliation statements are not done on regular basis. These could have a possible impact on the accuracy of balances reported in the financial statements.
- 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.



We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2024 standalone financial statements of the Company, and these material weaknesses have affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

**For Abraham and Jose**  
Chartered Accountants  
(FRN: 000010S)

Thrissur  
07.08.2024

**Sd/-**  
**CA. Mukesh K. P.**  
Partner (M. No. 214773)  
UDIN:24214773BKBEHN6418

## 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 for processing various functions within the company including pay roll processing, statutory payment process etc., which are not integrated each other.
- ◆ The company does not have a proper system for accounting of inter branch /offices transactions due to which there has been considerable delay in reconciliation of these balances.
- ◆ 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:** Company is following “Expected Credit Loss Model “as specified under “Ind AS 109 - Financial Instruments” and providing for impairment loss. Prudential norms of Income Recognition and Asset classifications issued by Reserve Bank of India for NBFC’s are not applicable to the company.

**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, the company ensures the availability of adequate security by obtaining the title search reports and conducting valuation by external valuer, and encumbrance certificates are obtained. First charge on mortgaged assets are ensured by creating equitable mortgage of the title deeds of the property. We are informed that the company does not have the system of seizing assets for recovery of dues other than initiation of RR proceedings.

**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 and approved by the Government.

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

In respect of cash and bank balances confirmation have been received for all cash and bank balances. In respect of other receivables and payables company have a system of obtaining external confirmation on a random basis as stated in Note No.29.30

**5) Whether the bank guarantees are revalidated in time?**

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

Thrissur  
07.08.2024

**For Abraham and Jose**  
Chartered Accountants  
(FRN: 000010S)

**Sd/-**  
**CA. Mukesh K. P.**  
Partner (M. No. 214773)  
UDIN:24214773BKBEHN6418

# THE KERALA STATE FINANCIAL ENTERPRISES LIMITED

## BALANCE SHEET AS AT 31st MARCH 2024

	Particulars	Note No.	As at 31.03.2024 Rs in Lakhs	As at 31.03.2023 Rs in Lakhs
<b>I.</b>	<b>ASSETS</b>			
	<b>1. Financial Assets</b>			
	a. Cash and cash equivalents	5	35,845.37	16,078.37
	b. Bank Balances other than (a) above	6	9,31,417.44	9,29,550.47
	c. Loans	7	55,33,804.46	48,12,598.12
	d. Investments	8	1,16,817.00	91,113.00
	e. Other financial assets	9	8,525.53	11,480.72
	<b>Total Financial Assets</b>		<b>66,26,409.79</b>	<b>58,60,820.69</b>
	<b>2. Non-financial Assets</b>			
	a. Current tax assets (Net)	10A	14,402.23	14,816.31
	b. Deferred tax assets (Net)	10B	23,661.00	19,422.00
	c. Property, Plant and Equipment	11A	6,542.17	7,008.77
	d. Right of use assets	11B	4,441.93	5,400.63
	e. Other Intangible assets	11C	38.02	53.78
	f. Other non-financial assets	12	1,24,386.45	88,732.71
	<b>Total Non-Financial Assets</b>		<b>1,73,471.80</b>	<b>1,35,434.20</b>
	<b>Total Assets</b>		<b>67,99,881.59</b>	<b>59,96,254.89</b>
<b>II.</b>	<b>LIABILITIES AND EQUITY</b>			
	<b>LIABILITIES</b>			
	<b>1. Financial Liabilities</b>			
	a. Payables			
	i. Trade Payable	13A		
	(a) Total outstanding due of micro enterprises and small enterprises			
	(b) Total outstanding due of creditors other than micro enterprises and small enterprises		11,904.55	10,878.71
	b. Borrowings (Other than debt securities)	13B	3,45,323.59	4,02,961.25
	c. Deposits	14A	25,25,088.94	21,82,611.61
	d. Lease Liability	14B	4,639.44	5,406.38
	e. Other Financial Liabilities	15	36,78,853.08	32,06,343.97
	<b>Total Financial liabilities</b>		<b>65,65,809.61</b>	<b>58,08,201.92</b>
	<b>2. Non- Financial liabilities</b>			
	a. Provisions	16	68,145.85	46,879.77
	b. Other non-financial liabilities	17	11,268.22	12,193.87
	<b>Total Non- Financial liabilities</b>		<b>79,414.07</b>	<b>59,073.64</b>
	<b>Total liabilities</b>		<b>66,45,223.68</b>	<b>58,67,275.56</b>
	<b>3. EQUITY</b>			
	a. Equity share capital	18	10,000.00	10,000.00
	b. Other equity	19	1,44,657.91	1,18,979.33
	<b>Total Equity</b>		<b>1,54,657.91</b>	<b>1,28,979.33</b>
	<b>Total Liabilities and Equity</b>		<b>67,99,881.59</b>	<b>59,96,254.89</b>

Significant accounting policies  
Additional Information

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The accompanying notes form an integral part of the standalone financial statements.  
As per our report even date attached.

For **M/S ABRAHAM & JOSE**

Chartered Accountants  
Firm Regn. No: FRN000010S

sd/-  
Partner : C.A. Mukesh K.P.  
Membership No. 214773

Place : Thrissur  
Date : 07.08.2024

For and on behalf of Board of Directors

sd/-  
**K. Varadarajan**  
DIN : 08157496  
Chairman

sd/-  
**Dr. Sanil S.K.**  
DIN : 09811727  
Managing Director

sd/-  
**Preetha B.S.**  
DIN : 07553746  
Director

sd/-  
**C.A. Sarath Chandran S.**  
General Manager (Finance)

sd/-  
**CS Emil Alex**  
Company Secretary

# THE KERALA STATE FINANCIAL ENTERPRISES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2024

	Particulars	Note No.	For the year ended 31.03.2024 Rs in Lakhs	For the year ended 31.03.2023 Rs in Lakhs
(I)	<b>Revenue from operations</b>			
	(i) Interest Income	20	2,80,728.27	2,52,784.02
	(ii) Foreman Commission		1,87,262.63	1,67,140.79
	(iii) Service Charges	21(a)	1,822.28	1,705.40
	(iv) Other Revenue from Chit Fund Operations	21(b)	34,302.58	30,453.55
	<b>Total Revenue from Operations</b>		<b>5,04,115.77</b>	<b>4,52,083.76</b>
(II)	Other Income	22	4,067.26	102.46
(III)	<b>Total Income (I+II)</b>		<b>5,08,183.03</b>	<b>4,52,186.22</b>
(IV)	<b>EXPENSES</b>			
	Finance Costs	23	2,17,5363.38	1,71,977.95
	Impairment of financial instruments	24	57,929.61	81,827.53
	Employee benefits expenses	25	1,37,819.87	1,22,387.90
	Depreciation, amortisation and Impairment	26	5,358.78	4,792.67
	Other expenses	27	34,946.94	28,189.80
	<b>Total Expenses</b>		<b>4,53,591.59</b>	<b>4,09,175.84</b>
(V)	<b>Profit before exceptional items and tax (III-IV)</b>		<b>54,591.44</b>	<b>43,010.38</b>
(VI)	Exceptional Items			
(VII)	<b>Profit before tax (V-VI)</b>		<b>54,591.44</b>	<b>43,010.38</b>
(VIII)	Tax expense:			
	a. Current tax		18,420.21	14,036.15
	b. Deferred tax	10B	(4,239.00)	(4,566.00)
	c. Relating to earlier years (net)		-	-
(IX)	Profit for the year from continuing operations (VII-VIII)		14,181.21	9,470.15
(X)	<b>Profit for the year</b>		<b>40,410.23</b>	<b>33,540.23</b>
(XI)	<b>Other Comprehensive Income</b>			
	(i) Items that will not be reclassified to profit or loss (Re-measurements of the defined benefit obligation)		(5,654.86)	(6,149.25)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		1,423.21	1,547.64
	<b>Other comprehensive income (net of tax)</b>		<b>(4,231.65)</b>	<b>(4,601.61)</b>
(XII)	<b>Total Comprehensive Income for the year (X+XI)</b>		<b>36,178.59</b>	<b>28,938.61</b>
(XIII)	<b>Earnings per equity share</b>	28		
	Basic earnings per equity share (Rs.)		<b>404.10</b>	<b>335.40</b>
	Diluted earnings per equity share (Rs.)		<b>404.10</b>	<b>335.40</b>
	Nominal value per equity share (Rs.)		100.00	100.00

Significant accounting policies  
Additional Information

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The accompanying notes form an integral part of the standalone financial statements.  
As per our report even date attached.

For **M/S ABRAHAM & JOSE**

Chartered Accountants  
Firm Regn. No: FRN000010S

Partner : C.A. Mukesh K.P.  
Membership No. 214773

Place : Thrissur  
Date : 07.08.2024

For and on behalf of Board of Directors

sd/-  
**K. Varadarajan**  
DIN : 08157496  
Chairman

sd/-  
**Dr. Sanil S.K.**  
DIN : 09811727  
Managing Director

sd/-  
**Preetha B.S.**  
DIN : 07553746  
Director

sd/-  
**C.A. Sarath Chandran S**  
General Manager (Finance)

sd/-  
**CS Emil Alex**  
Company Secretary



## THE KERALA STATE FINANCIAL ENTERPRISES LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2024

	Particulars	For the year ended 31.03.2024 Rs in Lakhs	For the year ended 31.03.2023 Rs in Lakhs
<b>A.</b>	<b>Cash Flows from Operating Activities</b>		
	Profit / (Loss) Before Tax	48936.58	36861.13
	<b>Adjustments for:</b>		
	Depreciation and amortisation expense	5358.78	4792.67
	Impairment on financial instruments	57929.61	82277.53
	(Profit)/ Loss on sale of Property, Plant & Equipment	(1.40)	(0.86)
	Interest income on loans	(1,67,441.89)	(-147022.89)
	Finance costs	217536.38	171977.95
	Interest income from banks, investments and others	(1,13,286.38)	(-105761.13)
	<i>Operational cash flows from interest</i>		
	Interest received on loans	280728.27	252784.02
	Finance costs	(2,17,536.38)	(-171977.95)
	Interest on income tax refund	-	
	Operating Profit before Working Capital Changes	<b>112223.58</b>	<b>123930.47</b>
	<b>Adjustments for:</b>		
	Decrease / (increase) in other non-financial assets	(35,653.74)	(791.09)
	Decrease / (increase) in loans	(7,79,135.95)	(8,03,406.38)
	Decrease / (increase) in other financial assets	2,955.19	1,242.25
	Increase / (decrease) in payables	1,025.85	3326.57
	Increase / (decrease) in other financial liabilities	472509.12	507201.58
	Increase / (decrease) in provisions	21266.07	(-1084.46)
	Increase / (decrease) in other non-financial liabilities	(925.65)	4,926.09
	<b>Cash generated (used in) Operations</b>	<b>(2,05,735.54)</b>	<b>(1,64,654.98)</b>
	Direct Taxes Paid	(16,582.92)	(11,691.78)
	<b>Net Cash flows from / ( used) in Operating Activities</b>	<b>(2,22,318.45)</b>	<b>1,76,346.76)</b>
<b>B.</b>	<b>Cash Flows from Investing Activities</b>		
	Purchase of property, plant and equipment	(1,476.54)	(2,460.02)
	Purchase of Other Intangible assets	0.00	(3.30)

Particulars	For the year ended 31.03.2024 Rs in Lakhs	For the year ended 31.03.2023 Rs in Lakhs
Sale proceeds of property, plant & equipment	16.08	29.61
Inflow from Bank Balances not considered as Cash and Cash equivalents ( FD with bank/treasury & interest thereon)	(1,866.96)	(95,393.18)
Investment in Government securities	(25,704.00)	(26,433.00)
<b>Net Cash flows from/(used) in Investing Activities</b>	<b>(29,031.42)</b>	<b>(1,24,259.88)</b>
<b>C. Cash Flows from Financing Activities</b>		
Proceeds from Short Term Loan from Banks	(57,637.66)	56,826.44
Proceeds from Deposits from public	342477.32	241512.08
Dividend Paid	(10,500.00)	-
Payment of lease liability	(3,222.80)	(2,782.34)
<b>Net Cash flows from/(used in) Financing Activities</b>	<b>271116.86</b>	<b>295556.19</b>
<b>Summary</b>		
Net Cash flow from/ used in Operating Activities	(2,22,318.45)	(1,76,346.76)
Net Cash flow from/(used) in Investing Activities	(29,031.42)	(1,24,259.88)
Net Cash flow from/(used in) Financing Activities	2,71,116.86	2,95,556.19
<b>Net Increase /(Decrease) in Cash Equivalents</b>	<b>19,766.99</b>	<b>(5,050.45)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>16,078.37</b>	<b>21,128.83</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>35,845.37</b>	<b>16,078.37</b>
Net increase / (decrease) as disclosed above	19,766.99	(5,050.45)

Significant accounting policies  
Additional Information

1 to 4  
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Note: Cash and cash equivalent comprise of cash on hand, balance in current account and treasury savings account. (Refer Note 5 of the Balance Sheet)

For **M/S ABRAHAM & JOSE**

Chartered Accountants  
Firm Regn. No: FRN000010S

Partner : C.A. Mukesh K.P.  
Membership No. 214773

Place : Thrissur  
Date : 07.08.2024

For and on behalf of Board of Directors

sd/-  
**K. Varadarajan**  
DIN : 08157496  
Chairman

sd/-  
**Dr. Sanil S.K.**  
DIN : 09811727  
Managing Director

sd/-  
**Preetha B.S.**  
DIN : 07553746  
Director

sd/-  
**C.A. Sarath Chandran S.**  
General Manager (Finance)

sd/-  
**CS Emil Alex**  
Company Secretary

## THE KERALA STATE FINANCIAL ENTERPRISES LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2024

#### A. Equity Share Capital

	Numbers	Amount Rs in Lakhs
Equity shares of Rs.100 each issued, subscribed and fully paid <b>Balance as at the beginning on 1st April, 2022</b>	1,00,00,000	10,000.00
Changes in equity share capital during the year <b>Balance as at 31st March, 2023</b>	-	-
Changes in equity share capital during the year <b>Balance as at 31st March, 2024</b>	-	-

#### B. Other Equity

(Rs in Lakhs)

Particulars	Reserves and Surplus			Items of other comprehensive income Remeasurement of defined benefit obligations (net of tax)	Total
	General Reserve	Chitty Statutory Reserve	Retained Earnings		
<b>Balance As at 1st April 2022</b>	90,127.52	11,226.59		(11,313.40)	90,040.71
Profit for the year			33,540.23		33,540.23
Other comprehensive income (net of taxes)				(4,601.61)	(4,601.61)
<b>Total comprehensive income for the year</b>	-	-	33,540.23	(4,601.61)	28,938.61
Dividend					
Transfer to/(from) retained earnings	29,228.19	4,312.04	(33,540.23)		
<b>As at 31st March, 2023</b>	1,19,355.71	15,538.63	-	(15,915.01)	1,18,979.33
<b>Balance As at 1st April 2023</b>	1,19,355.71	15,538.63	-	(15,915.01)	1,18,979.33
Profit for the year			40,410.23		40,410.23
Other comprehensive income net of taxes				(4,231.65)	(4,231.65)
<b>Total comprehensive income for the year</b>	-	-	40,410.23	(4,231.65)	36,178.59
Dividend	(10,500.00)				(10,500.00)
Transfer to/(from) retained earnings	14,804.43	5,459.14	(20,263.57)		
Adjustment on account of transition to Ind as 116 "Lease" (Net of tax)					
<b>Balance As at 31st March, 2024</b>	1,23,660.14	20,997.77	20,146.66	(20,146.66)	1,44,657.91

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

For **M/S ABRAHAM & JOSE**  
Chartered Accountants  
Firm Regn. No: FRN000010S

Partner : C.A. Mukesh K.P.  
Membership No. 214773

Place : Thrissur  
Date : 07.08.2024

For and on behalf of Board of Directors

sd/-  
**K. Varadarajan**  
DIN : 08157496  
Chairman

sd/-  
**Dr. Sanil S.K.**  
DIN : 09811727  
Managing Director

sd/-  
**Preetha B.S.**  
DIN : 07553746  
Director

sd/-  
**C.A. Sarath Chandran S.**  
General Manager (Finance)

sd/-  
**CS Emil Alex**  
Company Secretary

# The Kerala State Financial Enterprises Limited

## Notes forming part of Financial Statements for the year ended March 31, 2024

Significant Accounting Policies (Note No. 1 to 4)

All figures are in Rs. in lakhs unless stated otherwise

### 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 6<sup>th</sup> 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 31.03.2024; the Company is having 16 regional offices and 684 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 is 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 counterparty

### 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 flow 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 are 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 over 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:

### 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.

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

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 units (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.

##### A. 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

- i. 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
- i. 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 of 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 31.03.2024 Rs in Lakhs	As at 31.03.2023 Rs in Lakhs
	Cash on hand	1,575.34	1,665.92
	Balance with banks/ Treasury		
	a. In Current Accounts	13,250.43	14,896.80
	b. In Savings Accounts	21,019.60	(484.34)
	<b>Total</b>	<b>35845.37</b>	<b>16078.37</b>

### 6 Bank Balances other than above

	Particulars	As at 31.03.2024 Rs in Lakhs	As at 31.03.2023 Rs in Lakhs
	Deposits with bank/Treasury (with original maturity of three months and above) (See Note 6.1)	9,12,992.87	9,13,349.62
	Interest Accrued on Deposits	18,424.57	16,200.86
	<b>Total</b>	<b>9,31,417.44</b>	<b>9,29,550.47</b>

6.1 FD with Banks/ Treasury includes restricted treasury/ bank balances of Rs.408154.34 Lakhs (Previous year Rs.371535.93 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. 164.50 Lakhs (Previous Year Rs. 403.18 Lakhs) and Rs.385200.86 Lakhs (Previous Year Rs. 344025.78 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. 22788.96 Lakhs (Previous Year Rs. 27106.95 Lakhs) and earmarked balances for unpaid dividend Rs.0.02 Lakhs (Previous Year Rs.0.02 Lakhs).

## 7 Loans

(Rs in Lakhs)

Particulars	As at March 31, 2024				
	Amortised Cost	At Fair Value			Total
		Through Other Comprehensive Income	Through Profit or Loss	Designated at Fair Value through profit or loss	
<b>(A) Loans</b>					
i) (a) Gold Loan	5,18,807.59				5,18,807.59
(b) Janamithram gold loan	14,422.47				14,422.47
ii) Loan against Chitty	3,45,800.82				3,45,800.82
iii) Amount Recoverable from Prized Subscribers	38,41,336.81				38,41,336.81
iv) Employee loans	10,335.34				10,335.34
v) Revenue Recovery Debtors	2,84,029.14				2,84,029.14
vi) Loan to government companies	3,27,069.00				3,27,069.00
vii) Others	4,52,628.32				4,52,628.32
<b>Total (A) - Gross</b>	<b>57,94,429.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,94,429.49</b>
Less: Impairment loss allowance	(2,60,625.03)				(2,60,625.03)
<b>Total (A) - Net</b>	<b>55,33,804.46</b>				<b>55,33,804.46</b>
<b>(B)</b>					<b>-</b>
(I) Secured by Tangible Assets	48,87,917.54				48,87,917.54
(II) Covered by Government Guarantee	3,27,069.00				3,27,069.00
(III) Unsecured (Refer Note No 29.24)	5,79,442.95				5,79,442.95
<b>Total (B) - Gross</b>	<b>57,94,429.49</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,94,429.49</b>
Less: Impairment loss allowance	(2,60,625.03)				(2,60,625.03)
<b>Total (B) - Net</b>	<b>55,33,804.46</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,33,804.46</b>
<b>(C)</b>					<b>-</b>
<b>(I) Loans in India</b>					<b>-</b>
i) Public Sector	3,27,069.00				3,27,069.00
ii) Others	54,67,360.49				54,67,360.49
<b>(II) Loans outside India</b>					<b>-</b>
<b>Total (C) - Gross</b>	<b>57,94,429.49</b>				<b>57,94,429.49</b>
Less: Impairment loss allowance	(2,60,625.03)				(2,60,625.03)
<b>Total (C) - Net</b>	<b>55,33,804.46</b>				<b>55,33,804.46</b>

(Rs in Lakhs)

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) (a) Gold Loan	3,53,677.02				3,53,677.02
(b) 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	3,96,701.02				3,96,701.02
<b>Total (A) - Gross</b>	<b>50,27,720.26</b>	-	-	-	<b>50,27,720.26</b>
Less: Impairment loss allowance	(2,15,122.14)				(2,15,122.14)
<b>Total (A) - Net</b>	<b>48,12,598.12</b>				<b>48,12,598.12</b>
<b>(B)</b>					-
(I) Secured by Tangible Assets	41,52,879.24				41,52,879.24
(II) Covered by Government Guarantee	3,72,069.00				3,72,069.00
(III) Unsecured (Refer Note No 29.24)	5,02,772.03				5,02,772.03
<b>Total (B) - Gross</b>	<b>50,27,720.26</b>	-	-	-	<b>50,27,720.26</b>
Less: Impairment loss allowance	(2,15,122.14)				(2,15,122.14)
<b>Total (B) - Net</b>	<b>48,12,598.12</b>				<b>48,12,598.12</b>
<b>(C)</b>					-
<b>(I) Loans in India</b>					-
i) Public Sector	3,72,069.00				3,72,069.00
ii) Others	46,55,651.26				46,55,651.26
<b>(II) Loans outside India</b>					-
<b>Total (C) - Gross</b>	<b>50,27,720.26</b>				<b>50,27,720.26</b>
Less: Impairment loss allowance	(2,15,122.14)				(2,15,122.14)
<b>Total (C)- Net</b>	<b>48,12,598.12</b>				<b>48,12,598.12</b>

## 8 Investments (Unquoted)

(Rs in Lakhs)

Particulars	As at March 31, 2024					
	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	1,16,817.00	-	-	-	-	1,16,817.00
<b>Total Gross (A)</b>	<b>1,16,817.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,16,817.00</b>
i) Investments outside India		-	-	-	-	-
ii) Investments in India	1,16,817.00	-	-	-	-	1,16,817.00
<b>Total Gross (B)</b>	<b>1,16,817.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,16,817.00</b>
Less: Allowance for impairment loss (C)						
<b>Total - Net D = (A) - (C)</b>	<b>1,16,817.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,16,817.00</b>

(Rs in Lakhs)

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
<b>Total Gross (A)</b>	<b>91,113.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,113.00</b>
i) Investments outside India		-	-	-	-	-
ii) Investments in India	91,113.00	-	-	-	-	91,113.00
<b>Total Gross (B)</b>	<b>91,113.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,113.00</b>
Less: Allowance for impairment loss (C)						
<b>Total - Net D = (A) - (C)</b>	<b>91,113.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,113.00</b>

### Government securities

(Rs in Lakhs)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Units	Amount	Units	Amount
7.5% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board	4,734	15,498.00	435	11,361.40
7.6% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board	9,700	97,000.00	5,811	58,110.00
8% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board	59	392.00	29	724.60
8.5% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board	912	3,927.00	166	3,927.00
8.6% Non-Convertible Redeemable Bonds of Kerala Infrastructure Investment Fund Board			1,699	16,990.00
<b>Total</b>	<b>15,405</b>	<b>1,16,817.00</b>	<b>8,140</b>	<b>91,113.00</b>

## 9 Other Financial Assets

Particulars	As at 31.03.2024 Rs in Lakhs	As at 31.03.2023 Rs in Lakhs
Security Deposits	229.94	204.52
Others	9,045.59	12,026.20
<b>Total-Gross</b>	<b>9,275.53</b>	<b>12,230.72</b>
Less: Impairment loss allowance	(750.00)	(750.00)
<b>Total- Net</b>	<b>8,525.53</b>	<b>11,480.72</b>

Others includes PBMS principal subsidy receivable Rs 2674.89 lakhs (previous year : Rs 5202.21 lakhs) , PBMS interest subsidy receivable Rs 1300.80 lakhs (previous year: Rs 854.30 lakhs), festival advance to staff Rs 1119.50 lakhs (Previous year Rs 1189.69 lakhs) , amount receivable from Government (Vidyakiran scheme of Rs 676.29 lakhs (previous year: Rs 1493.96 lakhs) and amount receivable from Govt. (online vidyasahayi) Rs 571.28 lakhs (Previous year: Rs 576.26 lakhs)

## 10A Current tax assets (Net)

Particulars	As at 31.03.2024 Rs in Lakhs	As at 31.03.2023 Rs in Lakhs
Advance tax and tax deducted at source (net of provisions)	14,402.23	14,816.31
<b>Total</b>	<b>14,402.23</b>	<b>14,816.31</b>

## 10B Deferred tax assets (Net)

Particulars	As at 31.03.2024 Rs in Lakhs	As at 31.03.2023 Rs in Lakhs
a) Property, Plant and Equipment	749.00	702.00
(b) Lease Liabilities	50.00	2.00
(c ) Provision	22862.00	18718.00
(d) Others	0.00	0.00
<b>Total</b>	<b>23661.00</b>	<b>19422.00</b>



## 11A Property, Plant and Equipment

(Rs in Lakhs)

Description of Assets	Freehold Land	Buildings	Furniture and fixtures	Office equipment	Electrical Fittings	Motor Vehicle	Data Processing Equipments	Total
<b>Owned Asset</b>								
<b>I. At cost or deemed cost</b>								
<b>Balance as at 31 March 2022</b>	69.51	1,420.92	5,029.25	483.30	1,892.26	52.65	2,247.69	<b>11,195.58</b>
Additions	-	16.33	1,398.25	110.36	424.60	-	510.48	<b>2,460.02</b>
Disposals	-	-	(194.75)	(37.55)	(47.52)	(0.16)	(45.57)	<b>(325.54)</b>
<b>Balance as at 31 March 2023</b>	69.51	<b>1,437.25</b>	<b>6,232.76</b>	<b>556.12</b>	<b>2,269.34</b>	<b>52.49</b>	<b>2,712.60</b>	<b>13,330.06</b>
Additions	-	-	797.04	156.17	298.74	0.01	224.58	<b>1,476.54</b>
Disposals	-	-	(165.31)	(23.97)	(45.91)	(0.09)	(64.25)	<b>(299.49)</b>
<b>Balance as at 31 March 2024</b>	69.51	<b>1,437.25</b>	<b>6,864.48</b>	<b>688.37</b>	<b>2,522.16</b>	<b>52.41</b>	<b>2,872.93</b>	<b>14,507.11</b>
<b>II. Accumulated depreciation</b>								
<b>Balance as at 31 March 2022</b>	-	176.29	1,989.60	213.48	763.08	34.50	1,459.71	<b>4,636.66</b>
Charge for the year	-	60.21	926.62	126.62	338.02	4.35	525.60	<b>1,981.42</b>
Disposals	-	-	(179.12)	(33.85)	(44.14)	(0.16)	(39.53)	<b>(296.79)</b>
<b>Balance as at 31 March 2023</b>	-	<b>236.50</b>	<b>2,737.10</b>	<b>306.25</b>	<b>1,056.96</b>	<b>38.70</b>	<b>1,945.79</b>	<b>6,321.29</b>
Charge for the period	-	57.78	991.63	122.80	352.09	2.83	401.35	<b>1,928.47</b>
Disposals	-	-	(149.67)	(24.16)	(44.05)	(0.09)	(66.86)	<b>(284.83)</b>
<b>Balance as at 31 March 2024</b>	-	<b>294.28</b>	<b>3,579.05</b>	<b>404.89</b>	<b>1,365.00</b>	<b>41.44</b>	<b>2,280.27</b>	<b>7,964.93</b>
<b>Carrying value (I-II)</b>								
<b>Balance as at 31 March 2023</b>	69.51	<b>1,200.75</b>	<b>3,495.66</b>	<b>249.87</b>	<b>1,212.38</b>	<b>13.79</b>	<b>766.81</b>	<b>7,008.77</b>
<b>Balance as at 31 March 2024</b>	69.51	<b>1,142.97</b>	<b>3,285.43</b>	<b>283.48</b>	<b>1,157.16</b>	<b>10.97</b>	<b>592.66</b>	<b>6,542.17</b>

## 11 B

(Rs in Lakhs)

Description of Assets	Land & Building	Plant & machinery	Total
<b>Right of use assets</b>			
<b>I. At cost or deemed cost</b>			
<b>Balance as at 31 March 2022</b>	<b>8,936.62</b>		<b>8,936.62</b>
Additions	3,846.61		3,846.61
Disposals			
<b>Balance as at 31 March 2023</b>	<b>12,783.23</b>		<b>12,783.23</b>
Additions	2,455.87		2,455.87
Disposals			-
<b>Balance as at 31 March 2024</b>	<b>15,239.10</b>		<b>15,239.10</b>
<b>II. Accumulated depreciation</b>			
<b>Balance as at 1st April 2022</b>	<b>4,615.48</b>		<b>4,615.48</b>
Charge for the year	2,767.12		2,767.12
Disposals			
<b>Balance as at 31 March 2023</b>	<b>7,382.60</b>		<b>7,382.60</b>
Charge for the period	3,414.57		3,414.57
Disposals			-
<b>Balance as at 31 March 2024</b>	<b>10,797.17</b>		<b>10,797.17</b>
<b>Carrying value (I-II)</b>			
<b>Balance as at 31 March 2023</b>	<b>5,400.63</b>		<b>5,400.63</b>
<b>Balance as at 31 March 2024</b>	<b>4,441.93</b>		<b>4,441.93</b>

## 11 C Other Intangible assets

(Rs in Lakhs)

Description of Assets	Computer Software
<b>At cost or deemed cost</b>	
<b>Balance as at 1st April 2022</b>	429.63
Additions	3.30
Disposals	(0.11)
<b>Balance as at 31 March 2023</b>	<b>432.81</b>
Additions	
Disposals	(0.07)
<b>Balance as at 31 March 2024</b>	<b>432.74</b>
<b>II. Accumulated amortisation</b>	
<b>Balance as at 1st April 2022</b>	335.02
Charge for the year	44.13
Disposals	(0.11)
<b>Balance as at 31 March 2023</b>	<b>379.04</b>
Charge for the period	15.74
Disposals	(0.07)
<b>Balance as at 31 March 2024</b>	<b>394.71</b>
<b>Carrying value (I-II)</b>	
<b>Balance as at 31 March 2023</b>	<b>53.78</b>
<b>Balance as at 31 March 2024</b>	<b>38.02</b>

## 12 Other Non-Financial Assets

Particulars	As at 31.03.2024 Rs in Lakhs	As at 31.03.2023 Rs in Lakhs
<b>Unsecured - Considered Good</b>		
Prepaid Expenses	9.04	24.28
Balance with government authorities	1.56	1.54
Other advances	1,24,239.21	88,558.35
Stock of Stationery	132.02	144.50
Inter Branch Current Account	0.00	(0.50)
Stamp and Stamp Paper on Hand	4.61	4.54
<b>Total</b>	<b>1,24,386.45</b>	<b>88,732.71</b>

Other advances includes foreman's investment in chits (substituted tickets) Rs 123273.59 lakhs (previous year Rs 87289.46 lakhs)

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

### 13A Trade Payables

Particulars	As at 31.03.2024 Rs in Lakhs	As at 31.03.2023 Rs in lakhs
<b>Trade Payables:</b>		
(a) Total outstanding due of micro enterprises and small enterprises	-	-
(b) Total outstanding due of creditors other than micro enterprises and small enterprises	11,904.55	10,878.71
<b>Total</b>	<b>11,904.55</b>	<b>10,878.71</b>

#### Trade Payables ageing schedule as on 31st March 2024

Rs in lakhs

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
(i) MSME					
(ii) Others	5705.42	1561.69	1034.03	3603.42	11,904.55
(iii) Disputed dues - MSME					
(iv) Disputed dues - Others					
<b>Total</b>	<b>5,705.42</b>	<b>1,561.69</b>	<b>1,034.03</b>	<b>3,603.42</b>	<b>11,904.55</b>

#### Trade Payables ageing schedule as on 31st March 2023

Rs in lakhs

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
(i) MSME					
(ii) Others	5647.21	1556.79	3.74	3670.97	10878.71
(iii) Disputed dues - MSME					
(iv) Disputed dues - Others					
<b>Total</b>	<b>5,647.21</b>	<b>1,556.79</b>	<b>3.74</b>	<b>3,670.97</b>	<b>10,878.71</b>

### 13 B Borrowings

(Rs in Lakhs)

Particulars	As at March 31, 2024			
	At amortised cost	At fair value 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/hypothecation of receivables)	3,44,492.61	-	-	3,44,492.61
Loans repayable on demand: Over draft in current accounts with banks (secured by fixed deposits)	830.98			830.98
<b>Total</b>	<b>3,45,323.59</b>			<b>3,45,323.59</b>
Borrowings in India	3,45,323.59			3,45,323.59
Borrowings out side India	-			-

Short term loans from banks	As at 31.03.2024 Rs in Lakhs	Rate of Interest	Nature of security	Repayment terms
Federal Bank	50000	8.65%	Treasury fixed deposit	Repayable on demand/maturity
Dhanlakshmi Bank	13000	8.30%	Treasury fixed deposit	Repayable on demand/maturity
Canara Bank	50000	8.30%	50% Treasury fixed deposit & 50% receivables	Repayable on demand/maturity
Indian Overseas Bank	50000	8.20%	Treasury fixed deposit	Repayable on demand/maturity
State Bank of India	42000	8.50%	Treasury fixed deposit	Repayable on demand/maturity
State Bank of India	8000	8.60%	Treasury fixed deposit	Repayable on demand/maturity
Bank of Maharashtra	90000	8.30%	Treasury fixed deposit	Repayable on demand/maturity
South Indian Bank	41492.61	8.25%	Treasury fixed deposit	Repayable on demand/maturity
<b>Total</b>	<b>344492.61</b>			

(Rs in Lakhs)

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
Short Term Loan from Banks- (Secured by a lien on Fixed Deposit with Treasury/ hypothecation of receivables)	4,02,141.18	-	-	4,02,141.18
Loans repayable on demand): Over draft in current accounts with banks (secured by fixed deposits)	820.07			820.07
<b>Total</b>	<b>4,02,961.25</b>	<b>-</b>	<b>-</b>	<b>4,02,961.25</b>

## 14 A Deposits

(Rs in Lakhs)

Particulars	As at March 31, 2024			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
<b>Deposit from Public</b>				
Fixed Deposit	16,02,977.61			16,02,977.61
Chitty Security Deposit in Trust	7,58,502.95			7,58,502.95
Short Term Deposits	40,071.09			40,071.09
Sugama Deposits	1,22,995.64			1,22,995.64
Sugama Akshyaya OD	541.66			541.66
<b>Total</b>	<b>25,25,088.94</b>	<b>-</b>	<b>-</b>	<b>25,25,088.94</b>

(Rs in Lakhs)

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
<b>Deposit from Public</b>				
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
Sugama Akshyaya OD	1,119.77			1,119.77
<b>Total</b>	<b>21,82,611.61</b>	<b>-</b>	<b>-</b>	<b>21,82,611.61</b>

Deposits from public	As at 31.03.2024 Rs in Lakhs	Rate of Interest	Secured status & Repayment terms
Fixed Deposit	1602977.61	6.60% - 8.25%	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	758502.95	8.50%	
Short Term Deposits	40071.09	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	122995.64	4.50%	Guaranteed by Government of Kerala. The deposits are repayable on demand
Sugama Akshyaya OD	541.66	13.00%	
<b>Total</b>	<b>2525088.94</b>		

## 14 B Lease liability

Particulars	As at 31.03.2024 Rs in Lakhs	As at 31.03.2023 Rs in Lakhs
Balance as at 1st April	5,406.38	4,342.10
Additions	2,455.87	3,846.61
Increase in lease liability due to increase in tariff	-	-
Add: Finance cost accrued during the period	474.35	436.13
Less: Payment of lease liabilities	3,697.15	3,218.46
<b>Total</b>	<b>4,639.44</b>	<b>5,406.38</b>



## 15 Other Financial Liabilities

Particulars	As at 31.03.2024 Rs in Lakhs	As at 31.03.2023 Rs in Lakhs
Interest Accrued and due on Public Deposit	37,529.59	25,188.45
Interest Accrued and due on Short Term Deposit	549.01	452.87
Interest Accrued on Chitty Security Deposit in Trust	25,026.31	19,428.77
Unpaid Matured Fixed Deposits	70,636.95	47,670.81
Unpaid Matured Short Term Deposits	8,048.40	5,747.01
Unpaid Non-Operative Sugama Deposits	191.54	185.25
Finance Payable- Chitty/ Kuri	35,24,097.91	30,93,436.78
Finance Payable- Hire Purchase	144.93	144.82
Interest Payable on Loan from banks(Mobilisation)	51.16	376.22
Interest On Gratuity Deposit	3.75	3.75
Chitty Security Deposit in Trust Matured but not claimed	11,545.12	12,721.21
Employee Benefits Expenses Payable	179.71	224.01
Security Deposits	214.00	206.10
Others	634.69	557.92
<b>Total</b>	<b>36,78,853.08</b>	<b>32,06,343.97</b>

Others includes amount recoverable from staff Rs 367.73 lakhs (previous year Rs 313.04 lakhs), state life insurance (PRD) Rs 86.56 lakhs (previous year Rs 78.85 lakhs), LIC(PRD) Rs 77.23 lakhs (previous year Rs 68.25 lakhs), group insurance scheme (PRD) Rs 74.88 lakhs (previous year Rs 65.46 lakhs) and group insurance claim payable Rs 29.51 lakhs (previous year Rs 29.46 lakhs)

## 16 Provisions

(Rs in Lakhs)

	Pay revision arrear	Rent Escalation	Gratuity	Leave Encashment	Provision for losses on Fraud/Misappropriation	Total
Carrying amount as on 31.03.2023	8110.11	0	9,493.13	23,200.36	6,076.17	46,879.77
Add Provision made during the Financial Year	13978.66	92.04	9405.48	2179.08	5,103.94	30,759.20
Less Amount Paid/Reversed during the year			9493.13			9,493.13
Carrying amount as on 31.03.2024	<b>22088.77</b>	<b>92.04</b>	<b>9405.48</b>	<b>25379.44</b>	<b>11180.11</b>	<b>68145.85</b>

16.1 See Note 29.6 for disclosures required under Indian Accounting Standard (Ind AS) 19 - "Employee Benefits"

16.2 See Note 29.14 (c) for details of provision made for Fraud/ Misappropriation.

## 17 Other Non- Financial Liabilities

Particulars	As at 31.03.2024 Rs in Lakhs	As at 31.03.2023 Rs in Lakhs
Margin Money on Employees Loan	0.42	0.48
Social Security Scheme (Revised Bhadratha)	444.48	158.08
Income Received in Advance	1,251.70	960.28
Statutory and other dues	9,571.62	11,075.03
Inter Branch Current Account		
<b>Total</b>	<b>11,268.22</b>	<b>12,193.87</b>

Statutory and other dues includes EPF payable Rs 1760.61lakhs (previous year Rs 1679.30 lakhs), GST payable Rs 3068.52 lakhs (previous year Rs 2813.19 lakhs), TDS payable Rs 3262.74 lakhs (previous year Rs 1917.24 lakhs), recovery from gratuity Rs 159.47 lakhs (previous year Rs 1990.51 lakhs), terminated chitty adjustment Rs 647.47 lakhs (previous year Rs 646.10lakhs) etc

17.1 See Note 29.28 for details regarding Social Security Scheme (Revised Bhadratha)

## 18 Equity Share Capital

Particulars	As at 31.03.2024 Rs in Lakhs	As at 31.03.2023 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	<b>10,000.00</b>	<b>10,000.00</b>

### 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 31.03.2024		As at 31.03.2023	
	No. of Shares	Amount Rs in Lakhs	No. of Shares	Amount Rs in Lakhs
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 31.03.2024		As at 31.03.2023	
	%	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 31.03.2024

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	1,00,00,000	-	1,00,00,000.00	100.00%	-

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	1,00,00,000	-	1,00,00,000.00	100.00%	-

18.5 There was no fresh issue or buying back of shares in the preceding five years.

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

### 19 Other Equity

Particulars	As at 31.03.2024 Rs in Lakhs	As at 31.03.2023 Rs in Lakhs
<b>General reserve</b>		
Balance at the beginning of the year	1,19,355.71	90,127.52
Add: Transfer from Retained Earnings	14,804.43	29,228.19
Less: Dividend	10,500.00	
<b>Closing balance</b>	<b>1,23,660.14</b>	<b>1,19,355.71</b>
<b>Chitty Statutory Reserve</b>		
Balance at the beginning of the year	15,538.63	11,226.59
Add: Transfer from Retained Earnings	5459.14	4,312.04
<b>Closing balance</b>	<b>20,997.77</b>	<b>15,538.63</b>
<b>Other Comprehensive Income (OCI)</b>		
Balance at the beginning of the year	(15,915.01)	(11,313.40)
Add : Re-measurements of the defined benefit plans in OCI (4,601.61)	(4,231.65)	
	<b>(20,146.66)</b>	<b>(15,915.01)</b>
<b>Retained Earnings</b>		
Balance at the beginning of the year		
Add : Profit for the year	40,410.23	33,540.23
Less: Transfer to General Reserve	14,804.43	29,228.19
Less: Transfer to Chitty Reserve	5,459.14	4,312.04
Less: Other Comprehensive income	20,146.66	-
<b>Closing Balance</b>		
<b>Total</b>	<b>1,44,657.91</b>	<b>1,18,979.33</b>

## 20 Interest Income

(Rs in Lakhs)

Particulars	Year ended March 31, 2024			Year ended March 31, 2023		
	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
<b>Interest on Loans</b>						
Gold Loan		41,480.36			31,612.05	
Janamithram Gold Loan		1,012.69			370.68	
Fixed Deposit Loan/NFDL		940.01			627.75	
Chitty Loan/Passbook Loan		8,654.72			6,052.58	
New Chitty Loan		27,789.38			26,262.57	
N.H.F.S./H.F.S.		17,992.89			15,108.57	
Reliable Customer Loan		23,199.62			22,294.62	
Consumer Vehicle Loan		90.68			99.87	
PEMS		2,282.72			2,139.47	
Sugama Akshaya OD		348.74			285.18	
Tax Planning Loan		-			0.42	
Kerala State Social Security Pension Ltd		4,334.30			4,928.57	
Interest on RR Dues		11,891.48			11,495.85	
Interest on Investment		8,170.30			6,202.48	
Interest on deposits with bank/treasury		1,00,781.79			94,630.08	
Other interest income		31,758.59			30,673.27	
<b>Total</b>		<b>2,80,728.27</b>			<b>2,52,784.02</b>	

Other interest income mainly includes default interest (Chitty) Rs 24214.51lakhs (previous year Rs 22162.71lakhs), penal interest on Reliable Customer Loan Rs 3504.71 lakhs (previous year Rs 4806.10 lakhs), interest on chitty advance payment Rs 1990.12 lakhs (previous year Rs 1646.68lakhs) and penal interest on NHFS Rs 1021.18 lakhs (previous year: Rs 1224.81 lakhs)

## 21(a) Service Charges

Particulars	For the year ended 31.03.2024 Rs in Lakhs	For the year ended 31.03.2023 Rs in Lakhs
Writing Fee	1,116.72	1,064.95
Administrative and Processing Charges	314.77	248.22
Registration Charges	6.96	7.31
Others	383.84	384.92
<b>Total</b>	<b>1,822.28</b>	<b>1,705.40</b>

## 21(b) Other Revenue from Chitty Operations

Particulars	For the year ended 31.03.2024 Rs in Lakhs	For the year ended 31.03.2023 Rs in Lakhs
Profit on Chitty Substituted Tickets	22,232.02	19,858.46
Forfeited Veethapalisa Income	4,581.44	3,886.35
Dividend Income (Auction Surplus)	7,489.11	6,708.74
<b>Total</b>	<b>34,302.58</b>	<b>30,453.55</b>

21.1 See Note 29.16 for details of Forfeited Veethapalisa Income.

## 22 Other Income

Particulars	For the year ended 31.03.2024 Rs in Lakhs	For the year ended 31.03.2023 Rs in Lakhs
Profit on Sale of property, plant & equipment	4.97	6.59
Miscellaneous Income	87.08	95.88
Provision for Unreconciled IB Balance Written Back	3,975.21	-
<b>Total</b>	<b>4,067.26</b>	<b>102.46</b>

## 23 Finance Costs

Particulars	Year ended March 31, 2024 Rs in Lakhs		Year ended March 31, 2023 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	-	1,65,320.37	-	1,26,238.10
Suguma Deposits	-	4,616.35	-	5,655.74
Others	-	35,552.01	-	28,994.04
Guarantee Commission paid to Govt. of Kerala	-	11,450.93	-	10,543.93
Interest on income tax	-	122.38	-	110.01
Finance Cost on lease liability	-	474.35	-	436.13
<b>Total</b>	<b>-</b>	<b>2,17,536.38</b>	<b>-</b>	<b>1,71,977.95</b>

Others includes interest paid to banks on borrowings Rs 35393.67 lakhs (Previous year: Rs 28881.15 lakhs)



## 24 Impairment of financial instruments

Particulars	Year ended March 31, 2024 Rs in Lakhs		Year ended March 31, 2023 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	-	45,502.89		58,182.94
OTS/Adalath interest waiver	-	7,120.73		11,876.02
Written Off	-	202.05	-	318.95
Provision for fraud / misappropriation	-	5,103.94		2,144.31
Provision for unreconciled inter branch balance				9,305.30
<b>Total</b>	<b>-</b>	<b>57,929.61</b>	<b>-</b>	<b>81,827.53</b>

## 25 Employee Benefits Expense

Particulars	For the year ended 31.03.2024 Rs in Lakhs	For the year ended 31.03.2023 Rs in Lakhs
Salaries and Wages	1,13,502.12	1,00,953.55
Contribution to Provident Fund	10,660.45	9,885.95
Contribution to Gratuity Fund	3,816.98	3,417.33
Earned Leave Salary	7,950.14	6,302.65
Bonus & Performance Incentive	38.00	52.44
Staff Welfare Expenses	1,852.18	1,775.97
<b>Total</b>	<b>1,37,819.87</b>	<b>1,22,387.90</b>

## 26 Depreciation and amortisation expenses

Particulars	For the year ended 31.03.2024 Rs in Lakhs	For the year ended 31.03.2023 Rs in Lakhs
Tangible Assets	1,928.47	1,981.42
Intangible Assets	15.74	44.13
Right of Use Assets	3,414.57	2,767.12
<b>Total</b>	<b>5,358.78</b>	<b>4,792.67</b>

## 27 Other Expenses

Particulars	For the year ended 31.03.2024 Rs in Lakhs	For the year ended 31.03.2023 Rs in Lakhs
Vehicle Running Expenses	94.16	78.69
Other lease expense - Arrears	111.62	12.66
Rates & Taxes	30.06	27.78

Particulars	For the year ended 31.03.2024 Rs in Lakhs	For the year ended 31.03.2023 Rs in Lakhs
Power and Fuel	966.67	805.35
Postage and Telephone	311.33	254.48
Printing & Stationery	793.56	676.61
Legal and Professional Charges	160.12	120.58
Registration and Filing Fee	5,899.07	5,546.04
Insurance	15.21	16.78
Sitting Fees to Directors	4.69	4.61
Service Tax	1.85	2.72
Loss on Sale of property, plant & equipment	3.57	5.73
Miscellaneous Expenses	1,326.19	1,166.54
Travelling Expenses	527.03	510.04
Corporate Social Responsibility	339.54	386.47
CASBA connectivity charges	679.45	518.02
Repairs and Maintenance:		
Building	4.52	21.71
Data Processing Equipments	292.15	243.37
Others	91.10	93.42
Remuneration to Auditors:		
(i) For Statutory Audit	104.02	99.20
(ii) For Tax Audit	16.88	16.31
(iii) Other Expenses	19.41	23.26
Advertisement	2,177.62	1,563.69
Sales promotion expenses	2,932.02	873.84
Development Expenses	16,360.04	13,570.10
GST Input Reversal	1,685.08	1,551.81
<b>Total</b>	<b>34,946.94</b>	<b>28,189.80</b>

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 31.03.2024 Rs in Lakhs	For the year ended 31.03.2023 Rs in Lakhs
Profit/ (Loss) for the year	40,410.23	33,540.23
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)	404.10	335.40
Earnings per Share (Diluted) (Rs)	<b>404.10</b>	<b>335.40</b>

## 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:

(Rs, in lakhs)

Particulars	Fair value Hierarchy	Fair Value	
		As at 31.03.2024	As at 31.03.2023
<b>Financial Assets measured at Fair value through P&amp;L/OCI</b>			
Investments in Non-Convertible Redeemable Bonds - Unquoted	8	1,16,817.00	91,113.00

Category wise classification of financial instruments is as follows:

(Rs, in lakhs)

Particulars	Refer Note	Fair Value	
		As at 31.03.2024	As at 31.03.2023
Financial Assets measured at amortised cost			
i. Loans	7	55,33,804.46	48,12,598.12
ii. Other Financial Assets	9	8,525.53	11,480.72
iii. Bank balances other than cash and cash equivalents	6	9,31,417.44	9,29,550.47
iv. Cash and cash equivalents	5	35,845.37	16,078.37
		<b>65,09,592.79</b>	<b>57,69,707.69</b>
Financial Liabilities measured at amortised cost			
i. Payables	13A	11,904.55	10,878.71
i. Borrowings	13B	3,45,323.59	4,02,961.25
iii. Deposits	14A	25,25,088.94	21,82,611.61
iv. Lease liability	14 B	4,639.44	5,406.38
iv. Other financial liabilities	15	36,78,853.08	32,06,343.97
		<b>65,65,809.61</b>	<b>58,08,201.92</b>

### 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-

- a) Identify the various risks associated with the activities of the Company and assessing their impact on the business.
- b) 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.

## 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: (a) 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. (b) 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 are 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 2023-24.

## 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, 2024, 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 Lakhs)

As at March 31, 2024	Coverage of collateral and credit enhancements held								
	Maximum exposure to credit risk	Cash	Securities	Bank and government guarantees	Household used Gold Ornaments	Book debts, Inventory and other working capital items	Other Securities Including personal properties	Total collateral	Net exposure
Cash and cash equivalents	35,845.37	35,845.37	-	-	-	-	-	35,845.37	-
Bank Balance other than Cash and cash equivalents	9,31,417.44	9,31,417.44	-	-	-	-	-	9,31,417.44	-
Loans (Gross):	-	-	-	-	-	-	-	-	-
i) Gold Loan	5,18,807.59	-	-	-	5,18,807.59	-	-	5,18,807.59	-
ii) Loan against Chitty	3,45,800.82	-	-	-	-	3,45,800.82	-	3,45,800.82	-
iii) Amount Recoverable from Prized Subscribers	38,41,336.81	-	-	-	-	-	38,41,336.81	38,41,336.81	-
iv) Employee loans	10,335.34	-	-	-	-	-	10,335.34	10,335.34	-
v) Revenue Recovery Debtors	2,84,029.14	-	-	-	-	-	2,84,029.14	2,84,029.14	-
vi) Loan to government companies	3,27,069.00	-	-	3,27,069.00	-	-	-	3,27,069.00	-
vii) Others	4,52,628.32	-	-	-	-	-	4,52,628.32	4,52,628.32	-
Other financial assets	8,525.53	-	-	-	-	-	-	-	8,525.53



(Rs. in Lakhs)

As at March 31, 2023	Fair value of collateral and credit enhancements held								Net exposure
	Maximum exposure to credit risk	Cash	Securities	Bank and government guarantees	Household used Gold Ornaments	Book debts, Inventory and other working capital items	Other Securities (Including personal properties)	Total collateral	
Cash and cash equivalents	16,078.37	16,078.37	-	-	-	-	-	16,078.37	-
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	3,96,701.02	-	-	-	-	-	3,96,701.02	3,96,701.02	-
Other financial assets	11,480.72	-	-	-	-	-	-	-	11,480.72

### 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 Lakhs)

Particulars	Total
<b>Balance as at 1st April 2022</b>	<b>4342.10</b>
Additions	3846.61
Increase in lease liability due to increase in Tariff	0.00
Add: Finance cost accrued during the period	436.13
Less: Payment of lease liabilities	3218.46
<b>Balance as at 1st April 2023</b>	<b>5406.38</b>
Additions	2455.87
Increase in lease liability due to increase in Tariff	0.00
Add: Finance cost accrued during the period	474.35
Less: Payment of lease liabilities	3697.15
<b>Balance as at 31st March 2024</b>	<b>4639.44</b>

## Maturity Analysis-Contractual undiscounted cash flows

(Rs. in Lakhs)

Particulars	Total
Less than one year	2,733.53
One to five years	2,393.77
More than five years	1,758.32
<b>Total undiscounted lease liabilities</b>	<b>6,885.63</b>

## Right-of-use assets

(Rs. in Lakhs)

Particulars	Total
<b>Balance at 1 April 2022</b>	<b>4321.14</b>
Additions	3846.61
Less: Depreciation for the year	2767.12
<b>Balance at 31 March 2023</b>	<b>5,400.63</b>
Additions	2,455.87
Less: Depreciation for the year	3,414.57
<b>Balance at 31 March 2024</b>	<b>4,441.93</b>

## Amounts recognised in statement of profit or loss

(Rs. in Lakhs)

Particulars	Total
Interest on lease liabilities	474.35
Depreciation on right-of-use assets	3,414.57
Other lease expenses - arrears	111.62

## Amounts recognised in statement of cash flows

(Rs. in Lakhs)

Particulars	Total
Total cash outflow for leases	3,620.33

## 29.4 Taxation

### (i) Reconciliation of income tax expense

(Rs. in Lakhs)

	Year Ended 31.03.2024	Year Ended 31.03.2023
(a) Profit before Tax as per Statement of Profit and Loss	54591.44	43010.38
Add : Other Comprehensive Income that will not be reclassified to Statement of Profit and Loss	(5,654.86)	(6,149.25)
Accounting Profit	48936.58	36861.13
Add: Items that are not deductible in determining Taxable profit	18597.58	12649.46
Taxable Profit (A)	67534.16	49510.59
(b) Tax Accounting Profit @ 25.17%	16998.35	12461.82
(c) Current Tax as per Statement of Profit and Loss (B)	18420.21	14036.15
(i) Applicable rate of tax as per Finance Act	<b>25.17%</b>	<b>25.17%</b>
(ii) Average effective tax rate (B/A)	27.28	28.35

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

	2023-24 (Rs in Lakhs)		2022-23 (Rs in Lakhs)	
<b>I Contingent Liabilities</b>				
a) Claims against the Company not acknowledged as debt (See Note below)				
i) Income Tax	22967.48		25154.83	
ii) Interest Tax	0.00		0.00	
iii) Service Tax	0.00		0.00	
iv) Provisions of ESI Act	4061.18		53.37	
v) Rent Escalation Claim	0		144.09	
b) Bank Guarantees:				
c) Other money for which the Company is contingently liable	0	27028.66	0	25352.28
<b>II Commitments</b>				
a) Estimated amount of contracts remaining to be executed not provided for	87.91		159.20	
b) Uncalled liability on shares and other investments partly paid	0	87.91	0	159.20
<b>TOTAL</b>		<b>27116.57</b>		<b>25511.48</b>

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

(Rs. in Lakhs)

	2023-24	2022-23
1. AO was directed to reconsider interest u/s 244A by Hon'ble High Court of Kerala (AY 1994-95)	Nil	As per judgement of Hon'ble Supreme Court dtd 03.01.2023 in Civil Appeal Nos.10201 - 10202 of 2010 with civil appeal no. 10203 of 2010 and others in the matter of levy of tax under Interest Tax Act 1974 on interest component of HP instalments paid HP agreement, the matter was adjudicated in favour of petitioner and same stands closed

		2023-24	2022-23
2.	Additional tax demanded amounting to Rs Rs.82.12 Crores for the AY 2018-19 majorly by way of disallowing provision for bad and doubtful debts and guarantee commission against which company has filed appeal with ITAT Kochi	8212	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	7007.15	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	1871.69	5580
6.	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)	669	4.83
7.	TDS appeal filed before CIT (Appeals) on 15G/15H matters and on matters relating to salary TDS.	549	632.00
8.	Demand raised by way of revision u/s 263 disallowing Guarantee commission amounting to Rs.53.22 Crs for AY 2018-19		1,842.00
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 Corporation issued 4 notices on 02.02.12 and 11.12.23 repectively demanding a total sum of Rs 99.75 lakhs towards ESI contribution from April 2007 to Oct 2011 and Nov 2011 to Oct 23 & consequently Company agreed to remit the said amount. Before the said remittance could be made, the Corporation raised a fresh demand on 11.03.24 amounting to Rs 4061.18 lakhs comprising	4,061.18	53.37

		2023-24	2022-23
	Rs 21.10 lakhs (of 3 demands issued on 02.12.12) and modified amount of Rs 4040.08 lakhs (original demand being Rs 78.65 lakhs) . Company file petition with Employees State Insurance Court seeking interim stay on the said Order dated 11.03.24. Interim stay was granted on the condition that an amount of Rs 31.83 lakhs should be remitted on on before 10.06.24. The said amount was remitted on 05.06.24 and interim stay obtained.		
11.	Demand raised amounting to Rs.3103.53 lakhs by the assessing officer as per the order passed under section 143(3) arasing out of guarantee commisison amounting to Rs.96.75 lakhs for assessment year 2022-23 matter pending before CIT (Appeals).	3103.53	
	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
13.	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 was executed for a period of 10 months. The outstanding amount of Rs.71.29 lakhs was paid to them during the FY 2023-24.	-	71.29
14.	The Company had entered into a contract on 03.11.2020 with M/s Nextra Data Ltd., for Amazone AWS cloud . We had paid Rs. 21,95,188/- as against invoice amount of Rs. 22,50,265/-	0.55	0.55
15.	The Company had introduced a new loan scheme on 10.11.2021 in collaboration with NORKA ROOTS in connection with rehabilitation of NRK's who had lost their job due to pandemic outbreak. The capital subsidy @25% of loan amount upto maximum Rs 1 lakh would be provided to prompt customers after completion of 36 months or loan tenure whichever is earlier. Preclosed accounts will not be entitled for subsidy benefit. Total capital subsidy receivable from NORKA ROOTS till 31.03.2024 is Rs.70,94,50,750- out of which Rs.44,19,62,250 is received till 31.03.2024, interest subsidy receivable till 31.03.2024 is Rs 15,48,93,661 out of which Company has received interest subsidy amounting to Rs 2,48,13,891 till 31.03.2024 from NORKA.		
16.	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



## 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:

(Rs. in lakhs)

	2023-24	2022-23
Employers contribution to Provident Fund	10,660.45	9,885.95
Employers contribution to Employee's State Insurance Corporation	-	-

### II Defined Benefit Plan/ Other Long Term Benefits

	Gratuity (Funded)		Compensated absences (Non-Funded)	
	2023-24	2022-23	2023-24	2022-23
<b>(i) Actuarial Assumptions</b>				
Discount Rate (per annum)	7.25%	7.58%	7.25%	7.58%
Expected return on plan assets (per annum)	7.58%	7.58%	0.00%	0.00%
Compensation escalation rate (per annum)	5.50%	5.50%	5.50%	5.50%
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate			
	2023-24	2022-23	2023-24	2022-23
<b>(ii) Reconciliation of present value of obligation</b>				
Present value of obligation at the beginning of the year	50,080.51	46,039.18	23,200.36	22,487.73
Current Service Cost	3,405.35	2,864.85	8,891.74	8,437.56
Interest Cost	3,578.30	3,185.10	1,539.86	1,469.08
Prior service cost	-	-	-	-
Actuarial (gain)/ loss	5,717.45	6,030.22	(2,481.47)	(3,603.99)
Benefits Paid	(5,746.60)	(8,038.84)	(5,771.06)	(5,590.02)
Present value of obligation at the end of the year	57,035.01	50,080.51	25,379.43	23,200.36
<b>(iii) Reconciliation of fair value of plan assets</b>				
Fair value of plan assets at the beginning of the year	40,587.39	32,605.41	-	-
Expected return on plan assets	3,219.05	2,677.06	-	-
Actuarial (gain)/ loss	62.59	(119.04)	-	-
Contributions	9,507.11	13,462.80	-	-
Benefits paid	(5,746.61)	(8,038.84)	-	-
Fair value of plan assets at the end of the year	47,629.53	40,587.39	-	-
Actual Return on Plan Assets	3,281.64	2558.02	-	-
<b>(iv) Description of plan assets- Insurer Managed Funds</b>				
<b>(v) Major category of plan assets as % of total plan assets</b>				
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.

<b>(vi) Net (Asset)/ Liability recognised in the balance sheet as at the end of the year</b>				
Present value of Obligations as at the end of the year	57,035.01	50,080.51	25,379.43	23,200.36
Fair value of Plan Assets as at the end of the year	47,629.53	40,587.39	-	-
Net present value of funded obligation recognised as (asset)/ liability in the balancesheet	9,405.48	9,493.12	25,379.43	23,200.36

	Gratuity (Funded)		Compensated absences (Non-Funded)	
	2023-24	2022-2023	2023-24	2022-23
<b>(vi) Expenses recognized in the Statement Profit and Loss</b>				
Current Service Cost	3,405.35	2,864.85	8,891.74	8,437.56
Interest Cost	3,578.30	3,185.10	1,539.86	1,469.08
Expected return on plan assets	(3,219.05)	(2,677.06)		
Actuarial (gain) / loss recognised in the period	5,717.45	6,030.22	(2,481.47)	(3,603.99)
Total expenses recognized in the Statement of Profit and Loss for the year	9,482.05	9,403.11	7,950.13	6,302.65
Actual return on plan assets				-
<b>(vii) Non-current and current value of obligation</b>				
Non-current	7,078.06	7,472.77	23,011.21	20,975.77
Current	2,327.42	2,020.36	2,368.23	2,224.59
Total value of obligation	9,405.48	9,493.13	25,379.44	23,200.36

	31.03.2024	31.03.2023	31.03.2022	31.03.2021	31.03.2020
<b>(ix) Amount recognised in current year and previous four years</b>					
<b>Gratuity (Funded)</b>					
Present value of defined benefit obligations	57,035.01	50,080.51	46,039.18	32,837.20	25,762.22
Fair Value of plant assets	47,629.53	40,587.39	32,605.41	24,322.68	23,422.52
Funded status- (asset) / liability	9,405.48	9,493.12	13,433.77	8,514.52	2,339.70
Actuarial (gain) / loss on plan obligations	5,717.45	6,030.22	1,509.03	6,364.45	590.34
<b>Compensated absences (Funded)</b>					
Present value of defined benefit obligations	25,379.43	23,200.36	22,487.73	16,277.31	11,526.03
Fair Value of plant assets	-	-	-	-	-
Funded status - (asset)/liability	-	23200.36	22,487.73	16,277.31	11,526.03
Actuarial (gain) / loss on plan obligations	(2,481.47)	(3,603.99)	620.57	2,660.43	(1,580.23)
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)

(Rs. in lakhs)

	Year ended 31.03.2024		Year ended 31.03.2023	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	50,263.54	65,116.40	44,225.65	57,047.29
Salary increase rate	65,054.30	50,216.37	57,012.80	44,171.90
Employee Turnover	57,904.73	56,061.28	51,048.97	48,996.88

B. Compensated absences (Non - Funded)

(Rs. in lakhs)

	Year ended 31.03.2024		Year ended 31.03.2023	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	22,120.40	29,418.42	20,283.58	26,804.41
Salary increase rate	29,298.51	22,165.84	26,705.39	20,319.61
Employee Turnover	26,017.42	24,638.62	23,903.87	22,384.68

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

(Rs. in lakhs)

	As at 31.03.2024	As at 31.03.2023
Gratuity (Funded)	5,654.86	6,149.25
Compensated absences (Non-Funded)	(2,481.47)	(3603.99)

(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.

(Rs in Lakhs)

Sl. No.	Particulars	Financial Year	Business segments		Total
			Chitty	Lending	
a)	Segment Revenue	2023-24	2,85,399.73	1,29,724.27	4,15,124.00
		2022-23	2,54,933.56	1,12,036.25	3,66,969.82
	Less: Inter Segment Revenue	2023-24	-	-	-
		2022-23	-	-	-
	Total revenue	2023-24	2,85,399.73	1,29,724.27	4,15,124.00
		2022-23	2,54,933.56	1,12,036.25	3,66,969.82
b)	Segment results	2023-24	2,60,475.87	48,781.99	3,09,257.86
		2022-23	2,36,193.65	24,940.82	2,61,024.46
	Less Unallocable Expenditure (net of Unallocated Income)	2023-24			3,47,725.44
		2022-23			3,03,230.49
	Add Other income(Net)	2023-24			93,059.02
		2022-23			85,216.41
	Total Profit Before Tax and Exceptional Items	2023-24			54,591.44
		2022-23			43,010.38
	Add Exceptional Items	2023-24			-
		2022-23			-
	Profit Before tax	2023-24			54,591.44
		2022-23			43,010.38
	Income Tax Expenses	2023-24			14,181.21
		2022-23			9,470.15
Profit after Tax	2023-24			40,410.23	
	2022-23			33,540.23	

## 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	Sri. Sanil S.K., Managing Director

## B. Transactions during the year

(Rs in Lakhs)

			2023-24	2022-23
1	Transactions with Key Managerial Personnel			
1.a	Remuneration to the Managing Director	Dr. Sanil SK Sri. V.P. Subramanian <b>Total</b>	32.97  <b>32.97</b>	12.39 21.44 <b>33.83</b>
1.b	Honorarium to Chairman	Sri. Varadarajan K <b>Total</b>	2.40 <b>2.40</b>	2.40 <b>2.40</b>
1.c	Other Payments to Chairman Other Payments to Managing Director/ Directors: Others: Sitting fees <b>Total</b>		0.50  7.18 4.69 <b>12.37</b>	0.31  8.47 4.61 <b>13.39</b>
1.d	Travel Expenses: Managing Director Chairman and Other Directors <b>Total</b>		  3.78 <b>3.78</b>	  2.68 <b>2.68</b>

### Related Parties pending payments:

Name	Nature of payment	Amount	Remarks
	NIL		

## 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) Ammendment Rules2021 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, 2024 (Rs in Lakhs)			As at March 31, 2023 (Rs in Lakhs)		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Borrowings (other than debt securities)	3,45,323.59		345323.59	4,02,961.25		4,02,961.25
Deposits	25,25,088.93		2525088.94	2182611.61		2182611.614
Other Financial Liabilities	36,78,853.08		3678853.08	32,06,343.97		32,06,343.97
Provisions		68145.85	68145.85		46879.77	46879.77
Other non-financial liabilities		11268.22	11268.22	12193.87		12,193.87
	<b>6,54,9265.61</b>	<b>79414.07</b>	<b>6628679.68</b>	<b>58,04,110.70</b>	<b>46879.77</b>	<b>58,50,990.48</b>

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	7.83
Festival Advance To Agents	7.06
Festival Advance To Appraiser	2.17
Interest Free Loan	3.69
Rent Receivable	5.90
CMDRF Advance Recoverable	3.82
Festival Advance To Staff	1119.50
Travel Advance To Staff	0.72
Other Advances To Staff	134.16
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	1.80
Amount Payable To Removed Members Account	144.33
NPDS	43.46
Amount Receivable From Govt (Online Vidhya Sahayi)	571.28
Interest accrued on Treasury Deposit (CMDRF)	23.39
Interest subsidy on PBMS receivable from Government	1300.80
Amount receivable from Govt. (Try resumption)	1572.08
Amount receivable from Govt. (Vidhyakiran scheme)	676.29
KVS Subsidy Receivable from Local Body	0.37
PBMS principal subsidy receivable	2674.89
	<b>9045.59</b>

### 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 31.03.2024 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 2023-24, the Company has spent an amount of INR. 441.19 lakhs (including INR 98.85 lacs cancelled CSR Fund allocation FY 2020-21) towards CSR activities.

SL.No		Year ended 31.03.2024 Rs. In lakhs	Year ended 31.03.2023 Rs. In lakhs
<b>A.</b>	Amount required to be spent during the year	342.35	310
<b>B.</b>	Amount of expenditure incurred		
	i) Construction /acquisition of any Asset	342.35	310
	ii) on purpose other than (i), above		
<b>C.</b>	Shortfall at the end of the year	Nil	Nil
<b>D.</b>	Total of Previous year shortfall	Nil	Nil
<b>E.</b>	Reasons for Shortfall	NA	NA
<b>F.</b>	Nature of CSR Activities		
	Donation as per Schedule VII		
	<b>For FY 2022-23</b>		
	1 KattalEducare Programme,Kattakkada		10.00
	2 Ashraya Charitable Society,Kalayapuram, Kottarakkara		25.00
	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		11.65
	13 EMS Co-operative Hospital, Pathanapuram, Kollam		20.00
	14 East Police Station, Thrissur		8.66
	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
	<b>Total</b>		<b>311.15</b>
	<b>For FY 2023-24</b>		
	1 Gandhibhavan, Pathanapuram, Kollam (Excess Allocation)	1.43	
	2 EK Nayanar Smaraka Swanthana Paricharana Kendram, Thirumullavaram (Excess Allocation)	1.23	
	3 Com.M.Aliyar Charitable SocietyVizhinjam, Thiruvananthapuram (Excess Allocation)	0.15	
	4 GHSS Kuzhimathikad, Karipra Gramapanchayath	6.75	
	5 GHSS Muttara, Veliyam Gramapanchayath	6.75	
	6 GHSS, Kottarakkara, Kottarakkara Municipality	6.75	
	7 Govt. PVHSS, Perumkulam, Mylam Gramapanchayath	6.75	
	8 GHSS Puthur, Kulakada Gramapanchayath	6.60	
	9 GHSS Kulakada , Kulakada Gramapanchayath	6.75	

SL.No		Year ended 31.03.2024 Rs. In lakhs	Year ended 31.03.2023 Rs. In lakhs
10	IHRD Applied Science College, Kottarakkara	31.00	
11	Govt. UP School, Nedumankavu	23.00	
12	Kerala Federation of the Blind Rehabilitation Centre	25.00	
13	Little Flower Convent Girls Higher Secondary School, Mammiyoor	2.50	
14	Govt. Higher Secondary School, Muthalamada, Palakkad	3.00	
15	Govt. General Hospital, Kanjirappally	15.00	
16	Kasargode Medical College	25.00	
17	School of Management Studies, Dr. John Mathai Centre, Aranattukara, Thrissur	0.50	
18	GHSS Ravaneswaram,	20.00	
19	Together for Thrissur Collectorate	14.67	
20	Susthira Palliative Care Society Care Society, Pudukad, Thrissur	3.30	
21	Govt. UP School, Kadakkal	2.00	
22	PR Balan Master Memorial Charitable Society	17.00	
23	Govt. Old Age Care Centre, Kollam	6.73	
24	Kollam Govt. UP School, Kollam	10.00	
25	Chavara Library	1.50	
26	Thrissur Pain & Palliative Care	15.00	
27	IRPC, Kannur	25.00	
28	Cherethala Thaluk Hospital	10.00	
29	GHSS Kuzhimathikad, Karipra Gramapanchayath	1.05	
30	GHSS Muttara, Veliyam Gramapanchayath	1.05	
31	GHSS, Kottarakkara, Kottarakkara Municipality	0.50	
32	Govt. PVHSS, Perumkulam, Mylam Gramapanchayath	1.05	
33	GHSS, Kulakada	1.75	
34	IHRD Applied Science College, Kottarakkara	0.51	
35	Together for Thrissur Collectorate	0.09	
36	Uplifting Families (BPL) from Poverty under Ezhukone, Kareepra, Veliyam, Ummannoor, Neduvathoor, Kulakkada and Mylom	50.00	
37	St. Paul's HSS, Valiyakumaramangalam	20.00	
38	Madhusoodanan Thangal Smaraka Govt. UP School, Mattannur	4.00	
39	Sree Avito Thirunal Hospital Health Education Society, Medical College PO, Thiruvananthapuram	31.40	
40	Kollam Municipal Corporation	23.00	
41	Govt. LPS Aukalickal, Vayala PO, Pathanamthitta	1.00	
42	SMT Govt Secondary School, Chelakkara, Thrissur	12.45	
	<b>Total</b>	<b>441.20</b>	

(Above amount includes an Amount of INR 98.85 lacs, which was available for spending as the CSR Allocation was cancelled by the Committee in the meeting held on 22.03.2023)

G	Details of Related Party Transactions			
	<b>Name of the Entity</b> NA	<b>Nature of Relation</b>	-	-
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.45502.89 lakhs (PY: 57733.69 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 260625.03 lakhs as at 31.03.2024. bad & doubtful debts on RR Debtors and outstanding NPA (Non RR). Provision has been created on the basis of Expected Credit Loss.
- The Company, as a matter of prudence, has been making provision for fraud/misappropriation identified during the year from FY 2015-16 onwards. From FY 2022-23 provision is being created @100% of fraud cases. For FY 2023-24, provision to the tune of Rs 1506.61 lakhs has been created. It may be noted that the rate for creating provisions ranged from 20% - 50% in the past due to which there was a shortfall in provision created to the tune of Rs 3597.33 lakhs (from FY 2015-16 to FY 2021-22). The same has been fully provided during the year thereby taking the total provision to the tune of Rs 5103.94 lakhs (previous year: Rs 2143.56 lakhs).
- 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 <sup>st</sup> March, 2024	Year ended 31 <sup>st</sup> March, 2023
<b>2023</b>		
For Recovery from Prized Subscribers	145.28	245.70
For Interest waiver write off on Gold Loan	0.00	0.00
For Revenue Recovery Debtors	0.00	0.00
For Chitt Activities	56.77	73.25
<b>Total</b>	<b>202.05</b>	<b>318.95</b>

#### 29.15 Inter Branch Accounts

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

(Rs in lakhs)

Particulars	As at 31.03.2024	As at 31.03.2023
Inter Branch Current Account Asset / (Liability)	0.00	(0.50)
<b>Total</b>	<b>0.00</b>	<b>(0.50)</b>

- Inter branch current account comprises around 40 odd accounts some of which are outstanding for a long period of time. Some accounts under the said group are operational while some are not. During FY 22-23, the un-reconciled balances in this head was Rs 11804.80 lakhs and provision was fully created for the same. During FY 23-24, the balance came down to Rs 7830.09 lakhs and consequentially during the year provision to the tune of Rs 3975.21 lakhs has been written back in the books of account.

#### 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. 4581.44 lakhs as income under this head as against Rs. 3886.35 lakhs in the previous year.

#### 29.17 Revised Bhadratha Social Society Scheme

Finance Charges Payable Chitty/Kuri shown in Note 15 amounting to Rs. 35,24,290.77 lakhs (P.Y. Rs. 30,93,436.78 lakhs) includes Prize Money Payable amounting to Rs 3,06,613.63 lakhs (P.Y. Rs. 2,35,863.33 lakhs). This includes amount payable in respect of tickets substituted by the Company.

- 29.18** 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 instance 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.
- 29.19** During the year, as per provisions of Chit Fund Act- 1982, Company had transferred 10% of Book profit to Chitty Reserve Account.
- 29.20** 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.
- 29.21** The Company opened a separate TSB account with District Treasury, Thrissur as per G.O.(Rt)No.8947/2023/FIN dated 19.12.2023 and has transferred amount due to removed subscribers to this account.
- 29.22** The terminated chitty suspense amounting to Rs 647.47 lakhs (previous year: Rs 646.10 lakhs) is the amount received from subscribers in terminated and closed chitties. This suspense account represents the temporary parking of remittance received in terminated chitties and the same gets transferred to the appropriate chitty as and when remittance is sufficient to complete an installment amount. Similarly, the chitty suspense amounting to Rs 31366.36 lakhs (previous year: Rs 26915.24 lakhs) is the amount received from subscribers in running chitties. This suspenses account represents the temporary parking of remittance received from subscribers in running chitties and the same gets transferred to the appropriate chitty as and when remittance is sufficient to complete an installment amount or get adjusted with next installment amount. Though the amount lying in this account is identifiable it remains unadjusted due to reasons as stated above.

**29.23 EIR on amount recoverable from prized subscribers:**

The amount recoverable from Prized Subscribers amounting to Rs.3841337 lakhs (Previous year 3377956 lakhs) includes various heads of account viz. prized collection, piricheduppu, prize amount paid, prize amount paid in advance etc. There are financial assets which are to be measured at amorized cost using Effective Interest Rate (EIR) as per Ind AS 109. Effective Interest Rate (EIR), as per IndAs 109, 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 entire life of financial assets at the prevailing rate of interest. It is not possible to ascertain the future amount recoverable from the prized subscribers in advance as the auction discount for future instalments are not known in advance. As chitty happens to be a unique product and non availability of any specific model for chit business for measuring the same using effective interest rate (EIR), compliance with Ind AS 109 is impractical. Comparison of present method and EIR based working is also not possible as calculation under EIR methodology cannot be done due to reasons mentioned above and Management has concluded the financial statements present a true and fair view of the entity's financial position, financial performance and cash flows. The Company has complied with the applicable Ind ASs ( except those as reported elsewhere) to present true and fair view. The reasons as to why a particular Ind AS cannot be complied with has been also stated. The financial effect due to departure from a particular Ind AS cannot be reported as compliance with the particular Ind AS is not possible.

- 29.24** The Company advances loans and releases chitty prize money on the strength of different category of securities viz. property, fixed deposits, gold, insurance policies, personal surety etc. Loans guaranteed by personal surety are estimated to be around 10% of the total loan portfolio and classified as unsecured.
- 29.25** 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.
- 29.26** The Company is accepting deposits from public, repayment of which is guranteed by Government of Kerala. The Government had guaranteed deposit to the extent of Rs 2,00,0000 lakh vide Government Order No. G.O.(Rt)No.559/2023/Taxes dated 18.08.2023.
- 29.27** The Company had declared dividend @35% for FY 2020-21 and paid during June 2023.The Company had also declared dividend @35% for FY 2021-22 & FY 2022-23 and paid during Feb 2024 and March 2024 respectively.

**29.28 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.444.48 lakhs (PY: Rs.158.08 lakhs). As stated since the schemes are already discontinued and only a few claims for refund coming up, to fully settle/close the various accounts under RBD scheme we will be taking up the matter with Government stating the entire details. We have already issued a paper notification asking RBD holders to come to put up their claim with any original receipts as a first step towards closing these accounts on a final basis. (Rs in lakhs)

Particulars	As at 31.03.2024	As at 31.03.2023
Deposits Received & Outstanding	114.44	115.63
Interest Accrued on Deposit	360.44	366.05
Interest Credited by Treasury on the Amount Deposited	3,089.43	3,131.87
<b>Sub Total (A)</b>	<b>3,564.31</b>	<b>3,613.55</b>
Less: Amount Receivable from Govt. on account of		
(a) Commission Paid	12.03	12.03
(b) Interest Accrued on Deposit Receivable from Govt	496.44	496.14
(c) Balance with Treasury	1,468.74	1,610.88
(d) Treasury resumption	11,42.63	1,336.42
<b>Sub Total (B)</b>	<b>3,119.83</b>	<b>3,455.47</b>
<b>Net (A - B)</b>	<b>444.48</b>	<b>158.08</b>

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 15,72,07,650 from treasury accounts 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.

**29.29** The details of immovable properties held by the Company:

Location of land	District	Land areas	Land status
KSFE Building, Chinnakkada, Kollam	Kollam	16.7 cents	Free hold
KSFE Bhavan, Mavelipuram, Kakkanad,	Emakulam	10 cents	Free hold
KSFE Head Office, Museum road, Thrissur	Thrissur	74.96 cents	Free hold
Kodakara, Vazhiyambalam	Thrissur	19.98 cents	Free hold
Muhamma, Thaneermukkam Thekku village	Alappuzha	183.66 cents	Free hold
KSFE silver jubilee building, Statue, Chirakulam road,	Thiruvananthapuram	16.626 cents	Free hold
Kattappana property, Near STI 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 the Government, as it has not been fixed so far.
KSFE Head Office, Museum road, Thrissur	Thrissur	74.96 cents	

- 29.30** At all branches, balances of debtors and creditors gets confirmed on a random basis.
- 29.31** The Company has restarted to transfer unclaimed matured deposit to Investors Education and Protection Fund
- 29.32** The Company has not accounted the interest receivable from Government in respect of Vidyasree laptop loan scheme.
- 29.33** Pay revision of the employees is implemented once in 5 years and the long term settlement in force regarding pay, allowances and other service benefits is due for revision from 01.08.2022. The Company has created provision of Rs 13978.66 lakhs (previous year: Rs 8110.11 lakhs) till date @15% of basic and DA..
- 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, 2024, and March 31, 2023.
- 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, 2024, and March 31, 2023.
- 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, 2024, and March 31, 2023.
- 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, 2024, and March 31, 2023.
- 29.39** There is no discrepancy in utilisation of borrowings.
- 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, 2024, and March 31, 2023.
- 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** All charges or satisfaction are registered with ROC within the statutory period for the financial years ended March 31, 2024, and March 31, 2023. No charges or satisfactions are yet to be registered with ROC beyond the statutory period.

<b>Charge Creation:</b>			Rs in Lakhs
<b>Date</b>	<b>Name of Bank</b>	<b>Amount</b>	
09.08.2023	Federal Bank	15000	
14.08.2023	Indian Overseas Bank	50000	
28.11.2023	Canara Bank	50000	
<b>Charge Modification</b>			Rs in Lakhs
<b>Date</b>	<b>Name of Bank</b>	<b>Amount</b>	
15.11.2023	Indian Overseas Bank	50000	
01.03.2024	State Bank of India	50000	
<b>Charge satisfaction:</b>			Rs in Lakhs
<b>Date</b>	<b>Name of Bank</b>	<b>Amount</b>	
01.11.2023	Bank of Baroda	10000	
01.11.2023	Bank of Baroda	50000	

- 29.43** The Company has availed borrowings from banks or financial institutions on the basis of security of receivables. The Company submit receivable statement every month to the bank which is in confirmity with books of accounts.
- 29.44** 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.
- 29.45** 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.
- 29.46** Micro, Small and Medium scale business entities:  
There are no Micro, Small and Medium Enterprises to whom the Company owes dues. This information as required to be disclosed under the MSMED Act 2006 has been determined to the extend such parties have been identified on the basis of the information available with the Company.
- 29.47** 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.

### Analytical Ratios

(Rs. in Lakhs)

Sl.No	Analytical Ratios	Units	Numerator	Denominator	31st March 2024	31st March 2023	Difference	% of changes
1	Debt - Equity Ratio (Total Debt/ Shareholder’s Equity)	No. of times	6179266	133660	46.23	47.78	-1.55	-3.24
2	Ratio (Earnings before Interest Tax, Depreciation & Amortization)	No. of times	2,05,488.73	323969	0.63	0.55	0.08	15.32
3	Return on Equity Ratio (Net Profit After Tax/ Average Shareholder’s Equity)	Percentage	40410.23	123550.42	32.71	34.70	0.457	1.32
4	Net Profit Ratio (Net Profit after tax / Net Sales)*	Percentage	40410	504116	8.02	7.76	0.26	3.30
5	Return on Capital Employed (Earnings Before Interest & Taxes / Capital Employed)	Percentage	2,60,080	67,08,563	3.88	3.44	0.44	12.70
6	Return on Investment (Earnings Before Interest and Taxes/Average Shareholders Equity)	Percentage	2,60,080	123550.42	211	202.00	8.5053	4.21
7	Current Ratio (Current Assets / Current Liabilities)	NA	NA	NA	NA	NA	NA	Refer Note No. 29.48
8	Inventory turnover ratio (Cost of Goods Sold/ Average Inventory)	No. of times	NA	NA	NA	NA	NA	Refer Note No. 29.48
9	Trade Receivables turnover ratio (Net Sales/Average Trade Receivable)	No. of times	NA	NA	NA	NA	NA	Refer Note No. 29.48
10	Trade Payables Ratio(Net Purchases/ Average Trade Payables)	No. of times	NA	NA	NA	NA	NA	Refer Note No. 29.48
11	Net Capital Turnover Ratio (Net Sales/ Average Working Capital)	Percentage	NA	NA	NA	NA	NA	Refer Note No. 29.48

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

*As per our report with UDIN 21021855AAAAHA9427 of even date attached.*

For M/s Abraham & Jose  
*Chartered Accountants*  
Firm Registration No: FRN000010S

Partner : CA.Mukesh.K.P  
Membership No.: 214773

Place : Thrissur  
Date : 07.08.2024

For and on behalf of Board of Directors

sd/-  
K. Varadarajan  
DIN: 08157496  
(Chairman)

sd/-  
Dr. Sanil S.K  
DIN : 09811727  
(Managing Director)

sd/-  
Preetha B.S  
DIN: 07553746  
(Director)

sd/-  
CA Sarath Chandran S  
General Manager (Finance)

sd/-  
CS Emil Alex  
(Company Secretary)







