

(THIS DISCLOSURE DOCUMENT IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS). THIS DISCLOSURE DOCUMENT PREPARED IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2008/13/127878 DATED JUNE 06, 2008, AS AMENDED BY SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2012-13/19/5392 DATED OCTOBER 12, 2012 AND CIR/IMD/DF/18/2013 DATED OCTOBER 29, 2013) AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2014 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2013-14/43/207 DATED JANUARY 31, 2014.



**KERALA FINANCIAL CORPORATION**  
(Incorporated under the State Financial Corporations Act No. LXIII of 1951) H.O.:  
Vellayambalam, Thiruvananthapuram, Kerala-695033  
Phone: 0471- 2737500, 2311750, 2318319 Fax : 0471- 2313813  
Email : [kfc@kfc.org](mailto:kfc@kfc.org), Website : [www.kfc.org](http://www.kfc.org)

**PRIVATE PLACEMENT OF SECURED, REDEEMABLE, TAXABLE, NON CONVERTIBLE BONDS OF Rs.125 CRORE WITH GREEN SHOE OPTION OF Rs.125crs**

**GENERAL RISK**

Investment in debt instruments involves a degree of risk and investors should invest any funds in the issue only after reading the risk factors in the Information Memorandum carefully including the risk involved. The Securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

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

**HIGHLIGHTS**

- ☒ **Impeccable track record of timely servicing of its debt obligation to all the bond holders.**
- ☒ **Secured & Additional Structured payment mechanism for the timely servicing of the bond obligation.**
- ☒ **Coupon Rate of 8.69% p.a. payable semi-annually.**
- ☒ **Maturity: 7 years with 4 subseries namely A, B, C and D. Each Subseries amounting to 25% of issue size, separately tradable and redeemable at the end of 4th, 5th, 6th & 7th year respectively.**
- ☒ **BRICKWORKS has assigned "BWR AA(SO)" & SMERA has assigned "SMR AA(SO)"**
- ☒ **Instruments with the above mentioned ratings are considered to have high degree of safety for timely servicing of Financial obligations. Such instruments carry very low credit risk.**
- ☒ **Consistent Profit Making Corporation.**
- ☒ **Positive net-worth of Rs. 435.45 Crores as on 31.03.2017**
- ☒ **Notified Public Financial Institution**

#### **PROFILE OF THE CORPORATION**

- ❑ Incorporated under the State Financial Corporations Act of 1951 by Government of Kerala on December 01, 1953.
- ❑ Promotes rapid industrialization of Kerala by extending financial assistance mainly to Micro, Small and Medium Enterprises (MSME) in manufacturing and services sector.
- ❑ Provides finance in the form of term loans, working capital loans and special schemes.
- ❑ Member of Credit Guarantee Fund Trust for Micro & Small Enterprises.
- ❑ Profit making organization
- ❑ One of the top PSUs' in Kerala and No. 1 SFC in the country in terms of profitability and low level of NPA.
- ❑ Managed by an expert panel comprising of senior IAS officers/professionals as Directors under the guidance of the Chairman & Managing Director, Sri Sanjeev Kaushik, IAS.

<b>TRUSTEE TO THE ISSUE</b>	<b>REGISTRAR TO THE ISSUE</b>
<b>Catalyst Trusteeship Ltd.</b> GDA House, Plot No. 85, Bhusari Colony ( Right ), Paud Road, Pune -411038 Ph. 020-25280081	<b>Cameo Corporate Services Ltd</b> #1 Club House Road Chennai 600002 Ph. 044 40020752/741

#### **Arrangers to the issue**

<b>Advisor &amp; Arranger to the issue</b>	
 <b>BUILDING BONDS</b> <b>A K Capital Services Ltd</b> 403, 4thFloor, East Wing, Tulsiani Chambers, Free Press Journal Marg,212, Nariman Point, Mumbai-400021	
<u>Arrangers to the issue</u>	
 <b>Tip Sons</b> Creating Value Since 1993	 <b>ICICI Securities Primary Dealership Limited</b> ICICI Centre, H.T Parekh Marg, Churchgate, Mumbai 400020
 <b>Real Growth Securities Private Limited</b> 112-A&B, Jyoti Shikhar Building, Janak Puri, New Delhi-58	

**Private placement of Bonds issued by Kerala Financial Corporation**

Dear Sir/Madam,

Kerala Financial Corporation (the issuer) is issuing Bonds on a private placement basis as described in the memorandum. Investors are requested to make payment through demand draft(s)/cheque(s) payable in favor of 'Kerala Financial Corporation Non SEC Bond Issue 2018' and crossed 'Account Payee only'. The full face value of the Bonds has to be paid up on application. The issuer reserves the right to reject in full or part any or all of the offers received by them to invest in these Bonds without assigning any reason for such rejections. You are requested to confirm your acceptance to the terms and conditions outlined in this Memorandum of Private Placement by sending the duly filled in Application Form along with the cheque(s)/demand draft(s) to Kerala Finance Corporation. Your acceptance of the terms and conditions outlined in this Memorandum will constitute an offer to invest in the above referred private placement and will be subject to acceptance by the issuer. Please note that this Private Placement Memorandum is restricted for circulation only to the investors to whom the above has been addressed personally and this Memorandum cannot be transferred /circulated to others. The information contained herein is to be retained in strict confidence.

Should you require any further clarifications regarding the above mentioned Private placement we request you to contact the compliance officer Mr. Premnath Ravindranath, General Manager (II) (mentioned elsewhere here-in) to the issuer.

Yours faithfully,

For Kerala Financial Corporation

General Manager (II)

  
PREMNATH RAVINDRANATH  
General Manager

Place: Thiruvananthapuram

Date: 14.02.2018



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**DISCLAIMERS**

**GENERAL DISCLAIMER**

THIS DISCLOSURE DOCUMENT IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS. THIS DISCLOSURE DOCUMENT PREPARED IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2008/13/127878 DATED JUNE 06, 2008, AS AMENDED BY SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2012-13/19/5392 DATED OCTOBER 12, 2012 AND CIR/IMD/DF/18/2013 DATED OCTOBER 29, 2013) AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2014 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2013-14/43/207 DATED JANUARY 31, 2014. This document does not constitute an offer to the public generally to subscribe for or otherwise acquire the Bonds to be issued KERALA FINANCIAL CORPORATION (the "Issuer"/ the "Corporation"/ the "Issuer Corporation"). The document is for the exclusive use of the Institutions to whom it is delivered and it should not be circulated or distributed to third party (ies). KERALA FINANCIAL CORPORATION certifies that the disclosures made in this document are generally adequate and are in conformity with the captioned SEBI Regulations. This requirement is to facilitate investors to take an informed decision for making investment in the proposed Issue.

**DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA**

This Disclosure Document has not been filed with Securities & Exchange Board of India (SEBI). The Securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document. It is to be distinctly understood that this document should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this document. The issue of Bonds being made on private placement basis, filing of this document is not required with SEBI; however SEBI reserves the right to take up at any point of time, with the Corporation, any irregularities or lapses in this document.

**DISCLAIMER OF THE ARRANGER**

It is advised that the Corporation has exercised self-due-diligence to ensure complete compliance of prescribed disclosure norms in this Disclosure Document. The role of the Arranger in the assignment is confined to marketing and placement of the bonds on the basis of this Disclosure Document as prepared by the Corporation. The Arranger have neither scrutinized/ vetted nor have they done any due-diligence for verification of the contents of this Disclosure Document. The Arranger shall use this document for the purpose of soliciting subscription from qualified institutional investors in the bonds to be issued by the Corporation on private placement basis. It is to be distinctly understood that the aforesaid use of this document by the Lead Arrangers should not in any way be deemed or construed that the document has been prepared, cleared, approved or vetted by the Lead Arrangers; nor do they in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor do they take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Corporation. The Arranger or any of its directors, employees, affiliates or representatives do not accept any responsibility and/or liability for any loss or damage arising of whatever nature and extent in connection with the use of any of the information contained in this document.

#### **DISCLAIMER OF THE ISSUER**

The Issuer confirms that the information contained in this Disclosure Document is true and correct in all material respects and is not misleading in any material respect. All information considered adequate and relevant about the Issue and the Corporation has been made available in this Disclosure Document for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever. The Corporation accepts no responsibility for statements made otherwise than in this Disclosure Document or any other material issued by or at the instance of the Issuer Corporation and anyone placing reliance on any other source of information would be doing so at his/her/their own risk.

#### **DISCLAIMER OF THE STOCK EXCHANGE**

As required, a copy of this Disclosure Document has been submitted to the Bombay Stock Exchange. (Here in after referred to as "BSE") for hosting the same on its website. It is to be distinctly understood that such submission of the document with "BSE" or hosting the same on its website should not in any way be deemed or construed that the document has been cleared or approved by "BSE"; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Exchange; nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Corporation. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **DISCLAIMER IN RESPECT OF JURISDICTION**

The private placement of Bonds is made in India to Companies, Corporate Bodies, Trusts registered under the Indian Trusts Act, 1882, Societies registered under the Societies Registration Act, 1860 or any other applicable laws, provided that such Trust/ Society is authorized under constitution/ rules/ byelaws to hold bonds in a Corporation, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Insurance Companies, Commercial Banks including Regional Rural Banks and Cooperative Banks, Provident, Pension, Gratuity, Superannuation Funds as defined under Indian laws. The Information Memorandum does not, however, constitute an offer to sell or an invitation to subscribe to securities offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Information Memorandum comes is required to inform him about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the exclusive jurisdiction of Honorable High Court of Kerala at Ernakulam. All information considered adequate and relevant about the Issuer Corporation has been made available in this Information Memorandum for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever.

#### **DISCLAIMER BY DEBENTURE TRUSTEE**

The debenture trustee is not a guarantor and will not be responsible for any non-payment of interest and redemption and/or any loss or claim.

**A. Functioning of the Corporation.**

KFC has played a major role in bolstering the industrial environment and promoting entrepreneurship in Kerala by supporting enterprises in the MSME sector since its inception in 1953. In the recent years, Corporation has emerged as one of the best performing public sector undertakings in Kerala with its innovative schemes, customer-friendly approach and technologically assisted services. KFC today offers term loans on very easy terms and at competitive rates of interest. To aspiring entrepreneurs, under Kerala Self Entrepreneur Development Mission (KSEDM) the Corporation has provided interest free loans to start their ventures. With an effective monitoring system, objective appraisal and sanction procedures, the recoveries and collection of interest have shown an upward trend. The financial assistance is provided in the form of term loans, working capital loans and special schemes. Further besides the size of portfolio, emphasis is now being laid on improving the quality of its advances. KFC is a member of Credit Guarantee Fund Trust for Micro & Small Enterprises and provides credit facility up to Rs. 50 lakhs without collaterals and third party guarantees to MSMEs. The Corporation is committed to capitalize growth opportunities and enhance customer experience by developing a responsible corporate governance framework in adherence to highest ethical standards and without compromising regulatory compliance. KFC has 16 Branch Offices with its Head Quarters at Thiruvananthapuram and Zonal Offices at Kozhikode, Ernakulam and Thiruvananthapuram.

**B. Brief summary of the business / activities of the Issuer and its line of business:**

**i. OVERVIEW**

**Activities of the Corporation**

- Sanction of Term Loans to new Micro, Small and Medium enterprises in the manufacturing and Services Sector.
- Sanction of Term Loans to existing industrial concerns and Services sector units for expansion/Modernization/diversification.
- Sanction of Working Capital Loans to meet working capital requirements of industrial/service enterprises under special schemes.
- Special scheme for Financial Assistance to Civil Contractors.
- Special scheme for Financial Assistance for producing Feature Film and TV serials
- Special scheme for Modernization, up gradation and expansion of existing cinema theatres and establishment of new multiplexes.
- Special scheme for Purchase of Lab Equipment's/Waste Management.
- Interest subvention scheme for Innovative projects

During the FY 2017-18, Corporation plans to sanction Rs.900 Crore and to disburse around Rs. 800 crore to manufacturing sector, IT and other service sectors. The corporation has unveiled plans to reach out to lines of business beyond tried and tested ones. The Corporation has been contemplating to achieve a portfolio size of over Rs.5000 crore by 2021. Special thrust will be given to women and young entrepreneurs, Food Processing sector renewable energy projects while exposure to CRE sector will be reduced. Corporation will also work along with clusters. Our strategic objective is to build a sustainable organization that remains relevant to the growth of industrialization and promotion of entrepreneurship in the state . The KSEDM scheme for young entrepreneurs have encouraged in setting up innovative projects in sectors like Information Technology, Food Processing, Fashion Designing, Apparels, Tour Operations, Construction Materials, Automation Services, and Agro-Based Projects. Many of the young entrepreneurs who have taken financial assistance under KSEDM scheme are now coming to Corporation for additional finance for expansion of their ventures.

The other proposed initiatives are like

- Start up Support Scheme for financing start ups working towards innovation, development, deployment or commercialisation of new products, processes or services driven by technology with interest moratorium during the first year of operation.
- Special thrust to manufacturing sector through the interest subvention scheme to support innovative projects.
- liberalized scheme for financing upto Rs 100 lakhs to well established units going through their next level of entrepreneurial journey.
- Promoting technology-intensive sectors such as IT and biotechnology.
- Youth Entrepreneurship Development Programme
- Up-gradation of hardware and software
- Online Loan Application, Customer Portal and Payment gateway system
- Implementation of e-Office in the Corporation

### **C. Performance**

An analysis of the operational performance of the Corporation during the last five years is shown in the Table below:

(Amounts in Rs. crores)

FY	Sanction	Disbursement	Recovery	Portfolio	Interest Income	Net Profit	Gross NPA (%)	Net NPA (%)
2011-12	539.01	464.57	467.17	1239.84	173.98	45.65	3.60	1.30
2012-13	661.39	475.92	540.22	1401.43	257.7	66.83	3.51	0.36
2013-14	989.62	754.73	565.13	1800.37	266.19	41.34	3.45	0.35
2014-15	947.45	657.09	684.27	2038.18	284.56	14.37	7.85	3.71
2015-16	1025.99	838.36	758.26	2400.19	272.06	5.33	10.57	5.93
2016-17	385.31	655.27	874.28	2474.11	305.16	5.69	8.51	4.25

The Corporation could deliver a reasonably better performance when viewed against the backdrop of macroeconomic challenges the financial institutions faced throughout the year. Due to policy changes undertaken by the previous Government in cancelling bar licenses, closing metal crushers, issuing stop memo to construction activities in the tourism areas of Idukki District citing environmental issues, changed economic scenario due to demonetization etc resulted in a difficult year for the Corporation. The profitability and repayment capacity of many of the assisted units were badly affected and in turn affected the operations of the Corporation too. The strategy we followed was to slow down the sanction and disbursement during the year without any compromise on the asset quality and concentrate more on the recovery front with the aim to improve the recovery and reduce NPA. Hence a very cautious approach was followed in sanctioning new loans and managing undisbursed commitments. Effective recovery strategies were put in place and as a result recovery has touched an all-time high registering growth of 15.30%. The remarkable growth in recovery and reduction in NPA throws light on the effective functioning of the organization irrespective of the adverse market conditions prevailed during the financial year.

The corporation is going through a critical phase and priority is to reduce the NPAs further. The stability and flexibility of the financial system and policy changes by the State government hopefully will help to overcome this crucial situation. The corporation's main focus during the coming year will be to accomplish maximum growth in both portfolio and recovery, building up on the efforts taken during last FY with focus on the quality of its advances. Corporation will be formulating necessary strategies to tackle the present situation by diversifying its portfolio and will be concentrating more on manufacturing and other performing sectors substantially reducing the exposure to CRE and other sectors which are more likely to become NPA. Corporation expects that the revised Abkari policy announced by State government will help

**Strengths and Feats**

- Assisted over 65000 units.
- Positive attitude towards first generation entrepreneurs/green field projects.
- Longer gestation and repayment period
- Lowest Interest rates in the market.
- Wide delegation of powers to the Branches and Zonal Offices.
- Easy access and hassle-free procedures.
- Hand-holding and friendly services, besides finance. Time-bound sanction and disbursement.
- Only 0.5% processing fee and no hidden charges.
- Dedicated and professionally qualified personnel. Technology driven appraisal, monitoring and MIS.
- An ISO Certified organization.

**Principal Officers**

Sn O.	Name & Designation	Address & Telephone
1	<b>Sri. Sanjeev Kaushik, IAS</b> Chairman & Managing Director,	Kerala Financial Corporation, Vellayambalam, Thiruvananthapuram. Phone: 0471-2315891, 2311750 <a href="mailto:cmd@kfc.org">Email: cmd@kfc.org</a>
2	<b>Sri. Premnath Ravindranath,</b> General Manager(I)	Kerala Financial Corporation, Vellayambalam, Thiruvananthapuram. Mob: 9496030120 <a href="mailto:premnathravindranath@kfc.org">premnathravindranath@kfc.org</a>
3	<b>Sri. Mushtaq Ahmmed ,</b> General Manager(II)	Kerala Financial Corporation, Vellayambalam, Thiruvananthapuram. Mob: 9496030183 <a href="mailto:mushtaqahmmmed@kfc.org">mushtaqahmmmed@kfc.org</a>
4	<b>Smt. Soya K,</b> AGM	Kerala Financial Corporation, Vellayambalam, Thiruvananthapuram. Mob: 9496030174 <a href="mailto:soyak@kfc.org">soyak@kfc.org</a>

Particulars	FY 2016-17	FY 2015-16	FY 2014-15
Net worth	43,544.53	42,916.50	42392.23
Total Long Term Debt	192,589.96	166,342.57	140858.00
of which - Non Current Maturities of Long Term Borrowing	161,146.10	138,038.31	116329.00
Current Maturities of Long term Borrowing	31,443.86	28,304.26	24528.00
Short Term Borrowing	11,189.43	24,913.62	15963.74
Net Fixed Assets	436.87	460.87	339.50
Non Current Assets	7,546.37	2,245.32	2252.60
Cash and Cash Equivalents	1,166.91	612.49	2485.27
Currents Investments	2,016.50	925.00	1000.00
Current Assets	14,639.01	14,581.41	10181.54
Current Liabilities	4,615.53	3,611.32	4370.24
Assets Under Management	247,411.44	240,019.20	203818.32
Off Balance Sheet Assets			
Interest Income	30516.23	27205.57	24526.89
Interest Expense	20073.91	16900.83	14370.90
Provisioning & Write offs	12061.12	8558.71	8156.75
PAT	569.47	532.73	1436.89
Gross NPA( %)	8.51	10.57	7.85
Net NPA ( %)	4.25	5.93	3.71
Tier I Capital Adequacy Ratio	16.83	17.65	20.47

**Debt: Equity Ratio of the Corporation (considering the issue size of Rs. 250 Crores)**

Before the issue of debt securities	4.14
After the issue of debt securities	4.64

**A. Brief history of the Issuer since its incorporation:**

Kerala Financial Corporation (KFC) incorporated under the State Financial Corporations Act of 1951, is a trend setter and path breaker in the field of long term finance, playing a major role in the development and industrialization of Kerala. It was established as the Travancore Cochin Financial Corporation 01.12.1953.

Consequent to the reorganization of states on linguistic basis in November 1956, Kerala State was formed and the Travancore Cochin Financial Corporation was renamed as Kerala Financial Corporation.

**I. Details of Share Capital as on last quarter end:- as on 31.12.17***Rs. In Lakhs*

Share Capital	Amount
Authorized Share Capital	

3,50,00,000 shares of Rs. 100 each	35000.00
Issued, Subscribed and Paid up Share Capital	
22186428 shares of Rs. 100 each	22186.42
Money Received Against Share Capital	464

**II. Changes in its Capital structure as on 31<sup>st</sup> March for the last five years upto March'17:-**

*Amount in Rs*

Particulars	Amount	Remarks
Balance as on 31.03.2012	2,119,730,300	-
Balance as on 31.03.2013	2,119,730,300	-
Balance as on 31.03.2014	2,119,730,300	-
Balance as on 31.03.2015	2,218,642,800	Ordinary Shares issued during the year 989125 shares of Rs.100 each
Balance as on 31.03.2016	2,218,642,800	-
Balance as on 31.03.2017	2,218,642,800	-

**III. Equity Share Capital history of the Corporation as on last quarter end for the last five years up to December'17**

Date of Allotment	Name of Allottees	No. of equity shares of Rs.100/- each	Share Amount (Rs)	Cumulative shares
26/06/10	Government of Kerala	19782512	1978251200	19782512
26/06/10	Small Industries Development Bank of India	613327	61332700	20395839
26/06/10	LIC of India	7103	710300	20402942
26/06/10	State Bank of India	2099	209900	20405041
26/06/10	Kerala State Co-op. Agr. & Rural Dev. Bank Ltd.	207	20700	20405248
26/06/10	C. Chandramohan, B.E.	124	12400	20405372
18/07/12	N. Jayakrishnan	31	3100	20405403
18/07/12	N. Rajkumar	101	10100	20405504
26/06/10	The Thrissur Dist. Co-op. Bank Ltd.	41	4100	20405545
26/06/10	Kuttanad Agricultural Co-op. Society Ltd.	41	4100	20405586
26/06/10	K. Mytheenkunju & Sons (P) Ltd.	41	4100	20405627
26/06/10	The Trustees, The Kerala Balers Ltd. Staff P.F.	41	4100	20405668
26/06/10	N. Harikrishnan	41	4100	20405709
26/06/10	The Trustees, The Alleppey Co. Ltd.	25	2500	20405734
26/06/10	The Kanjirappally Service Co-op. Bank Ltd.	21	2100	20405755

<i>Not for circulation</i>				
26/06/10	Sree Karunakaran Charitable Trust	21	2100	20405776
26/06/10	Sree Karunakaran Charitable Trust	21	2100	20405797
18/07/12	N. Radhakumari	6	6	20405803
26/06/10	N. Narendran	19	1900	20405822
26/06/10	C. Rajamohan	17	1700	20405839
26/06/10	Pandiath R. Chandran	10	1000	20405849
26/06/10	N. Harikrishnan	10	1000	20405859
26/06/10	Sree Karunakaran Charitable Trust	10	1000	20405869
26/06/10	V.S. Natarajan	10	1000	20405879
26/06/10	Sree Karunakaran Charitable Trust	8	800	20405887
26/06/10	M.K. Jacob	4	400	20405891
26/06/10	Sree Ramavilas Press & Publications Ltd.	4	400	20405895
26/06/10	Parukutty Amma Ammini Amma	4	400	20405899
26/06/10	N. Radhabhai Amma	4	400	20405903
26/06/10	Abbasbhoy Abdul Taybe Olai	4	400	20405907
26/06/10	M.K. Jacob	4	400	20405911
26/06/10	T.M. Hassan Rawther	4	400	20405915
26/06/10	Joseph Cherian	4	400	20405919
26/06/10	The South Travancore Plantation Ltd.	4	400	20405923
26/06/10	M. Raghava Iyer	4	400	20405927
26/06/10	Koodal Manickam Devaswom	4	400	20405931
26/06/10	Smt. Molly Varkey	4	400	20405935
26/06/10	M.D. Devassia	4	400	20405939
26/06/10	The Kottayam Co-operative Bank Ltd.	2	200	20405941
26/06/10	Ramalingam Ganesh	2	200	20405943
	National Tyre & Rubber Co. of India	2	200	20405945
	Navarathna Pharmaceutical	2	200	20405947
26/06/10	P.S. George	2	200	20405949
26/06/10	N.C. John & Sons Ltd.	2	200	20405951
	The Cochin Chemicals & Refineries	2	200	20405953
26/06/10	K. Chandrasekhara Pillai	2	200	20405955
26/06/10	Paratex Corporation (P) Ltd.	2	200	20405957
26/06/10	P.C. Abraham, Advocate	2	200	20405959
26/06/10	K. Narendranathan	2	200	20405961
26/06/10	P.T. Paul Bros.	2	200	20405963
26/06/10	K.R. Elamkath	2	200	20405965
26/06/10	P.A.P. Sahib	2	200	20405967
26/06/10	H. Kunjukrishnan Nadar	2	200	20405969
26/06/10	S.M. Mohammed Kannu	2	200	20405971
26/06/10	R. Venkitakrishna Iyer	2	200	20405973
26/06/10	V. Kuttalam Pillai	2	200	20405975
26/06/10	Kumaravelu Pillai	2	200	20405977
26/06/10	Parameswaran Pillai	2	200	20405979

26/06/10	Sivanu Chettiar	2	200	20405981
26/06/10	Kunangani Pillai	2	200	20405983
26/06/10	B. Krishnamoorthy	2	200	20405985
26/06/10	K. Rajangom Iyer	2	200	20405987
26/06/10	L. Padmavathy Kovilamma	2	200	20405989
26/06/10	M.K. Sainuddin	2	200	20405991
26/06/10	M.J. Nair	2	200	20405993
26/06/10	N. Sreenivasan	2	200	20405995
26/06/10	T.D. Sebastian	2	200	20405997
26/06/10	George Thomas	2	200	20405999
26/06/10	A.P. Thampi & Susheela P. Thampi	2	200	20406001
26/06/10	Subhadra Ravi Karunakaran	2	200	20406003
1/9/2011	Government of Kerala	791300	79130000	21197303
24/10/14	Government of Kerala	989125	98912500	22186428
	<b>TOTAL</b>	<b>22186428</b>	<b>2218642800</b>	<b>22186428</b>

**IV. Details of any Acquisition or Amalgamation in the last 1 year: - NIL**

**V. Details of any Reorganization or reconstruction in the last 1 year: - NIL**

**A. Details of the shareholding of the Corporation as on the latest quarter end:-**

i. The Share holding composition of KFC as on 31<sup>st</sup> December 2017 is as follows;

Shareholders	Rs. in crores	% of Shareholding
Government of Kerala	215.63	97.19
SIDBI	6.13	2.76
LIC	0.07	0.03
SBT	0.02	0.01
Others	0.01	0.01
<b>Total</b>	<b>221.86</b>	<b>100.00</b>

ii. List of top 10 holders of equity shares of the Corporation as on the latest quarter end December'17:

SI No.	Name of Allotees	No. of equity shares of Rs.100/- each	Share Amount (Rs)
1	Government of Kerala	21562937	2156293700
2	Small Industries Development Bank of India	613327	61332700
3	LIC of India	7103	710300
4	State Bank of Travancore	2099	209900
5	Kerala State Co-op. Agr. & Rural Dev. Bank Ltd.	207	20700

6	C. Chandramohan, B.E.	124	12400
7	N. Rajkumar	101	10100
8	Sree Karunakaran Charitable trust	60	6000
9	N. Harikishan	51	5100
10	The thisur district corporative bank ltd	41	4100

**B. Following details regarding the directors of the Corporation:-****i. Details of the current Directors of the Corporation:**

Name, Designation	Address	Directors of the Corporation Since
<b>Sri. Sanjeev Kaushik IAS</b> Chairman & Managing Director, Kerala Financial Corporation	Kerala Financial Corporation Vellayambalam, P.O. Thiruvananthapuram- 695033.	24-Jan -2018
<b>Smt Sharmila Mary Joseph, IAS</b> Secretary (Finance & Expenditure)	Finance Department, Govt. OF Kerala Thiruvananthapuram	28-Sep -2017
<b>Shri K N Satheesh , IAS</b> Director (Industries & Commerce)	Directorate of Industries and Commerce, Vikas Bhavan,Trivandrum	28-Sep -2017
<b>Shri. Allada Sreenivas</b> Chief General Manager, Small Industries Development Bank of India	SIDBI Tower 15 Ashok Marg, Lucknow-226001	25-Jul-2016
<b>Shri. A Aravind</b> General Manager State Bank of India	State Bank of India Local Head Office, Poojappura, Trivandrum	21-Aug-2015
<b>Shri K Vatsakumar</b> Deputy General Manager Small Industries Development Bank of India	SIDBI, Finance Tower, 2nd Floor, Kaloor Kochi - 682017	22-Aug-2015
<b>Smt. Santha Varkey</b> Senior Divisional Manager LIC of India	LIC of India, Pattom Thiruvananthapuram (Office): 0471-2541631, 2540851 (Fax): 0471-2541405	25-June-2016

Sri.E.K. Harikumar	Elacode House, Manali, Moongode, Peyad.P.O, Thiruvananthapuram	11-Sep -2017
<b>Sri.Anil Kumar Parameswaran Chartered Accountant</b>	TC 2/219(1), SNRA-5, Saphalya Nagar, Kesavadasapuram, Pattom P.O Thiruvananthapuram	11-Sep -2017

\* Corporation to disclose name of the current directors who are appearing in the RBI defaulter list and/or ECGC default list, if any. **NONE**

**i. Details of change in directors since last three years:**

Name, Designation	Date of Appointment / Resignation
Shri Joy Oommen, IAS (Rtd) , Chairman and Managing Director, KFC	23.02.13 – 31.05.16
Shri. Premnath Ravindranath , Managing Director(i/c), KFC	31.05.16 – 17.08.16 18.11.17- 23.01.18
Shri M G Rajamanickam Managing Director, KFC	18.08.16 – 18.11.17
Sri R K Sinha, IAS Secretary(Finance & Expenditure)	12.12.12 – 21.08.15
Shri B Srinivas, IAS Principal Secretary (Finance Expenditure)	21.08.15 – 28.09.16
Shri Kamla Vardhana Rao,IAS Principal Secretary (Finance Expenditure)	29.09.16 – 23.03.17
Shri. Teeka Ram Meena IAS Principal Secretary (Finance Expenditure)	23.03.17 – 28.09.17
Sri K S Srinivas, IAS  Special secretary( Industries & IP)	09.09.10 – 21.08.15
Shri. P.M. Francis, IAS(Rtd)	21.08.15-28.09.17
Shri Ram Nath Chief General Manager, SIDBI, Mumbai	27.09.14 – 11.04.16
Shri Anadi Charan Sahu Chief General Manager, SIDBI, Mumbai	06.09.13 - 21.08.15 12.04.16 – 24.07.16
Shri M S Shaji Senior Divisional Manager,LIC	16.06.14 – 24.06.16
Shri K Ponnachan , Advocate	04.06.13 – 22.03.16

Smt Premilla V Nair, Chartered Accountant	26.09.11 – 10.09.17
Sri S Chandrasekharan General Manager (Treasury) SBT	21.08.12 – 21.08.15

C. Following details regarding the auditors of the Corporation:-

**i. Details of the auditor of the Corporation:-**

Name	Address	Remarks
<b>M/s. JAKS Associates</b>	TC 6/686(3), Vattiyoorkavu PO: Thiruvananthapuram- 695013, Kerala Mob: 9447123625	Statutory Auditor for FY 2014- 15 ,FY 2015-16, FY 2016-17 and FY 2017-18

**ii. Details of change in auditor since last three years:-**

Name	Address	Date of Appointment / Resignation	Auditor of the Corporation since (in case of resignation)	Remarks
M/S Kumar & Biju Associates	'CHORUS' F-1, KOCHAR ROAD SASTHAMANGALAM P O TRIVANDRUM – 695 010 Phone: (0471) 2725830, Fax: (0471) 2722996	19.07.2013- 30.07.2014	-	-

**G . Details of borrowings of the Corporation, as on the latest quarter end:-**

**I. Details of Secured Loan Facilities ( as on 31.12.2017):-**

Lenders Name	Type of Facility	Amount Sanctioned ( in lacs)	Principal Amount outstanding (in lacs)	Repayment Date / Schedule ( In lacs)	Security
Federal Bank	Term Loan	10000	2,604.21	Monthly repayment in 5 years with 15 months moratorium	Hypothecation of receivables
South Indian Bank	Term Loan	10000	9,687.50	Quarterly repayment in 5 years with 15 Months moratorium	Hypothecation of receivables
Indian Bank	Term Loan	30000	13,999.68	Quarterly repayment in 6 years with 1 year moratorium	Hypothecation of receivables
SBI Kowdiar	Term Loan	30000	14,971.31	Yearly Repayment in 7 Years with 1 year	Hypothecation of receivables

				moratorium	
Canara Bank	Term Loan	75000	43,115.38	Quarterly repayment in 5 years with 15 Months moratorium	Hypothecation of receivables
Andhra Bank	Term Loan	20000	22,999.93	Quarterly repayment in 6 years with 1 year moratorium	Hypothecation of receivables
South Indian Bank	Short Term Loan	10000	10,000.00	Roll over loan from overdraft	Hypothecation of receivables
Vijaya Bank	Term Loan	10000	2,500.00	Quarterly repayment in 6 years with 1 Year moratorium	Hypothecation of receivables
Federal Bank	Short Term Loan	5000	5,000.00	Rollover loan from Overdraft 30.06.2018	Hypothecation of receivables
Federal Bank	Overdraft		8,603.66	Running Account	

**II. Details of Unsecured Loan Facilities: NIL**

**III. Details of NCD as on 31.12.17 (including the current issue) :-**

Debenture Series	Tenor/ Period of Maturity	Coupon	Amount	Date of allotment	Redemption Date/ Schedule	Credit Rating	Secured/ Unsecured
1/2011	10 Years	9.99%	200 cr.*	28-12-2011	25% every year at the end of 4 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> & 7 <sup>th</sup> year on 27-12-2015, 27-12-2016, 27-12-2017 & 27-12-2018.	A-(SO) from Brickwork Rating Agency	Unsecured
1/2013	10 Years	8.72%	200 cr.	07-06-2013	25% every year at the end of 7 <sup>th</sup> , 8 <sup>th</sup> , 9 <sup>th</sup> & 10 <sup>th</sup> year on 06-12-2020, 06-12-2021, 06-12-2022 & 06-12-2023.	A-(SO) from Brickwork Rating Agency	Unsecured
1/2014	10 Years	9.15%	200 Cr	30-10-2014	25% every year at the end of 7 <sup>th</sup> , 8 <sup>th</sup> , 9 <sup>th</sup> & 10 <sup>th</sup> year on 30-10-2021, 30-10-2022, 30-10-2023 & 30-10-2024	A-(SO) from Brickwork Rating Agency	Unsecured
1/2016	7 Years	8.90%	250 Cr	09-05-2016	25% every year at the end of 4 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> & 7 <sup>th</sup> year on 09-05-2020, 09-05-2021, 09-05-2022 & 09-05-2023.	AA(SO) from Brickwork Rating Agency & AA(SO) provisional from SMERA	Secured

2/2017	7 years	TBD	250cr	9-02-2018	25% every year at the end of 4 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> & 7 <sup>th</sup> year on 09-03-2022, 09-03-2023, 09-03-2024 & 09-03-2025	AA(SO) from Brickwork Rating Agency & AA(SO) provisional from SMERA	Secured
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\* Rs. 50 crore each has been redeemed in Dec 15, Dec 16 and Dec 17 by exercising call option and balance Rs.50 crore will be redeemed in Dec 18 in full.

### III. List of Top 10 debenture Holders (as on 31.12.2017):

#### Top 10 Bond holders

Sr. No	Name of Bond Holder	No. of Bonds
1	FOOD CORPORATION OF INDIA CPF TRUST	1047
2	CANARA BANK (EMPLOYEES) PENSION FUND	900
3	TRUSTEES GEB'S C P FUND	571
4	UNITED INDIA INSURANCE COMPANY (EMPLOYEES) PENSION FUND	450
5	CANARA BANK STAFF PROVIDENT FUND	330
6	CANARA BANK EMPLOYEES GRATUITY FUND	300
7	APTRANS CO PROVIDENT FUND TRUST	251
8	TRUSTEES HINDUSTAN STEEL LIMITED CONTRIBUTORY PROVIDENT FUND	250
9	HAL (BC) PROVIDENT FUND TRUST	245
10	B E S AND T UNDERTAKING PF	210

- IV. The amount of corporate guarantee issued by the Issuer along with name of the counterparty (like name of the subsidiary, JV entity, group Corporation, etc) on behalf of whom it has been issued. NIL
- V. Details of Commercial Paper:- The total Face Value of Commercial Papers Outstanding as on the latest quarter end to be provided and its breakup in following table:- NIL
- VI. Details of Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures/Preference Shares) as on :- NIL
- VII. Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Corporation, in the past 5 years: NIL

VII. Details of any outstanding borrowings taken / debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount or (iii) in pursuance of an option: NIL

#### **H. Details of Promoters of the Corporation**

##### **i. Details of Promoter Holding in the Corporation as on the latest quarter end December'17:-**

S.N o.	Name of Shareholders	Total No. of Equity Shares	No. of shares in demat form	Total Shareholding as % of total no. of equity shares	No. of Shares Pledged	% of Shares pledged with respect to shares owned
1	Govt. of Kerala	21562937	-	97.19 %	-	-
2	SIDBI	613327	-	2.76 %	-	-
3	LIC	7103	-	0.03%	-	-
4	SBT	2099	-	0.01%	-	-
5	Others	962	-	0.01%	-	-

I. Abridged Version of Audited consolidated (wherever available) and Standalone Financial Information (like Profit & Loss statement, Balance Sheet and Cash Flow State) for at least last three years and auditor qualifications, if any.

##### **i. Audited balance sheet as on 31.03.2017**

*Rs. In Lakhs*

Particulars		Note No.	As at 31.03.2017	As at 31.03.2016
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
1	Shareholders' funds			
	(a) Share capital	1	22186.43	22186.43
	(b) Reserves and surplus	2	20894.10	20266.07
	(c) Money received against share capital		464.00	464.00
3	Non-current liabilities			
	(a) Long-term borrowings	3	161146.10	138038.31
	(b) Deferred tax liabilities (net)		535.76	618.21
	(c) Long-term provisions	4	12836.96	12836.96
4	Current liabilities			
	(a) Short-term borrowings	5	42633.29	53217.88
	(b) Other current liabilities	6	4615.53	3611.32
	(d) Short-term provisions	7	7904.92	7605.11
		<b>TOTAL</b>	<b>273217.09</b>	<b>258844.30</b>
<b>B</b>	<b>ASSETS</b>			
1	Non-current assets			
	(a) Fixed Assets	8	436.87	460.87
	(b) Non-current investments	9	49.50	49.50
	(c) Other non-current assets	10	200660.87	189693.67

2	Current assets			
	(a) Current investments	11	2016.50	925.00
	(b) Cash and cash equivalents	12	1166.91	612.49
	(c) Other current assets	13	68886.44	67102.77
3	Significant Accounting policies and Notes to Accounts	19		
		<b>TOTAL</b>	<b>273217.09</b>	<b>258844.30</b>

**Audited Statement of Profit and Loss for the year ended 31.03.2017**

*Rs .in Lakhs*

Particulars		Note No.	for the Year Ended 31.03.2017	for the year ended 31.03.2016
<b>A</b>	<b>CONTINUING OPERATIONS</b>			
1	Revenue from operations	14	35606.98	30526.14
2	Other income	15	865.52	321.29
3	Total revenue		36472.50	30847.43
4	Operating Expenses			
	(a) Interest expenses	16	20073.91	16900.83
	(b) Employee benefits expense	17	2863.48	2701.37
	(c) Administrative Expenses	18	502.80	522.83
	(d) Depreciation and amortisation expense		184.37	128.90
	(e) Bad debts written off		12061.12	5866.99
	Total expenses		35685.68	26120.92
5	Operating Profit before exceptional and extraordinary items and tax		786.82	4726.51
6	Add/Less Extra ordinary items		0	0
7	Operating Profit After exceptional and extraordinary items and tax		786.82	4726.51
8	Less: (a) Provision for Bad and Doubtful debts		0	2691.72
9	Profit before tax		786.82	2034.79
10	Tax expense:			
	Less: Current tax expense - (a) Provision for Income Tax		299.80	1085.37
	(b) Provision for Deferred Tax		-82.45	416.69
<b>B</b>	<b>Discontinuing operations</b>		0	0
11	Net Profit after tax for the period		569.47	532.73
12	Earnings per share (Equity shares of Rs 100/- each):			
	(a) Basic		2.83	2.40
	(b) Diluted		2.77	2.35
<b>C</b>	<b>Profit and loss appropriation</b>			
	Balance in Profit & Loss A/c b/f		8778.59	8575.72
	Net Profit for the year		569.47	532.73

Total profit available for appropriation		9348.06	9108.45
Add: Prior Period Income		58.56	0
Less: Dividend Tax Short Provision			8.46
Total		9406.62	9099.99
Less: Appropriations			
Transfer to Reserve u/s 36 (1) (viii)		63.12	321.40
Balance Profit after appropriations		9343.50	8778.59
Balance Profit carried to Balance sheet		9343.50	8778.59

## Audited Cash flow Statement for the year ended 31.03.2017

Rs.in Lakhs

PARTICULARS	For the year ended 31.03.2017	For the year ended 31.03.2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxes	786.82	2034.79
Prior Period Income	58.56	0
Dividend Received	-2.18	-2.18
Interest received on Fixed Deposits	-399.41	-24.87
Depreciation on fixed assets	184.37	128.90
Provision for Non-Performing Assets	0	2691.72
Profit/Loss on sale of fixed assets	1.18	-0.96
Interest and other costs of Non-SLR Bond	7411.20	5979.49
Adjustment for changes in operating assets and liabilities		
Increase in Loans and advances	-7392.24	-36200.89
Increase in borrowings from banks and SIDBI	-7476.79	39434.69
Increase in other non-current assets	-301.05	-102.71
Decrease in other current assets	242.40	-1784.87
Increase in current liabilities	1004.21	406.96
Less: Income tax paid	-300.00	-2540.00
Net cash from operating activities	-6182.93	10020.07
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-163.05	-153.06
Sale of fixed assets	1.51	15.72
Dividend Received	2.18	2.18
Capital expenditure on assets work in progress	0	-1.98
Net cash used in investing activities	-159.36	-137.14
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Non SLR Bond	25000.00	0
Redemption of Non-SLR Bond	-5000.00	-5000.00
Interest and other costs of Non-SLR Bond	-7411.20	-5979.49
Interest Received on Fixed Deposits	399.41	24.87
Term Deposit with Banks	-5000.00	0
Short Term Deposit with Banks	-1091.50	0

Dividend paid	0	-674.06
Dividend tax paid	0	-127.03
Net cash used in financing activities	6896.71	-11755.71
Net increase in cash and cash equivalents	554.42	-1872.78
Cash and cash equivalents at the beginning of the year	612.49	2485.27
Cash and cash equivalents at the end of the year	1166.91	612.49

Audited balance sheet as on 31.03.2016

*Rs. In Lakhs*

Particulars		Note No.	As at 31.03.2016	As at 31.03.2015
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
1	Shareholders' funds			
	(a) Share capital	1	22186.43	22186.43
	(b) Reserves and surplus	2	20266.08	19741.81
	(c) Money received against share capital		464.00	464.00
2	Non-current liabilities			
	(a) Long-term borrowings	3	166342.57	140857.77
	(b) Deferred tax liabilities (net)		618.21	201.52
	(c) Long-term provisions	4	12836.95	10145.23
3	Current liabilities			
	(a) Short-term borrowings	5	24913.62	15963.74
	(b) Other current liabilities	6	3611.32	3204.35
	(d) Short-term provisions	7	7605.12	7312.38
	<b>TOTAL</b>		<b>258844.30</b>	<b>220077.23</b>
<b>B</b>	<b>ASSETS</b>			
1	Non-current assets			
	(a) Tangible Assets	8	460.87	339.50
	(b) Non-current investments	9	49.5	49.50
	(c) Other non-current assets	10	2195.83	2203.10
2	Loans and Advances	11	240019.20	203818.32
3	Current assets			
	(a) Current investments	12	925.00	1000.00
	(b) Cash and cash equivalents	13	612.49	2485.27
	(c) Other current assets	14	14581.41	10181.54
4	Significant Accounting policies and Notes to Accounts	20		
	<b>TOTAL</b>		<b>258844.30</b>	<b>220077.23</b>

Particulars		Note No.	for the year ended 31.03.2016	for the year ended 31.03.2015
<b>A</b>	<b>CONTINUING OPERATIONS</b>			
1	Revenue from operations	15	30526.14	28455.63
2	Other income	16	321.28	250.61
<b>3</b>	<b>Total revenue</b>		<b>30847.42</b>	<b>28706.24</b>
4	Operating Expenses			
	(a) Interest expenses	17	16900.83	14370.90
	(b) Employee benefits expense	18	2701.37	2595.20
	(c) Administrative Expenses	19	522.82	526.98
	(d) Depreciation and amortisation expense		128.90	53.05
	(e) Bad debts written off		5866.99	4279.55
	<b>Total expenses</b>		<b>26120.91</b>	<b>21825.68</b>
5	Operating Profit before exceptional and extraordinary items and tax		4726.51	6880.56
6	Add/Less Extra ordinary items		0	0
7	Operating Profit After exceptional and extraordinary items and tax		4726.51	6880.56
8	Less: (a) Provision for Bad and Doubtful debts		2691.72	3811.20
	(b) Provision for Diminution in value of Investment		0	66.00
<b>9</b>	<b>Profit before tax</b>		<b>2034.79</b>	<b>3003.36</b>
10	Tax expense:			
	Less: Current tax expense - (a) Provision for Income Tax		1085.37	1770.71
	(b) Provision for Deferred Tax		416.69	-204.23
<b>B</b>	<b>Discontinuing operations</b>		0	0
<b>11</b>	<b>Net Profit after tax for the period</b>		<b>532.73</b>	<b>1436.89</b>
12	Earnings per share (Equity shares of Rs 100/- each):			
	(a) Basic		2.40	6.48
	(b) Diluted		2.35	6.41
<b>C</b>	<b>Profit and loss appropriation</b>			
	Balance in Profit & Loss A/c b/f		8575.73	9196.86
	Net Profit for the year		532.73	1436.88
	Total profit available for appropriation		9108.46	10633.74
	Less: Dividend Tax Short Provision		8.46	0
	Total		9100.00	10633.74
	Less: Appropriations			
	Proposed Dividend		0	665.59
	Provision for Dividend tax		0	127.04
	Transfer to Reserve u/s 36 (1) (viii)		321.40	1265.38
	Balance Profit after appropriations		8778.60	8575.73

## Audited Cash flow Statement for the year ended 31.03.2016

Rs. In Lakhs

PARTICULARS	For the year ended 31.03.2016	For the year ended 31.03.2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxes	2034.79	3003.36
Depreciation on fixed assets	128.90	53.05
Provision for diminution in the value of investments	0	66.00
Provision for Non Performing Assets	2691.72	3387.97
Profit on sale of fixed assets	-0.96	-0.67
Interest and other costs of Non-SLR Bond	5979.49	5091.80
Adjustment for changes in operating assets and liabilities		
Increase in Loans and advances	-36200.89	-23781.00
Increase in borrowings from banks and SIDBI	39434.69	-455.47
Increase in other non-current assets	-102.72	-213.46
Increase in other current assets	-1784.85	594.72
Increase in current liabilities	406.96	748.38
Less: Income tax paid	-2540.00	-1375.00
Net cash from operating activities	10047.13	-12880.31
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-153.06	-72.02
Sale of fixed assets	15.72	1.29
Capital expenditure on assets work-in-progress	-1.98	-59.51
Net cash used in investing activities	-139.32	-130.23
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Advance to share capital from Government of Kerala	0	250.00
Issue of Non-SLR Bond	0	20000.00
Redemption of Non-SLR Bond	-5000.00	0
Interest and other costs of Non-SLR Bond	-5979.49	-5091.80
Dividend paid	-674.06	-1059.87
Dividend tax paid	-127.04	-180.12
Net cash from financing activities	-11780.59	13918.21
Net increase in cash and cash equivalents	-1872.78	907.67
Cash and cash equivalents at the beginning of the year	2485.27	1577.61
Cash and cash equivalents at the end of the year	612.49	2485.27

Audited Balance Sheet as at 31.03.2015

Particulars		As at 31.03.2015	As at 31.03.2014
		Rs. In lacs	Rs. In lacs
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		
<b>1</b>	<b>Shareholders' funds</b>		
(a)	Share capital	22,186.43	21,197.30
(b)	Reserves and surplus	19,741.81	19,083.35
(c)	Money received against share capital	464.00	1,203.13
<b>2</b>	<b>Share application money pending allotment</b>	-	-
<b>2</b>	<b>Non-current liabilities</b>		
(a)	Long-term borrowings	140,857.77	117,808.97
(b)	Deferred tax liabilities (net)	201.52	405.75
(c)	Long-term provisions	8,979.34	5,591.37
<b>3</b>	<b>Current liabilities</b>		
(a)	Short-term borrowings	15,963.74	19,468.00
(b)	Other current liabilities	4,370.24	3,621.87
(c)	Short-term provisions	7,312.38	5,989.02
	<b>TOTAL</b>	<b>220,077.23</b>	<b>194,368.76</b>
<b>B</b>	<b>ASSETS</b>		
<b>1</b>	<b>Non-current assets</b>		
(a)	Tangible Assets	339.50	321.16
(b)	Non-current investments	49.50	101.29
(c)	Other non-current assets	2,203.10	1930.13
<b>2</b>	<b>Loans and Advances</b>	<b>203,818.3</b>	<b>180037.32</b>
<b>3</b>	<b>Current assets</b>		
(a)	Current investments	1,000.00	1000.00
(b)	Cash and cash equivalents	2,485.27	1577.61
(c)	Other current assets	10,181.5	9401.25
<b>4</b>	Significant Accounting policies and Notes to Accounts		
	<b>TOTAL</b>	<b>220,077.2</b>	<b>194,368.76</b>

Particulars		For year ended 31.03.2015	For year ended 31.03.2014
		Rs. In Lacs	Rs. In Lacs
<b>A</b>	<b>CONTINUING OPERATIONS</b>		
1	Revenue from operations	28,455.63	24,385.67
2	Other income	250.61	387.19
3	<b>Total revenue</b>	<b>28,706.24</b>	<b>24,772.86</b>
4	<b>Operating Expenses</b>		
	(a) Interest expenses	14,370.90	10,867.77
	(b) Employee benefits expense	2,595.20	2,354.78
	(c) Administrative Expenses	526.98	574.44
	(d) Depreciation and amortisation expense	53.05	64.580
	(e) Bad debts written off	4,279.55	4,138.60
	<b>Total expenses</b>	<b>21,825.68</b>	<b>18,000.17</b>
5	<b>Operating Profit before exceptional and extraordinary items and tax</b>	<b>6,880.56</b>	<b>6,772.69</b>
6	Add: Prior Period Income	0.00	247.95
7	<b>Operating Profit After exceptional and extraordinary items and tax</b>	<b>6,880.56</b>	<b>7,020.64</b>
8	Less: (a) Provision for Bad and Doubtful debts	3,811.20	1,310.71
	(b) Provision for Diminution in value of Investment	66.00	-
9	<b>Profit before tax</b>	<b>3,003.36</b>	<b>5,709.93</b>
10	<b>Tax expense:</b>		
	Less: <b>Current tax expense</b> - (a) Provision for Income Tax	1,770.71	1,471.56
	(b) Provision for Deferred Tax	-204.23	104.61
<b>B</b>	<b>Discontinuing operations</b>		
12	<b>Earnings per share (Equity shares of Rs 100/- each):</b>		
	(a) Basic	6.48	19.50
	(b) Diluted	6.41	18.63
<b>C</b>	<b>Profit and loss appropriation</b>		
	Balance in Profit & Loss A/C B/f	9,196.86	7,657.62
	<b>Net Profit for the year</b>	<b>1,436.88</b>	<b>4,133.76</b>
	<b>Total profit available for appropriation</b>	<b>10,633.74</b>	<b>11,791.38</b>
	Less: Appropriations		
	Proposed Dividend	665.59	1,059.86
	Provision for Dividend tax	127.04	180.12
	Transfer to Reserve u/s 36 (1) (viii)	1,265.38	1,354.54
	Balance Profit after appropriations	<b>8,575.73</b>	<b>9,196.86</b>
	Less: Prior Period Adjustments	-	-

	Balance Profit carried to Balance sheet	8,575.73	9,196.86
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IV.

Audited Cash flow statement for the year ended 31.03.2015		Rs. In Lacs	
Particulars		For the year ended 31.03.2015	For the year ended 31.03.2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit before taxes	3,003.36	5,709.93	
Depreciation on fixed assets	53.05	64.58	
Provision for diminution in the value of investments	66.00	-	
Provision for Non-Performing Assets	3,387.97	1,310.71	
Profit on sale of fixed assets	(0.67)	(3.56)	
Interest and other costs of Non-SLR Bond	5,091.80	3,789.49	
<b>Adjustment for changes in operating assets and liabilities</b>			
Increase in Loans and advances	(23,781.00)	(39,894.36)	
Decrease in borrowings from banks and SIDBI	(455.47)	17,713.58	
Increase other non-current assets	(213.46)	(383.74)	
Decrease in other current assets	594.72	408.54	
Increase in current liabilities	748.38	286.06	
Less Income tax paid	(1,375.00)	(3,474.55)	
<b>Net cash used in operating activities</b>	<b>(12,880.31)</b>	<b>(14,473.32)</b>	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	(72.02)	(50.87)	
Sale of fixed assets	1.29	7.40	
Capital expenditure on assets work in progress	(59.51)	(88.23)	
<b>Net cash used in investing activities</b>	<b>(130.23)</b>	<b>(131.69)</b>	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Advance to share capital from Government of Kerala	250.00	214.00	
Issue of Non-SLR Bond	20,000.00	20,000.00	
Interest and other costs of Non-SLR Bond	(5,091.80)	(3,789.49)	
Dividend paid	(1,239.99)	(1,971.01)	
<b>Net cash from financing activities</b>	<b>13,918.21</b>	<b>14,453.50</b>	
<b>Net increase in cash and cash equivalents</b>	<b>907.67</b>	<b>(151.52)</b>	
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,577.61</b>	<b>1,729.13</b>	
<b>Cash and cash equivalents at the end of the year</b>	<b>2,485.27</b>	<b>1,577.61</b>	

- J. Abridged version of Latest Audited/Limited Review Half Years consolidated (Wherever available) and Standalone Financial Information (like Profit & Loss Statement, and Balance Sheet) and auditors qualifications, Given Above
- K. Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Issuer/promoters, tax litigations resulting in material liabilities, corporate restructuring event etc) at the time of issue which may affect the issue or the investor's decision to invest/continue to invest in the debt securities.

**NIL**

- L. The name of the debenture trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given his consent to the Issuer for his appointment under regulation 4 (4) and in all the subsequent periodical communications sent to the holders of debt securities.

**Enclosed in the Annexure**

- M. The detailed rating rationale (s) adopted (not older than one year on the date of opening of the issue)/credit rating letter issued (not older than one month on the date of opening of the issue) by the rating agencies shall be disclosed.

**Enclosed in the Annexure**

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

**NA**

- O. Copy of consent letter from the Debenture Trustee

**Enclosed in the Annexure**

- P. Names of all the recognized stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange.

**Proposed to be listed in Bombay Stock Exchange (BSE).**

**Summary term sheet:**

Security Name	8.69 % Kerala Financial Corporation Bonds 2025.
Issuer	Kerala Financial Corporation
Type of Instrument	Secured, Rated , Listed, Redeemable, Taxable, Non-Convertible Debentures
Nature of Instrument	Secured with charge of 1.25 times of the issue size against the receivables.
Seniority	Senior
Mode of Issue	Private Placement
Eligible Investors	<ul style="list-style-type: none"> <li>a. Individuals.</li> <li>b. Companies and Bodies Corporate</li> <li>c. Commercial Banks</li> <li>d. Primary Urban Co-operative Banks</li> <li>e. Regional Rural Banks (RRBs)</li> <li>f. Financial Institutions and Mutual Funds</li> <li>g. Insurance Companies</li> <li>h. Non-Banking Finance Companies and Residuary Non Banking Finance Companies</li> <li>i. Provident Funds, Superannuation Funds, Pension Funds and Gratuity Funds</li> <li>j. Charitable and Religious Trusts, Port Trusts</li> <li>k. Co-operative Societies &amp; Institutions</li> </ul>
Listing ( including name of Stock Exchange where it will be listed and timeline of	Bombay Stock Exchange
Rating of the Instrument	'AA(SO)' by Brickworks Rating Agency Pvt. Ltd. & 'AA (SO)' provisional by SMERA Ratings
Issue Size	Rs. 125 Cr plus green shoe option of Rs. 125crs
Objects of the Issue	To Augment resources for KFC's operations
Details of Utilization of the proceeds	As Above
Coupon Rate	8.69 %p.a. payable semi annually
Step Up / Step Down Coupon Rate	Not Applicable
Coupon Payment Frequency	Semi Annual
Coupon Payment Dates	4 <sup>th</sup> October & 4 <sup>th</sup> April every year till redemption
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc)	Not Applicable
Day Count Basis	Actual/Actual
Interest on Application Money	From the date of credit of amount into KFC's account through cheque/ DD/ RTGS till one day prior to the date of allotment
Default Interest rate	Additional interest rate of 2% over the coupon rate for the defaulting period.
Tenor	7 years with 4 subseries namely A, B, C and D. Each Subseries amounting to 25% of issue size, separately tradable and redeemable at the end of 4 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> & 7 <sup>th</sup> year respectively.
Redemption Date	Script A - At the end of 4 <sup>th</sup> year Script B – At the end of 5 <sup>th</sup> year Script C – At the end of 6 <sup>th</sup> year Script D – At the end of 7 <sup>th</sup> year
Redemption Amount	At Par
Redemption Premium / Discount	Nil
Issue Price	At Par

Discount at which security is issued and the effective yield as a result of the such discount	Not Applicable
Put Option Date	NA
Put Option Price	NA
Call Option Date	NA
Call Option Price	NA
Put Notification Time	NA
Call Notification Time	NA
Face Value	Rs 10 lakhs per instrument for all the issues Each bond of Rs. 10,00,000 will be further divided into 4 STRIPS; A, B, C & D of face value Rs. 2,50,000 each. Hence we have total 2500 Bonds of face value of Rs.10,00,000/- each comprising of 10,000 STRIPS of face value Rs. 2,50,000each.
Minimum Application and in multiples of one bond thereafter	One Bond & in multiples of one bond thereafter
Issue Timing 1. Issue Bidding Date 3. Pay in Date 4. Deemed Date of Allotment	28 <sup>th</sup> March 4 <sup>th</sup> April 4 <sup>th</sup> April
Interest Payment Dates	every year till redemption (4 <sup>th</sup> October & 4 <sup>th</sup> April)
Issuance mode of the Instrument	Demat only (for private placement)
Trading mode of the Instrument	Demat only (for private placement)
Settlement Mode of the Instrument	Demat only (for private placement)
Depository	NSDL/CDSL
Business Day Convention	Means a day (other than a Sunday or a Kerala Govt. /Bank holiday) on which banks are open for general business in Kerala. If the due date for payment falls on a day that is not a Business Day, then the due date in respect of such payment shall be succeeding Business Day of the Issuer.
Record Date	15 Days prior to each coupon payment / Redemption Date
Transaction Documents	Information Memorandum Debenture Trustee Agreement Agreement between Trustee & Issuer
Conditions Precedent to Disbursements	Nil.
Conditions Subsequent to Disbursements	Nil.
Events of Default	Delay in payment of interest and redemption of principal on the <u>Respective due dates.</u>
Provisions related to Cross Default Clause	Not Applicable
Roles & Responsibility of Debenture Trustee	To oversee and monitor the overall transaction for and on behalf of the Bond Holders.
Governing Law & Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing Indian Law. Any dispute arising thereon on any account whatsoever will be subject to the jurisdiction of the Honourable High Court of Kerala at Ernakulam only.

#### **WHO CAN APPLY**

Persons who have been addressed through a communication directly are only eligible to apply. No other person can apply. The bonds are eligible for investment by:

- a. Individuals.
- b. Companies and Bodies Corporate
- c. Commercial Banks
- d. Primary Urban Co-operative Banks
- e. Regional Rural Banks (RRBs)
- f. Financial Institutions and Mutual Funds
- g. Insurance Companies
- h. Non Banking Finance Companies and Residuary Non Banking Finance Companies

- i. Provident Funds, Superannuation Funds, Pension Funds and Gratuity Funds
- j. Charitable and Religious Trusts, Port Trusts
- k. Co-operative Societies & Institutions.

#### **Nomination Facility**

As per Section 109 A of the Companies Act, 1956, only individuals applying as sole applicant/Joint Applicant can nominate, in the prescribed manner, a person to whom his Bonds shall vest in the event of his death. Non-individuals including holders of Power of Attorney cannot nominate.

#### **DOCUMENTATION TO BE PROVIDED BY INVESTORS**

Investors need to submit the following documentation, along with the application form, as applicable in addition to documents under 'Know Your Customer (KYC) Guidelines-Anti Money Laundering Standards'

- Memorandum and Articles of Association/ Documents Governing Constitution
- Resolution authorizing investment.
- Certified True Copy of the Power of Attorney
- Specimen signatures of the authorized signatories duly certified by an appropriate authority.
- Proof of Income tax exemption certificate seeking exemption from Tax deducted at source from interest.

**BANKING DETAILS:**

All Application Forms, duly completed, together with cheque/ demand draft for the amount payable on application must be delivered before the closing of the issue to Kerala Finance Corporation.

The remittances can be made by way of electronic transfer of funds through RTGS mechanism as per following details:

**Name of the Bank**

**HDFC Bank Details:**

Account No. : 50200029577898  
Account Name : Kerala Financial Corp Series I 2018  
IFSC Code : HDFC0001596

**Federal Bank Details:**

Account No. : 10300200055822  
Account Name : Kerala Financial Corporation  
IFSC Code : FDRL0001030

**C. Terms of Offer**

a. Issue price

Issue of the Debentures of the face value of Rs.10,00,000/- (Rupees Ten Lakhs only) each, aggregating up to Rs. 250 Crores (Two hundred & fifty Crores only) on private placement basis at par. Each bond of Rs. 10,00,000 will be further divided into 4 STRIPS; A, B, C & D of face value Rs. 2,50,000 each. Hence we have total 2500 Bonds of face value of Rs.10,00,000/- each, comprising of 10,000 STRIPS of face value Rs. 2,50,000 each.

b. Deemed Date of Allotment

The deemed date of allotment is April 4<sup>th</sup>, 2018. All benefits related to the debentures will be available to the allottees from the deemed date of allotment

c. The Interest Payment dates are 4<sup>th</sup> October & 4<sup>th</sup> April every year till redemption

d. Authority for the Placement

The issue is made pursuant to sub section (1) of section 7 of SFCs Amendment Act 2000. The Board of Directors of KFC at its Meeting held on 03.07.2017, passed the resolution approving the borrowings through issue of private placement bonds upto Rs 500.00 Crores board on 28.09.17 authorized resource mobilization committee to make all decisions related to bond issue. Further, the Resource mobilization committee held on 02.02.2018, passed the required resolution approving the

borrowings through issue of private placement bonds upto Rs 250.00 Crores and to comply with the other formalities of the bond issue.

e. Security

Charge to be created on the receivables to the extent of 1.25 times of the issue size.

f. Debenture trustee

Catalyst Trustee has given their consent to act as Debenture trustee to this bond issue vide their letter dated 3rd February 2018

g. Record Date

Record date of interest shall be 15 days prior to each interest payment date, and 15 days prior to the date of maturity. Interest shall be paid to the person whose name appears as sole/first in the register of bondholders/beneficiaries position of the Depositories on record date.

Record date for the purpose of payment of redemption would be 15 days before the due date of payment of redemption of maturity proceeds. The persons acquiring the bonds by transfer should pay specific attention to the aforesaid Record dates.

Payment of interest/principal will be made to the registered first named bondholder as on the record date. If the bond has been transferred, the transferor(s) jointly with the transferee(s) shall notify the Corporation.

h. Maturity & Yield on Redemption

Redemption Date	Script A - At the end of 4 <sup>th</sup> year at par Script B – At the end of 5 <sup>th</sup> year at par Script C – At the end of 6 <sup>th</sup> year at par Script D – At the end of 7 <sup>th</sup> year at par
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i. MATERIAL CONTRACTS & DOCUMENT

A. MATERIAL CONTRACTS

The Copies of the contracts, agreements and documents, referred to below, may be inspected at the Registered Office of the Corporation between 10.00 a.m. to 12.00 noon on any working day until the date of closing of the issue.

Sr. No	Type of Contract / Material Document
1	Certified true copy of the resolution passed by the Board of Directors and Resource Mobilization Committee, for the issue of Bonds.
2	Credit rating Letter issued by Brickwork Ratings India Pvt. Ltd. & SMERA Ratings Ltd

3	Consent Letter from M/s. Catalyst Trusteeship Services Ltd as Bond/Debenture Trustee.
4	Consent Letter from M/s. Cameo Corporate Services Ltd., to act as Registrar & Transfer Agent.
5	Consent letter from HDFC bank and Federal Bank to act as Bankers to the issue

B. Documents

- (i) Credit Rating Letters for the current placement
- (ii) Board resolution approving the current private placement of bonds
- (iii) Consent letters of the registrar and the trustee of the Bond holders
- (iv) Consent letter of collecting bankers

j. ANY MATERIAL EVENT/ DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE OR SUBSEQUENT TO THE ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTOR'S DECISION TO INVEST / CONTINUE TO INVEST IN THE DEBT SECUTITIES.

The Corporation hereby declares that there has been no material event, development or change at the time of issue which may affect the issue or the investor's decision to invest/continue to invest in the debt/securities of the Corporation.

k. UNDERTAKING THAT THE ISSUER SHALL USE A COMMON FORM OF TRANSFER

The Corporation would be issuing the bonds in de-mat form. It shall use a common transfer form for physical holdings if at a later stage there is some holding in physical form due to the depository giving the re-materialization option to any investor.

I. INFORMATION RELATING TO THE TERMS OF OFFER OR PURCHASE.

1. PRESENT PLACEMENT

KFC proposes to raise Rs. 250 Crores through private placement of 2500 Bonds of face value of Rs.10,00,000/- each. Each bond of Rs. 10,00,000 will be further divided into 4 STRIPS; A, B, C & D of face value Rs. 2,50,000 each. Hence we have total 2500 Bonds of face value of Rs.10,00,000/- each comprising of 10,000 STRIPS of face value Rs. 2,50,000 each.

2. NATURE OF INSTRUMENT

Secure, Rated, Listed, Redeemable, Taxable and Non- Convertible Bonds in the form of debentures.

**3. GUARANTEE**

Not applicable

**4. FACE VALUE**

Each Bond shall have a face value of Rs. 10,00,000/- (Rupees Ten lacs only). Each bond of Rs. 10,00,000 will be further divided into 4 STRIPS; A, B, C & D of face value Rs. 2,50,000 each. Hence we have total 2500 Bonds of face value of Rs.10,00,000/- each comprising of 10,000 STRIPS of face value Rs. 2,50,000 each.

**5. CREDIT RATING**

BWR AA (SO) & SMERA AA (SO) has been assigned by M/s Brickwork Rating Agency Pvt. Ltd. And SMERA Ratings Ltd respectively

**6. LISTING**

The Bonds of the Corporation are proposed be listed on Bombay Stock Exchange Ltd. (BSE). The corporation shall comply with the requirements of the listing agreement. The in principle listing approval is to be received from BSE.

**7. BONDS TO BE ISSUED ONLY IN DEMATERIALISED FORM**

The Corporation has appointed Cameo Corporate Services Ltd. as Registrars & Transfer Agent for the present Bond Issue. The Corporation has made necessary depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for issue and holding of Bonds in dematerialized form. In this context the Corporation has entered into two tripartite agreements as under:

- a. Tripartite Agreement between KFC, Cameo Corporate Services Ltd. and National Securities Depository Limited (NSDL) for offering depository option to the investors.
- b. Tripartite Agreement between KFC, Cameo Corporate Services Ltd. and Central Depository Services (India) Limited (CDSL) for offering depository option to the investors.

Investors can hold the Bonds in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

- The applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application.
- The applicant must necessarily fill in the details, including the beneficiary account number and Depository Participant's ID in the Application Form.
- Bonds allotted to an applicant will be credited directly to the applicant's respective Beneficiary Account(s) with the DP.
- For subscribing the Bonds, names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.

- If incomplete/ incorrect details are given in the application form, it will be deemed to be an incomplete application and the same may be held liable for rejection at the sole discretion of the Corporation.
- For allotment of Bonds, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the application form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for losses, if any.
- It may be noted that Bonds being issued in electronic form, the same can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. Bombay Stock Exchange Limited where the Bonds of the Corporation are proposed to be listed has connectivity with NSDL and CDSL.
- Interest or other benefits would be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depositories to the Corporation as on Record Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date, the Corporation would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to the Corporation, whereupon the interest or benefits will be paid to the beneficiaries, as identified.

#### **8. UNDERWRITING**

The present issue is not underwritten.

#### **9. LETTER OF ALLOTMENT**

The beneficiary account of the investor(s) with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given initial credit within 02 days from the Date of Allotment. The initial credit in the account will be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to a Bond Certificate.

The bonds will be issued in electronic (dematerialized) form. It will be governed as per the provisions of The Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/ Depository Participant from time to time and other applicable laws and rules notified in respect thereof, if it is issued in dematerialized form.

#### **10. MINIMUM APPLICATION**

The application should be for a minimum of one bond.

#### **11. HOW TO APPLY**

The full face value of the Bond is payable on application. The application should be accompanied with the cheque(s)/ RTGS details, Demand draft(s) for the total amount of face value of Bonds applied for subscription. All applications for the bonds must be made in the prescribed form, and must be completed in block letters in English. The completed Application form along with cheque(s)/ RTGS details, Demand draft(s) for the requisite amount, and other necessary documents may either be submitted Kerala Finance Corporation or may be deposited directly with the Collecting Banker.

For detailed instruction, please see the enclosed Application Form.

**12. UNDERTAKINGS FROM THE ISSUER:**

KFC hereby undertakes:

- i) That the complaints received in respect of the issue shall be attended expeditiously and satisfactorily.
- ii) That all steps for completion of the necessary formalities and commencement of trading at BSE will be taken within 15 working days of finalization of the allotment of securities.
- iii) That KFC shall apply in advance for listing of the securities at BSE.
- iv) That the funds required for dispatch of refund orders/allotment letters/certificates by registered post shall be made available to the Registrar to the issue.
- v) That the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time, if eligible.
- vi) That no further issue of securities shall be made till the securities offered through this Information Memorandum are listed or till the application moneys are refunded on account of non-listing etc.
- vii) That KFC shall forward the details of utilization of the funds raised through the Bonds duly certified by the statutory auditors of KFC, to the Bond Trustees at the end of each half-year.
- viii) That KFC shall disclose the complete name and address of the Bond Trustee in the annual report.
- ix) That KFC shall provide a compliance certificate to the Bondholders (on yearly basis) in respect of compliance with the terms and conditions of issue of Information Memorandum as contained in the Information Memorandum, duly certified by the Bond Trustee.
- x) That necessary cooperation with the credit rating agency (ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.

**13. PAN/GIR NUMBER**

All the applicants should mention their Permanent Account Number (PAN) allotted under the IT Act or where the same has not been allotted, the GIR No and the Income Tax Circle/Ward/District. In case neither the PAN nor the GIR No has been allotted, or the Applicant is not assessed to income tax, the appropriate information should be mentioned in the space provided.

**14. SIGNATURES**

Signatures should be made in English or in any of the Indian Languages. If the signature is in any other language then it must be attested by an authorized official of a Bank or by a Magistrate/Notary Public under his/her official seal.

#### **15. INTEREST ON APPLICATION MONEY**

Successful applicants will be paid interest on their application money, at the coupon rate for the Bonds from the date of realization of cheque/DD/ RTGS by KFC up to one day prior to the Date of Allotment through NEFT/RTGS.

Interest at the coupon rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to all the applicants on the application money for the Bonds. The interest on application money will be computed on an Actual/Actual day basis.

Interest on application money will be paid through NEFT/RTGS. Income Tax as applicable will be deducted at source at the time of payment of interest on application money. Those desirous of claiming exemption from tax are required to submit a certificate issued by the income-tax officer concerned in form 15AA or submit Form 15G in duplicate as applicable along with the application form and PF Trusts/ superannuation trusts would be required to give Income Tax Recognition Certificate issued by the Income Tax Department.

Where the entire subscription amount has been refunded, the interest on application money will be paid along with the Refund Orders. Where an applicant is allotted lesser number of Bonds than applied for, the excess amount paid on application will be refunded to the applicant along with the interest on refunded money.

The interest cheque(s)/ demand draft(s) for interest on application money along with Refund Orders, in case of refund of application money, if any shall be paid through NEFT/RTGS by the Corporation within 7 days from the Date of Allotment

#### **16. ACKNOWLEDGEMENTS**

No separate receipts will be issued for the application money. However, Kerala Finance Corporation or the collecting banker receiving the duly completed Application Form will acknowledge receipt of the application by stamping and returning to the applicant the Acknowledgement slip at the bottom of each Application Form.

#### **17. AMENDMENT OF THE TERMS OF THE BONDS:**

KFC may amend the terms of the Bond(s) at any time by a resolution passed at a meeting of the bondholders with the consent of the bondholders holding in the aggregate more than 75% in nominal value of the Bonds outstanding.

#### **18. ALLOTMENT PROCEDURE**

Allotment will be made on day basis amongst such investors based on the credit given by the collecting banker. Subsequently, if the issue gets subscribed on any single day, mode of payment shall be the priority for allotment on proportionate basis. In case of over-subscription in the issue on the closing day, allotment would be done on a proportionate basis among the investors. The Corporation reserves the right to decide on the allotment suitably in case of over /under-subscription.

#### **19. BONDHOLDER NOT A SHAREHOLDER**

The Bondholders will not be entitled to any of the rights and privileges available to the shareholders. If, however, any resolution affecting the rights attached to the Bonds is placed before the members of the Corporation, such resolution will first be placed before the Bondholders for their consideration.

#### **20. CONSENTS**

Consents in writing from the Trustees to the Bondholders, Registrars and the Bankers to the Issue to act in their respective capacities have been obtained and none of them have withdrawn their consent up to the date of delivery of a copy of this Information Memorandum to the BSE.

#### **21. FORCE MAJEURE**

If the performance in whole or in part by the contract or any obligation under this contract is prevented or delayed by reasons of any eventuality for a period not exceeding 20 working days, the KFC may at its option to terminate this contract by notice in writing.

#### **22. MODIFICATION OF RIGHTS**

The rights, privileges, terms and conditions attached to the Bond may be varied, modified or abrogated with the consent, in writing, of those holders of the Bond who hold at least three fourth of the outstanding amount of the Bond or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the KFC where such consent or resolution modifies or varies the terms and conditions of the Bond, if the same are not acceptable to the KFC.

#### **23. INTEREST RATE**

The Bonds will carry interest at the coupon rate for tenure of 7 years, from the Deemed Date of Allotment. The interest will be paid from the Deemed Date of Allotment and thereafter is payable half yearly. The interest payable shall be calculated by multiplying the coupon rate by the principal amount, multiplying such product by actual number of days in the interest period concerned dividing by 365 (in case of leap year by 366 days). The day count convention is actual/actual basis.

**24. INTEREST PERIOD**

1. The first interest period is defined as the actual number of days falling between the Deemed Date of Allotment to the last day of the six month from that date including the first date and excluding the last date.
  
2. The last interest payment would be made on the redemption date along with the redemption of principal amount from the deemed date of allotment.

**25. PAYMENT OF INTEREST**

Interest for each of the interest periods shall be computed on an actual/365 days a year basis on the principal outstanding on the Bonds at the Coupon rate. If the interest period from start date to end date includes February 29, then interest shall be paid on the basis of 366 days basis.

Payment of interest/principal will be made to the registered first named bondholder as on the record date. If the bond has been transferred, the transferor(s) jointly with the transferee(s) shall notify the Corporation.

The final interest payment dates after the allotment of securities are 4<sup>th</sup> October & 4<sup>th</sup> April every year till redemption.

**26. PUT OPTION AND CALL OPTION**

NA

**TAX DEDUCTED AT SOURCE**

This being a Listed Issue in dematerialized form, no TDS will be deducted from the Interest Payment. However, for the Interest on application money, Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re- enactment thereof will be deducted at source. For seeking TDS exemption / lower rate of TDS relevant certificate/ document must be lodged by the applicants at the registered office of the Corporation along with the original application forms. Tax exemption certificate/ declaration of non-deduction of tax at source on interest on application money, should be submitted along with the application form. Failure to comply with the above shall entitle the Corporation to deduct tax at source as may be advised to it. TDS once deducted by Corporation and deposited with the Income Tax Department shall not be refunded by Corporation under any circumstances and the concerned Bondholders will have to seek refund of the amount from the Income Tax Department alone. Bondholder(s) should also consult their own tax advisers on the tax implications of the acquisition, ownership and sale of Bonds, and income arising thereon.

**27. REDEMPTION**

The face value of the Bonds will be divided in 4 strips A, B, C and D. Each Scrip will be redeemed at par at the end 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> year from the deemed date of allotment (dates given elsewhere in this document). The interest on the bonds will cease to accrue from the date of redemption. The Bonds held in the Dematerialized Form shall be taken as discharged on payment of the redemption amount by the Corporation on maturity to the registered Bondholders whose name appears in the Register of bondholders on the record date. Such payment will be a legal discharge of the liability of the Corporation towards the Bondholders. On such payment being made, the Corporation will inform NSDL/ CDSL and accordingly the account of the Bondholders with NSDL /CDSL will be adjusted.

#### **28. REGISTER OF BONDHOLDERS**

The Register of bondholders containing necessary particulars will be maintained by Finance Division in KFC at its Registered Office and all enquiries / correspondence relating thereto may be addressed to the compliance officer at registered office of the corporation

#### **29. SPLITTING AND CONSOLIDATION**

The request from the Registered Bondholders for split /consolidation of bond certificates will be handled by the R&T Agent as per procedures laid under the Depositories Act, 1996.

#### **30. REGISTRATION AND GOVERNMENT APPROVALS**

This present issue of Bonds is being made in accordance with extant guidelines for floatation of Bonds as amended from time to time. The KFC can undertake the activities proposed by it in view of the present approvals and no further approval from any government authority/(ies) is required by the KFC to undertake the proposed activities save and except those approvals which may be required to be taken in the normal course of business from time to time.

#### **31. RIGHT TO REPURCHASE/REPLACEMENT OF BOND(S)**

KFC shall have the power exercisable at its absolute discretion, from time to time, to repurchase from the open market, through market makers or otherwise at par, discount or premium, all or any of the Bonds at any time prior to the specified date of redemption. Such bonds may be cancelled (extinguished), held, resold or replaced. Where KFC purchases bonds, KFC shall have and shall be deemed always to have had the right to keep such Bonds alive for the purposes of resale or replace and in exercising such right, KFC shall have and deemed always to have had the power to resell or replace the same bonds or by issuing other bonds in lieu thereof.

### 32. SUCCESSION

In the event of the demise of the sole/ first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Corporation will recognize the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s). The Corporation shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Corporation may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond(s) standing in the name of the deceased

Where a non-resident Indian becomes entitled to the Bond by way of succession, the following steps have to be complied with:

- a. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the Bond was acquired by the NRI as part of the legacy left by the deceased holder.
- b. Proof that the NRI is an Indian National or is of Indian origin. Such holding by the NRI will be on a Non-repatriation basis.

### 33. FURTHER BORROWINGS

KFC will be entitled to borrow/raise loans or avail financial assistance in whatever form as also issue of debentures/bonds/ other securities in any manner having such ranking in priority, pari- passu or otherwise and change the capital structure including issue of shares of any class or redemption or reduction of any class of paid-up capital on such terms and conditions as KFC may think appropriate without the consent of or intimation to the bondholders.

### 34. RIGHT TO ACCEPT/ REJECT APPLICATIONS

The Corporation reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. Interest on application money will be paid from the date of realization of the cheque(s)/demand drafts(s) till one day prior to the date of refund. The application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

- i. Number of Bonds applied for is less than the minimum application size;
- ii. Applications exceeding the issue size;
- iii. Bank account details not given;
- iv. Details for issue of Bonds in electronic/ dematerialized form not given; PAN/GIR and IT Circle/Ward/District not given;
- v. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such

Bonds will be refunded.

**35. REGISTRATION OF TRANSFER**

Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Transfer of Bonds to and from NRIs/ OCBs, in case they seek to hold the Bonds and are eligible to do so, will be governed by the then prevailing guidelines of RBI. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Corporation.

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**36. PAYMENTS AT PAR**

Interest as well as the redemption amount, shall be paid through RTGS/ instruments payable at par.

**37. DESPATCH OF DOCUMENTS**

All the correspondence shall be dispatched by registered post to the address of the holder whose name appears first in the Register of Bond holders. This will be at the sole risk of the addressee.

**38. GOVERNING LAW**

The Bonds are governed by and shall be construed in accordance with the existing Indian Law. Any dispute arising thereof on any account whatsoever will be subject to the jurisdiction of Honourable High Court of Kerala at Ernakulam only.

**39. NOTICES**

All notices to the Bond holder(s) required to be given by KFC or by the Trustees shall be deemed to have been given if published in one English and one regional language daily newspaper or in KFC website, or may, at the sole discretion of KFC, but without any obligation, be sent to the Bonds holder(s) at the address stated in the Application Form, or at the address as notified by the Bonds holder(s) in due course. All notices to KFC by the Bonds holder(s) must be sent by registered post or

by hand delivery to KFC at its Head Office or to such person(s) at such address as may be notified by KFC from time to time.

#### 40. GENERAL

Over and above the aforesaid Terms and Conditions, the said Bonds shall be subject to the Terms and Conditions incorporated in the Application.

#### 41. SERVICING BEHAVIOR ON EXISTING DEBT SECURITIES, PAYMENT OF DUE INTEREST ON DUE DATES ON TERM LOANS AND DEBT SECURITIES.

There has been no delay in servicing of interest due.

#### 42. PERMISSION AND CONSENT FROM CREDITORS

The Corporation hereby confirms that it is entitled to raise money through current issue of Debentures without the consent/ permission/ approval from the Debenture holders/ Trustees/ Lenders/ other creditors of the Corporation.

#### 43. TRUSTEES OF THE BONDHOLDERS:

KFC has appointed Catalyst Trusteeship Ltd to act as Trustees to the Bondholders. KFC and the Trustees will enter into a Trustee Agreement, specifying inter alia, the powers, authorities and obligations of the Trustees and KFC. The bondholders shall, without further act or deed, be deemed to have irrevocably given their consent to the Trustees or any of their agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Trustees may in their absolute discretion deem necessary or require to be done in the interest of the bondholders. It is proposed that in terms of the agreement, the Trustees will endeavor to protect the interest of the bondholders, in the event of default in regard to timely payment of interest or repayment of principal by KFC. Any payment made by KFC to the Trustees on behalf of the bondholders shall discharge KFC of its obligations to the bondholders. No Bondholder shall be entitled to proceed directly against KFC unless the Trustees, having become so bound to proceed, fail to do so. A copy of letter from Catalyst Trusteeship Ltd conveying their consent to act as Trustee for the current issue of Bonds is enclosed elsewhere in this Disclosure Document.

#### 44. Structured Payment Mechanism:

- The semi-annual interest will be divided into two (the semi-annual portion of the interest/2) and each interest portion will be placed in specified instrument (from the main collection account) at the beginning of the third and fifth month and both will mature on the T-1day of the coupon payment date and credited directly to the designated escrow account from where the coupon amount will be paid.
- The payment of principal proportion will be brought in by KFC by T-7 days and the said amount will be placed in specified instrument with lien assigned to the debenture trustee which is to be utilized for principal redemption process and the maturity proceeds of the said FD will be credited directly to the designated escrow account

- At any point during the tenor of the bond issue the charge of 1.25 times of the bond issue will be maintained.
- At any point of time 20% of the principal outstanding will be maintained as cash collateral in specified instrument. This will be redeemed for the payment of last instalment of debt servicing.
- An amount equivalent to one semi-annual interest obligation of the outstanding bonds to be maintained by the issuer in the DSRA account on rolling basis. Issuer to create and fund DSRA account upfront in specified instrument.
- The issuer will be required to open a designated Escrow Account – KFC Bond Servicing account for the benefit and charged to debenture trustee
- **Specified Instrument** - The cash collateral, DSRA, investment as per structured payment mechanism, and funds in the escrow account till such time being utilized would be allowed to be invested in permitted investments-
  - Fixed deposits with Scheduled commercial banks with preferably AAA rating or AA rating
  - Investment in liquid mutual funds which have the highest possible investment grade rating
  - Central /State Govt securities (G Sec/T- Bills /SDL) or AAA/AA paper rated by two SEBI/RBI approved rating agency. These investments will be pledged in favour of debenture trustee
- The TRA/FD Account/investments shall not be discontinued / closed during the subsistence of the Trustee Agreement and/or until the entire Servicing of Bonds is completed, without the prior written approval of the Trustees.

#### **DRR creation - relevant regulations and applicability.**

KFC is a Public Financial Institution within the meaning of clause (72) of Section 2 of the Companies Act 2013. As per sub rule (7)(b)(i) &(ii) of Rule 18 of the Companies (Share Capital and Debentures) Rules 2014 issued by the Ministry of Corporate Affairs, vide its Gazette notification dated 31-03-2014 no DRR is required in the case of the Private Placement bonds issued.

#### **Computation and payment of Interest on bonds**

Interest for each of the interest periods shall be computed on Actual/Actual day convention on the outstanding bond amount at the coupon rate.

The interest payment is semia nnual. The due dates for payment of Interest will be 4<sup>th</sup> October & 4<sup>th</sup> April every year.

As per SEBI vide Circular no CIR/IMD/DF/18/2013 dated October 29, 2013 & SEBI Circular No CIR/IMD/DF-1/122/2016. Dated 11<sup>th</sup> November 2016 on “Issuances pertaining to primary debt securities” the cash flows emanating from the bond, i. e. computation and payment of interest and maturity/redemption(principal) on due dates have to be mentioned in the disclosure document by way of an illustration.

As per the abovementioned circular, if the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday

Accordingly, the following illustration is given.

(Rs. In Crs)

Face Value (In Rs)		1000000		With four equal sub series A, B, C, D of 4, 5, 6 & 7 year respectively				
Coupon		8.69%						
Year	Scheduled Interest Payment Dates	No. of Days	Day	Actual Interest Payment date	Interest Pay Out	Principal repayment	Series	Total Cash Flow
	4/4/2018							
1	10/4/2018	183	Thursday	04.10.18	43,569.04			43,569.04
	4/4/2019	182	Thursday	04.04.19	43,330.96			43,330.96
2	10/4/2019	183	Friday	04.10.19	43,450.00			43,450.00
	4/4/2020	183	Saturday	06.04.20	43,450.00			43,450.00
3	10/4/2020	183	Sunday	05.10.20	43,569.04			43,569.04
	4/4/2021	182	Sunday	05.04.21	43,330.96			43,330.96
4	10/4/2021	183	Monday	04.10.21	43,569.04			43,569.04
	4/4/2022	182	Monday	04.04.22	43,330.96	250000	Series A	293,330.96
5	10/4/2022	183	Tuesday	04.10.22	32,676.78			32,676.78
	4/4/2023	182	Tuesday	04.04.23	32,498.22	250000	Series B	282,498.22
6	10/4/2023	183	Wednesday	04.10.23	21,725.00			21,725.00
	4/4/2024	183	Thursday	04.04.24	21,725.00	250000	Series C	271,725.00
7	10/4/2024	183	Friday	04.10.24	10,892.26			10,892.26
	4/4/2025	182	Friday	04.04.25	10,832.74	250000	Series D	260,832.74

## Declaration

### Declaration

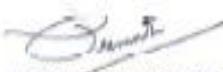
We hereby declare that this disclosure document contains the disclosure in accordance with all the relevant provisions of SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2008/13/127878 DATED JUNE 06, 2008, AS AMENDED BY SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2012 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2012-13/19/5392 DATED OCTOBER 12, 2012 AND CIR/IMD/DF/18/2013 DATED OCTOBER 29, 2013) AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) (AMENDMENT) REGULATIONS, 2014 ISSUED VIDE CIRCULAR NO. LAD-NRO/GN/2013-14/43/207 DATED JANUARY 31, 2014 and no statement made in this Information Memorandum is contrary to the provisions of the said regulations.

KFC also confirms that this disclosure document does not omit disclosure of any material fact, which may make the statements therein, in light of the circumstances under which they were made, misleading. The disclosure document also does not contain any false or misleading statement.

KFC accepts no responsibility for the statement made otherwise than in the disclosure document or in any other material issued by or at the instance of KFC and that anyone placing reliance on any other source of information may do so at his own risk.

Yours Faithfully,

For Kerala Financial Corporation



General Manager (I)

PREMNATH RAVINDRANATH  
General Manager

Office Seal

Place: Thiruvananthapuram  
Date: 14.02.2018



**Board Resolution**

Extract of Minutes of the 587<sup>th</sup> Board Meeting held at PGS Vedanta,  
Ernakulam, Kerala at 2PM on 03.07.2017

**4.4 Item No. 8 Resource Mobilisation – Reporting to Board-Reg**

**Non SLR Bond issue**

Board passed the following resolution in this regard.

"Board authorized MD to take all necessary actions for raising up to Rs.500 crore by issuing Non-SLR bonds during FY 2017-18 with credit enhancement structure depending on the coupon and market conditions and AA (SO) rating from any two credit rating agencies approved by RBI and SEBI".

*[Signature]*  
Executive Secretary

PRAKASH, V.S  
Executive Secretary  
Kerala Financial Corporation  
Thiruvananthapuram

- Extract of Minutes -

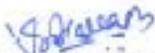


## Board Resolution for formulation of Resource Mobilization Committee

Extract of Minutes of the 588<sup>th</sup> Board Meeting held at  
The PGS Vedanta, Ernakulam at 11AM on 28.09.2017

7.3 Item No. 52 Resource Mobilization – Reg

**Non SLR Bond issue.** Board noted that MD has constituted a Resource Mobilisation Committee (RMC) for raising funds up to Rs.500 Crore by issuing Non SLR bonds during FY 2017-18 with credit enhancement structure without government guarantee depending on the coupon and market conditions and AA (SO) rating from any two credit rating agencies. Board authorised Resource Mobilisation Committee (RMC) to take all necessary steps for issuing and completing the formalities related to the Non-SLR bonds.

  
Executive Secretary

PRAKASH, V.S  
Executive Secretary  
Kerala Financial Corporation  
Thiruvananthapuram

- Extract of Minutes -



## Committee Resolution

### EXTRACT OF RESOLUTIONS APPROVED BY THE RESOURCE MOBILISATION COMMITTEE MEETING HELD ON 02.02.2018 at 11.30 am

- a. Resolved that the KFC is hereby authorized to mobilise funds through Private placement of bonds, KFC Bond Series-I/2017-18, to the tune of upto Rs.250.00 crore.
- b. Resolved that the bidding for the issue shall be done through Electronic book mechanism through BSE as EBP.
- c. Resolved further that M/s. Catalyst Trusteeship Ltd is hereby appointed to act as Trustee for the KFC Bond Series-I/2017-18.
- d. Resolved further that M/s. Cameo Corporate Services Ltd, is hereby appointed to act as Escrow Agent and Registrar and Transfer Agent for the KFC Bond Series-I/2017-18.
- e. Resolved further that M/s. HDFC Bank and M/s. Federal Bank are hereby appointed to act as Collection Bankers for the KFC Bond Series-I/2017-18.
- f. Resolved further that the General Manager- I be and is hereby authorized to accept the Terms and Conditions of Trustee, Escrow Agent, Registrar and Transfer Agent, Collecting Bankers, Bombay Stock Exchange and National Securities and Depository Ltd / Central Depository Services Ltd for mobilising funds through private placement of bonds (KFC Bond Series-I/2017-18) to the tune of upto Rs.250.00 crore and to make allotment of Bonds, within 15 working days from the date of closure of issue, to the respective investors who have subscribed in the KFC Bond Series-I/2017-18.
- g. Resolved further that the General Manager-I be and is hereby authorized to execute relevant agreement/documents in connection with the above proposed bond issue and listing with Bombay stock Exchange, obtaining DEMAT account with NSDL and CDSL, Trustee and Escrow Agent of the bond and Registrar and Transfer Agent for mobilising and above said bond issue.
- h. Resolved further that the Escrow Account of the proposed bond issue to be opened with M/s. HDFC Bank for disbursing the interest and redemption proceeds. The General Manager-I, be and is hereby authorized to open and operate the Escrow Account.
- i. Resolved further that the 'Allotment Advice' may be issued to the respective investors of the proposed bond issue after the issue closing date as per the Disclosure Document.
- j. Resolved further that General Manager -I be and is hereby authorized to do all the acts, deeds and things as may be necessary to give effect to the above resolution."

(/True Copy/)

  
PREMKUMAR PANDEY  
General Manager





SEBI Registered  
RBI Accredited  
NSIC Empanelled

BWR/NCD/HO/ERC/VI/0735/2017-18  
31 January 2018

The Managing Director,  
Kerala Financial Corporation  
Vellayambalam,  
Thiruvananthapuram - 695033, Kerala

Dear Sir,

**Sub: Rating of Kerala Financial Corporation's Proposed NCD issue of ₹ 250.00 Crs (INR Two Hundred and Fifty Crores Only) with a tenor up to 7 Years.**

Thank you for giving us an opportunity to undertake rating of Proposed NCD issue of Rs. 250.00 Crores of Kerala Financial Corporation. Based on the draft term sheet of the NCD shared with us, information and clarifications provided by your company, as well as information available in public sources, Brickwork Ratings is pleased to inform you that **Kerala Financial Corporation's Proposed NCD issue of ₹250.00 Crs** has been assigned a rating of **BWR AA(SO) [Pronounced BWR Double A (Structured Obligation)] (Outlook: Stable)**. Instruments with this rating are considered to have **high degree of safety** regarding timely servicing of financial obligations. Such instruments carry **very low credit risk**. Details of other outstanding ratings provided in Annexure.

The rating is subject to the terms of issue being in line with the draft provided to us and their compliance with the requisite terms of the issue, regulatory and legal requirements. On completion of the borrowing, please furnish executed transaction documents containing details of the issue such as date of issue, amount issued, interest rate, date of maturity, etc.

The Rating is valid for one year from the date of this letter and subject to the terms and conditions that were agreed in your mandate dated 17 January 2018 and other correspondence, if any and Brickwork Ratings standard disclaimer appended below. Brickwork Ratings would conduct surveillance every year till maturity/redemption of the instrument. Please note that Brickwork Ratings would need to be kept informed of any significant information/development that may affect your Company's finances/performance without any delay.

Please let us have your acceptance for the above rating within two days of this letter. Unless acceptance is conveyed by the said date, the rating should not be used for any purpose whatsoever.

Best Regards,

Vipula Sharma  
DGM-Ratings

Note: Ratings/Ratings of all assigned Ratings are published on Brickwork Ratings website. All non-assigned ratings are also published on Brickwork Ratings website. Interested persons are well advised to refer to our website [www.BrickworkRatings.com](http://www.BrickworkRatings.com). If they are unable to view the website, they are requested to inform us on [brickwork@brickworkratings.com](mailto:brickwork@brickworkratings.com).



**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion, however, it does not guarantee the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the rating at any time for any reason.

Brickwork Ratings India Pvt. Ltd.

3rd Floor, Raj Alka Park, Kalwa Agrahara, Bannerghatta Road, Bengaluru - 560 076

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CIN: U67100KA2007PTC041291



SEBI Registered  
RBI Accredited  
NSIC Empanelled

#### Annexure

Other Outstanding ratings of Kerala Financial Corporation are as under

Type	Facilities	Limits (₹ Crs)	Tenure	Ratings
NCD	Fund Based	250.00	Long Term	BWR AA(SO)@ (Outlook: Stable)
NCD	Fund Based	500.00	Long Term	BWR A- (SO)§ (Outlook: Stable)
BLR	Fund Based	1325.15	Long Term	BWR A- (BWR A Minus) Outlook: Stable

@The (SO) structured obligation rating has been assigned due to the credit enhancement afforded by the cash collateral and structured payment mechanism.

§The SO rating is for the credit enhancement from the State Government Guarantee available for the NCD issues





### Rating Rationale

#### Kerala Financial Corporation

9Feb 2018

Brickwork Ratings assigns the ratings for the proposed NCD Issue of ₹ 250.00 crores of Kerala Financial Corporation.

#### Particulars

Type	Facility	Amount (₹ Crs)	Tenure	Rating*
Proposed NCD	Fund Based	250.00	Long Term	BWR AA (SO) [BWR Double A (Structured Obligation)] (Outlook: Stable)
Total		250.00	INR Two Hundred and Fifty Crores Only	

Note: Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

@The (SO) structured obligation rating has been assigned due to the credit enhancement afforded by the cash collateral and structured payment mechanism for the NCDs of Rs.250 crs

Other Outstanding ratings of Kerala Financial Corporation, are as under

Instrument	Amount (₹ Crs)	Tenure	Rating*
BLR	1325.15	Long Term	BWR A- (BWR A Minus) Outlook: Stable
NCD	250.00	Long Term	BWR AA (SO)@ [ BWR Double A (Structured Obligation)] Outlook: Stable
NCD	450.00	Long Term	BWR A-(SO)^ [ BWR A minus (Structured Obligation)] Outlook: Stable

Instrument Details provided in Annexure-I

\*The SO rating is for the credit enhancement from the State Government Guarantee available for the NCD issues

@The (SO) structured obligation rating has been assigned due to the credit enhancement afforded by the cash collateral and structured payment mechanism for the NCDs of Rs.250 crs

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the KFC's audited financial results up to FY17, State Government budget documents, and information and clarification provided by the Corporation and available from public sources.

The rating has factored, inter alia, continued financial support from the State Government, improvement in the gross NPA and net NPA levels in FY17, provision coverage available and healthy capital adequacy. The ratings for the NCDs also factors the Government Guarantee available in respect of the



NCDs of Rs.500 crs and the structured payment mechanism available for the proposed NCDs issue of Rs.250 crs and existing NCD issue of ₹ 250.00 Crores. However, rating is constrained by high exposure to tourism sector due to which there has been an increase in the NPA levels, high committed expenses as percentage of state's own revenue and state's revenue deficit levels

#### Draft Terms of Proposed NCD Issue of ₹ 250.00 Crores:

- Secured, Rated, Listed, Redeemable, Taxable Non-Convertible Debentures in the nature of bonds.
- KFC Bond Series I (2017-18) divided in 4 subseries A, B, C and D.
- Tenor of the loan is 7 Years with 4 Subseries. Each Subseries amounting to 25% of issue size, separately tradable and redeemable at the end of 4th, 5th, 6th and 7th Year respectively
- 20% cash collateral in the form of Govt Securities/FDs
- Upfront DSRA of 6 months interest servicing
- Structured payment mechanism ensuring DSRA fund availability on T-1 day of the coupon payment date and T-7 day to the principal payment date.

#### Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

#### Rating Outlook: Stable

BWR believes the Kerala Financial Corporation business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

#### About the Company

Kerala Financial Corporation (KFC), incorporated under the State Financial Corporations Act of 1951, is a public sector enterprise under the administrative control of Government of Kerala with the objective of promoting industrialization of the state by extending financial assistance to Micro, Small and Medium Enterprises in the manufacturing and service sectors. The financial assistance is provided in form of term loans, working capital loans and special schemes. Kerala Financial Corporation being the principal financial institution for financing Small and Medium Industries in Kerala, KFC has to ensure availability of timely and adequate funds to the units.

As on March 31, 2017, of the Corporation's total share capital was ₹221.86 crores. The Government of Kerala held 97.19% of the shareholding, Small Industries Development Bank of India (SIDBI) held 2.76%, LIC held 0.03% while the State Bank of Travancore and others held 0.01% each.

Sri. Sanjeev Kaushik, IAS is the present Chairman and Managing Director. The Board has 8 other members including representatives from the State Government and other stakeholders.



### Company Financial Performance

During FY17, the Corporation has posted a total income of ₹364.73 Crore against ₹308.47 Crore in FY16. As on 31st March 2017, the sanctions, disbursements and Recoveries stood at Ru 385.31cro, Ru 83.37cro and Ru 174.28 Crore respectively. KPC's net worth has increased from ₹429.16 cro in FY16 to ₹435.45 cro in FY17. Accordingly, CRAR was at 16.82% in FY17. KPC's gross loans and advances for FY17 were at ₹2474.11 cro as against ₹2408.19 cro in FY16. Gross NPA has shown improvement to 8.51% in FY17 from 10.57% in FY16. During the year, company has written off bad debts of ₹130.61 cro. Gross NPA for FY17 stood at ₹216.11 cro as against ₹233.83 cro in FY16.

Corporation has reported net interest income of ₹ 231.54 Crores during 9MFY18 (April 1, 2017 to Dec 31, 2017). The total sanctions, disbursements and recovery stood at ₹ 395.12 Crores, ₹ 387.82 Crores and ₹ 611.85 Crores for 9MFY18. Total Gross Loans and advances as on 31.12.2018 were at ₹ 2334.54 Crores.

### Rating History for the last three years

Type	Instrument	Current Rating (2018)			Rating History				
		Type (Long Term /Short Term)	Amount (₹ Cro)	Rating	Nov 2017	May 2017	Apr 2016	Dec 2015	July 2014
Proposed NCD	Fixed Fixed	Long Term	150.00	BWR AA (S0)* Outlook: Stable (Assigned)	—	—	—	—	—
BLR	Fixed Fixed	Long Term	1325.15	BWR A- (BWR A Minus) Outlook: Stable	BWR A- (BWR A Minus) Outlook: Stable	—	—	—	—
NCD	Fixed Fixed	Long Term	250.00	BWR AA (S0)* Outlook: Stable	BWR AA (S0)* Outlook: Stable	BWR AA (S0)* Outlook: Stable	BWR AA (S0)* Outlook: Stable	—	—
NCD	Fixed Fixed	Long Term	200.00	BWR A-(S0)* Outlook: Stable	BWR A-(S0)* Outlook: Stable	BWR A-(S0)* Outlook: Stable	BWR A-(S0)* Outlook: Stable	BWR A-(S0)* Outlook: Stable	BWR A-(S0)* Outlook: Stable
NCD	Fixed Fixed	Long Term	200.00						
NCD	Fixed Fixed	Long Term	50.00						
Total		NCD: ₹ 950.00 Cro BLR: ₹ 1325.15 Cro							



\* The (SO) structured obligation rating has been assigned due to the credit enhancement afforded by the cash collateral and structured payment mechanism for the NCDs of Rs.250 cr.

\*The SO rating is for the credit enhancement from the State Government Guarantee available for the NCD issues.

#### Key Financial Indicators

Key Parameters	Units	FY16	FY17
Result Type		Audited	Audited
Assets under Management or Total Loan Book	₹ Cr	2493.19	2474.11
Net Interest Income	₹ Cr	275.02	300.14
PAT	₹ Cr	5.33	5.69
Gross NPA	₹ Cr	251.83	250.61
Net NPA	₹ Cr	14.34	19.66
CRAA	%	17.65	16.83
Tangible Net Worth	₹ Cr	429.17	435.45

#### Instrument Details

##### Annexure-I

Instrument	Issue Date	Issue Size	Amount Crs Rs. Crs	Coupon	Maturity Date	ISIN Particulars	Rating
NCD	9-May-16	250	250	8.90%	9-May-23	INRSHIP07W13	IIWR A A (SO)* [Promoted IIWR Double A (Structured Obligation)] Outlook: Stable
NCD	30-Oct-14	200	200	9.15%	30-Oct-24	INRSHIP0807	IIWR A-(SO)* [Promoted IIWR A minus (Structured Obligation)] Outlook: Stable
NCD	6-Jun-13	200	200	8.72%	6-Jun-23	INRSHIP08029	
NCD	26-Dec-11	50	50	9.99%	29-Dec-18	INRSHIP08011	

\* The (SO) structured obligation rating has been assigned due to the credit enhancement afforded by the cash collateral and structured payment mechanism for the NCDs of Rs.250 cr.

\*The SO rating is for the credit enhancement from the State Government Guarantee available for the NCD issues.



**Assured  
Bank Loan Facilities**

Name of the Bank	Facilities- Rs. Crores	Sanctioned (₹ Cro)	Limits Rated (₹ Cro)
India Bank	Term Loan	300.00	131.87
	Term Loan	100.00	90.00
	Overdraft	100.00	100.00
	Short Term Loan (Subject to ODI)	(100.00)	(100.00)
South Indian Bank			
State Bank of India	Term Loan	300.00	149.71
Canara Bank	Term Loan	250.00	412.31
Andhra Bank	Term Loan	300.00	298.19
	Overdraft	150.00	150.00
	WTCL (Subject to ODI)	(20.00)	20.00
Federal Bank	Term Loan	100.00	26.04
<b>Total</b>		<b>2,000.00</b>	<b>1,325.18</b>

**Hyperlink/ Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Banks](#)
- [Service Sector](#)
- [Structured litigation \(ODI\) Instruments](#)

Analystic Contacts	Media
<b>Yashu Sharma</b> <b>ICRA Ratings</b> <a href="mailto:analytic@brickworkratings.com">analytic@brickworkratings.com</a>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
	<b>Relationship Contact</b>
	<a href="mailto:rel@brickworkratings.com">rel@brickworkratings.com</a>
<b>Phone: 1-860-429-2742</b>	

For print and digital media



SEBI Registered  
RBI Accredited  
NSIC Empanelled

**BWR/NCD/HO/ERC/VI/0876/2017-18**  
23 March 2018

**The Managing Director,**  
**Kerala Financial Corporation,**  
Vellayambalam  
Thiruvananthapuram- 695033  
Kerala

Dear Sir,

**Sub: Validation of Rating for Kerala Financial Corporation Proposed NCD issues of Rs. 250.00 crs rated by Brickwork Ratings.**

**Ref:** Your email dated March 23, 2018

We wish to advise that your Company's Proposed NCD issues aggregating to Rs 250.00 Crores carries **BWR AA (SO) [Pronounced BWR Double A(Structured Obligation)]** (**Outlook: Stable**) as advised vide our letters BWR/NCD/HO/ERC/VI/0735/2017-18 dated 31Jan2018 with validity up to Jan 30, 2019.

Instruments with BWR AA rating are considered to have **high degree of safety** regarding timely servicing of financial obligations. Such instruments carry **very low credit risk**.

Please note that all the terms and conditions of our earlier letter BWR/NCD/HO/ERC/VI/0735/2017-18 dated 31Jan2018 remain unchanged.

Please note to furnish complete details of borrowings under the above issue, as and when is completed.

Best Regards,

**Vipula Sharma**  
**DGM-Ratings**



**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

#### **Brickwork Ratings India Pvt. Ltd.**

3rd Floor, Raj Alkaa Park, Kalena Agrahara, Bannerghatta Road, Bengaluru - 560 076

Phone: +91 80 4040 9940 • Fax: +91 80 4040 9941 | [info@brickworkratings.com](mailto:info@brickworkratings.com) • [www.BrickworkRatings.com](http://www.BrickworkRatings.com)

Ahmedabad • Bengaluru • Chandigarh • Chennai • Guwahati • Hyderabad • Kolkata • Mumbai • New Delhi

CIN: U67190KA2007PTC043591

## SMERA BOND RATINGS

BONDS + COMMERCIAL PAPER + BANK LOANS



## Rating Letter - Intimation of Rating Action

Letter Issued on: February 15, 2018  
 Letter Valid till: January 17, 2019

**Kerala Financial Corporation**  
 Vellayambalam,  
 Trivandrum - 695033,  
 Kerala,

Kind Attn.: Mr. Sanjeev Kaushik, Chairman & Managing Director (Tel. No. 9496030174)

Dear Mr. Kaushik,

## Sub.: Rating Assigned - Rs. 250.00 Cr. Of Kerala Financial Corporation

Please note that the current rating(s) and outlook, instrument details, and latest rating action for the aforementioned instrument are as under:

	Long Term Instruments	Short Term Instruments
<b>Total Rated Quantum (Rs. Cr.)</b>	250.00	NA
<b>Quantum of Enhancement (Rs. Cr.)</b>	NA	NA
<b>Rating</b>	<b>SMERA Provisional AA/(SO)</b>	NA
<b>Outlook</b>	<b>Stable</b>	NA
<b>Most recent Rating Action</b>	<b>Assigned</b>	NA
<b>Date of most recent Rating Action</b>	<b>February 15, 2018</b>	NA
<b>Rating Watch</b>	<b>NA</b>	NA

SMERA reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which SMERA believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by SMERA as required under prevailing SEBI guidelines and SMERA's policies.

This letter will expire on January 17, 2019 or on the day when SMERA takes the next rating action, whichever is earlier. It may be noted that the rating is subject to change anytime even before the expiry date of this letter. Hence lenders / investors are advised to visit <https://www.smera.in/> to confirm the current outstanding rating.

SMERA will re-issue this rating letter on January 18, 2019 subject to receipt of surveillance fee as applicable. If the rating is reviewed before January 17, 2019, SMERA will issue a new rating letter.

Vinayak Ramkrishna Nayak  
 Head - Corporate Ratings

Annexures:    A. Details of the Rated Instrument  
                   B. Details of the rating prior to the above rating action

Tel: +91 22 6714 1111 | SMS: +91 995 9898 000 | E-mail: [adminratings@smera.in](mailto:adminratings@smera.in) | Website: [www.smera.in](http://www.smera.in)

## ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.

Registered Office: 102, Sumer Plaza, Marol Maroshi Road, Marol, Andheri (East), Mumbai - 400 059  
 CIN: U74999MH2005PLC155683 | SEBI Permanent Registration No.: IN / CRA / 006 / 2011

## Annexure A. Details of the Rated Instrument

Facilities	Scale	Amt. (Rs. Cr)	Rating Assigned
Secured Redeemable Non-Convertible Debentures	Long Term	250.00	SMERA Provisional AA/Stable (SO)
<b>Total Facility</b>		<b>250.00</b>	

## Annexure B. Details of the rating prior to the above rating action

	Long Term Instruments	Short Term Instruments
Previous Rated Quantum	NA	NA
Rating	NA	NA
Outlook	NA	NA

## DISCLAIMER

A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, express or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA, SMERA's rating scale and its definitions.

**Rating Revalidation Letter***Private and Confidential*

2018/33018/KFC/RL/VN  
March 26, 2018

Mr. Sanjeev Kaushik,  
Chairman & Managing Director  
Kerala Financial Corporation  
Vellayambalam,  
Trivandrum - 695033,  
Kerala,  
Contact No - 9496030174

**Credit Rating for Secured Redeemable Non-Convertible Debentures Rs.250.00 crore Non-Convertible Debentures (NCD) of Kerala Financial Corporation**

Dear Sir,

We refer to our letter (Ref No. 2018/31395/KFC/RL/VN) dated February 15, 2018.

SMERA has an outstanding rating of 'SMERA AA / (SO)' read as [SMERA double A (SO)] with a 'Stable' outlook for the abovementioned debt instrument [see annexure 1]. As per SMERA's rating definition, instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

SMERA reserves the right to revise the ratings, along with the outlook, at any time, on the basis of new information, or other circumstances which SMERA believes may have an impact on the ratings. Such revisions, if any, would be appropriately disseminated by SMERA as required under prevailing SEBI guidelines and SMERA's policies. Hence lenders / investors are advised to visit <https://www.smera.in/> to confirm the current outstanding rating. SMERA ratings are not recommendations to buy, sell or hold any security.

Thanking you.  
Yours faithfully,



Vinayak Ramkrishna Nayak  
Head - Corporate Ratings

**DISCLAIMER FOR SMERA RATINGS**

A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA, SMERA's rating scale and its definitions.

## Rating Revalidation Letter

## ANNEXURE - I

Instrument	Scale	Amount (Rs. Cr)	Ratings
Secured Redeemable Non-Convertible Debentures	Long Term	250.00	SMERA Provisional AA/Stable (SO)
<b>Total Debt</b>		<b>250.00</b>	

## DISCLAIMER FOR SMERA RATINGS

A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA, SMERA's rating scale and its definitions.

Letter from Registrar and Transfer Agent



***CAMEO CORPORATE SERVICES LIMITED***

03<sup>rd</sup> February, 2018

**TO WHOMSOEVER IT MAY CONCERN**

We understand that our client had appointed us as Registrar and Transfer Agent for their Secured Redeemable Non-convertible Debentures to extent of Rs.250 cr under Private placement.

We have no objection for the company including our name as Registrar and Transfer Agents in the Information Memorandum.

For CAMEO CORPORATE SERVICES LIMITED

  
Sreepriya K  
Company Secretary

**Letter from Debenture Trustee**

**CATALYST**  
Believe in yourself... Trust us!



CL/PUN/17-18/DEB/85

03<sup>rd</sup> February, 2018

Mr. Premnath Ravindranath  
General Manager (F&M)  
Kerala Financial Corporation,  
Vellayambalam,  
Thiruvananthapuram- 33 (Kerala)

Dear Sir,

Re: Consent to act as Bond Trustee for Private Placement of Secured, Rated, Listed, Redeemable, Taxable, Non-Convertible Bonds of Rs.250 crores

We refer to your letter KFC/BOND/2406/2018 dated 03<sup>rd</sup> February, 2018 requesting us to give our consent to act as Bond Trustee for the proposed issue of Secured, Rated, Listed, Redeemable, Taxable, Non-Convertible Bonds of Rs. 250 crores.

We hereby give our consent to act as Bond Trustees for the said issue of Secured, Rated, Listed, Redeemable, Taxable, Non-Convertible Bonds of Rs. 250 crores on Private Placement basis.

The Company and the Trustee shall enter into relevant Trustee Agreement as required by Regulation 13 of SEBI (Debenture Trustee) Regulations, 1993. The company shall also create the security offered within three months from the date of closure of issue and comply with the provisions of applicable laws.

Assuring you of our best professional services at all times.

Thanking you,

Yours faithfully,

Authorised Signatory

CATALYST TRUSTEESHIP LIMITED (CatalystTrustee.com)

An ISO9001 Company

Mumbai Office: Office No. 85 - 87, 8th Floor, B Wing, Mittal Tower, Nariman Point, Mumbai 400 021. Tel: +91 (22) 4022 0885. Fax: +91 (22) 4022 0506  
Mysore Office: CDA House, Plot No. 85, Bheem Colony (Kigro), Road Road, Pune 411 016. Tel: +91 (20) 36260000. Fax: +91 (20) 25200275  
Delhi Office: Office No. 20, 2nd floor, Maxine House, 21 Kasturba Gandhi Marg, New Delhi-110 001. Tel: 011 43025101  
CIN No. U74999MH1989PLC00022. Email: [info@catalysttrustee.com](mailto:info@catalysttrustee.com). Website: [www.catalysttrustee.com](http://www.catalysttrustee.com)



**Federal Bank consent letter**



Br:Thiruvananthapuram/Statue

TVMB/KFC/ / 2018

05.02.2018

The Financial Controller  
Kerala Financial Corporation  
Vellayamabalam,  
Thiruvananthapuram.

Dear Sir/Madam,

We hereby consent to act as Collecting Bankers to your proposed Private placement of Non-Convertible Debentures and our name being inserted as Collecting Bankers of the issue, in the offer documents that the company intends to issue in respect thereof.

We hereby authorize the company to deliver this consent to the Registrar of Companies(ROC)/Stock Exchanges, pursuant to section 60(3) of the Companies Act, 1956.

Kindly note that no amount can be refunded, reimbursed to the company for meeting the issue related expenses.

Yours Sincerely,

  
Sreevatsak S S

Manager(Operations)



**HDFC Bank Lette**



We understand your world

HDFC Bank Limited  
1 Floor, Kairali Plaza,  
Main Road, Karamana,  
Trivandrum - 695 002.

05<sup>th</sup> FEB 2018

To

The Financial Controller  
Kerala Financial Corporation  
Vellyambalam  
Thiruvananthapuram - 695033

Dear Sir/Madam,

**Consent Letter**

Further to your letter dated 05<sup>th</sup> FEB 2018, We hereby consent to act as Collecting Bankers to your proposed Bond Issue and our name being inserted as Collecting Bankers to the Issue, in the offer documents that the company intends to issue in respect thereof.

We hereby authorize the company to deliver this consent to the Registrar of Companies(ROC)/ Stock Exchanges .Pursuant to Section60(3) of the Companies Act,1956.

For further information or any clarification, we will be pleased to meet with you or your representative at your convenience. The undersigned can be contacted on (9349957775) or email to Mr arunraj.lekshminarayanan@hdfcbank.com,

Assuring you the very best of services

Yours sincerely,

Mr Arun Raj  
Manager  
HDFC Bank Ltd  
1<sup>st</sup> floor, kairali Plaza  
Karamana 695 002  
Mobile No 9349957775



[www.hdfcbank.com](http://www.hdfcbank.com)

Regd. Office: HDFC Bank Ltd., HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400 013.  
Corporate Identity No.: L65820MH1994PLC080618

Registered and Head Office: Vellayambalam, Thiruvananthapuram - 695033 (Kerala)

Phone: (0471) 2737500 / 2311750 Fax: (0471) 2313813

 Email: [kfc@kfc.org](mailto:kfc@kfc.org) Website: [www.kfc.org](http://www.kfc.org)
**APPLICATION FORM FOR TAXABLE SECURED REDEEMABLE NON-CONVERTIBLE BONDS - SERIES 1/2018**

Dear Sirs,

Having read and understood the contents of the Disclosure Document Dated 28.03.2018 of Private Placement of Bonds, we apply for allotment to us of the 8.69% Secured, Redeemable, Taxable Non-Convertible Bonds in the nature of Debentures. The amount payable on application as shown below is remitted herewith on allotment; please place our name on the Register of Bond holders. We bind ourselves to the terms and conditions as contained in the said Disclosure Document for Private Placement.

**For Office Use Only**
**Date of Receipt of Application**

--	--	--	--	--	--	--	--

**Date of Clearance of Cheque**

--	--	--	--	--	--	--	--

**APPLICANT'S DETAILS**

(PLEASE READ CAREFULLY THE INSTRUCTIONS ON THE NEXT PAGE BEFORE FILLING UP THIS FORM)

SOLE/FIRST APPLICANT'S NAME IN FULL							
SECOND APPLICANT'S NAME							
THIRD APPLICANT'S NAME							
ADDRESS (Do not repeat name) (Post Box No. alone is not sufficient)							
Phone #			Fax #				PIN

**SOLE/ FIRST APPLICANT CATEGORY (Tick one)**

<input type="checkbox"/> Commercial Bank
<input type="checkbox"/> Financial Institution
<input type="checkbox"/> Insurance Company
<input type="checkbox"/> Primary / State / District / Central Co-operative Bank
<input type="checkbox"/> Provident / Gratuity / Superannuation / Pension Fund
<input type="checkbox"/> Regional Rural Bank
<input type="checkbox"/> Mutual Fund
<input type="checkbox"/> Company / Body Corporate
<input type="checkbox"/> Others Pl. Specify _____

**INVESTMENT DETAILS**

Face Value/ Issue Price	Rs. 2,50,000/- (Rupees Ten Lacs Only) per STRIP
Minimum Application	4 STRIPS ie. 1 Bond of FV Rs.10,00,000 and in multiples of 1 Bond thereafter
Amount payable per Bond (i)	Rs.10,00,000/-
No. of Bonds Applied For (ii)	
Amount Payable (Rs.) (in fig) (i) x (ii)	
Amount Payable (In Words)	

**PAYMENT DETAILS\***

Cheque/ Demand Draft No.	Dated
Drawn on (Name of the Bank)	
Branch Name	
City	
IFSC Code.	
UTR No.	

**SOLE/ FIRST APPLICANT'S BANK DETAILS (Ref. Instructions)**

Bank Name	
Branch Name	
City	
IFSC Code	
Account Number	
Type of Account	<input type="checkbox"/> Savings <input type="checkbox"/> Current <input type="checkbox"/> Other

**INCOME TAX DETAILS (Ref. Instructions)**

	Sole/ First Applicant	Second Applicant	Third Applicant
P.A.N. / G.I.R. NO.			
I.T. Circle/ Ward/ District No.			

**TO BE FILLED IN ONLY IF THE APPLICANT IS AN INSTITUTION**

Name of the Authorised Signatory(ies)	Designation	Signature
1.	1.	
2.	2.	
3.	3.	

**DETAILS FOR ISSUE OF BONDS IN ELECTRONIC/ DEMATERIALISED FORM**

Depository Name (please tick)	<input type="checkbox"/> NSDL	<input type="checkbox"/> CDSL
Depository Participant Name		
DP-ID Number		
Client-ID		
Beneficiary Account Number		
Name of the Applicant		

**INSTRUCTIONS**

1) Application Forms must be completed in BLOCK LETTERS IN ENGLISH. A blank space must be left between two or more parts of the name. For Example

A	B	C	D	E		L	I	M	I	T	E	D	
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2) Application forms duly completed in all respects must be submitted at the respective KFC office at the below mentioned details., The subscription shall only be received by RTGS/ Wire Transfer as per banking instructions given below;

Account Name	<b>Kerala Financial Corporation</b>	<b>Kerala Financial Corp Series I 2018</b>
Account Number	0300200055822	50200029577898
Bank Name	<b>Federal Bank</b>	<b>HDFC Bank</b>
Branch, City	<b>Statue Junction, Thiruvananthapuram, Kerala</b>	<b>Karamana, Thiruvananthapuram, Kerala</b>
IFSC Code	<b>FDRL0001030</b>	<b>HDFC0001596</b>

3) Cheques, Demand Darft, Cash, outstation cheques, money orders, postal orders and stock invest will NOT be accepted.  
 4) Application should be for a minimum of one bond.  
 5) As a matter of precaution against possible fraudulent encashment of interest Cheque[s] due to loss/ misplacement, applicants are requested to mention the full particulars of their bank account as specified in the Application Form. Interest cheque[s] will then be made in favour of the bank for credit to the applicant's account. In case the full particulars are not given, cheques will be issued in the name of the applicant at his own risk.  
 6) Receipt of application will be acknowledged by the Kerala Financial Corporation or the collecting banker in the "Acknowledgement Slip" appearing below the Application Form. No separate receipt will be issued.  
 7) All applicants should mention their Permanent Account No. or the GIR number allotted under the Income Tax Act, 1961 and the Income Tax Circle/Ward district. In cases where neither the PAN nor GIR is allotted, the fact of non-allotment should be mentioned in the application form in the space provided.  
 8) The Application would be accepted as per the terms and conditions of the Bonds outlined in the Memorandum of Private Placement.  
 9) Signatures should be made in English. Signatures made in any other Indian language must be attested by an authorized official of a Bank or by a Magistrate/Notary Public under his/her official seal.  
 10) Those desirous of claiming tax exemptions on interest on application money are compulsorily required to submit a certificate/trust recognition certificate issued by the Income Tax Officer/ relevant declaration forms as per Income Tax Act, 1961 along with the application form. In case the above documents are not enclosed with the application forms, TDS will be deducted on interest on application money. For subsequent interest payments, such certificates have to be submitted periodically.

(tear here)

**ACKNOWLEDGEMENT SLIP**

Registered and Head Office: Vellayambalam, Thiruvananthapuram – 695033 (Kerala)

Phone: (0471) 2737500 / 2311750 Fax: (0471) 2313813,

Website: [www.kfc.org](http://www.kfc.org)

(To be filled in by the Applicant)

Received from \_\_\_\_\_

Address \_\_\_\_\_

an application for \_\_\_\_\_ Bonds vide Cheque/ Demand Draft No. \_\_\_\_\_ Drawn on \_\_\_\_\_ Dated \_\_\_\_\_

amounting to Rs. \_\_\_\_\_

Note: Cheque(s) are subject to realization.

*All future communication in connection with this application should be addressed to;*

The Compliance Officer., KFC, Vellayambalam, Thiruvananthapuram, – 695033 (Kerala)  
 Tel No: (0471)2737500, Fax: (0471) 2313813

*quoting full name of Sole/ First Applicant, Application No., Number of Bonds applied for, Date, Bank and Branch where the application was submitted and Cheque/ Demand Draft Number and Issuing Bank.*