



ANNUAL REPORT

2024-25



KERALA FINANCIAL CORPORATION

(INCORPORATED UNDER THE STATE FINANCIAL CORPORATIONS ACT No. LXIII OF 1951)

H.O. VELLAYAMBALAM, THIRUVANANTHAPURAM - 695033

Phone: 0471 - 2737500 (30 Lines) Fax : 2311750, 2318541, 2722090, 2313813

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

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NOTICE OF POSTPONEMENT OF THE 72nd ANNUAL GENERAL MEETING

Notice is hereby given that due to unavoidable circumstances, the 72nd Annual General Meeting (AGM) of Kerala Financial Corporation, originally scheduled to be held on Monday, 23rd June 2025 at 10:00 AM at the CS Committee Room, Secretariat, Government of Kerala, Thiruvananthapuram – 695001, stands postponed.

The AGM will now be held as per the following revised schedule:

- Date: Monday, 30th June 2025
- Time: 5:00 PM
- Venue: CS Committee Room, Secretariat, Government of Kerala, Thiruvananthapuram – 695001

The earlier Notice dated 21.05.2025 shall be treated as withdrawn. The revised Notice of AGM is attached herewith for your kind perusal. All other accompanying documents, including the Annual Report, remain unchanged.

We sincerely regret the inconvenience caused and solicit your understanding. The revised notice is also available on the Corporation's official website at www.kfc.org.

By Order of the Board

Nandhini Vijayaraghavan
Company Secretary
Kerala Financial Corporation
Date: 06.06.2025
Place: Thiruvananthapuram



NOTICE TO SHAREHOLDERS

Notice is hereby given that the 72nd Annual General Meeting (AGM) of the shareholders of Kerala Financial Corporation will be held at CS Committee Room, Secretariat, Government of Kerala, Thiruvananthapuram-695001 on, 30th June 2025 at 5.00 PM to transact the following businesses:

Ordinary Business

- 1.** To consider and adopt the Balance Sheet as at March 31, 2025 and the Profit & Loss account for the year ended March 31, 2025 of the Corporation, the Report of the Board of Directors on the working of the Corporation for the Financial Year 2024-25 and the Auditor's Report on the said Balance Sheet and Accounts.
- 2.** To reappoint Statutory Auditors of the Corporation for the Financial Year 2025-26 under Section 37 (1) of the SFC Act 1951.

"RESOLVED THAT pursuant to the provisions of Section 37(1) of the State Financial Corporations Act, 1951, M/s. JAKS & Associates, Chartered Accountants, Thiruvananthapuram (Firm Registration No. 001360S), be and is hereby re-appointed as the Statutory Auditors of the Corporation to hold office from the conclusion of this Annual General Meeting until the conclusion of the 73rd Annual General Meeting of the Corporation, at a remuneration of Rs. 4,59,200/- (Rupees Four Lakhs Fifty-Nine Thousand Two Hundred only), as per the revised fee structure stipulated by the Reserve Bank of India vide their Circular No.CO.DOS.RPD.No.S7223/08:91:038/2023-24 dated 12th December 2023;

RESOLVED FURTHER THAT the services of the said Statutory Auditors may also be utilized for certification and other permissible professional work, and a separate remuneration of Rs. 50,000/- (Rupees Fifty Thousand only) plus applicable taxes and reimbursement of actual out-of-pocket expenses may be paid for such additional assignments, as may be mutually agreed upon."

- 3.** To declare dividend for the Financial Year 2024-25.



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Special Business

4. Appointment of Secretarial Auditor

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Regulation 24(A) and Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), read with the provisions of Section 204(1) of the Companies Act, 2013 (the "Act") and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and as per the recommendations of Board of Directors of the Corporation, the consent of the shareholders be and is hereby accorded to the appointment of M/s K. Narayana Swamy & Co, Practising Corporation Secretaries, FCS 1838/CP 9878 and Peer Review Certificate No. 1744/2022, as the Secretarial Auditor of Kerala Financial Corporation for a term of five consecutive years commencing from the financial years from FY 2025–26 to FY 2029–30, to hold office from the conclusion of this AGM until the conclusion of the 77th AGM."

RESOLVED FURTHER THAT the Board of Directors of the Corporation be and are hereby authorised to fix the annual remuneration of the Secretarial Auditor including the revision in the remuneration during the tenure, if any, plus applicable taxes in consultation with the said Secretarial Auditor, in addition to reimbursement of all out of expenses and to do all such acts, deeds and things, as may be necessary to give effect to the above Resolution."

5. Appointment of Dr. A. Jayathilak IAS as Chairman

To consider and, if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

RESOLVED THAT, the nomination of Dr. A. Jayathilak IAS as Chairman of Kerala Financial Corporation, as made by the Small Industries Development Bank of India (SIDBI) in consultation with the Government of Kerala under the provisions of Section 15 of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000 and appointed vide G.O. (Rt) No. 4088/2024/GAD dated 10.09.2024 (Read: G.O. (Rt) No. 3874/2024/GAD dated 30.08.2024), and who took charge on 28th October 2024, be and is hereby noted and approved;

RESOLVED FURTHER THAT, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid nomination of Dr. A. Jayathilak IAS as Chairman of the Corporation



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be and is hereby approved by the shareholders, for a period not exceeding five years with effect from 28th October 2024 or until further orders, whichever is earlier, and on such terms and conditions as may be specified by SIDBI in consultation with the Government of Kerala.”

6. Appointment of Dr. Sriram Venkitaraman IAS as Managing Director

To consider and, if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT**, the appointment of Dr. Sriram Venkitaraman IAS as the Managing Director of Kerala Financial Corporation, as made by the Government of Kerala in consultation with the Small Industries Development Bank of India (SIDBI), pursuant to the provisions of Section 17 of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, and appointed vide G.O. (Rt) No. 3874/2024/GAD dated 30.08.2024, and who took charge on 31st August 2024, be and is hereby noted and approved;

RESOLVED FURTHER THAT, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid appointment of Dr. Sriram Venkitaraman IAS as Managing Director of the Corporation be and is hereby approved by the shareholders, for a period not exceeding five years with effect from 31st August 2024 or until further orders, whichever is earlier, and on such terms and conditions as may be fixed by the Government of Kerala.”

7. Appointment of Shri Manmohan Swain as Nominee Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT**, the nomination of Shri Manmohan Swain as Nominee Director on the Board of Kerala Financial Corporation, as made by State Bank of India pursuant to Section 10(d) of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, and communicated vide their letter Ref No. GM/PE/23-24/64 dated 04.09.2024, be and is hereby noted and approved;

RESOLVED FURTHER THAT, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid nomination of Shri Manmohan Swain as Nominee Director of the Corporation be and is hereby approved by the shareholders, for a period of five years with effect from 04th September 2024 or until further orders, whichever is earlier.”



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8. Appointment of Shri Subbarao Sreepathy as Nominee Director

To consider and, if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, the nomination of Shri Subbarao Sreepathy as Nominee Director on the Board of Kerala Financial Corporation, as made by the Small Industries Development Bank of India (SIDBI) pursuant to the provisions of Section 10(c) of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, and communicated vide their letter No. SIC/No0.L000322474/KFC/Nom.Dir dated 22nd May 2024, be and is hereby noted and approved;

RESOLVED FURTHER THAT, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid nomination of Shri Subbarao Sreepathy as Nominee Director of the Corporation be and is hereby approved by the shareholders, for a period of five years with effect from 22nd May 2024 or until further orders, whichever is earlier."

9. Appointment of Shri Shaju Raphel as Nominee Director

To consider and, if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT, pursuant to the provisions of Section 10(c) of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, Shri Shaju Raphel, who was appointed as the Nominee Director of Kerala Financial Corporation pursuant to the nomination by the Small Industries Development Bank of India (SIDBI) vide their letter No. SIC/No0.L000322474/KFC/Nom.Dir dated 22nd May 2024, be and is hereby noted and approved;

RESOLVED FURTHER THAT, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of Shri Shaju Raphel as Nominee Director of the Corporation be and is hereby approved by the shareholders, for a period of five years with effect from 22nd May 2024 or until further orders, whichever is earlier."

10. Appointment of Shri Ajish B as Nominee Director

To consider and, if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**:



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"RESOLVED THAT, pursuant to the provisions of Section 10(d) of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, Shri Ajish B, who was appointed as the Nominee Director of Kerala Financial Corporation pursuant to the letter from Life Insurance Corporation of India, Letter No. Ref. IBO/ND Cell/SS dated 19.05.2025, be and is hereby noted and approved;

RESOLVED FURTHER THAT, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of Shri Ajish B as Nominee Director of the Corporation be and is hereby approved by the shareholders for a period of five years with effect from 19th May 2025 or until further orders, whichever is earlier."

By Order of the Board

Nandhini Vijayaraghavan
Company Secretary

Place : Thiruvananthapuram,

Date : 06.06.2025

Registered Office:

'Aswathy',

Vellayambalam,

Thiruvananthapuram-695033

NOTES:

1. *The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") read with Rule 22 of the Companies (Management and Administration) Rules, 2014 ("Rules"), each as amended and any other related provisions of the Act (including any statutory modifications or re-enactment thereof, for the time being in force) setting out the material facts relating to the proposed resolution and the reasons thereof is annexed hereto and forms part of this Notice.*



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2. *The Share Register of the Corporation shall remain closed and transfer of shares will be suspended from 23.06.2025 to 30.06.2025 (both days inclusive).*
3. *The form of proxy is enclosed.*
4. *Voting rights of the shareholders shall be determined in terms of the provisions under Section 4F of the State Financial Corporations Act, 1951.*
5. *Any shareholder entitled to attend and vote at the meeting shall be entitled to appoint another person (whether a shareholder or not but not being an officer or employee of the Corporation) as his proxy to attend and vote instead of himself. No proxy shall be valid unless it is duly stamped and unless it, together with the power of attorney or other authority (if any) under which it is signed, or a copy of that power or authority certified by a notary public or a magistrate, is deposited at the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.*
6. *A shareholder being a Company including Small Industries Bank, Public Sector Banks, Co-operative Banks, Co-operative Societies and LIC may, by a resolution of its directors, authorize any of its officials or any other person (not being an officer or employee of the Corporation) to act as its representative at the meeting. The copy of the resolution appointing him as a duly authorized representative certified to be true copy by the Chairman of the meeting at which it was passed shall have been deposited at the Head Office of the Corporation not less than 48 hours before the time fixed for the meeting.*
7. *The State Government may, by order in writing, authorise any of its officers, whether a Director of the Corporation or not, to act as its representative at the meeting. The copy of the order shall be deposited at the Head Office of the Corporation before the time fixed for the meeting.*
8. *The meeting shall be held, conducted, and the business thereat shall be transacted in adherence to the provisions of the State Financial Corporations Act 1951 (As amended up to date) and in terms of the provisions of the General Regulations of Kerala Financial Corporation.*



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**H.O. – ‘Aswathy’, Vellayambalam,
 Thiruvananthapuram – 695 033.**

I, We.....(folio No.) of.....being a share holder of the Kerala Financial Corporation holding shares Nos..... hereby appoint Shri/Smt..... of.....(or failing him Shri/Smt.....of.....) as my/our proxy to vote for me/us and on my/our behalf at a meeting of the shareholders of the Corporation to be held at.....on the.....day of.....and at any adjournment thereof.

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

Signature	on
Rs.1/-	
Revenue Stamp	



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EXPLANATORY STATEMENT

Item No.4

Pursuant to the provisions of Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Board of Directors at their meeting held on May 21, 2025, approved and recommended the appointment of Mr. K. Narayana Swamy, a Practicing Corporation Secretary (FCS 1838 / CP 9878) and Peer Review Certificate No. 1744/2022, Proprietor of M/s K. Narayana Swamy & Co., as the Secretarial Auditor of the Corporation on the following terms and conditions:

a. Term of appointment: For a period of five (5) consecutive years from April 1, 2025, to March 31, 2030.

b. Fees: The Board of Directors of the Corporation are authorised to fix the annual remuneration of the Secretarial Auditor including the revision in the remuneration during the tenure, if any, plus applicable taxes, in consultation with the said Secretarial Auditor in addition to reimbursement of all out of expenses, on the recommendation of the Audit Committee.

c. Basis of recommendation: The recommendation is based on the fulfillment of the eligibility criteria and qualifications prescribed under the Companies Act, Rules made thereunder, and SEBI Listing Regulations. In making the recommendation, the Board has also considered the experience, capability, independent assessment, audit experience and evaluation of the quality of audit work performed by Mr. Narayana Swamy in the past.

d. Credentials: Mr. K. Narayana Swamy is a seasoned professional with over 30 years of rich corporate experience, specializing in secretarial audits and corporate compliance across diverse industries. Academically, he holds a distinguished set of qualifications, viz., B.Com, LL.B, PGDPM and Fellow Member of the Institute of Corporation Secretaries of India (FCS), New Delhi. Mr. Narayana Swamy was the Chairman of the Bangalore Chapter of the Institute of Company Secretaries of India, New Delhi (ICSI) for two terms, viz., 1995 & 1996 and later was the Chairman of the Southern India Regional Council of ICSI for the year 2002. He was also member of the High Power Secretarial Standard Board (SSB) constituted by ICSI and member of the Editorial Advisory Board of Chartered Secretary, a monthly journal published by ICSI. He has given his consent to act as the Secretarial Auditor of the Corporation and has confirmed that his appointment, if approved, would be within the prescribed limits and that he is not disqualified from being appointed as Secretarial Auditor under the relevant provisions of the Companies Act, Rules made thereunder, and SEBI Listing Regulations.



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None of the Directors, Key Managerial Personnel, or their respective relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

Item No.5

Dr. A. Jayathilak IAS has been nominated as the Chairman of Kerala Financial Corporation by the Small Industries Development Bank of India (SIDBI) in consultation with the Government of Kerala, in accordance with the provisions of Section 15(1) of the State Financial Corporations Act, 1951, as amended by the State Financial Corporations (Amendment) Act, 2000 vide G.O. (Rt) No. 4088/2024/GAD dated 10.09.2024, read with G.O. (Rt) No. 3874/2024/GAD dated 30.08.2024, issued by the General Administration (AIS A) Department, Government of Kerala. Dr. A. Jayathilak IAS assumed charge as Chairman on 28th October 2024. As per Section 15 of the said Act, the Chairman shall be nominated by SIDBI in consultation with the State Government. At present, Dr. A. Jayathilak IAS serves as the Chief Secretary to the Government of Kerala. He has been appointed as Chairman for a period of Five years with effect from 28th October 2024 or until further orders, whichever is earlier. The terms and conditions governing his appointment shall be as determined by the Government of Kerala in consultation with SIDBI, as applicable.

The approval of the shareholders is being sought for noting and approving this nomination, in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable to High Value Debt listed entities.

None of the Directors, Key Managerial Personnel of the Corporation or their relatives except Dr. A Jayathilak IAS, is in any way, concerned or interested, financially or otherwise, in the resolution.

Item No. 6

Dr. Sriram Venkitaraman IAS was appointed as the Managing Director of Kerala Financial Corporation by the Government of Kerala in consultation with the Small Industries Development Bank of India (SIDBI), pursuant to Government Order G.O. (Rt) No. 3874/2024/GAD dated 30.08.2024, in accordance with the provisions of Section 17 of the State Financial Corporations Act, 1951, as amended by the State Financial Corporations (Amendment) Act, 2000. He assumed charge as Managing Director on 31st August 2024. As per Section 17 of the Act, the Managing Director shall be appointed by the State Government in consultation with SIDBI. Dr. Sriram Venkitaraman IAS is currently serving as Director, Agriculture Development & Farmers Welfare, Government of Kerala. He has been appointed as Managing Director of the Corporation for a period of five years with effect from 31st



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August 2024 or until further orders, whichever is earlier. The terms and conditions governing his appointment shall be as determined by the Government of Kerala.”

The approval of the shareholders is being sought in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable to High Value Debt-listed entities.

None of the Directors or Key Managerial Personnel of the Corporation or their relatives, except Dr. Sriram Venkitaraman IAS, is in any way concerned or interested, financially or otherwise, in the resolution.

Item No. 7

Shri Manmohan Swain was appointed as Nominee Director pursuant to a letter from State Bank of India, Letter Ref No. GM/PE/23-24/64 dated 4th September 2024. He took charge as Nominee Director of Kerala Financial Corporation on 4th September 2024. While the appointment is made under Section 10(d) of the State Financial Corporations Act, 1951, and the State Financial Corporations (Amendment) Act, 2000, the approval of the shareholders is now being sought to comply with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Shri Manmohan Swain is the General Manager – N W III of State Bank of India, Trivandrum Circle. Accordingly, Shri Manmohan Swain is appointed as Nominee Director for a period of five years with effect from 4th September 2024 or until further orders, whichever is earlier.

The approval of the shareholders is being sought in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable to High Value Debt-listed entities.

None of the Directors, Key Managerial Personnel of the Corporation or their relatives, except Shri Manmohan Swain, is in any way concerned or interested, financially or otherwise, in the resolution.

Item No. 8

Shri Subbarao Sreepathy was appointed as Nominee Director pursuant to a letter from SIDBI, Letter No. SIC/No0.L000322474/KFC/Nom.Dir dated 22nd May 2024, and has taken charge as Nominee Director of Kerala Financial Corporation on 22nd May 2024. While the appointment is made under Section 10(c) of the State Financial Corporations Act, 1951, and the State Financial Corporations (Amendment) Act, 2000, the approval of the shareholders is now being sought to comply with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Shri Subbarao Sreepathy is



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the General Manager of Small Industries Development Bank of India. Accordingly, Shri Subbarao Sreepathy is appointed for a period of five years with effect from 22nd May 2024 or until further orders, whichever is earlier.

The approval of the shareholders is being sought in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable to High Value Debt-listed entities.

None of the Directors, Key Managerial Personnel of the Corporation or their relatives, except Shri Subbarao Sreepathy, is in any way concerned or interested, financially or otherwise, in the resolution.

Item No. 9

Shri Shaju Raphel was appointed as Nominee Director pursuant to a letter from SIDBI, Letter No. SIC/No0.L000322474/KFC/Nom.Dir dated 22nd May 2024. He took charge as Nominee Director of Kerala Financial Corporation on 22nd May 2024. While the appointment is made under Section 10(c) of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, the shareholders' approval is being sought to comply with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Shri Shaju Raphel T is the Deputy General Manager of Small Industries Development Bank of India. Accordingly, Shri Shaju Raphel is appointed as Nominee Director for a period of five years with effect from 22nd May 2024 or until further orders, whichever is earlier.

The approval of the shareholders is being sought in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable to High Value Debt-listed entities.

None of the Directors, Key Managerial Personnel of the Corporation or their relatives except Shri. Shri.Shaju Raphel, is in any way, concerned or interested, financially or otherwise, in the resolution.

Item No. 10

Shri Ajish B was appointed as Nominee Director pursuant to a letter from Life Insurance Corporation of India, Letter No. Ref. IBO/ND Cell/SS dated 19th May 2025. He took charge as Nominee Director of Kerala Financial Corporation on 19th May 2025. While the appointment is made under Section 10(d) of the State Financial Corporations Act, 1951 and the State Financial Corporations (Amendment) Act, 2000, shareholders' approval is being sought to comply with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure



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Requirements) Regulations, 2015. Shri Ajish B is the Senior Divisional Manager of Life Insurance Corporation of India, Thiruvananthapuram. Accordingly, Shri Ajish B is appointed as Nominee Director for a period of five years with effect from 19th May 2025 or until further orders, whichever is earlier.

The approval of the shareholders is being sought in compliance with Regulation 62D(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable to High Value Debt-listed entities.

None of the Directors, Key Managerial Personnel of the Corporation or their relatives except Shri.Ajish B, is in any way, concerned or interested, financially or otherwise, in the resolution.

By Order of the Board

Nandhini Vijayaraghavan
Company Secretary

Place : Thiruvananthapuram,

Date : 06.06.2025

DIRECTORS' REPORT

Dear Stakeholders,

The Board of Directors takes pleasure in presenting the 72nd Annual Report of Kerala Financial Corporation (KFC) for the financial year ended March 31, 2025. This report encapsulates a year of significant achievements, indicative of the initiatives of the Corporation taken for fostering entrepreneurship and contributing to Kerala's economic growth.

Established under the State Financial Corporations Act, 1951, KFC continues to uphold its legacy as a leading Public Sector Undertaking of the Government of Kerala, committed to promoting entrepreneurship and regional industrialization. Over the decades, KFC has evolved into a modern, customer-focused financial institution, offering a suite of innovative, technology-driven financial products tailored to the needs of Micro, Small, and Medium Enterprises (MSMEs).

The Government of Kerala has continued to exhibit a strong commitment to fiscal discipline while sustaining its focus on inclusive and development-oriented public spending. During FY 2024–25, the State achieved a robust GSDP growth of 11.7% at current prices, with the economy reaching Rs.13.11 lakh crore. The per capita income also remained significantly above the national average, reflecting broad-based economic progress. Despite pressures on the fiscal front, the State managed its finances prudently, keeping the fiscal deficit at 3.51% and public debt at a stable 34.22% of GSDP as per revised estimates. For FY 2025–26, the fiscal deficit is targeted to reduce to 3.16%, and the revenue deficit to 1.9% of GSDP, indicating the State's intent to align with the FRBM targets without compromising on critical development investments. The consistent decline in the debt-to-GSDP ratio to 33.77% signals effective debt management and long-term fiscal sustainability. With revenue receipts projected to grow by 15% in 2025–26, Kerala continues to create fiscal space for capital expenditure in infrastructure, social welfare, and industrial development.

As a cornerstone of Kerala's inclusive industrial policy, the MSME sector has received sustained policy and institutional support from the State Government. The sector not only contributes significantly to employment and income generation but also plays a key role in regional development. Through flagship programs like the "Year of Enterprises", the State facilitated the establishment of over 3.5 lakh new MSMEs since FY 2022–23, generating substantial employment across key sectors including food processing, garments, coir, wood-based industries, and services. Notably, about one-third of these enterprises are women-led, highlighting the State's push for inclusive entrepreneurship. Additional interventions such as MSME Clinics, Enterprise Help Desks, interest subvention schemes, and the promotion of Private Industrial Estates have reinforced a business-friendly ecosystem. The Mission 1000 initiative, launched

in 2023-24, further exemplifies the State's ambition to scale up MSMEs into high-growth enterprises with a turnover exceeding Rs.100 crore. Through these measures, the Government of Kerala continues to strike a careful balance between fiscal responsibility and growth-driven public investment, positioning the State as a dynamic and resilient economy with high potential for private and institutional participation.

The Government of Kerala has consistently extended strong institutional and financial backing to Kerala Financial Corporation (KFC), underscoring its pivotal role in driving the State's industrialization and MSME development agenda. As the principal state-level development financial institution with 99.33% government ownership, KFC benefits from strategic guidance and periodic capital infusions by the State. These equity contributions have significantly bolstered KFC's capital base, improved its Capital to Risk Weighted Assets Ratio (CRAR), and enhanced its capacity to mobilize additional resources from financial markets. Over the past five years, the Government infused Rs.500 crore into KFC, including Rs.200 crore in FY 2024-25 alone, demonstrating unwavering fiscal commitment to strengthening the Corporation's financial health. This sustained support not only reinforces the credibility and financial stability of KFC but also enables it to expand credit access to priority sectors, particularly MSMEs, start-ups, women entrepreneurs, and industrial units across Kerala.

With a robust capital structure, improved credit quality, and a diversified suite of targeted financial products, KFC has consolidated its position as a key institutional driver of industrial transformation in the State. With a strengthened capital base, enhanced credit quality, and a diverse portfolio of targeted loan schemes, KFC is well-equipped to amplify its developmental impact within the MSME ecosystem. Its proactive implementation of flagship initiatives such as the Chief Minister's Entrepreneurship Development Programme (CMEDP), Startup Kerala, and the Kerala Agro-based MSME Loan Scheme (KAMS), combined with strategic collaborations in welfare financing and industrial infrastructure development, underscores its growing institutional significance. Moving forward, KFC aims to align closely with the State's inclusive industrial vision by expanding credit outreach, promoting innovation and entrepreneurship, and accelerating capital formation across sectors. The Corporation's balanced growth is a testament to the strategic direction and commitment of its dedicated professional team. Alongside excellent financial performance, KFC's hallmark features include a rigorous focus on credit quality, streamlined processes, ethical practices, transparent disclosures, and strong compliance adherence. Backed by a solid market reputation and fortified capital position, Kerala Financial Corporation stands poised to accelerate Kerala's economic growth sustainably and inclusively.

PERFORMANCE OF THE CORPORATION

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

Key Parameters	Rs in lakh	
	2024-25	2023-24
Portfolio Size	8,01,198.61	7,36,832.71
Sanctions	4,00,257.07	3,33,666.41
Disbursements	3,91,839.91	4,06,885.43
Recovery	3,98,075.93	3,90,110.42
Interest Income	71,745.29	68,185.01
Total Income	90,139.05	86,871.54
Total Expenditure	80,011.48	76,082.46
Op. Profit before technical write-off of bad debts	23,815.28	24,098.66
Op. Profit after technical write-off of bad debts	10,127.58	10,789.08
Net profit after tax	9,815.91	7,404.39
Basic EPS (in Rs.) [face value Rs.100/-]	13.90	10.19
Diluted EPS (in Rs.) [face value Rs.100/-]	13.81	10.19
Net worth	1,32,834.64	1,06,352.78
Capital Adequacy Ratio %	28.65	25.52
Gross NPA as % of Gross Advances	2.67	2.88
Net NPA as % of Net Advances	0.61	0.68

The financial performance of Corporation over the last two FYs reflects a trajectory of steady growth, operational resilience, and financial prudence. The Corporation has demonstrated commendable progress across key business indicators, reinforcing its position as a robust and mission-driven development financial institution in the State of Kerala.

Sanction and Disbursement

The total sanctions rose significantly from Rs.3,33,666.41 lakh in 2023-24 to Rs.4,00,257.07 lakh in 2024-25, registering a robust year-on-year growth of 19.96%. This notable increase in sanctioned loans underscores KFC's proactive business development initiatives and responsiveness to the rising credit demand in the State's entrepreneurial ecosystem. It also reflects the enhanced outreach of the Corporation's schemes such as CMEDP, Startup Kerala, and KAMS.

Disbursements during FY 2024–25 stood at Rs.3,91,839.91 lakh, showing a slight decline of 3.70% from Rs.4,06,885.43 lakh in the previous year.

Recovery

The Corporation's recovery performance showed a modest improvement in FY 2024–25, with total recoveries increasing from Rs.3,90,110.42 lakh in the previous year to Rs.3,98,075.93 lakh, reflecting a 2.04% growth. This positive trend is indicative of the Corporation's robust follow-up systems, and effective recovery strategies, which have contributed to sustained liquidity and minimal slippages. Corporation has instituted a strong monitoring framework for loan recovery. Notably, the Board held on 13.08.2024, approved the Loan Compromise Settlement Policy (LCSP) aimed at resolving non-performing accounts. Under this scheme, Compromise Settlements were sanctioned in 68 cases amounting to Rs.14,627.00 lakh, of which 40 cases were successfully settled for Rs.6,236.36 lakh as on 31.03.2025. Total collections under the policy, including advance and partial remittances, stood at Rs.7,726.42 lakh. To further reinforce recovery efforts, the Corporation initiated Revenue Recovery proceedings against 133 units during the year, involving a total demand of Rs.27,208.70 lakh. Under the SARFAESI Act, KFC took physical possession of 3 defaulting units with a principal outstanding of Rs. 1,533.07 lakh and filed an insolvency petition under the Insolvency and Bankruptcy Code, 2016. Additionally, 4 borrower units are undergoing Corporate Insolvency Resolution Process (CIRP)/ liquidation, with KFC's admitted claims amounting to Rs.14,254.71 lakh. Furthermore, 9 units were taken over under Section 29 of the SFC Act, 1951, with an aggregate principal outstanding of Rs.3,350.81 lakh. The total recovery during FY 2024–25 amounted to Rs.3,98,075.93 lakh, underscoring the Corporation's intensified recovery initiatives and enforcement actions.

Portfolio

KFC's loan portfolio grew from Rs.7,36,832.71 lakh in FY 2023–24 to Rs. 8,01,198.61 lakh in FY 2024–25, marking an increase of 8.74%. This growth in the outstanding portfolio indicates the Corporation's sustained efforts to expand credit deployment to priority sectors, especially MSMEs, start-ups, and women-led enterprises. The increase also reflects an improved credit absorption capacity among industrial units supported by an industrial friendly environment and targeted schemes offered by the Corporation.

The sector-wise classification of Loans & Advances as on March 31, 2025 is furnished below:

		As on 31.03.2025			As on 31.03.2024		
	Sector	No	Amount	%	No	Amount	%
1	Manufacturing	1577	113131.35	14.12	1639	102153.41	13.9
2	Service	3867	653756.45	81.60	4941	602809.7	81.8
3	CRE	110	34310.80	4.28	120	31869.6	4.33

Total	5554	801198.6	100	6700	736832.71	100
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Profitability

The Corporation recorded a total income of Rs. 90,139.05 lakh in FY 2024-25, up from Rs. 86,871.54 lakh in the previous year. Net profit witnessed a sharp rise of 32.57%, increasing from Rs.7,404.39 lakh in 2023-24 to Rs.9,815.91 lakh in 2024-25. This notable growth in profitability reflects the Corporation's efficient fund utilization, improved interest margin realization, and stringent control over operating expenses.

Dividend

The Board of Directors has proposed a dividend of 5% for the year ended March 31, 2025, subject to the approval of the shareholders at the ensuing Annual General Meeting. As per Section 35A of the SFC Act 1951, 0.50% of the dividend accruing to the State Government and SIDBI will be transferred to the Special Reserve Fund.

Capital & Reserves

As on March 31, 2025, the Corporation's paid-up capital stood at Rs.72,650.43 lakh. An amount of Rs.20,000 lakh was received from the Government of Kerala on 24.03.2025 towards the allotment of 200 lakh equity shares of Rs.100 each. Post allotment, the paid-up share capital will stand at Rs.92,650.43 lakh. Consequently, the Corporation's net worth is expected to register a robust growth of 24.93%, increasing from Rs.1,06,352.78 lakh to Rs.1,32,834.64 lakh. This significant enhancement in net worth strengthens the Corporation's financial foundation and enhances its ability to mobilize additional resources to support future expansion and developmental initiatives.

Asset Quality

The Corporation accords highest priority to maintaining the quality of its loan portfolio. As on 31.03.2025, standard assets accounted for an impressive 97.33% of the total portfolio, reflecting KFC's strong credit discipline. In an environment where the broader financial sector continues to grapple with rising NPAs, KFC has demonstrated exemplary asset quality management through focused recovery efforts and rigorous loan monitoring.

The Gross NPA ratio improved from 2.88% to 2.67%, registering a decline of 7.29%, while the Net NPA ratio reduced from 0.68% to 0.61%, reflecting a 10.29% decrease. These positive trends underscore the Corporation's prudent credit appraisal and robust risk management systems. Additionally, the Provision Coverage Ratio has been maintained at a healthy level of 86.41%, further strengthening the Corporation's financial resilience.

Shareholding pattern

As on March 31, 2025, the Corporation's paid-up capital stood at Rs.72,650.43 lakh. An amount of Rs.20,000 lakh was received from the Government of Kerala

on 24.03.2025 towards the allotment of 200 lakh equity shares of Rs.100 each. Post allotment the composition of shareholders is furnished below:

Shareholders	Amount(Rs in lakh)	% of Shareholding
Government of Kerala	92026.94	99.327
SIDBI	613.33	0.662
LIC	7.1	0.008
SBI	2.1	0.002
Others	0.96	0.001
Total	92650.43	100.000

The Capital to Risk Weighted Assets Ratio (CRAR)

The Capital to Risk Weighted Assets Ratio (CRAR) of the Corporation as on March 31, 2025 according to Basel III guidelines is 28.65% (25.52% as on March 31, 2024).

Key Business Initiatives Undertaken During the Year

- 1. Recognition of High-Performing Clients –KFC Platinum/Gold/Silver Cards:** KFC Platinum, Gold, and Silver Cards was introduced to recognise borrowers with exemplary repayment and business conduct. These cards, which are renewable annually, acknowledge creditworthy clients and help foster long-term engagement.
- 2. Launch of KFC Pink Card for Women Entrepreneurs:** To promote women-led enterprises, the Corporation launched the KFC Pink Card, offering eligible women entrepreneurs benefits such as reduced processing fees, interest concessions, and access to additional finance on relaxed terms.
- 3. Appointment of KFC as Agent for Discounting Government Instruments:** Pursuant to Government Order (GO (Ms) No. 3/2025/Fin dated 07.01.2025), Kerala Financial Corporation was designated as the agent of the State Government to provide financial assistance to industrial concerns, MSMEs, and State PSUs by discounting Promissory Notes/Bills issued or accepted by Government Departments and agencies. Exposure is capped at 25% of the Corporation's eligible capital base, as per the latest audited financial statements.
- 4. New Scheme for Commercial Real Estate – Residential Housing:** A specialized financing scheme was introduced for the Commercial Real Estate – Residential Housing segment. The scheme offers competitive interest rates and includes revolving working capital facilities to builders with strong credit profiles, for projects registered with K-RERA.
- 5. Refinancing Scheme for State NBFCs Supporting MSMEs:** A new refinancing scheme was introduced for well-established and profitable NBFCs in Kerala, to support them in providing financial assistance to MSMEs within the state, with a maximum loan amount of Rs. 50 crore.

6. **Special Business Campaign to Source New Loans:** A three-month campaign was conducted from 05.12.2024 to 28.02.2025 to attract quality loan proposals. Incentives included a 50% waiver on processing fees and a 0.50% interest rate discount to boost loan sourcing during the period.
7. **Enhanced Delegation to MSME Credit Branches (MCBs):** MSME Credit Branches were authorized to process loans up to Rs.2,000 lakh, leading to improved operational efficiency and faster turnaround times.
8. **KFC Agro-Based MSME Loan Scheme (KAMS):** The Government, vide GO(MS) No.104/2024/Fin dated 17.08.2024, approved the continuation of a 3% interest subvention for eligible units under the KAMS scheme for FY 2024-25, supporting agro-based enterprises with concessional funding.
9. **Introduction of Repo Linked Lending Rate (RLLR):** The Corporation rolled out the RLLR-based lending framework for creditworthy MSMEs, in addition to the existing Base Rate (BR) and External Benchmark Linked Rate (EBLR) mechanisms. The interest rate policy was revised to enhance transparency and competitiveness.
10. **Diversification of Income – Insurance Corporate Agency Agreements:** To augment non-interest income, KFC entered into corporate agency agreements with four general insurers: New India Assurance Co. Ltd., ICICI Lombard General Insurance Co. Ltd., Bajaj Allianz General Insurance Co. Ltd., and Oriental Insurance Company Ltd., thereby facilitating insurance product distribution through the Corporation's branch network.
11. **Strengthening Operational Capacity – New Empanelments:** The Corporation empanelled additional professionals including Advocates for SARFAESI-related legal proceedings, Direct Selling Agents (DSAs) for business development, and Technical Valuers to enhance appraisal quality and service efficiency.

Awards and Recognitions

During the financial year 2024-25, Kerala Financial Corporation (KFC) received multiple accolades in recognition of its outstanding contributions to the financial services sector, particularly in support of the MSME ecosystem. The Corporation was honoured with the FACT MKK Nayar Memorial Productivity Performance Award for Service Industries, reflecting its operational efficiency and service excellence. Further, KFC was conferred the Hues of Life Exemplary Business & Leadership Award 2024 for its exceptional performance in designing and implementing financial schemes tailored for MSMEs. Additionally, the Corporation secured the MSME Excellence Award 2024 from Hues of Life, recognizing it as the Best Financial Service Provider to the MSME sector. These recognitions underscore KFC's commitment to developmental finance and its impactful role in driving entrepreneurship and industrial growth in Kerala.

Resource mobilisation

- **LOC from Commercial Banks/FIs.** The Corporation mobilizes resources from banks/ financial institutions as Term loan/ Working Capital Demand Loan/ Overdraft/ Foreign Currency Loan. During the year the Corporation availed loans amounting to Rs. 2,71,964.13 Lakh and repaid Rs. 2,08,370.23 Lakh. The loan outstanding as on 31.03.2025 is Rs. 6,37,306.87 Lakh. The Corporation is rated A+ for Bank borrowings from Acuite Rating Agency during the year.
- **Non-SLR Bonds.** During the financial year 2024-25, the Corporation did not mobilize any fresh funds by issue of Non-Convertible Debentures (NCDs). However, as on 31.03.2025, the total outstanding bonds stood at Rs.1,43,537.50 lakh. The Corporation has listed the following NCDs on the Bombay Stock Exchange. These NCDs, issued without the backing of a Government guarantee, have been assigned a credit rating of AA(SO) by two RBI/SEBI-approved credit rating agencies. Notably, KFC continues to be the only Public Sector Undertaking (PSU) in the State of Kerala to successfully access the bond market without a Government guarantee, reflecting its strong creditworthiness and market confidence.

Rs in Lakh

Sl No	Issue Date	Coupon	Amount Issued	Amount Outstanding	Maturity Date	Credit Rating	Asset Cover
1	13-Mar-24	8.89%	30700.00	30700.00	13-Mar-34	AA	100%
2	02-May-23	8.63%	27350.00	27350.00	24-Mar-33	AA	100%
3	24-Mar-23	8.90%	47650.00	47650.00	24-Mar-33	AA	100%
4	14-Sep-20	7.70%	25000.00	25000.00	14-Sep-30	AA	110%
5	09-Jul-19	8.99%	25000.00	12500.00	09-Jul-26	AA	125%
6	04-Apr-18	8.69%	25000.00#	337.50	04-Apr-25	AA	125%

Partial Redemption done

+ Asset cover maintained as per issue terms (secured by receivables)

In order to enable Debenture Trustees to take prompt action for enforcement of security in case of default in listed debt securities, a 'Recovery Expense Fund'(REF) equal to 0.01% of the issue size subject to maximum of Rs.25 Lakh shall be created, as per SEBI Circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated 22nd October 2020 which shall be utilized in a manner decided by holders of securities in case of default. The provisions of this circular were made applicable w.e.f. January 2021 and accordingly the amount deposited by Corporation towards REF with BSE as on March 31, 2025 is Rs.18.57 Lakh.

Risk Management

The Corporation has developed a strong risk-aware culture through a comprehensive risk management framework that systematically identifies, measures, and manages all material risks in line with regulatory guidelines from the Reserve Bank of India, SEBI, and other authorities, while adhering to industry best practices. Risk management is fully integrated into core functions such as strategic planning, project management, and performance monitoring, making it central to decision-making. The framework establishes governance structures, defines risk appetite, and ensures consistent risk assessment across the Corporation. To oversee risk effectively, the Corporation has constituted key committees: the Risk Management Committee of the Board (RMCB), the Risk Management Committee of Executives (RMC) and the Asset Liability Management Committee (ALCO). Together, they uphold a robust risk governance framework supporting sustainable growth and value creation for stakeholders.

Asset Liability Management (ALM)

The Corporation's Asset Liability Management (ALM) framework is designed to support strategic planning, implementation, and control processes that influence the maturity, quality, and liquidity of its assets and liabilities, ensuring that returns are commensurate with the level of risk undertaken. This framework has become increasingly critical as the Corporation's business operations, funding sources, and risk exposures continue to expand. The Asset Liability Management Committee (ALCO) is tasked with actively managing liquidity and associated financial risks. It regularly reviews the Corporation's liquidity position, examines approved liquidity ratios, and ensures there are no breaches. ALCO also monitors cash flows to prevent negative mismatches that could lead to a liquidity shortfall or crisis. Through continuous oversight and timely interventions, ALCO ensures effective fund management and financial resilience. During the financial year, ALCO met 27 times, reflecting its proactive and vigilant approach to liquidity and risk management.

ISO Certification

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

Other Financial Service Activities

IRDA has approved the Corporation for acting as a Corporate Agent (composite) for procuring or soliciting insurance business. The Corporation has now reregistered itself with IRDA as per IRDAI (Registration of Corporate Agents) Regulations 2015 and the registration is valid till 4th September 2026. A Board approved Policy on the manner of soliciting and servicing insurance

products is in place. The Policy includes the approach to be followed by the corporate agent in having single or multiple tie-ups, the partners in the tie-ups, the business mix, the type of products sold, the grievance redressal mechanism and reporting requirements.

Audits

Corporation adheres to a comprehensive multi-tiered audit framework comprising statutory, internal, and concurrent audits to uphold financial integrity and regulatory compliance. Statutory audits of the Corporation's accounts are conducted quarterly in accordance with Section 37 of the State Financial Corporations Act, 1951, and SEBI Listing Regulations, with annual audited results submitted to stock exchanges within sixty days of the financial year-end. Additionally, a Limited Review of accounts is performed each quarter, and financial results, audited or unaudited, are filed within forty-five days of the quarter's end (except for the last quarter), accompanied by a Limited Review Report from the Statutory Auditors. Internal audits are carried out quarterly by designated officers, covering all critical operational areas from loan sanction to recovery, while monthly concurrent audits of branch operations are undertaken by reputed Chartered Accountant firms. Pre-disbursement audits are mandated for loan disbursements exceeding Rs.100 lakh, conducted by independent teams not involved in the sanction or disbursement processes. Compromise settlements above Rs.25 lakh undergo audit as a prudent control and risk mitigation measure. Furthermore, an annual Line of Credit (LOC) audit for contractor loans is conducted during the first quarter of each financial year. These rigorous audit procedures collectively ensure strict adherence to policies, mitigate operational risks, and strengthen the Corporation's governance framework. The Comptroller & Auditor General of India has audited the Corporation's accounts up to the financial year 2023-24. Additionally, CAG conducted a subject-specific compliance audit on the sanction, disbursement, and recovery of loans by Kerala Financial Corporation, covering the period from FY 2021-22 to FY 2023-24.

Statutory Auditors

At the 71st Annual General Meeting held on 24.06.2024, reappointed M/s. JAKS Associates, Chartered Accountants (ICAI Firm Registration No. 301003E/E300005), as Statutory Auditors of the Corporation for the audit of the Corporation's accounts for the year 2024-25. Their scope includes quarterly audits and the annual audit of accounts under Section 37 of the State Financial Corporations Act, 1951. The Corporation continues to ensure full cooperation and transparency in all audit processes and places the auditors' reports before the Board and shareholders as per the regulatory timelines.

Secretarial Audit

In accordance with the provisions of Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has appointed M/s. K. Narayana Swamy & Co., Practicing Company Secretaries, Bengaluru (FCS 1838 / CP 9878 / Peer Review Cert. No. 1744/2022) to conduct the Secretarial Audit of the Corporation for the financial year ended 31st March, 2025. The Secretarial Audit Report is annexed to this Report and reflects the Corporation's continued commitment to sound corporate governance practices and full statutory compliance.

Internal Control System

The Corporation has implemented a robust internal control system aimed at ensuring the reliability of financial reporting, compliance with applicable laws and regulations, and the effectiveness and efficiency of operations. These internal controls are structured around clearly defined policies, standard operating procedures, and approval hierarchies. They are continuously reviewed, benchmarked against industry best practices, and updated to address emerging risks. The Corporation's internal control processes are supported by regular evaluations and certifications across business units. Through enhanced internal inspection mechanisms and vigilance measures, KFC ensures that internal controls are operating effectively. Additionally, Corporation periodically does an assessment of the Corporation's internal control mechanism and affirms its adequacy and operating effectiveness as required under applicable laws and regulations.

Corporate Social Responsibility (CSR)

The Corporation recognizes its responsibility to contribute meaningfully to society and has undertaken several initiatives under its Corporate Social Responsibility (CSR) program. The Corporation, as part of its CSR initiatives, supported educational institutions by providing classroom furniture, desktop computers, and sanitary napkin incinerator machines, reflecting its commitment to promoting education, health, and social welfare beyond its core financial operations.

Human Resources and Capacity Building

The Corporation firmly believes that its human capital is the cornerstone of its sustained success and organizational excellence. Recognizing the importance of employee motivation and continuous professional development, several initiatives were undertaken during FY 2024-25 to strengthen workforce capabilities. A total of 135 employees were provided training through various in-house and external programmes, and promotions were awarded to 50 employees, fostering a culture of growth and recognition. As on 31st March 2025, the Corporation had a total staff strength of 185. During the year, 12 employees retired on attaining superannuation.

Participative Management

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

Future Plans of the Corporation

The Corporation is committed to driving growth, entrepreneurship and employment generation across various sectors through the implementation of several key initiatives:

- **Expansion of Your Office (EYO):** A new loan scheme will be introduced to support MSMEs and startups in establishing coworking spaces on their own land, with loan assistance up to Rs.10 crore at a concessional interest rate of 5%.
- **Tourism Sector Loans:** A dedicated financing scheme will be implemented to support tourism-related hotel projects with loans up to Rs.50 crore, with 2% interest concession provided by the State Government.
- **Digital Transformation:** The Corporation will digitize its lending processes and enhance operational efficiency. Separate RFPs for CRM, loan origination and management, HRMS, and digital banking systems will be released to facilitate this transformation.
- **Chief Minister's Entrepreneurship Development Programme (CMEDP):** This flagship scheme continues to support MSMEs with subsidized loans up to Rs.2 crore, including a government interest subvention of 3%. To date, loans amounting to Rs.1,035 crore have been sanctioned across 3,085 accounts. The Corporation plans to extend support to an additional 500 enterprises in FY 2025-26 and broaden the eligibility age limit to 60 years.
- **Startup Kerala Scheme:** This comprehensive financing program supports startups at various growth stages with loans ranging from Rs.25 lakh to Rs.1000 lakh, including finance for executing Purchase Orders, discounting Bills and also for availing Venture Debt funding. It is proposed to increase the upper loan limit for executing Purchase Orders and discounting Bills from Rs.1000 lakh to Rs.1500 lakh.
- **Credit Guarantee Scheme for Startups (CGSS):** The Corporation intends to register as a Member Lending Institution under the revised CGSS by National Credit Guarantee Trustee Company Ltd. (NCGTC). This will enable the extension of collateral-free, guarantee-backed loans up to

Rs.20 crore to eligible startups, thereby enhancing institutional credit flow with risk mitigation.

- **KFC Agro-based MSME Loan Scheme (KAMS):** Targeting MSMEs in the agriculture sector, this scheme offers loans at 6% interest for the first year with a 3% government subsidy. The scheme's validity is proposed to be extended through FY 2025-26.
- **Opening of New Offices and Regional Office Complexes:** To strengthen startup support and improve regional accessibility, the Corporation plans to establish three dedicated satellite offices for startups at Technopark (Thiruvananthapuram), Info Park (Ernakulam), and Cyber Park (Kozhikode). These offices will provide focused services, expert guidance, and funding assistance to nurture entrepreneurship and innovation in Kerala. Furthermore, two new regional office complexes are proposed at Thiruvananthapuram and Kozhikode, consolidating Zonal, SARB, MSME Credit, and Large Credit branches to enhance operational efficiency and service delivery, enabling faster and more comprehensive financial solutions tailored to regional needs.

Corporate Governance

The Corporation is committed to adopting best corporate governance practices and believes that effective Corporate Governance is not just a requirement for regulatory compliance, but also a facilitator for the enhancement of stakeholders' value. The Corporation has been ensuring fairness, responsibility, accountability and transparency in all its dealings. The Corporation reiterates its commitment to pursue the highest standards of corporate governance such as empowerment and integrity of its employees, transparency in the decision-making process, fair & ethical dealings, and accountability to all the stakeholders. The various internal policies of the Corporation were reviewed by the Board during the year and wherever required necessary amendments are being done. ISO procedures are scrupulously complied with. No frauds were reported during the FY 2024-25.

The Corporation has designated State Public Information Officers, Assistant Public Information Officers, and Appellate Officers at both the Head Office and Branch Offices to ensure timely responses under the RTI Act. During the financial year, 81 RTI applications were received, all of which were disposed of within the prescribed time limits. A significant development was the integration with the Government of Kerala's RTI online portal (<https://rtiportal.kerala.gov.in/>), enabling the public to conveniently submit RTI applications to KFC through the online portal.

The Corporation has complied with provisions relating to the constitution of the Internal Complaints Committee under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy provides for protection against sexual harassment of women in the

workplace and prevention and redressal of such complaints. During FY 24-25, no complaints were reported.

Corporate Governance Framework

The Corporation operates under a robust three-tier Corporate Governance structure designed to ensure accountability, transparency, and effective oversight of its operations:

a) Board of Directors:

The Board serves as the apex decision-making body and is primarily responsible for safeguarding stakeholder interests and enhancing long-term value. It provides strategic supervision by setting corporate objectives, policies, performance benchmarks, accountability frameworks, and decision-making protocols. The Board also ensures the implementation and maintenance of adequate internal financial controls, supported by appropriate policies and procedures to facilitate orderly and efficient business conduct, asset protection, prevention of frauds, accurate financial reporting, and statutory compliance.

b) Apex Committees of the Board:

The Board has constituted several sub-committees, including the Executive Committee, Audit Committee, Risk Management Committee, Stakeholders Relationship Committee, and Nomination and Remuneration Committee. These committees focus on specific functional areas such as financial reporting and audit, risk identification and mitigation, compliance monitoring, sustainable development, policy formulation, and overall governance enhancement.

c) Executive Management:

The day-to-day management of the Corporation is entrusted to the Executive Management team, comprising the Executive Director, General Managers, Financial Controller, Heads of Departments, and Zonal Managers. Responsibilities are clearly defined and delegated across functional and operational levels, ensuring efficient execution, operational control, and alignment with the Corporation's strategic goals.

Board of Directors:

The details of the Board of Directors are given below:

Name	Designation	Tenure
Dr. A. Jayathilak IAS, Chairman	Chief Secretary, Government of Kerala	28.10.2024 - Present
Shri. Sanjay Kaul IAS Chairman & Managing Director, Director	Secretary, Government of Kerala	Chairman: 01.06.2021 - 30.08.2024 MD: 01.06.2021 - 26.03.2024 & 10.06.2024 - 30.08.2024 Director: 20.05.2020 - 30.08.2024
Dr. Sriram V IAS	Director, Agriculture	31.08.2024 - 28.11.2024 &

Name	Designation	Tenure
Managing Director	Development & Farmers Welfare; MD, KFC	28.12.2024 - Present
Shri. Mir Mohammed Ali IAS Managing Director (Additional Charge)	MD, KSIDC & CMD, KSEB Ltd.	10.12.2024 - 27.12.2024
Shri. Harikishore IAS Director	Secretary, Government of Kerala	12.08.2021 - Present
Shri. Satyaki Rastogi Director	General Manager, SIDBI	29.09.2021 - 21.05.2024
Shri. Subbarao Sreepathy Director	General Manager, SIDBI	22.05.2024 - Present
Shri. K.V. Karthikeyan Director	Deputy General Manager, SIDBI	04.05.2022 - 21.05.2024
Shri. Shaju Raphael Director	Deputy General Manager, SIDBI	22.05.2024 - Present
Shri. Sheshu Babu Palle Director	General Manager, SBI	17.06.2023 - 04.09.2024
Shri. Manmohan Swain Director	General Manager, SBI	04.09.2024 - Present
Shri. Premkumar S Director	Senior Divisional Manager, LIC	11.08.2022 - 18.05.2025
Shri. Ajish B Director	Senior Divisional Manager, LIC	19.05.2025 - Present
Shri. Premnath Ravindranath MD (In-charge)	Executive Director, KFC	27.03.2024 - 09.06.2024 & 29.11.2024 - 10.12.2024

Apex Committees:

The Board of the Corporation met Five times during the year on 27.05.2024, 12.08.2024, 07.11.2024, 11.02.2025, and 08.02.2025.

The Executive Committee met fifteen times during the year on 19.06.2024, 13.08.2024, 05.09.2024, 23.09.2024, 30.09.2024, 16.10.2024, 29.10.2024, 28.11.2024, 23.12.2024, 16.01.2025, 28.01.2025, 05.02.2025, 18.02.2025, 15.03.2025, and 22.03.2025.

The Audit Committee met four times during the year on 20.05.2024, 08.08.2024, 06.11.2024 and 10.02.2025

The Risk Management Committee (RMC) met twice during the year on 08.08.2024 and 10.02.2025.

The Stakeholder Relationship Committee (SRC) met once during the year on 10.02.2025.

The Nomination and Remuneration Committee (NRC) met once during the year on 30.08.2024.

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

Name	Board (5)	AC (4)	EC (15)	RMC (2)	SRC (1)	NRC (1)
Dr. A Jayathilak IAS	3	NA	8	NA	NA	NA
Shri Sanjay Kaul IAS	2	NA	2	NA	NA	NA
Dr. Sriram V IAS	3	NA	12	NA	NA	NA
Shri Mir Mohammed Ali IAS	0	NA	1	NA	NA	NA
Shri Prem Kumar S	5	4	15	2	1	1
Shri Manmohan Swain	3	2	NA	1	1	NA
Shri Sheshu Babu Palle	6	1	NA	1	1	1
Shri Shaju Raphael	4	3	12	NA	1	1
Shri Subbarao Sreepathy	2	NA	NA	NA	NA	NA

Remuneration to Key Managerial Personnel

No remuneration was paid to Dr. A. Jayathilak, IAS (Chairman), Shri Sanjay Kaul, IAS (former CMD) and Dr. Sriram Venkitaraman, IAS (Managing Director). The details of salary and other perquisites paid to other Key Managerial Personnel (KMPs) during the financial year are as follows:

- Sri Premnath Ravindranath, Executive Director: Rs.46.10 lakh
- Smt. Soya K, Financial Controller & Chief Financial Officer: Rs.34.78 lakh
- Sri Ram Ganesh R, Company Secretary: Rs.4.61 lakh (Tenure: 01.04.2024 to 21.08.2024)
- Smt. Nandhini Vijayaraghavan, Company Secretary: Rs.5.63 lakh (Tenure: From 18.09.2024 to date)

Directors' Responsibility Statement

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities; and the Directors have prepared the annual accounts on a going concern basis. To the best of their knowledge and belief, and based on the information and explanations received, the Board of Directors of the Corporation hereby confirms that:

- (a) In the preparation of the annual financial statements for the year ended March 31, 2025, the applicable accounting standards have been followed, along with appropriate disclosures and explanations for any material departures, if any;
- (b) The accounting policies described in the Notes to the Financial Statements have been consistently applied, and reasonable and prudent judgments and estimates have been made so as to present a true and fair view of the financial position of the Corporation as on March 31, 2025, and of the profit for the year ended on that date;
- (c) The applicable guidelines issued for State Financial Corporations have been duly followed, with no material deviations. The Corporation continues to follow the accrual basis of accounting for standard assets and cash basis for non-performing assets as adopted from the financial year 2005-06;
- (d) Proper and adequate care has been taken for the maintenance of accurate accounting records in accordance with the provisions of the State Financial Corporations Act, 1951, the Companies Act, 2013, and applicable guidelines issued by SIDBI/RBI, to safeguard the assets of the Corporation and to prevent and detect frauds and other irregularities;
- (e) The annual accounts have been prepared on a going concern basis;
- (f) The Corporation has established adequate internal financial controls and such controls have been operating effectively during the financial year;
- (g) The Corporation has devised and implemented proper systems to ensure compliance with applicable laws, and such systems are adequate and operating effectively.

Acknowledgements

The Board of Directors sincerely acknowledges and appreciates the support and guidance extended by the Government of Kerala, SIDBI, various Governmental Agencies and Departments, the Reserve Bank of India, SEBI, IRDA, and other statutory and regulatory authorities throughout the year. The Board also expresses its gratitude to Banks, Financial Institutions, Rating Agencies, Trustees, and the Stock Exchange for their continued cooperation and assistance. The Board further expresses its sincere gratitude to the shareholders, customers, and vendors for their continued trust, support, and goodwill, and anticipates their sustained collaboration in the future. The Board also takes this opportunity to commend and sincerely appreciate the dedicated services rendered by the outgoing Directors as well as the Officers and Staff of the Corporation for their commitment and contribution.

For and on behalf of the Board

Thiruvananthapuram


Chairman

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2025
[Pursuant to Regulation 24A (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

*The Members,
Kerala Financial Corporation.*

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

Based on our verification of the Corporation's books, papers, minute books, forms and returns filed and other records maintained by the Corporation and also the information provided by the Corporation, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that, in our opinion, the Corporation has during the audit period ended on 31st March, 2025 complied with the statutory provisions listed hereunder and also that the Corporation has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Corporation for the financial year ended on 31st March, 2025 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder; (*Not directly Applicable*);

NOTE: KFC is not a Company registered under the Companies Act, 1956/2013, but was established under the State Financial Corporations Act, 1951 and governed by the KFC General Regulations, 2003 approved by Government of Kerala and SIDBI.

- II. The Securities Contracts (Regulation) Act, 1956 ("SCRA"), and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Rules made thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (*Not Applicable*); and
- V. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), viz.,

K. Narayana Swamy & Co.
Company Secretaries



- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; *(Not Applicable)*
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; *(Not Applicable)*
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; *(Not Applicable)*
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (h) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
- (i) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009 to the extent applicable;
- (j) Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company) to the extent applicable; &
- (k) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 *(Not Applicable)*;

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

VI. Specific Laws –

- a. State Financial Corporations Act, 1951 &
- b. KFC General Regulations, 2003,

VII. General & Labour Laws -

- a. Payment of Wages Act, 1936
- b. Employees Provident Funds and Miscellaneous Provisions Act, 1952
- c. Employees State Insurance Act, 1948
- d. Payment of Gratuity Act, 1972
- e. Contract Labour (Regulation and Abolition) Act, 1970
- f. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- g. Trade Union Act, 1926 &
- h. Other applicable Labour Laws, Rules & Regulations thereof.

The Management has also represented and confirmed that all the laws, rules, regulations, orders, standards and guidelines as are specifically applicable to the Corporation have been complied with.

Apart from the above, we have also examined the compliance of applicable Secretarial Standards/ Guidelines issued by Institute of Company Secretaries of India (ICSI) with specific reference to meetings of the Board of Directors (SS-1) and General Meetings (SS-2).



Accordingly, we state that during the year under review there were adequate systems and processes in place to monitor and ensure compliance with various applicable Specific, General & Labour laws and that the Corporation has complied with the provisions of the Acts, Rules, Regulations, Orders, Standards, Guidelines, etc., mentioned above, subject to the following observations :

1. KFC has appointed a qualified Company Secretary as the Compliance Officer in terms of Regulation 6 (1) of SEBI (LODR) Regulations, 2015 read with Section 203 (1)(ii) of the Companies Act, 2013 on 14th December, 2023 and thereon the requirement of the above Regulation has been duly complied with even though there was a change in the appointment of Company Secretary.

2. KFC is not a Company registered under the Companies Act, but was established under the State Financial Corporations Act, 1951 and governed by the KFC General Regulations, 2003 approved by Government of Kerala and SIDBI. As such, KFC is not in a position to fully comply with the requirements of SEBI Circular No. SEBI/HO/CFD/CMD-2/P/CIR /2021/567 dt. 31.5.2021 regarding Compliance Reports on Corporate Governance.

{KFC has been filing the Corporate Governance Report in compliance with Regulation 27(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, certain requirements, such as the appointment of an Independent Directors and a Woman Director, are yet to be fully complied with, as these appointments are subject to the approval of the Government of Kerala. KFC represents that the matter has already been taken up with the Government and the process for obtaining necessary approvals is underway}.

3. KFC is not able to fully comply with Secretarial Standards / Guidelines issued by Institute of Company Secretaries of India (ICSI) with specific reference to meetings of the Board of Directors (SS-1) and General Meetings (SS-2) since the Corporation was not having a qualified Company Secretary till 13th December, 2023 and due to subsequent change in the appointment of Company Secretary.

{However, KFC represents that the Corporation, being a Government Organisation, established under the State Financial Corporations Act, 1951, has faced certain practical challenges in fully complying with specific requirements. It is expected that full compliance with SS-1 and SS-2 will be achieved from the financial year 2025-26 onwards}.

4. KFC represents that the Policy on Insider Trading(PIT) is being framed and the same is expected to be approved by the Board soon for implementation.

5. KFC has since issued notices to the shareholders to claim the unclaimed outstanding amounts as per Regulation 61A of SEBI (LODR), Regulations, 2015. Any amount remaining unclaimed will be transferred to Investor Education and Protection Fund.

{KFC represents that the Corporation is currently in the process of opening a separate bank account for this purpose and the transfer to the IEPF will be done promptly upon completion of the necessary formalities}.

6. There were delays regarding intimation of Board Meeting date and Record date to BSE resulting in levy of minor penalties in the past. However, after the said notices from BSE, there is no delay in the above matter as the required systems are in place.

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



Adequate notices were given to all Directors to schedule the Board Meetings and the Agenda and detailed notes on Agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the Meeting.

As per the minutes of the Board Meetings duly recorded and signed by the Chairman, the decisions at the Meetings were unanimous inasmuch as minutes of the Meetings are self-explanatory.

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

In this connection, we report that:

1. SEBI has vide Notification dated 27th March, 2025 has introduced a new Chapter, viz., Chapter VA – "Corporate Governance norms for listed entity (HVDLEs)" which has listed its non-convertible debt securities, which is effective from 1st April, 2025. With the above SEBI Notification, KFC is required to strictly comply with SEBI (LODR) Regulations, 2015 and more specifically, Chapter VA, in letter and spirit.
2. No bonds were raised by KFC during the year under review. The aggregate outstanding bonds as on 31st March, 2025 stood at Rs. 1,435.37 crore.
3. There were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the affairs of the Corporation.



For K. Narayana Swamy & Co.,
Company Secretaries

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

UDIN NO.FOO1838GOO450759

Place : Bengaluru
Date : 27th May, 2025

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

'Annexure - A'

To,

*The Members,
Kerala Financial Corporation.*

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

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

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

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

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

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

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



**For K. Narayana Swamy & Co.,
Company Secretaries**

(K. Narayana Swamy)
FCS 1838 / CP 9878

Peer Review Cert. No.1744/2022

UDIN NO.FOO1838GOO450759

Place : Bengaluru
Date : 27th May, 2025

INDEPENDENT AUDITOR'S REPORT

To

The Members
Kerala Financial Corporation
Thiruvananthapuram

Report on the Audit of the Financial Statements,

We have audited the Financial Statements of Kerala Financial Corporation (herein referred to as KFC), which comprise the Balance Sheet as on March 31, 2025 and the Profit and Loss account and the statement of Cash Flows for the Year Ended, and the Notes to the Financial Statements, including a summary of Significant Accounting Policies.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying Financial Statements give a True and Fair view of the Financial Position of the entity as on March 31, 2025 and of its Financial Performance and its cash flows for the year ended in accordance with the directives of SIDBI, State Financial Corporation Act and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

Basis of Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section for our report. We are independent of the entity according to the ethical requirements that are relevant to our audit of the Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the opinion.

Emphasis of Matter

1. The corporation has restructured loan accounts amounting to Rs.31011.55 Lakh and classified as Standard assets, and accrued interest on these assets is about Rs.329.87 Lakh. The corporation has made additional provision of 10% on these assets and is included in the provision for bad debts.
2. The corporation applies a higher percentage of provision for bad debts on sub-standard assets than prescribed in the RBI Norms. Though the corporation does it on a conservative basis, the correct application of RBI Norms will have a material impact on the Profit and Loss account of the corporation.



3. With reference to Note No: 1.7 the corporation has taken the cumulative balance of special reserve under section 36(1)(viii) of IT Act, 1961 and Provision for doubtful debts till date for the first time for the calculation of Deferred Tax due to which the Deferred Tax Asset for the current year is Rs. 2,192.82 lakh.
4. The corporation has a property acquired against a defaulted loan with a value of Rs.400.34 Lakh shown as an asset in its Balance Sheet. This has been there for a very long time. The corporation has revalued the same on 10-10-2024 and decided to fix the Reserve Price of the Property at Rs. 662 lakhs. Though there are records available to substantiate the recoverability of the asset, the same is not getting materialised.
5. The corporation does not have a full-fledged system to verify whether the collateral securities are revalued once in every three years and updated in the loan database and accounting records with the revalued figures.
6. The Loan Portfolio of the Corporation as on 31.03.2025 includes the loans extended to the following Public Sector Undertaking (PSU) of Govt of Kerala.

(Rs. In Lakh)

SL no.	Name of Borrower	Balance outstanding as on 31-03-2025	Balance outstanding as on 31-03-2024
1	Kerala Infrastructure Investment Fund Board (KIIFB)	1,16,675.97	83,335.30
2	Kerala Social Security Pension Ltd (KSSP)	99,999.80	64,999.95
3	Kerala State Electricity Board (KSEB)	68,015.67	90,542.59
4	Vizhinjam International Seaport Ltd(VISL)	0	35,257.14
	Total	2,84,691.44	2,74,134.98

We have found that these loans are secured only by the sovereign guarantee of the Govt of Kerala and does not have any other security.

7. The corporation has funded subsidy upfront to the tune of Rs.2,817.27 Lakh to the borrowers on certain loan schemes on behalf of Government of Kerala before collecting the subsidy amount from Government. This amount is subject to confirmation from Government of Kerala and the corporation has not taken any provision against it.
8. The Corporation had invested Rs.6,080 lakh in NCDs of M/s. Reliance Commercial Finance Ltd. in April 2018. Following default by the issuer, RBI initiated a resolution plan which was approved in July 2021 providing for recovery of only 24.96% for KFC. The Corporation dissented and filed a writ petition before the Hon'ble High Court of Bombay, which is pending. Pursuant to the Hon'ble Supreme Court's order dated 30.08.2022, the resolution bidder gave a revised settlement offer of 52% plus 1% of future remittances which was approved by the Board in Nov 2022. Government concurrence was received in May 2024, but implementation is pending due to the



ongoing writ petition. Full provision has been made for the unrecovered amount, and any future recovery will be recognized as income.

Our opinion is not modified in respect of these matters.

Other Matters

1. On our random verification, it is observed that the KYC updation of loan files for some loan documents pertaining to branches are not fully in order due to deficiency in documentation.
2. Suspense account shows a balance of Rs.1,194.44 lakh as on 31.03.2025, which includes Rs.941.10 lakh related to contractor loan remittances, of which Rs.822.10 lakh was refunded post year-end. The remaining Rs.253.34 lakh pertains to unidentified credits in loan accounts and amounts retained in compliance with court orders.
3. There are some liability accounts with subsidy received from various agencies but not yet released to the eligible borrowers. It may also be noted that for the subsidies payable to the borrowers which have already become NPA, the corporation may adjust the subsidies against the loan account balance with the approval from the authorities concerned.
4. We have come across instances where entire details of Insurance Policy such as Insurance Declared Value, Expiry Date, Lien Clause etc. are not updated in the system and hence not available for complete verification.
5. The Corporation has a mechanism to claim the secured portion under CGTMSE from the Central Government. These claims may be accounted for as receivables upon approval by the Government.
6. We have noticed certain limitations in the software system in generating specific reports required for verifying MSME classification etc directly from the ERP.
7. Accounting and Reporting Process of the Corporation is highly dependent on Information System Controls. We have observed data cleansing issues during the period of Audit. We are of the opinion that there is an inherent risk that any control lapses, incorrect input data, ineffective data migration procedures and wrong extraction of data may result in the financial accounting and Reporting records being misstated.

Our opinion is not modified in respect of these matters.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and the Fair Presentation of the Financial Statements in accordance with the aforesaid Accounting Standards, and for such internal controls as management determines is necessary to enable the preparation of Financial Statement that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Place: Thiruvananthapuram
Date:21-05-2025



For JAKS and Associates
Chartered Accountants
FRN No:001360S

A handwritten signature in blue ink, appearing to be "Selastin Anthoniappan".

CA Selastin Anthoniappan
M. No.:202874

UDIN:25202874BMIATB4436

KERALA FINANCIAL CORPORATION					
STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2025					
					(Rs. In Lakh)
Sl No	Particulars	Quarter ended		Year ended	
		31.03.2025	31.12.2024	31.03.2025	31.03.2024
		Audited	Unaudited	Audited	Audited
	Revenue				
1	Revenue from Operations	22,331.83	20,668.96	81,350.02	80,376.75
2	Other Income	2,734.48	2,497.39	8,789.03	6,494.78
3	Total Income	25,066.31	23,166.35	90,139.05	86,871.54
	Expenses				
	(a) Interest expenses	15,129.70	14,951.57	60,692.16	57,150.04
	(b) Employee benefits expenses	1,142.62	1,105.97	4,214.86	4,502.87
	(c) Administrative Expenses	590.87	200.05	1,265.21	972.87
	(d) Depreciation and amortisation expense	0.55	1.40	151.54	147.10
	(e) Bad debts written off	-	-	13,687.70	13,309.58
4	Total expenditure	16,863.74	16,259.00	80,011.48	76,082.46
5	Operating Profit before exceptional and extraordinary items and tax	8,202.57	6,907.35	10,127.58	10,789.08
6	Add: Prior Period Income	-	-	-	-
6	Operating Profit After exceptional and extraordinary items	8,202.57	6,907.35	10,127.58	10,789.08
7	Less: Provision for Bad and Doubtful debts / Other assets	-	-	-	135.09
8	Profit before tax	8,202.57	6,907.35	10,127.58	10,654.00
9	Tax expense:				
	Less: Current tax expense - (a) Provision for Income Tax	300.00	700.00	2,504.48	2,660.34
	(b) Provision for Deferred Tax	-	-	-2,192.82	589.26
10	Net Profit after tax for the period	7,902.57	6,207.35	9,815.91	7,404.39
11	Paid up Equity share capital (Face value of Rs. 100/- per share)	72,650.43	72,650.43	72,650.43	72,650.43
12	Share Application money received pending allotment	-	-	20,000.00	-
13	Reserves excluding Revaluation reserves	-	-	40,184.21	33,702.35
14	Earnings per share (Equity shares of Rs 100/- each):				
	(a) Basic	10.88*	8.54*	13.90	10.19
	(b) Diluted	10.88*	8.54*	13.81	10.19

* Not Annualised

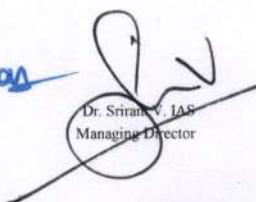
Previous figures are regrouped and rearranged wherever necessary to conform to current year's requirement.


Nandhini V
Company Secretary
& Compliance Officer


Soya K
Financial Controller
& Chief Financial officer

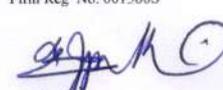

Premnath Kavindranath
Executive Director


Manmohan Swain
Director


Dr. Sritran V. IAS
Managing Director



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


Selastin K. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date: 21-05-2025

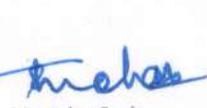
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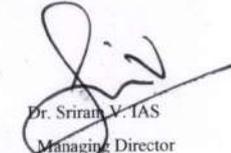
KERALA FINANCIAL CORPORATION			
STATEMENT OF ASSETS AND LIABILITIES			
	Particulars	As at 31.03.2025	As at 31.03.2024
		Audited	Audited
		Amt in Lakh	Amt in Lakh
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	72,650.43	72,650.43
	(b) Reserves and surplus	40,198.42	33,716.56
	(C) Share application money pending allotment	20,000.00	0.00
2	Non-current liabilities		
	(a) Long-term borrowings	5,79,466.59	5,59,821.78
	(b) Other non current liabilities	420.90	509.12
	(c) Long-term provisions	22,453.53	22,453.53
	(d) Deferred Tax Liabilities (net)	0.00	321.61
3	Current liabilities		
	(a) Short-term borrowings	2,01,378.31	1,64,994.69
	(b) Other current liabilities	8,202.77	7,411.16
	(c) Short-term provisions	6,137.01	9,962.56
	TOTAL	9,50,907.96	8,71,841.44
B	ASSETS		
1	Non-current assets		
	(a) Property, Plant and Equipment and Intangible Assets		
	(i) Property, Plant and Equipment	887.40	777.96
	(ii) Intangible Assets	36.27	60.45
	(b) Non-current investments	3,810.49	6,250.83
	(c) Other non-current assets	5,92,520.90	5,70,438.54
	(d) Deferred Tax Assets (net)	1,871.21	0.00
2	Current assets		
	(a) Current investments	92,372.59	59,032.42
	(b) Cash and cash equivalents	33,451.28	47,760.03
	(c) Other current assets	2,25,957.82	1,87,521.21
	TOTAL	9,50,907.96	8,71,841.44

 Nandhini V
 Company Secretary & Compliance Officer

 Soya K
 Financial Controller & Chief Financial officer

 Premnath Ravindranath
 Executive Director

 Manmohan Swain
 Director

 Dr. Srirani V. IAS
 Managing Director



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


 Selastin A. FCA
 Partner, M No: 202874

Place: Thiruvananthapuram
 Date: 21-05-2025

UDIN: 25 202874 BM/ATB4436

KERALA FINANCIAL CORPORATION		
CASH FLOW STATEMENT		
FOR THE PERIOD	For the year ended	For the year ended
	31.03.2025	31.03.2024
	Amt in Lakh	Amt in Lakh
	Audited	Audited
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxes	10,127.58	10,654.00
Interest received on Fixed Deposits	(7,444.56)	(5,521.51)
Depreciation on fixed assets	151.54	147.10
Provision for Non Performing Assets/Other Assets	0.00	135.09
Share Issue Expenses	0.55	1.03
Interest and other costs of Non-SLR Bond	12,686.18	11,122.40
Adjustment for changes in operating assets and liabilities		
Increase in Loans and Advances	(64,365.90)	(83,892.42)
Increase in borrowings from Banks	63,460.92	67,204.13
Decrease in Other Non-Current assets	42,283.53	(23,909.70)
Decrease in Other Current assets	(35,932.12)	37,489.18
Increase in Current liabilities	(5,258.82)	1,769.08
Increase in Other Non Current Liabilities	(88.21)	(86.91)
Less: Income tax paid	(2,504.48)	(2,660.34)
Net cash from operating activities	13,116.21	12,451.13
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(236.80)	(244.20)
Sale of Investments	35.00	0.00
Net cash used in investing activities	(201.80)	(244.20)
CASH FLOW FROM FINANCING ACTIVITIES		
Money received against Share Capital	20,000.00	10000.00
Share issue expenses	(0.55)	(1.03)
Issue of Non SLR Bond	0.00	58050.00
Redemption of Non-SLR Bond	(7,432.50)	(19,130.00)
Interest and other costs of Non-SLR Bond	(12,686.18)	(11,122.40)
Interest Received on Fixed Deposits	7,444.56	5,521.51
Net Investment in NCD	2,406.04	2,200.32
Net Deposit with Banks	(33,340.17)	(14,428.79)
Dividend and Dividend Tax paid	(3,632.52)	(2,132.52)
Addition to Special Reserve	18.16	10.66
Net cash used in financing activities	(27,223.16)	28,967.75
Net increase in cash and cash equivalents	(14,308.75)	41,174.67
Cash and cash equivalents at the beginning of the year	47,760.03	6,585.36
Cash and cash equivalents at the end of the year	33,451.28	47,760.03

Nandhini V
Nandhini V

Company Secretary
& Compliance Officer

Soya K
Soya K

Financial Controller
& Chief Financial officer

Premnath Ravindranath
Premnath Ravindranath

Executive Director

Manmohan Swain
Manmohan Swain

Director

Dr. Sriyam V. IAS
Dr. Sriyam V. IAS

Managing Director



Place: Thiruvananthapuram
Date: 21-05-2025

UDIN: 25202874BM1ATB4436

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

Selastin A. FCA

Selastin A. FCA
Partner, M No: 202874

KERALA FINANCIAL CORPORATION		
NOTES FORMING PART OF BALANCE SHEET AS AT 31.03.2025		
	As at 31.03.2025	As at 31.03.2024
	Audited	Audited
	Amt in Lakh	Amt in Lakh
NOTE : 1		
SHARE CAPITAL		
AUTHORISED CAPITAL		
10,00,00,000 Equity shares of Rs.100/- each	1,00,000.00	1,00,000.00
Issued, Subscribed and Fully Paid up Capital		
Ordinary Shares		
72210678 Equity shares of Rs.100/- each	72,210.68	72,210.68
Special Shares		
4,39,750 Equity shares of Rs.100/- each	439.75	439.75
Advance for share capital	20,000.00	0.00
TOTAL	92,650.43	72,650.43
NOTE : 2		
RESERVES AND SURPLUS		
(a) Spl. Reserve u/s 36(1)(viii) of IT Act, 1961		
As per last Balance Sheet	14,913.37	14,097.11
Added during the year	278.20	816.25
Total of (a)	15,191.57	14,913.36
(b) Spl. Reserve u/s 35(A) of SFCs Act, 1951	279.35	261.19
(c) Revaluation Reserve	14.21	14.21
(e) Profit & Loss Account	24,713.29	18,527.79
TOTAL {(a)+(b)+(c)+(d)+(e)}	40,198.42	33,716.55
NOTE : 3		
LONG TERM BORROWINGS		
SECURED (Hypothecation of receivables)		
Refinance from IIFCL	50,000.00	0.00
LoC from State Bank of India	1,26,850.00	1,14,816.41
LOC from Federal Bank	4,000.00	0.00
LoC from Canara Bank	76,161.44	87,011.95
LoC from Union Bank of India	8,749.86	17,083.27
LoC from Bank of Maharashtra	52,066.82	68,740.00
LOC from South Indian Bank	9,000.00	13,127.55
LoC from Indian Bank	55,750.00	48,800.00
Loc from Bank of Baroda	10,818.34	13,235.76
LOC from Dhanalaxmi Bank	11,621.12	7,498.84
LOC from Indian Overseas Bank	37,499.00	45,833.00
Non-SLR Bond	1,36,950.00	1,43,675.00
TOTAL	5,79,466.58	5,59,821.78
NOTE: 4		
OTHER NON CURRENT LIABILITIES		
Coconut Devp. Board Subsidy	247.49	242.73
Other Subsidy	71.46	108.44
Central Subsidy	0.00	11.00
Norka Subsidy	101.96	146.94
TOTAL	420.91	509.11
NOTE: 5		
LONG TERM PROVISIONS		
(a) Provision for Bad and Doubtful debts		
As per last Balance Sheet	22,453.53	22,318.44
Add: Provision made during the year	0.00	135.09
Total of (a)	22,453.53	22,453.53



	As at 31.03.2025	As at 31.03.2024
	Audited	Audited
	Amt in Lakh	Amt in Lakh
NOTE : 6		
SHORT TERM BORROWINGS		
SECURED BORROWINGS (Hypothecation of receivables)		
Ovedraft from State Bank of India	5,014.02	4,998.72
Short term loan from State Bank of India	9,541.99	31.45
Short term loan from HDFC Bank	0.00	82.65
Short term loan from Federal Bank	45,000.00	45,000.00
Short term loan from South Indian Bank	5,000.00	5,040.64
Non-SLR Bond (Current maturity)	6,587.50	7,295.00
Overdraft from City Union Bank	2,414.18	975.17
LOC FROM BANKS (Current maturity)		
Loc from Union Bank of India	6,666.68	3,333.34
Loc from Federal Bank	1,000.00	0.00
Loc from Canara Bank	34,141.56	32,016.86
Loc from Indian Bank	22,925.00	13,225.00
Loc from State Bank of India	38,000.19	30,499.92
Loc from Bank of Baroda	1,666.67	4,109.84
Loc from Bank of Maharashtra	8,336.00	8,343.84
LOC from Dhanalaxmi Bank	2,750.00	1,875.00
LOC from Indian Overseas Bank	8,334.00	4,167.00
LOC from South Indian Bank	4,000.00	4,000.00
UNSECURED BORROWINGS		
HDFC Bank Credit Card	0.52	0.27
TOTAL	2,01,378.31	1,64,994.70
NOTE : 7		
OTHER CURRENT LIABILITIES		
State Subsidy	52.64	103.49
RR Commission Payable	2.82	3.85
Earnest Money Deposit	7.10	2.10
Suspense Account	1,194.44	315.33
Tax Deducted at Source	1.54	64.62
Other Salary Deductions	0.28	0.13
Other Sundry Deposits	111.21	98.45
Gratuity Payable	3.44	62.10
Outstanding Expenses	1,108.31	1,081.48
Salary Payable	251.82	940.30
Accrued Interest on Non SLR Bonds	2,158.75	739.70
Accrued Interest on LOC from banks	2,033.81	1,359.98
Audit Fee Payable	5.09	4.59
Concurrent Audit Fee payable	10.40	8.40
Staff Dues Retained	8.28	0.82
Unclaimed Dividend	0.17	0.15
Commission Received in Advance	519.03	624.05
Leave encashment payable	0.07	41.93
Foreign Currency Payable	0.00	1,354.29
CGST Payable	39.99	26.15
SGST Payable	39.99	26.15
IGST Payable	0.08	0.07
CGST & SGST TDS Payable	1.15	0.72
IGST TDS Payable	0.00	3.18
Excess Payable	652.38	549.14
TOTAL	8,202.79	7,411.17
NOTE : 8		
SHORT TERM PROVISIONS		
(a) Provision for Taxation:		
As per last Balance Sheet	6,330.04	3,669.70
Add: Provision made for the current year	2,504.48	2,660.34
Less : Adjusted against Advance Income Tax	6,049.73	0.00
: Excess Provision of earlier years written back	280.31	0.00
Total	2,504.48	6,330.04
(b) Proposed Dividend for the year	3632.52	3,632.52
TOTAL	6,137.00	9,962.56



NOTE : 9 FIXED ASSETS										(Rs in Lakh)	
Particulars	Rate	Gross value as on 31.03.2024	Additions During First Half	Additions During II Half	Additions During the Year	Deletions during the year	Gross value as on 31.03.2025	Depreciation upto 31.03.2024	Depreciation for the year	Depreciation upto 31.03.2025	WDV as on 31.03.2025
1	2	3	4	5	6	7	8	9	10	11	
Land	0%	11.62	-	-	-	-	11.62	-	-	-	11.62
Building	10%	946.52	192.13	9.83	201.96	-	1,148.49	552.43	59.11	611.55	536.91
Motor Vehicle	15%	177.18	-	-	-	-	177.18	161.26	2.39	163.65	13.53
Electrical Fittings	10%	215.97	-	0.06	0.06	-	216.04	142.53	7.35	149.88	66.16
Air Conditioner	15%	83.75	-	0.34	0.34	-	84.09	50.32	5.04	55.36	28.73
Photocopier	15%	22.35	-	-	-	-	22.35	21.44	0.14	21.57	0.78
Computer	40%	562.18	0.07	5.75	5.82	-	568.00	498.57	26.62	525.19	42.81
Intangibles	40%	765.55	-	-	-	-	765.55	705.10	24.18	729.28	36.27
Other office Equipments	15%	187.20	1.15	14.09	15.24	-	202.44	99.65	14.36	114.02	88.43
Lift	15%	9.73	-	-	-	-	9.73	8.89	0.13	9.01	0.72
Furniture	10%	261.29	-	7.72	7.72	-	269.01	165.19	10.00	175.18	93.83
Solar Power Generator	40%	76.85	4.60	1.06	5.67	-	82.52	76.42	2.23	78.65	3.87
Total		3,323.19	197.95	38.85	236.81	-	3,557.02	2,481.80	151.55	2,633.34	923.66
Total (Previous Year)		3,076.01	26.59	217.61	244.20	-	3,320.20	2,334.70	147.10	2,487.80	838.40

For and on behalf of the Board of Directors,

V. Nandini V
Nandini V
Company Secretary
& Compliance Officer

Soyak K
Soyak K
Financial Controller
& Chief Financial officer

Praynath Praynath
Praynath Praynath
Executive Director

Mannohan Swain
Mannohan Swain
Director

Dr. Sarim V. IAS
Dr. Sarim V. IAS
Managing Director



Selastin A. FCA

As per our report of even date
For J A K S & Associates
Chartered Accountants
Firm Reg. No. 0013605

Place: Thiruvananthapuram
Date: 21-05-2025

Selastin A. FCA
Partner, M No: 202874

UDIN: 25202874 BMIA TB 4436

	As at 31.03.2025	As at 31.03.2024
	Audited	Audited
	Amt in Lakh	Amt in Lakh
NOTE : 10		
NON CURRENT INVESTMENTS		
Keltron Counters Ltd.	1.47	1.47
Kerala Spinners Ltd.	2.00	2.00
Vanjinad Leathers Ltd.	4.91	4.91
KITCO	14.50	14.50
India SME Asset Reconstruction Co.	0.00	35.00
Kerala Venture Capital Fund	66.00	66.00
Kerala Infrastructure Fund Management Ltd	2.56	2.56
Investment in NCD - RCFL	5,269.77	5,269.77
Investment in NCD - 7.74% SBI	2,301.79	2,301.79
Investment in NCD - 8.25% BOB	1,491.63	1,491.63
Investment in NCD -5.23% NABARD 31/01/2025	0.00	2,406.04
Sub Total	9,154.63	11,595.67
Less : Provision for diminution in value of investments	5,344.15	5,344.85
TOTAL	3,810.48	6,250.82
NOTE : 11		
OTHER NON CURRENT ASSETS		
Property Acquired in Satisfaction of Claims	400.34	400.34
House Loans to Employees	1,708.55	1,471.09
Conveyance Loan to Employees	282.18	205.79
Computer Loan to Employees	3.76	3.68
Personal Loan to Employees	343.07	139.91
Advance to Employees	33.45	28.72
Deposit with P&T	0.01	0.01
Other Deposits	119.30	107.21
Deposit with KSEB	11.94	11.98
Interest Accrued on Staff Loans	967.49	862.60
GTI Advance	7.09	6.70
Advance for Fixed Assets	86.71	121.64
Loans and Advances (Principal due above 1 year)	5,88,557.01	5,67,078.86
TOTAL	5,92,520.90	5,70,438.53
NOTE : 12		
CURRENT INVESTMENTS		
Short Term Deposits with Banks	92,372.59	59,032.42
TOTAL	92,372.59	59,032.42
NOTE : 13		
CASH AND CASH EQUIVALENTS		
Cash in hand	0.57	0.41
Bank Accounts	33,450.71	47,759.62
TOTAL	33,451.28	47,760.03
NOTE : 14		
OTHER CURRENT ASSETS		
Advance Income Tax	3,590.21	7,682.82
Input Tax Credit	28.61	50.84
Income Tax Deducted at source	928.67	277.46
Stock of Stationery	0.00	0.00
Library	0.00	0.00
Rent Receivable	9.28	14.26
Prepaid Expenses	14.21	14.27
CGTMSE Fee	1.67	2.58
Subsidy Receivable from Govt	17.28	17.41
KSEDM Interest Receivable	0.71	0.71
Deferred Premium on Forward Contract	0.00	1,202.86
Kerala Innovation fund expenses Receivable	18.88	0.16
Interest Accrued on Loans & Advances	3,176.80	3,016.97
Interest Accrued on STD with Banks	2,712.63	3,946.06
CMEDP Interest Receivable	2,617.00	1,434.35
KAMS Interest subsidy	155.54	80.50
KSUM Interest Receivable	33.37	18.05
NORKA Interest Subvention	0.12	0.00
DSFV Interest Receivable	11.24	8.08
Loans & Advances (Principal Due within one year)		
a) Bills purchased and discounted	1,00,653.18	50,380.76
b) Term Loans	1,11,988.42	1,19,373.09
TOTAL	2,25,957.82	1,87,521.23



	As at 31.03.2025	As at 31.03.2024
	Audited	Audited
	Amt in Lakh	Amt in Lakh
NOTE : 15		
REVENUE FROM OPERATIONS		
Interest Received On Loans & Advances	73,775.51	69,802.64
Less : Interest rebate allowed on Loans	2,030.22	1,617.62
Net Interest Received On Loans & Advances	71,745.29	68,185.01
Loan Processing Fees	964.52	918.66
Recovery from written off loans	8,484.06	11,179.87
Switch over interest	0.10	0.60
Premium on pre-closure	156.06	92.61
TOTAL	81,350.03	80,376.75
NOTE : 16		
OTHER INCOME		
Interest on Staff Loans	173.50	120.93
Interest on Bank Deposits	7,444.56	5,521.51
Interest received on IT refund	56.71	0.00
Other Income	450.67	354.61
Exchange gain on Forex	133.31	0.00
Rent Received	56.72	76.19
Income from Insurance Agency	10.85	12.89
RTI Application Fee Received	0.01	0.01
Consultancy Service Division Receipts	0.55	0.81
Commision exchange and brokerage	462.15	407.85
TOTAL	8,789.03	6,494.80
NOTE : 17		
INTEREST AND FUND EXPENSES		
Interest on Bonds	12,556.60	10,582.13
Interest on Coconut Dev Board Subsidy & Noroka Capital subsidy	21.66	37.11
Interest on Refinance from SIDBI	0.00	0.00
Interest on Line Of Credit from Banks	45,007.04	42,835.53
Guarantee Commission	0.00	44.44
Premium on Forward Contract	2,976.73	2,832.28
Exchange loss on Forex	0.00	321.67
Bond Issue Expenses	88.26	457.68
Share Issue Expenses	0.55	1.03
LOC Administrative Expenses	41.31	38.15
TOTAL	60,692.15	57,150.02
NOTE : 18		
EMPLOYEE BENEFITS AND EXPENSES		
Pay & Allowances	3,612.69	3,944.05
Contribution to Employees' P.F	179.68	140.92
Contribution to NPS	242.66	151.38
Group Gratuity Insurance	41.32	3.00
Group E/L Encashment Insurance	0.11	152.00
Group Term Insurance	13.30	8.40
Other Staff Expenses	125.10	103.12
TOTAL	4,214.86	4,502.87
NOTE : 19		
ADMINISTRATIVE EXPENSES		
Rent, Rates, Taxes & Insurance	161.98	146.15
Postage, courier and Telephone	26.68	20.02
Printing & Stationery	15.11	19.24
Vehicle Running & Maintenance	18.48	19.25
Repairs & Maintenance	56.66	64.56
Revenue Recovery expenses	60.00	60.00
Loan Recovery Expenses	302.23	202.66
Bank Charges and Commission	2.06	4.65
Audit Fees	7.32	4.59
Consultancy Charges	116.32	49.57
Legal Expenses	8.05	17.82
Books & Periodicals	2.65	2.31
Other Expenses	288.30	213.91
Travelling Expenses	31.08	23.06
Board / E.C. Meeting Expenses	0.00	1.44
Other Meeting Expenses	6.32	8.48
Concurrent Audit Fee	59.30	47.38
Advertisement and publicity	74.73	36.36
Business Development Expenses	27.92	31.42
TOTAL	1,265.19	972.87

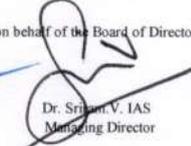
For and on behalf of the Board of Directors

 Sandhini V
 Company Secretary & Compliance Officer

 Siva K
 Financial Controller & Chief Financial officer

 Pramath Ravindranath
 Executive Director

 Manmohan Swain
 Director

 Dr. Srikanth V. IAS
 Managing Director



Place: Thiruvananthapuram
Date: 21-05-2025



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


 Selvam A. FCA
 Partner, M No: 202874

UDIN: 25202874BMIA TB 3346

Note: 20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Corporate Information

The Kerala Financial Corporation is a State Financial Corporation having its area of operations in the state of Kerala and incorporated under the provisions of the State Financial Corporation Act, 1951. It was established as the Travancore Cochin Financial Corporation on 01.12.1953. Consequent to the reorganization of states on linguistic basis in November 1956, Kerala State was formed and the Travancore Cochin Financial Corporation was renamed as Kerala Financial Corporation. The Corporation is engaged in extending financial assistance to Micro, Small and Medium Enterprises in manufacturing and service sector in the state.

Basis of Preparation

The Financial Statements of the Corporation have been prepared and presented under the historical cost convention and on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the statutory requirements prescribed under the State Financial Corporation Act, 1951, the circulars and guidelines issued by the SIDBI and Reserve Bank of India ('RBI') from time to time, the Accounting Standards to the extent applicable and practices generally prevalent in the banking and financial sector in India and as per the Accounting Policy of the Corporation. The Corporation has adopted the format of Schedule III to the Companies Act as amended by Notification G.S.R.207(E), dated 24th March, 2021 to the extent applicable and Accounting standards issued by the Institute of Chartered Accountants of India, for better presentation of the financial statements.

The accounting policies adopted in the preparation of financial statements are in consistence with those of previous year except for the change in accounting policy, explained hereunder.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 . Uses of Estimates

The preparation of the Financial Statements, in conformity with Indian GAAP requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures relating to contingent assets and liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in material or immaterial adjustments to the carrying amounts of assets or liabilities in future periods. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.



1.2. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. All the revenue items are accounted on accrual basis. Income is recognised on accrual basis on performing assets and on realisation basis in respect of non-performing assets as per the prudential norms on income recognition, asset classification and provisioning prescribed by RBI/SIDBI. The Corporation debits the monthly interest in all the loan accounts on the first day of the subsequent month. Interest due is calculated and charged to the party on gross basis and the eligible rebate is credited to the party on payment of dues in time subject to their rating and other factors determining the rate of rebate. The rebate for prompt payment is deducted from interest income for reporting in the financial statements. Interest accrued on standard loans is recognized as interest income in the financials at the end of the financial year and is reversed on the first day of the next financial year.

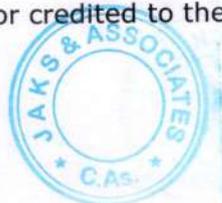
The commission on performance guarantee provided is collected upfront from the customers for the full tenure of guarantee period. However the commission in respect of the unexpired portion of the guarantee will be reversed at the end of the financial year. In case of completion/closure of facility before the specified tenure, corporation will reimburse the commission for the balance period, provided the commission for a minimum period of one year will be retained.

Recovery of loans and advances is appropriated first towards recovery of expenses, then towards interest and the balance, if any, towards principal. However, in the case of Compromise Settlement and sale of units taken over under the SFCs Act, 1951 and Revenue Recovery proceedings, the proceeds are apportioned first towards recovery of expenses and then towards principal amount and lastly towards interest, on satisfaction of the stipulated conditions. Recoveries from bad debts written-off are recognised in the Statement of Profit and Loss as revenue on receipt basis.

1.3. Investments

The classification and valuation of the securities and investments are done as per the Treasury & Investment Policy in compliance with the Accounting Standards and as per applicable regulatory and statutory norms laid down from time to time. Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as Non-current investments.

Investments classified under long term investments need not be marked to market and will be carried at acquisition cost on individual investment basis, unless it is more than the face value, in which case the premium should be amortized over the period remaining to maturity. Investments classified under Current Investments will be valued at lower of cost and fair value either on individual investment basis or by category of investment. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. The provision for diminution is made to recognize a decline, other than temporary, in the value of investments determined for each investment individually. Reduction in the carrying amount and reversals of such reductions are charged or credited to the profit and loss statement.



guidelines. It is used only for contingencies under extraordinary circumstances for making specific provisions in impaired accounts.

Provisioning Coverage Ratio (PCR) is the ratio of provisioning to gross non-performing assets and indicates the extent of funds the Corporation has kept aside to cover loan losses. PCR is calculated as per the guidelines given vide RBI circular DBOD.No.BP.BC.64/21.04.048/2009-10 dated December 1,2009 and circular no. DBOD.No.BP.BC.87/21.04.048/2010-11 dated April 21,2011.

The Corporation has the provisioning cushions consisting of general provisions, specific provisions as well as floating provisions, and are maintaining a total PCR including floating provisions, which is not less than 70 per cent.

Provision for standard advances are made at such rates subject to the minimum provisioning prescribed by the RBI / SIDBI guidelines for standard advances. Provisions for bad and doubtful debts are made in respect of non-performing advances based on overall portfolio quality, asset growth, economic conditions, Management's assessment and other risk factors subject to the minimum provisioning level prescribed by the RBI / SIDBI guidelines. Additional provisions are made against specific non-performing assets over and above what is stated above, if in the opinion of the management, is necessary. In case the specific provision available during a year is more than the required minimum or the ALCO recommended rates, the excess provision can be either written back or can be considered for that year as decided by ALCO. Floating provisions cannot be reversed by credit to the profit and loss account.

During the year the corporation has provided 0.25% for SME sector, 0.40% for Medium /Other sector and 1% for CRE sector for all standard advances and thus provision made is in line with the minimum prescribed by the RBI / SIDBI guidelines. A judicious provision of 77% (77% in FY 2023-24) is made for all Substandard advances including secured portion of loans covered under CGTMSE. For the unsecured and uncovered portion of loans under CGTMSE, 100% provision is made.

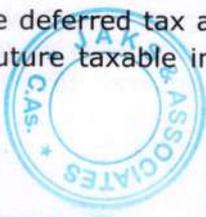
1.7. Taxes on Income

Income tax expense comprises current tax and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961, using the tax rates and laws that are enacted or substantively enacted as of the reporting date.

Until FY 2023-24, the Corporation followed the cash basis for computing taxable income. To bring consistency between accounting and tax reporting, the Corporation adopted the accrual method of computation under Section 145 of the Income Tax Act with effect from AY 2024-25. While the tax audit for FY 2023-24 was conducted using the accrual method, the statutory financial statements continued to reflect tax based on the cash method. Hence FY 2024-25 marks the first year in which both statutory financial reporting and income tax computation are aligned under the accrual method.

- Deferred tax is recognized in accordance with the applicable Accounting Standards in respect of all identified timing differences such as depreciation on fixed assets and other routine temporary differences. Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized only to the extent there is reasonable certainty of future taxable income to realize such assets. Deferred tax is



measured using the tax rates and laws that are enacted or substantively enacted as at the reporting date.

The Corporation until FY 2023-24, did not recognize deferred tax on Provision for bad and doubtful debts and Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961. This was due to the cash-based tax approach, which made it difficult to reliably estimate the timing of reversals of such provisions and reserves especially given the Corporation's status as a State Financial Corporation governed by a specific Central Act. In line with the prudence principle, deferred tax recognition was deemed inappropriate.

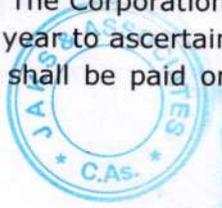
Following the adoption of the accrual basis of tax computation under Section 145 of the Income Tax Act and in view of the Expert Advisory Committee (EAC) opinion of ICAI which clarified that the Special Reserve under Section 36(1)(viii) is capable of reversal, the Corporation revised its approach to deferred tax recognition. Consequently, for FY 2024-25, the Corporation has recognized Deferred Tax Asset on Provision for Bad and Doubtful Debts and Deferred Tax Liability on Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961. This change has been accounted for prospectively, and no restatement of prior period figures has been made.

1.8. Employee Payments and Retirement Benefits

Short-term employee benefits are recognized as expense in the profit and loss account of the year in which the related service is rendered. Terminal benefits to employees include Provident Fund (PF) payments, leave encashment and gratuity.

Defined contribution plan: Retirement benefit in the form of provident fund is a defined contribution plan wherein the contributions are charged to the Profit and Loss Account every year when the contributions to the fund are due and when services are rendered by the employees. The Corporation contributes 12% of Basic Pay+DA+Personal Pay to the Provident Fund which is administered by a duly constituted and approved independent trust by name KFC Employees Provident Fund Trust. The employees will be paid the balance outstanding in their PF account along with interest accumulated thereon at the date of superannuation. The Corporation has no obligation other than the contribution payable to the provident fund in this regard. The employees who joined after 01.04.2018 are not members of this Trust.

Defined Benefit Plan: The Corporation contributes towards gratuity fund administered by Life Insurance Corporation of India (LIC) for eligible employees and is covered under Group Gratuity scheme. The gratuity limit is fixed as per the Payment of Gratuity (Amendment) Act, 2018. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Corporation. Liability with regard to gratuity fund is accrued based on the actuarial valuation and demand raised by LIC. The premium is paid to LIC as demanded by them at the time of renewal of the scheme. The Corporation contributes towards the terminal encashment of earned leave to the employees under the Group Leave Encashment Scheme of LIC. The contribution to the fund is paid as per the actuarial valuation and demand raised by LIC. Under both these schemes, the settlement obligations remain with the Corporation, although LIC administers the schemes and determine the contribution premium required to be paid by the Corporation as per the valuation done by LIC. The Corporation take an independent external actuarial valuation as on 31st March every year to ascertain the position of funds vis a vis liability. The shortfall if any in the funds shall be paid on the basis of actuarial report of LIC /



external valuation whichever is less based on the fund position of the Corporation. The contribution made to the fund every year is accounted as expenses and hence the excess / shortfall amount in the fund if any is not recognised as asset / liability in the Balance Sheet. The Corporation neither recognizes the actuarial gain/loss in the P&L A/c, nor shows the liability/asset of fund in the Balance sheet. The Corporation is following this practice consistently during the past years and LIC has always met the liability in this regard. All the claims for the FY 2024-25 have been settled by LIC.

National Pension Scheme: This is a defined contribution scheme and is applicable to employees who joined the Corporation on or after 01.04.2018. 10% of Basic +DA + Personal Pay will be deducted from the employee's salary and 14% of Basic +DA + Personal Pay being the Corporation contribution will be credited to the NPS account of the employee on a monthly basis. They will not be eligible for employer PF contribution. The employees who joined before 01.04.2018 are given an option to contribute to NPS in three proportions. The Corporation contributes 14% and such contribution is charged to Profit and Loss Account.

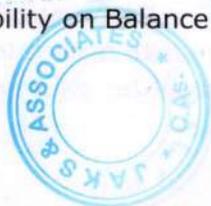
1.9. Property, Plant & Equipment and Intangibles

In compliance with amended Schedule III requirements, Fixed Assets are renamed as 'Property plant and equipment and Intangibles'. The gross value of Intangibles, accumulated depreciation and depreciation till date are separately calculated and disclosed in 'Note 9 - Property Plant & Equipment and Intangibles'. The Land value of Rs.11.62 Lakh comprises of properties in the name of the Corporation. Fixed assets are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase and all expenditure like site preparation, installation costs, professional fees, borrowing costs etc., if capitalization criteria are met and are directly attributable to the cost of bringing the asset to its working condition for the intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Any subsidy/ reimbursement/ contribution received for installation and acquisition of any fixed assets is shown as deduction in the year of receipt. Where the asset is acquired in piecemeal and payment is being made in installments, all such payments are debited to 'Advance for fixed assets. When the asset is put to use, the amount so accumulated in advance account is transferred to the respective Asset account.

Individual assets costing up to Rs.5000 and assets in the nature of electronic items up to the value of Rs.10,000 are charged to revenue in full in the year of purchase. Depreciation on fixed assets shall be provided for on written down value (WDV) method and at the rates prescribed under the IT Act, 1961. Computer includes computer software for reporting under the block Plant & machinery as per the IT Act, 1961. Hence Computer software is not shown separately under intangible assets. Depreciation on fixed assets added/disposed of during the year/period is provided on pro-rata basis (that is full depreciation for assets used for more than six months and half depreciation for others) with reference to the date of addition/disposal.

1.10. Contingent Liabilities and Assets

A disclosure of contingent liability on Balance sheet date is made when there is:



- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or nonoccurrence of one or more uncertain future events not within the control of the Corporation; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Provisions and contingent liabilities are reviewed on each balance Sheet date. Contingent assets are neither recognized nor disclosed in the Balance Sheet.

1.11. Grants and subsidies

Grants and subsidies from Government and other agencies are accounted as per terms of respective agreements. The undisposed portion of subsidies to loanees with respect to State subsidy is kept as Other Current Liabilities and all other subsidies like Coconut Development Board Subsidy, Norka Subsidy, Central Subsidy etc are shown as Non-Current Liabilities and will be disposed subject to the satisfaction of terms and conditions thereof by the beneficiaries. For back ended subsidies with 'lock in' period, interest credit is calculated during such period and is credited to the loan account of such beneficiaries at the applicable interest rates.

1.12. Leases

Operating lease rent payments and receipts are recognized as expense and income respectively in the statement of profit and loss every month as and when accrued or paid/received. Actual lease payments made during the year, unexpired portion of contracted lease (future expected lease payments) and provision for contingent rent if any recognized in P&L are disclosed where the Corporation is a lessee. Actual lease rent receipts recognized during the year and unexpired portion of contracted lease (future expected lease receipts) if any are disclosed. As a matter of prudence, no contingent rent is recognized in the P&L where the Corporation is a lessor.

1.13. Prior Period Items

Prior period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. The nature and amount of prior period items are separately disclosed in the statement of profit and loss in a manner that their impact on the current profit or loss can be perceived.

1.14. Extraordinary Items

Extraordinary items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly. Extraordinary items are disclosed in the statement of profit and loss as a part of net profit or loss for the period in a manner that its impact on current profit or loss can be perceived.



1.15. Special Reserve Fund

As per Section 35A of the SFC Act 1951, the SFC is required to establish a Special Reserve Fund to which shall be transferred such portion of the dividends accruing to State Government and the SIDBI on the shares of the SFC as may be fixed by agreement between State Government and SIDBI for being used for such purposes as are approved by the State Government and SIDBI. Accordingly a rate of 0.50% of the dividend accruing to State Government and SIDBI are transferred to Special reserve fund under Section 35A of SFC Act 1951. However, the dividends from FY 1991-1992 till FY 2018-19 were declared and paid without transferring 0.50% of dividend accruing to State Government and SIDBI to Special Reserve U/s 35A.

1.16. Dividend

Dividend is the share of profits that is payable to each shareholder of the Corporation. The dividend is paid out of current year profits only on the paid-up capital. The Board recommend the percentage of dividend payable on the equity shares and the shareholders at the Annual general meeting pass a resolution adopting the recommendation or may lower the percentage recommended. The dividend proposed by the Board is provided for in the financial statements of the Corporation and is paid only after it has been passed at the Annual general meeting of the shareholders.

1.17. Resource Mobilization

The Corporation mobilizes resources from banks/ financial institutions as Term loan/ Working Capital Demand Loan/ Overdraft/ Foreign Currency Loan. The loans from Banks and other financial institutions are secured by charge on receivables as primary security for the loan. There are no other charges created on any of the assets of the Corporation on account of borrowings. The Corporation mobilizes funds from debt market also by issuing Rated, Listed, Redeemable, Taxable, Non-Convertible Bonds with credit enhancement mechanism without government guarantee.

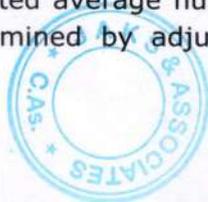
These are accounted as Short Term Borrowings and Long Term Borrowings from Banks/ FIs and Non SLR Bond Issues. The Current maturity of Long term borrowings is classified as Short term borrowings under the head Current Liabilities and the noncurrent portion is classified as Long term borrowings under the head Non Current Liabilities.

1.18. Cash flow Statement

Cash Flow statement is prepared on indirect basis as per AS 3 issued by ICAI and is part of the Annual accounts. The cash flow statement report cash flows during the period classified by operating, investing and financing activities. The Non-SLR Bonds issued by the Corporation are considered as cash flow from financing activity.

1.19. Earnings per share

The Corporation presents basic and diluted earnings per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the net income attributable to shareholders of the Corporation by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the net income attributable to equity



shareholders and the weighted average number of equity shares outstanding adjusted for the effect of all dilutive potential equity shares, including advance for share capital.

2. NOTES FORMING PART OF ACCOUNTS

2.1 Share Capital

The State Government vide GO(Ms) No.59/2023/Fin dated 30.03.2023 accorded sanction to enhance the Authorized share capital of the Corporation from Rs.50000 Lakh to Rs.100000 Lakh without diluting Government shares below 74%. To strengthen the capital base and streamline equity position and networth of the Corporation, the Government has released Rs.20000 Lakh on 24.03.2025 vide GO.(Ms)No.34/2025/Fin dated 20.03.2025. The share capital so received is shown as 'Share application money pending allotment' in the Balance Sheet. The paid up capital is therefore increased to Rs.92650.43 Lakhs.

- The details of shareholders holding more than 5% shares as on 31.03.2025 are as under:

Name of the Shareholders	As at 31.03.2025		As at 31.03.2024	
	No. of shares in Lakh	% to total shares	No. of shares in Lakh	% to total shares
Government of Kerala	920.27*	99.327	720.27	99.142

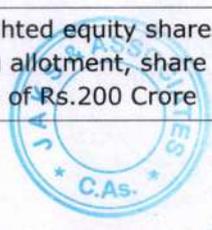
*includes Rs. 200.00 Lakh shares pending allotment

- The shares held by the promoters as on 31.03.2025 are given below in compliance with Schedule III requirements.

Shares held by promoters at the end of the year				% Change during the year
Sl.No	Name of Promoter	No. of shares in Lakh	% of total shares	
1	Government of Kerala	920.27	99.327	0.00188
2	SIDBI	6.13	0.662	-0.21564
3	LIC	0.07	0.008	-0.20000
4	SBI	0.02	0.002	-0.33333
5	Others	0.01	0.001	0.00000
	Total	926.50		

- Earnings per share

Calculation of EPS	31.03.2025	31.03.2024
a. Net profit including prior period items and extraordinary items after deducting current tax expenses	10096.23	7404.39
b. Number of Equity Shares outstanding (face value of Rs.100/- each)	726.50	726.50
Basic earnings per share (a) / (b)	13.90	10.19
c. Average number of weighted equity shares (As the shares are pending allotment, share application money pending of Rs.200 Crore)	730.89	726.50



received on 24.03.2025, is considered for diluted EPS)		
Diluted Earnings per share (a) / (c)	13.81	10.19

2.2 Asset Classification and provisioning

1) Classification of Loans and Advances & Borrowings

The bifurcation of Loans & Advances and Borrowings due within 1 year and above 1 year is given below.

(Rs in Lakh)

Classification	Due within 1 year	Above 1 year	Total
Loans & Advances	212641.60	588557.01	801198.61
a) Bills purchased and discounted	100653.18	-	100653.18
b) Term Loans	111988.42	588557.01	700545.43
Borrowings	201378.31	579466.58	780844.89

2) Loans and Advances restructured:

The Corporation has restructured 120 loan accounts during the year amounting to Rs. 14913.65 Lakh of which (i) 50 loan accounts amounting to Rs.7906.70 Lakh are classified under standard category on account of extension of DCCO with additional provision of 10% (minimum norms is 5%) amounting to Rs.790.67 Lakh (ii) 70 loan accounts amounting to Rs. 7006.94 Lakh are classified under Substandard category with provisioning of 77% amounting to Rs. 5395.35 Lakh.

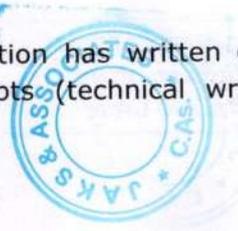
The Corporation had restructured loan accounts and classified under Standard category as per RBI guidelines in FY 20-21 and FY 21-22, of which 293 loan accounts amounting to Rs. 23,104.85 Lakh is outstanding as on, 31.03.2025. Additional provision of 10% (minimum norms 5%/10%) amounting to Rs. 2,310.48 Lakh is kept in respect of these accounts as below.

- (i) 41 loan accounts amounting to Rs.6210.31 Lakh in accordance with the COVID 19 pandemic resolution framework prescribed by RBI for Micro, Small and Medium (MSME) sector vide Circular no. DOR.No.BP.BC /4/21.04.048/2020-21 dated August 6, 2020. Additional provision of 10% (minimum norms is 5%) amounting to Rs.621.03 Lakh has been made on these loans.
- (ii) 252 loan accounts amounting to Rs. 16,894.54 Lakh under Resolution framework for Covid-19 related stress as per RBI Circular dated May 5, 2021 (Resolution framework 2.0). Additional provision of 10% (minimum norms) amounting to Rs. 1,689.45 Lakh has been made on these loans.

During the year there was no diminution in the fair value of restructured advances.

3) Bad debts Written Off

During the year the corporation has written off 324 loan accounts amounting to Rs. 13,687.70 Lakh as bad Debts (technical write off to maintain asset quality) (663



6	DICGC / ECGC claims received and held pending adjustment	0
7	Part payment received and kept in Suspense Account or any other similar account	0
8	Total (Sum of column 4 of Row 4+ Row 5 + Row 6+ Row 7)	30280.68
9	Provision Coverage Ratio {(Row 8/Total of Column 3 of Row 4)*100}	86.41

If the minimum provision required as per the RBI norms is made, the provision needed is only Rs. 8442.66 Lakh, whereas the Corporation has provided an additional provision of Rs.14010.87 Lakh over and above the minimum RBI stipulated norms amounting to Rs.22,453.53 Lakh.

a) The corporation has provided Rs.2,759.40 Lakh for all standard advances which is the minimum provision required as per the RBI / SIDBI guidelines.

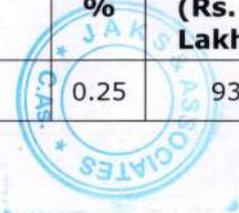
b) The Corporation has prudently maintained additional provision of 10% (minimum norms is 5%/10%) amounting to Rs.3,101.16 Lakh in respect of 343 loan accounts which are restructured as per RBI guidelines and classified under Standard category as mentioned in Note 2.2 (2) above.

c) The provision made in respect of Sub-standard category advances is Rs.16592.97 Lakh. During the year, all the doubtful advances amounting to Rs. 13,687.70 Lakh are technically written off and charged to revenue account to maintain asset quality.

The total provision available during the FY was Rs.22453.53 Lakh and the provision needed during the FY is 22328.06 Lakh. Hence no additional provision is made during this FY. The Operating profit before write off is Rs.23815.28 Lakh (Rs.24098.66 Lakh during PY). The Operating profit after write off is Rs.10127.58 (Rs. 10789.08 Lakh during PY) and Net profit is Rs.9815.91 Lakh (Rs.7404.39 Lakh during PY). The Gross NPA and Net NPA as on March 31,2025 are and 2.67% and 0.61% respectively as against 2.88% and 0.68% as on March 31,2024.

In accordance with the guidelines of RBI/SIDBI on asset classification, all loans and advances have been classified into Standard, Sub Standard and Doubtful Assets and provisioning is made as under.

Sl No	Category of Assets	Minimum provision required (%) as per RBI norms		Provision actually made (%) and amount			
				During FY 24-25		During FY 23-24	
		%	Amount (Rs. In Lakhs)	%	Amount (Rs. In Lakhs)	%	Amount (Rs. In Lakhs)
1	Standard Assets- Micro & Small	0.25	930.34	0.25	930.34	0.25	871.58



accounts amounting to Rs. 13309.57 Lakh written off during FY 2023-24). Constructive steps have been initiated for the recovery of these accounts and the amounts as and when recovered are treated as revenue. Rs.8484.06 Lakh have been received as recovery from loans technically written off in earlier years (Rs. 11179.87 Lakh during FY 2023-24). As on 31.03.2025, the balance outstanding of technically written off bad debts pending to be recovered amount to Rs.92785.15 Lakh (including Rs.13687.70 Lakh technically written off as on 31-03-2025).

4) Loan Recovery expenses

Rs.302.23 Lakh (Rs. 202.66 Lakh during FY 23-24) are also written off and is shown under Loan Recovery expenses under Notes 17. This pertains to the amounts charged in the loan accounts on account of expenses related to loans written off in earlier years.

5) Provisioning

The corporation has provided 0.25% for SME sector, 0.40% for Medium sector and 1% for CRE sector and thus provision made is in line with the minimum prescribed by the RBI / SIDBI guidelines for standard advances. For non-performing assets, a judicious provision of 77% (77% in FY 2023-24) is made for all Substandard advances including secured portion of loans covered under CGTMSE. For the unsecured and uncovered portion of loans under CGTMSE, 100% provision is made. The total PCR works out to 86.41% as on 31st March 2025 (85.92% as on 31st March 2024) as per the RBI circular DBOD.No.BP.BC. 64 /21.04.048/2009-10 dated December 1, 2009 and Circular no. DBOD.No.BP.BC. 87 /21.04.048 /2010-11 dated April 21, 2011.

Amount in Rs. in Lakhs				
Provisioning Coverage Ratio (PCR) as on Mar 31, 2025				
1	2	3	4	5
Sl No	Particulars	Gross NPA Plus Technical / Prudential Write-off *	Specific Provisions held including provisions for diminution in fairvalue of the restructured accounts classified as NPAs plus Technical write off	Ratio of (4) to (3)
1	Sub-Standard Advances	21356.69	3287.96	15.40
	Doubtful Advances (a+b+c)	13687.70	13687.70	100.00
2	a < 1 year	13687.70	13687.70	100.00
	b 1-3 Years	0.00	0.00	
	c >3 years	0.00	0.00	
3	Advances classified as Loss Assets	0.00	0.00	
4	Total	35044.39	16975.66	48.44
5	Floating Provisions for Advances (only to the extent they are not used as Tier II Capital)			13305.02



	Standard Assets- Medium	0.40	1498.68	0.40	1498.68	0.40	1336.11
	Standard Assets- CRE	1	330.38	1	330.38	1	329.56
2	Additional provision for loans restructured as per RBI resolution framework for MSME sector vide Circular no. DOR.No.BP.BC /4/21.04.048/2020-21 dated August 6, 2020	5	310.52	10	621.03	10	1204.07
3	Additional provision for loans restructured as per RBI resolution framework 2.0 for Covid-19 related stress as per RBI Circular dated May 5, 2021	10	1689.45	10	1689.45	10	2262.83
4	Additional provision for loans restructured as per RBI guidelines on account of extension of DCCO during the FY 24-25	5	395.34	10	790.67	10	92.31
5	Sub Standard Assets- FB limits	15	3143.89	77	16264.09	77	16085.87
	Sub Standard Assets- CGTMSE (Secured portion)	15	44.71	77	229.52	77	189.27
	Sub Standard Assets-CGTMSE (Un Secured portion)	100	99.36	100	99.36	100	81.93
6	Doubtful Assets (up to 1 year)	25	NA	NA	NA	NA	NA
	Total Provision made		8442.66		22453.53		22453.53

6) Divergence in Asset Classification and Provisioning for NPAs

With reference to RBI circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, the divergence in asset classification and provisioning for NPAs for FY 2023-24 is given below.

(Rs in Lakh)

SI No.	Particulars	Amount
1	Gross NPAs as on March 31, 2024 as reported by the Corporation	21218.47
2	Gross NPAs as on March 31, 2024 as assessed by RBI/ SIDBI	21218.47
3	Divergence in Gross NPAs (2-1)	Nil
4	Net NPAs as on March 31, 2024 as reported by the Corporation	4861.40
5	Net NPAs as on March 31, 2024 as assessed by RBI/ SIDBI	4861.40
6	Divergence in Net NPAs (5-4)	Nil
7	Provisions for NPAs as on March 31, 2024 as reported by Corporation	22453.53
8	Provisions for NPAs as on March 31, 2024 as assessed by RBI/ SIDBI	22453.53
9	Divergence in provisioning (8-7)	Nil
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2024	7404.39
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2024 after taking into account the divergence in provisioning	7404.39

7) Assets taken over under Section 29

During the year 9 units were taken over with Principal outstanding of Rs.3350.81 Lakh under Section 29 of the SFC Act, 1951.



8) Recovery under Compromise Settlement Policy



During the year, the Board of the Corporation at its meeting held on 13.08.2024 approved Loan Compromise Settlement Policy (LCSP) to settle NPA loans. CS was sanctioned in 68 cases under the scheme for Rs.14627.00 lakh and 40 cases were settled amounting to Rs.6236.36 Lakh as on 31.03.2025. The total collection, including advance and partial remittance under CS is Rs.7726.42 Lakh.

9) Units under IBC,2016

The Corporation has filed an Insolvency Petition under The Insolvency and Bankruptcy Code, 2016 against M/s.Sree Sankara Community for Ayurveda Consciousness Limited for a claim of Rs.3255.62 Lakh. There are 4 other units financed by the Corporation and undergoing the process of CIRP/Liquidation on the basis of petitions filed by other financial creditors. The total claim admitted in favour of the Corporation in such cases amounts to Rs.14254.71 Lakh.

10) Physical possession under SARFAESI Act 2002

The Corporation has taken physical possession of 3 units with Principal outstanding of Rs. 1533.07 Lakh under SARFAESI during the year.

11) Revenue Recovery

During the year the Corporation has initiated Revenue Recovery action against 133 units with a demand issued for Rs.27208.70 Lakh.

2.3 Loans to Government Public Sector Undertaking (PSU)

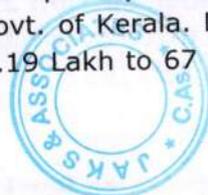
The Loan Portfolio of the Corporation as on 31.03.2025 includes the loans extended to the following Public Sector Undertaking (PSU) of Govt of Kerala.

(Rs. In Lakh)			
SL no.	Name of Borrower	Balance outstanding as on 31-03-2025	Balance outstanding as on 31-03-2024
1	Kerala Infrastructure Investment Fund Board (KIIFB)	1,16,675.97	83,335.30
2	Kerala Social Security Pension Ltd (KSSPL)	99,999.80	64,999.95
3	Kerala State Electricity Board (KSEB)	68,015.67	90,542.59
4	Vizhinjam International Seaport Ltd(VISL)	0	35,257.14
	Total	2,84,691.44	2,74,134.98

2.4 Projects with subsidies

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

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



In November 2021, the scheme was revised to assist 500 MSME units every year and the loan amount was increased from Rs.50 lakh to Rs.200 lakh and the interest rate was reduced from 7% to 5%. The Govt of Kerala provides 3% as interest subvention under the scheme. During the FY 2024-25, the Corporation has sanctioned assistance worth Rs.33745.28 Lakh to 371 units and disbursed Rs.27519.57 Lakh under this scheme. Rs.2628.24 Lakhs is receivable from the Govt as interest subsidy as on 31.03.2025 of which Rs. 1062.84 lakh pertain to FY 2023-24.

b) NORKA (NDPREM) scheme

NORKA ROOTS has formulated 'Norka Department Project for Rehabilitation of Return Emigrants' (NDPREM) Scheme' for returned immigrants. They will be eligible for Capital subsidy of 15% of project cost (Maximum Rs.3 Lakh) and interest subvention of 3% by NORKA ROOTS. During the year, the Corporation has sanctioned Rs. 57.50 Lakh to 3 units under this scheme. Rs 16.34 Lakh is received as capital subsidy from NORKA Roots during the FY 2024-25. An amount of Rs. 163.27 lakh is received as capital subsidy from NORKA Roots till 31.03.2025.

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

The Corporation started a Comprehensive Scheme for Financing Startups named 'Startup Kerala' to assist Startups during all stages of their growth starting from Productization/ Commercialization/ Scaling Up, Financing Working Capital Requirements of Startups for Executing Purchase/ Work Orders, Seed Loan Assistance to Startups for developing socially relevant products, Venture Debt etc. The maximum assistance is Rs.25 lakh for productization, up to Rs.50 lakh for commercialization and up to Rs.200 lakh for Scaling up, subject to 90% of the project cost at each stage. Further, there are provisions for easy finance for executing Purchase Orders, discounting Bills and also for availing Venture Debt funding up to Rs.1000 lakh. During the year, the Corporation sanctioned Rs. 2842 lakh to 24 Start-up units and disbursed Rs. 2016.01 lakh. Rs.32.08 lakh is receivable as interest subsidy from Kerala Startup Mission as on 31.03.2025 .

d) KFC Agro-based MSME Loan Scheme (KAMS)

Agro-based industries can play an important role in contributing to the overall development of the economy. The Hon. Finance Minister, in the Budget Speech 2022-23, had announced a Special Scheme for MSMEs in Agriculture Sector through KFC. The Government of Kerala has accorded administrative sanction for financing MSMEs in Agriculture Sector. Accordingly, the Corporation approved a special loan scheme for MSMEs in Agriculture Sector and the Scheme is named 'KFC Agro-based MSME Loan Scheme' (KAMS). The Government have extended the validity of the Scheme for the FY 2024-25. The rate of interest of the loans under the Scheme is 6% where 3% subsidy is given by the Govt of Kerala. During the FY 2024-25, the Corporation has sanctioned assistance worth Rs.1860.00 Lakh to 3 units and disbursed Rs.2844.44 Lakh under this scheme. Rs.155.54 Lakhs is receivable as interest subsidy from Govt of Kerala as on 31.03.2025 (Rs.80.50 Lakhs as on 31.03.2024).



2.5 Investments

Out of the investments of Rs. 91.44 Lakh, provision for diminution in value of investments of Rs.74.38 Lakh have been provided for investments other than KITCO, Kerala Infrastructure Fund Management Ltd, being the value of investment in respect of companies under liquidation. During the FY 2024-25, the Corporation has divested the equity stake in ISARC of 35000 shares, at Rs.19/- per share as against the face value of Rs.10/-per share. For KITCO and Kerala Infrastructure Fund Management Ltd, the Corporation have valued the shares on the basis of latest available financial statements and found that the values are above book value.

The Corporation had invested Rs.6,080 lakh in April 2018 in Secured Redeemable Non-Convertible Debentures issued by M/s. Reliance Commercial Finance Limited (RCFL), in compliance with the Non-SLR Bond Issue Series 2018. Subsequently, RCFL defaulted on its obligations to lenders and the Reserve Bank of India (RBI) initiated a resolution process in which Authum Investment and Infrastructure Limited was selected as the highest bidder under the resolution plan in July 2021. As per the approved plan, the Corporation was entitled to recover only 24.96% of the invested amount. Dissenting to this plan due to concerns over the resolution process and voting mechanism, the Corporation filed a writ petition before the Hon'ble High Court of Bombay in May 2022 and the matter is yet to be posted for hearing.

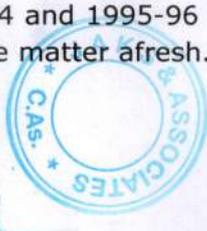
Meanwhile, the Hon'ble Supreme Court, in its order dated 30.08.2022, upheld the validity of the settlement process carried out by RBI and allowed the dissented stakeholders to negotiate directly with the successful bidder. Based on this, the bidder offered a revised settlement of 52% of the original investment plus 1% of future remittances with respect to the security mortgaged to the Corporation. This proposal was approved by the Board in Nov 2022 and the Government in May 2024 has conveyed that the Corporation's Board may take a suitable decision in the matter. However, as the writ petition challenging the resolution process and voting mechanism is still pending before the Hon'ble High Court, the revised settlement offer has not yet been implemented. As a prudent measure, the Corporation has already made 100% provision for the principal amount in excess of whatever amount received and hence any further amount received towards settlement will be credited to income.

The Corporation also hold investment in NCDs amounting to Rs.3793.43 Lakh in compliance with the covenant requirements of KFC Non SLR Bond Issue Series 2020.

2.6 Income Tax Assessments

Income tax return is filed up to Assessment year 2024-25. Assessment have been completed up to Assessment year 2024-25. Appeals filed by the Corporation are pending before Commissioner (Appeals) for the Assessment years 2009-10, 2012-13, 2013-14, 2014-15, 2016-17 and 2018-19. Assessment was reopened u/s 147 for Assessment Years 2017-18, 2018-19 and 2020-21. The assessment for AY 2017-18 was completed without additional demand as per the order dated 16.07.2024. The assessment for AY 2018-19 and AY 2020-21 are pending for disposal. Writ petition filed by the Corporation for Assessment Years 1993-94 and 1995-96 have been remanded to the Chief/Additional Commissioner for deciding the matter afresh.

2.7 Deferred Tax Asset



The deferred tax assets and liabilities arising from timing differences between accounting income and taxable income has been recognised in accordance with Accounting Standard 22. The major components of deferred tax are as follows: -

(in Lakh)	
Particulars	31.03.2025
Deferred Tax Assets (DTA)	
Provision for doubtful debts	5651.10
Difference on account of depreciation (WDV method)	43.52
Deferred Tax Liabilities (DTL)	
Special reserve created u/s 36(1)(viii)	3823.41
Net Deferred Tax Asset as on 31.03.2025	1871.21
Opening Balance of DTA/(DTL)	(321.61)
DTA/(DTL) recognised for FY 2024-25	2192.82

2.8 Indirect taxes

Service tax -

Service Tax was replaced by GST from July 2017. Litigations under Service Tax regime was settled through Sabka Vishwas Legacy Dispute Resolution Scheme (SVLDRS) except for OIO No.03/2018-19 dated 22.05.2018 with a demand of Rs.64.82 Lakhs, pending with CESTAT, Bangalore and OIO No.09/ST(DC)/DIV/2021-22 dated 28.07.2021 with a demand of Rs.30.53 Lakh pending for disposal with Commissioner (Appeals). SCN 08/2019/ST dated 11.04.2019 with a demand of Rs.93.88 Lakhs is pending with the Jurisdictional Assessing Officer for disposal.

Goods and Service Tax (GST)

GST was implemented across the country w.e.f 01.07.2017. All the indirect tax registrations of Branch offices and Head Office are brought under one common registration under GST and is managed centrally from Head Office. The Annual Returns under GST regime, GSTR 9 and GSTR 9C are filed till FY 2023-24.

SCN 95/2022-23(GST) dated 31.03.2023 was served on the Corporation with a demand of Rs.83.00 Lakhs in the matter of chargeability of GST under RCM against establishment charges of Revenue recovery staff reimbursed to Govt. The Order in Appeal No.TVM-GST-APP150-2024-25 on the matter confirming the demand was passed by Comm(A) on 12.11.2024. The appeal against the order is not filed as the GST Tribunal is not constituted yet.

2.9 Related Party Disclosures as per AS 18

A. List of Related Parties

- Holding Company - NIL
- Subsidiary Companies - NIL
- Key Managerial Personnel -



1. Sri Premnath Ravindranath - Managing Director (i/c) (from 27.03.2024 to 09.06.2024),
2. Sri. Sanjay Kaul IAS – Chairman & Managing Director (from 10.06.2024 to 30.08.2024)
3. Dr.Sriram Venkitaraman IAS - Managing Director (from 31.08.2024)
4. Smt.Soya K - Financial Controller & Chief Financial Officer,
5. Sri.Ram Ganesh R - Company Secretary & Compliance Officer (from 14.12.2023 to 22.08.2024)
6. Smt.Nandhini Vijayaraghavan - Company Secretary & Compliance Officer (from 18.09.2024)

B. Related party Transactions

No remuneration is paid to Sri.Sriram Venitaraman IAS during the year.

Salary and other perquisites :

Sri. Premnath Ravindranath – Rs. 46.10 Lakh

Smt. Soya K – Rs.34.78 Lakh

Sri. Ram Ganesh R – Rs.4.61 Lakh

Sri. Nandhini Vijayaraghavan – Rs.5.63 Lakh

2.10 Impairment of Assets

The fixed assets are carried at written down value (WDV) consistently using appropriate depreciation rates. All other operating assets are carried at current / transaction value. An assessment of indicators of impairment of assets in accordance with Accounting Standard 28 – Impairment of Assets as at the balance sheet date and there has been no indication that an asset or a class of assets is 'impaired'. Accordingly, no impairment loss has been recognized in the books of account for the year ended 31.03.2025

2.11 Advance for fixed assets.

The Advance for Fixed assets of Rs.86.71 Lakh represents those amounts spent on fixed assets but is not ready for use as on 31.03.2025. This includes Rs.74.86 Lakhs paid to KADCO as advance payment for renovation of Ernakulam Branch Office. An advance of Rs.11.30 Lakh paid to National Informatics Centre for the development of MISAGO application for Case Management System is pending for deployment.

2.12 Segment Reporting

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

A. Primary Segment (The Business Segment)

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

B. Secondary Segment (The Geographical Segment)



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

2.13 Contingent liabilities

The contingent liabilities as on 31.03.2025 are estimated as under

- On account of Income Tax Rs.290.21 Lakh
- On account of suits filed against the Corporation Rs. 46.31 Lakh
- On account of Service Tax & GST Rs.178.36 Lakh
- On account of guarantees issued on behalf of Government contractors in Kerala- Rs.23965.39 Lakh

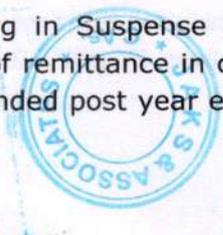
2.14 Assets acquired in satisfaction of claims (Title deeds of Immovable Property not held in name of the Company)

Assets acquired in satisfaction of claims amounting to Rs.400.34 Lakh relates to M/s.Jayalakshmi Builders, Thiruvananthapuram and is retained as such. The acquisition was done in the FY 2008-09 and accounted as recovery from NPA account in that financial year. This amount will not affect the current or previous year profits reported in the current financial statements. This asset is tested for impairment and found that the present realizable value is Rs.662.00 Lakh (As per the Minutes of ADC dated 13.11.2024) which is more than its book value. Though E-sale was posted twice during the year, no bidders were there. The Corporation has retained the amount in Non-Current Assets expecting settlement and as an additional support to the claims.

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Other non current assets	Land	109.50	Sri.Rajendra Babu & Sri.Balakrishnan	No	26.10.2006	Possession of property taken over u/s 29 of SFC Act
Other non current assets	Building	290.84	-	No	26.10.2006	Possession of property taken over u/s 29 of SFC Act.

2.15 Suspense Account

The amount outstanding in Suspense Account amounting to Rs.1194.44 Lakh as on 31.03.2025 comprises of remittance in contractor loans of Rs.941.10 Lakh, out of which Rs.822.10 Lakhs is refunded post year end. Balance amount of Rs.253.34 Lakhs pertains



to unidentified credits received in loan accounts during year end and amount retained as per court orders etc. The balance amount lying in Suspense account as on date is being identified and rectified.

2.16 Secured / Un-secured Loans.

The Corporation mobilizes resources from banks/ financial institutions as Term loan/ Working Capital Demand Loan/ Overdraft/ Foreign Currency Loan. During the year the Corporation availed loans amounting to Rs. 2,71,964.13 Lakh and repaid Rs. 2,08,370.23 Lakh. The loan outstanding as on 31.03.2025 is Rs. 6,37,306.87 Lakh. The Corporation had converted Rupee Term Loans and WCDLs and availed as Foreign Currency Loans from State Bank of India & South Indian Bank for tenors not exceeding 183 days on a fully hedged basis. All transactions in foreign currency were recognized at the exchange rate prevailing on the date of the transaction. The premium paid during the year ended March 31, 2025 was Rs 2976.73 Lakh. All the loans denominated in Foreign Currencies were converted back to Rupee Term Loans and WCDLs before 31.03.2025 and no loans denominated in Foreign currencies are outstanding as on 31.03.2025.

2.17 Non SLR Bonds

The Corporation has listed the following NCDs in the Bombay Stock Exchange and the annual listing fees has been paid. The NCDs issued without Government guarantee are rated AA(SO) by two RBI / SEBI approved rating agencies. The Corporation remains the only PSU in the State, raising funds from the bond market, without Govt. guarantee. The total outstanding bonds of KFC as on 31.03.2025 aggregate to Rs. 1,43,537.50 Lakh as given below.

Rs in Lakh							
Sl No	Issue Date	Coupon	Amount Issued	Amount Outstanding	Maturity Date	Credit Rating	Asset Cover ⁺
1	13-Mar-24	8.89%	30700.00	30700.00	13-Mar-34	AA	100%
2	02-May-23	8.63%	27350.00	27350.00	24-Mar-33	AA	100%
3	24-Mar-23	8.90%	47650.00	47650.00	24-Mar-33	AA	~100%
4	14-Sep-20	7.70%	25000.00	25000.00	14-Sep-30	AA	110%
5	09-Jul-19	8.99%	25000.00	12500.00	09-Jul-26	AA	125%
6	04-Apr-18	8.69%	25000.00#	337.50	04-Apr-25	AA	125%

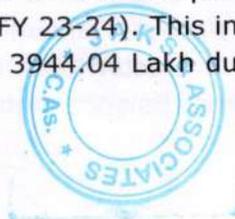
Partial Redemption done

+ Asset cover maintained as per issue terms (secured by receivables)

In order to enable Debenture Trustees to take prompt action for enforcement of security in case of default in listed debt securities, a 'Recovery Expense Fund'(REF) equal to 0.01% of the issue size subject to maximum of Rs.25 Lakh shall be created, as per SEBI Circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated 22nd October 2020 which shall be utilized in a manner decided by holders of securities in case of default. The provisions of this circular were made applicable w.e.f. January 2021 and accordingly the amount deposited by Corporation towards REF with BSE as on March 31, 2025 is Rs.18.57 Lakh.

2.18 Employee Expenses

The total Employee benefits and expenses for the year amount to Rs.4214.86 Lakh (Rs. 4502.87 Lakh during FY 23-24). This includes Employee Pay & Allowances for the year of Rs.3612.69 Lakh (Rs. 3944.04 Lakh during FY 2023-24). Govt has declared 3% increase



in the DA of employees on 20.03.2025 w.e.f 01.01.2022 for which a provision of Rs.251.82 Lakh is created in the Pay & Allowances.

2.19 Employee Payments and Retirement Benefits

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

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

- Discount rate 6.58%
- Salary escalation rate 4.00%
- Employee turnover rates - 2%
- Mortality rates - IALM 2012-14

The Fair value of the Plan assets and the Present value of obligations as at March 31, 2025 for both the schemes is as below.

Particulars	Rs in Lakh	
	PV of obligation	Fund value
Group gratuity Scheme	1141.00	1156.29
Group Leave Encashment Scheme	734.13	1055.60

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

Sl No	Particulars	Gratuity	Leave encashment
1	Defined Benefit Obligation	1141.11	734.13
2	Fair value of plan assets	1156.29	1055.60
3	Funded status -(surplus)/deficit	(15.30)	(321.47)
4	Unrecognised past service (cost)/credit	-	-
5	Liability/(asset)	(15.30)	(321.47)

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

Sl No	Particulars	Gratuity	Leave encashment
1	Current service cost	56.03	171.56
2	Interest cost	76.85	44.44
3	Expected return on plan assets	(86.61)	(72.70)
4	Actuarial loss/(gains)	10.18	22.93

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



2.20 RR charges payable

The Corporation reimburses the remuneration paid by Government to Revenue Recovery staff who are officiating in the Corporation. The amounts have been paid for till FY 2013-14. Provision of Rs.1012.21 Lakh has been made for the payment due from FY 2014-15 to FY 2023-24 as on 31.03.2024. The provision for the year 2024-25 is kept as Rs.60 Lakhs based on the calculations for last year. Hence as on 31.03.2025 the total amount provided is Rs.1072.21 Lakh, break up is as below.

Year	Amount in Lakh
FY 2014-15	94.54
FY 2015-16	100.47
FY 2016-17	150.76
FY 2017-18	157.92
FY 2018-19	157.00
FY 2019-20	135.86
FY 2020-21	49.86
FY 2021-22	60.80
FY 2022-23	45.00
FY 2023-24	60.00
FY 2024-25	60.00
Total	1072.21

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

2.21 Interest Income and rebate

The rebate to customers for prompt payment is deducted from interest income for reporting in the financial statements during the year. The interest received on loans and advances and Interest rebate extended on loans during FY 24-25 are Rs.73775.51 Lakh and Rs.2,030.22 Lakh (Rs. Rs.69,802.63 Lakh and Rs.1,617.62 Lakh during FY 2023-24) respectively.

2.22 Commission on Performance guarantees issued

The commission on performance guarantee provided is collected upfront from the customers for the full tenure of guarantee period. However, the commission in respect of the unexpired portion of the guarantee is reversed at the year end. During the FY, total commission collected upfront from Performance guarantees issued (including extension of Performance guarantees issued in previous FYs) amounts to Rs 357.12 Lakh (Rs. 619.00 Lakh during the FY 23-24), out of which Rs 153.90 Lakh pertains to this FY (Rs. 196.25 Lakh during the FY 23-24) and Rs 203.22 Lakh (Rs. 422.74 Lakh during the FY 23-24) pertains to future FYs.



Out of the unexpired portion of Commission accounted during:

- a) FY2023-24 (Rs.422.74Lakh), Rs.213.40Lakh is recognized as income during this year
- b) FY 2022-23 (Rs.147.05Lakh), Rs.66.98 Lakh is recognized as income during this year
- c) FY 2021-22 (Rs.34.17Lakh), Rs.17.32 Lakh is recognized as income during this year
- d) FY 2020-21 (Rs.15.12 Lakh), Rs.6.97 Lakh is recognized as income during this year.
- e) FY 2019-20 (Rs.4.98 Lakh), Rs. 3.58 Lakh is recognized as income during this year.

Thus, the total income recognised during the year is Rs. 462.15 Lakh.

2.23 Ageing of trade payables and trade receivables

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

2.24 Provision for Income Tax

The income tax comprises of current and deferred tax. The provision for income tax is made as per the income tax rules and previous income tax assessments. The tax is calculated on income on accrual basis. The deferred tax assets and liabilities are recognised, for the expected tax consequences of temporary / timing differences.

Taxable income calculated as per IT Act	-	Rs. 9951.07 Lakh
Income tax thereon	-	Rs. 2504.48 Lakh

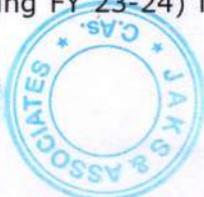
2.25 Dividend and Special Reserve Fund

The Board of Directors has proposed a dividend of 5% (Previous year -5%) for the year ended March 31, 2025, subject to the approval of the shareholders at the ensuing Annual General Meeting. The Capital adequacy ratio after considering the impact of proposed dividend is 28.65% as at March 31, 2025.

As per Section 35A of the SFC Act 1951, 0.50% of the dividend accruing to State Government and SIDBI amounting to Rs 18.16 Lakh will be transferred to Special reserve fund.

2.26 Grants and Subsidies

The receipts in the nature of grants and subsidies received are utilized for the purpose for which the same is granted. The undisposed portion of subsidies to loanees with respect to State subsidy is kept as other current liabilities and all other subsidies like Coconut Development Board Subsidy, Norka Subsidy, Central Subsidy etc are shown as Non Current Liabilities. For back ended subsidies with 'lock in' period, interest credit is calculated during such period and is credited to the loan account of such beneficiaries at the applicable interest rates. The interest on all back ended subsidies is Rs. 21.66 Lakh (Rs.37.11 Lakh during FY 23-24) is shown under the head Interest and fund-expenses.



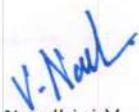
2.27 Prior period items

There are no prior period adjustment made during this year .

2.28 Previous Year's Figures

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

For and on behalf of the Board of Directors



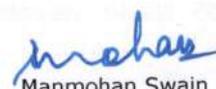
Nandhini V
Company Secretary
& Compliance Officer



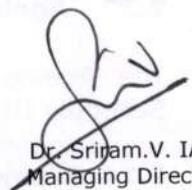
Soya K
Financial Controller
& Chief Financial officer



Premnath Ravindranath
Executive Director



Manmohan Swain
Director



Dr. Sriyam.V. IAS
Managing Director



Thiruvananthapuram
Date: 21.05.2025



As per our report of even date

For J A K S & Associates
Chartered Accountants

Firm Reg No:001360 S



Selastin A. FCA

Partner, M No: 202874

UDIN:25202874BMIA TB4436

KERALA FINANCIAL CORPORATION				
Note: 21				
DISCLOSURE REQUIREMENTS:				
(Rs. in Lakh)				
		2024-25		2023-24
A. Capital				
a) CRAR (%)		28.65		25.52
b) Risk Weighted Assets				
1) On Balance Sheet items		466845.00		440925.55
c) Share holding pattern as Balance Sheet date				
	Amount		Amount	
1. Government of Kerala	92,026.94	99.33	72026.94	99.14
2. SIDBI	613.33	0.01	613.33	0.01
3. Commercial Banks, Insurance Cos. Pvt. Shareholders etc.	10.16	0.66	10.16	0.85
TOTAL	92650.43	100	72650.43	100
d) Net worth		1,32,834.64		1,06,352.78
B. Asset Quality and Credit Concentration:				
	Amount		Amount	
a) Gross NPA under the prescribed assets classification categories	21356.69	2.67	21218.47	2.88
b) Net NPAs under the prescribed asset classification categories	4763.71	0.61	4861.40	0.68
c) Provisions:				
		2024-25		2023-24
1. Provision for Standard Assets		6096.46		6096.46
2. Provision for NPA		16357.07		16357.07
3. Provision for Investments		5344.15		5344.85
4. Provision for Income Tax		2504.48		2660.34
5. Provision for Deferred Tax Liability		-2192.82		589.26
		2024-25		2023-24
d) Movement in Net NPA (%)		0.61		0.68



C. Liquidity: (Rs. in Lakh)							
a) Maturity pattern of Rupee assets.							
Items		Less than or equal to 1 year	More than 1 year upto 3 years	More than 3 year upto 5 years	More than 5 years up to 7 years	More than 7 years up to 10 years	Total
Total assets		2,12,641.60	2,79,603.15	1,88,858.32	75,059.72	45,035.82	8,01,198.61
Total Liabilities		2,01,378.31	2,77,155.26	1,85,831.39	72,533.26	43,946.67	7,80,844.89
	2024-25		2023-24				
D. Operating Results:							
(Rs. in Lakh)				(Rs. in Lakh)			
a) Interest income as a percentage to average working funds -	8.22		8.84				
Interest Income	71,745.29		68,185.01				
Average Working Funds	8,72,424.40		7,71,215.92				
b) Non-interest income as a percentage to Average Working Funds -	2.11		2.42				
Non-interest income	18,393.76		18,686.52				
Average Working Funds	8,72,424.40		7,71,215.92				
c) Operating Profit (+) / Loss (-) as a % to Average Working Funds -	1.16		1.40				
Operating Profit (+) / Loss (-)	10,127.58		10,789.08				
Average Working Funds	8,72,424.40		7,71,215.92				
d) Return on Average Assets -	1.13		1.35				
Returns (operating profit + depreciation)	10,279.12		10,936.18				
Average Assets	9,11,374.70		8,08,347.80				
e) Net profit (+) / Loss (-) per employee	53.06		39.39				
No. of employees	185		188				
Net profit (+) / Loss (-)	9,815.91		7,404.39				

Ratio	Formula	Components	Result
Current Ratio	Current Assets / Current Liabilities	Current	1.63
Debt - Equity Ratio	Total Debt / Shareholder's Equity	Total debt=Long term borrowings+Short term borrowings Shareholder's	5.88
Debt Service Coverage Ratio (DSCR)	Earnings available for debt service / Debt Service	Service = Net Profit before taxes + Non-cash operating expenses like depreciation and	0.26
Return on Equity (ROE)	Net Profits after taxes - Preference Dividend (if any) / Average Shareholder's Equity	Average Shareholder's Equity=(Opening SC+Free	0.08
Net Profit Ratio	Net Profit / Net Sales	Net Profit = Profit	10.89%
Return on capital employed (ROCE)	and taxes / Capital Employed	Capital Employed = Tangible Net Worth	0.07
Return on investment (ROI)	Investment / Cost of	Net Return on	10.59%

Nandhini V
 Company Secretary & Compliance Officer

Soya K
 Financial Controller & Chief Financial officer

Preggnath Ravindranath
 Executive Director

Manmohan Swain
 Director

Dr. Srinivas V. IAS
 Managing Director



As per our report of even date
For J A K S & Associates
Chartered Accountants

Firm Reg No: 0013605

Selasin A. PCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date: 21-05-2025

UDIN: 25202874BMIA TB4436