

ANNUAL REPORT

2014-15





CONTENTS

Message From Hon. Chief Minister **03** | Performance Highlights **04** | Message From Hon. Finance Minister **05** | Board Directors **06** | Principal Officers **07** | Notice to shareholders **08** | Directors' Report **09** | Auditors' Report **20** | Financial Statements **22** | Notes forming part of financial statements **24** | Significant Accounting Policies and Notes to Accounts **30** | Disclosure Requirements **40** | Cashflow Statement **42** | Summary of operations **43** | Highlights of performance **48** | Proxy form **51**



OOMMEN CHANDY
Chief Minister
Government of Kerala



The Kerala Financial Corporation (KFC) has emerged as a financial supermarket for meeting all the needs of small and medium enterprises in the State. KFC has created new benchmarks of performance and is amongst the few successful and profitable SFCs in the country. I appreciate the corporation for its special efforts to promote entrepreneurship among the youth of Kerala.

I wish all employees and the stakeholders all success in their future endeavors.

A handwritten signature in black ink, appearing to read 'Oommen Chandy', with a long horizontal stroke extending to the right.

OOMMEN CHANDY

PERFORMANCE HIGHLIGHTS



Interest Income	19.76%
Portfolio	13.21%
Recovery	21.08%

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Recovery	21.08%



K. M. MANI

Minister for Finance, Law & Housing
Government of Kerala

KFC has played a significant role in supporting and strengthening industrial development in Kerala. It has carved out a unique name for itself by promoting entrepreneurship among the youth. The Corporation has achieved good growth in the overall loan portfolio, by adding new entrepreneurs, especially youth and women. The success of the KSED scheme has enhanced credit flow to the micro enterprises. This has resulted in inclusive development of the state by harnessing available resources and a number of innovative projects have come up in different sectors like IT, Food Processing, Fashion Designing, Apparels, Agriculture etc.

I am happy to note that the KFC is well equipped to meet the challenges in the changing economic scenario of the state. I urge all employees and stake holders of KFC to take the Corporation and entrepreneurship in Kerala to its new heights.

A handwritten signature in black ink, appearing to read 'K M Mani', written over a horizontal line.

K M MANI

BOARD OF DIRECTORS



Sri. P. Joy Oommen
(Chairman & Managing Director)
(President, COSIDICI)



Sri. K.S. Sreenivas, IAS
(Special Secretary Industries (IP) Dept.
Govt. of Kerala)



Sri. Rajesh Kumar Sinha, IAS
(Secretary, (Finance Department)
Govt. of Kerala)



Sri. Ramnath
(Chief General Manager, SIDBI)



Sri. S. Chandrasekharan
(General Manager, SBT)



Adv. K. Ponnachan



Sri. Krishna Iyer Mani
Chief General Manager, SIDBI
(till 27.09.2014)



Sri. Anadi Charan Sahu
Dy. General Manager, SIDBI



Smt. Lekshmi Kylas
(Senior Divisional Manager, LIC of India)
(till 16.06.2014)



Smt. Premilla .V. Nair, FCA
Chartered Accountant



Shri. M.S Shaji
(Senior Divisional Manager, LIC)

PRINCIPAL OFFICERS

General Managers

Premnath Ravindranath
Asok Kumar N
A.G.Dinesh

Deputy General Managers

R.Jayasankar
Mushtaq Ahammed.M
C.Janardhanan
K.S.Rajeev
P.B.Sreekumar
Mohanam.K.K
Ajith Kumar.K
Adarsh.R

Corporate Secretary & AGM Accounts

Soya.K

Assistant General Managers

K.G.Ajith Kumar
Annamma. M
Sreeletha Sukumar
Hiran Das.K.M
Sivadasan.A.K
Anil John Abraham
Haridas.M.R
Sreenivasa Sarma
Mohanam Achari C
Dolly.K.L
Prasad A C
Georgekutty.T.G
Girish Chandran
Manisankar.M
Rajan Pottayil
N.Hariharan
P.K.Babu
Muraleedharan.V.P

Statutory Auditors

Jose & Hemachandran, Chartered Accountants, Thiruvananthapuram

KERALA FINANCIAL CORPORATION

(Incorporated under the State Financial Corporations Act No. LXIII Of 1951

H.O: Vellayambalam, Thiruvananthapuram - 695 033.

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

Email: kfc@kfc.org Website: www.kfc.org

NOTICE TO SHARE HOLDERS

Notice is hereby given that the 62nd Annual General Meeting of the shareholders of Kerala Financial Corporation will be held at the Head Office of the Corporation, Vellayambalam , Thiruvananthapuram on Wednesday, 29th of July, 2015 at 11.00 A.M. to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st March, 2015 and the Profit & Loss account for the year ended 31st March, 2015 of the Corporation, the Report of the Board of Directors on the working of the Corporation for the Financial Year 2014-2015 and the Auditor's Report on the said Balance Sheet and Accounts.
2. To reappoint Statutory Auditors of the Corporation for the Financial Year 2015-2016 under Section 37 (1) of the SFCs Act.
3. To declare dividend.

By Order of the Board



GENERAL MANAGER (F&M)

Place : Thiruvananthapuram,

Date : 06.07.2015.

NOTES:

1. The Share Register of the Corporation shall remain closed and transfer of shares will be suspended from 10.07.2015 to 29.07.2015 (both days inclusive).
2. The form of proxy is enclosed.
3. Voting rights of the shareholders shall be determined in terms of the provisions under Section 4F of the State Financial Corporations Act, 1951.
4. 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.
5. 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, authorise 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 authorised 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.
6. 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.
7. 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.

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting their 62nd Annual Report on the business and operations of the Corporation and the accounts for the Financial Year ended March 31, 2015.

Financial Highlights of the Corporation

KFC has played a major role in bolstering the industrial environment and promoting entrepreneurship in Kerala by supporting enterprises in the MSME sector since its inception in 1953. In the recent years, Corporation has emerged as one of the best performing public sector undertakings in Kerala with its innovative schemes, customer-friendly approach and technologically assisted services. KFC today offers term loans on very easy terms and at competitive rates of interest. To aspiring entrepreneurs, under Kerala Self Entrepreneur Development Mission (KSEDM) the Corporation has been providing interest free loans to start their ventures. With an effective monitoring system, objective appraisal and sanction procedures, the recoveries and collection of interest have shown an upward trend.

An analysis of the operational performance of the Corporation during the last three years is given below:

₹. in crore

Financial Year	2014-15	2013-14	2012-13
Portfolio Size	2038.18	1800.37	1401.43
Sanctions	947.45	989.62	661.39
Disbursements	657.09	754.73	475.94
Recovery	684.27	565.13	540.22
Total Income	287.06	247.73	246.90
Total Expenditure	218.26	180.00	143.20
Operating Profit	68.81	67.73	103.70
Net Profit	14.37	41.34	66.83
Capital Adequacy Ratio %	20.47	21.57	24.61
Gross NPA %	7.85	3.45	3.51
Net NPA %	3.71	0.35	0.36

KFC is largely dependent on bulk funds borrowed from other financial institutions for lending to its customers. KFC has successfully borrowed Rs 600 crore from the market through non-SLR bonds during the period 2011-14 including Rs.200 crore raised during 2014-15. Despite stiff competition from commercial banks and changes in government policies affecting the business, Corporation has managed to register a 13.21% increase in its overall loan portfolio and adding new clients, especially young entrepreneurs. However the Corporation had to make increased provisions which has adversely affected the profitability. The Corporation is examining the challenges and opportunities in the wake of changing economic scenario prevailing in the state and emphasis is being laid on the quality of its advances and containing NPAs.

Operating Results:

Revenue from Operations:

Net Profit

The operating profit stands at Rs. 68.81 crore and net profit at Rs.14.37 crore . The chart below shows the net profit trend for the last ten years.

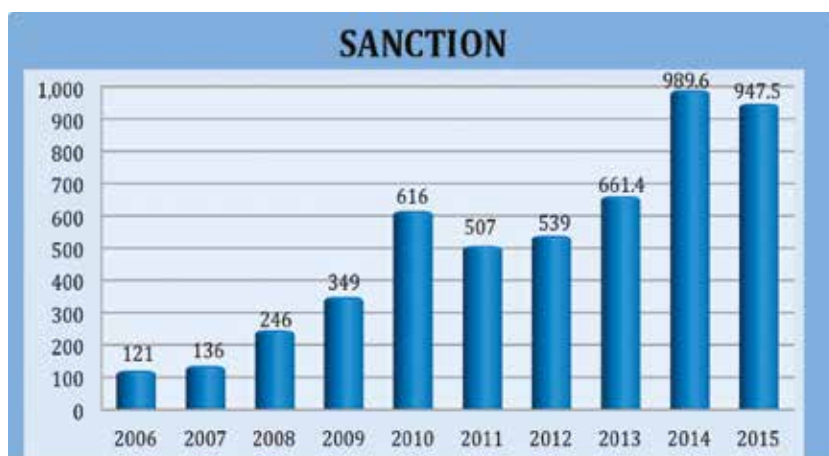


Sanctions:

Corporation sanctioned financial assistance of Rs.947.45 Crore during the FY 2014-15 registering a marginal decline of 4.26 % compared with the previous FY.

₹. in crore

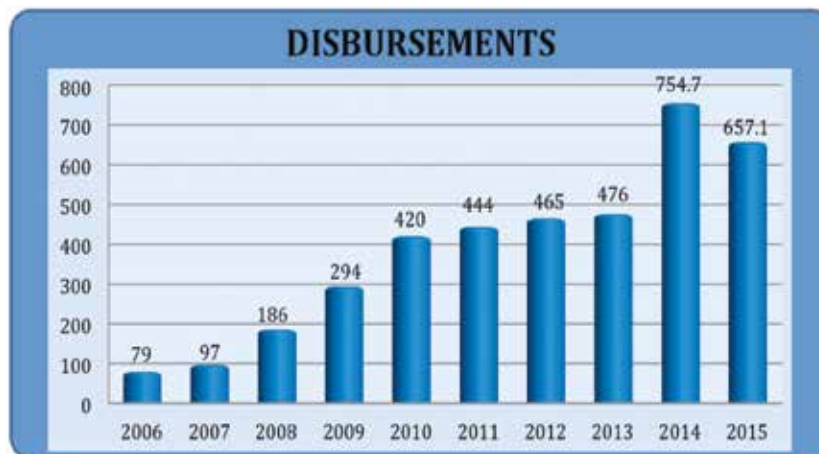
2014-15		Segment	2013-14	
No.	Amount		No.	Amount
1099	741.78	Micro	831	405.52
119	46.04	Small	32	27.43
23	32.32	Medium	1	20.00
70	127.31	Others	420	536.67
1311	947.45	Total	1284	989.62



Disbursements

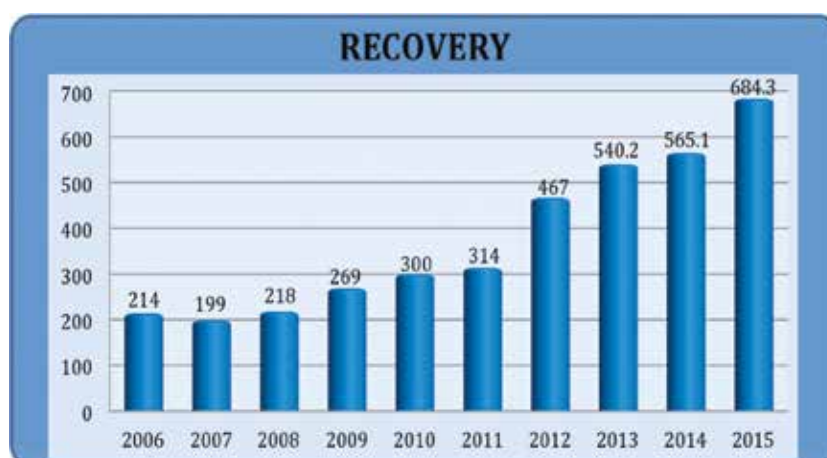
An amount of Rs.657.09 crore was disbursed during FY 2014-15 as against Rs.754.73 crore during the previous financial year , thus registering a dip of 12.94% .The disbursement could not touch the expected levels owing to several

reasons including the unanticipated changes in government policies and other external factors affecting business in certain sectors like hospitality, tourism, mining, real estate etc. In this scenario, the Corporation has been watchful in sanctioning and disbursing to new units resulting in a negative growth. Corporation has formulated necessary strategies to tackle the present situation by diversifying its portfolio and reviving the affected units in a time bound manner with necessary support like loan restructuring.



Recovery

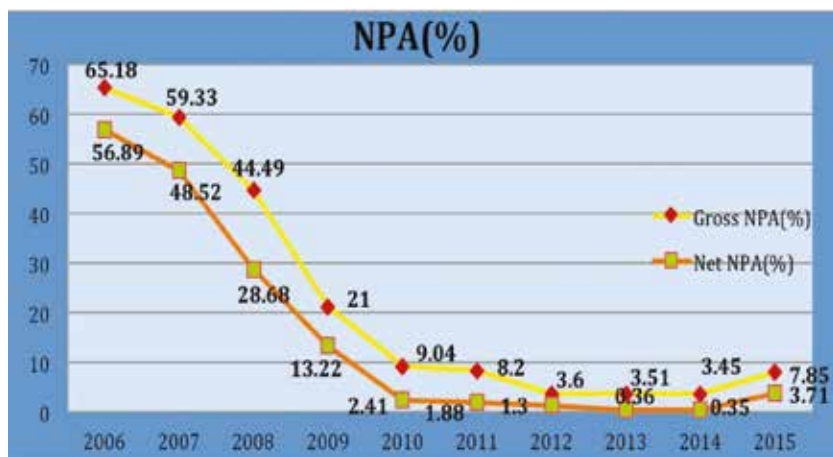
The corporation's main focus during the year was to accomplish maximum growth on the recovery front to balance the sluggish trend in disbursement and it has largely succeeded in this effort. Recovery has exceeded the targets and has touched an all time high with the total amount collected increasing by 21.08 % and the total interest income by 24.98%. Total recovery during the year was Rs. 684.27 crore compared to Rs.565.13 crore during FY 2013-14. Out of the total recovery, an amount of Rs.34.25 crore was by way of compromise settlement and recovery from written off loans. On the recovery front, the interest income increased to Rs.269.03 crore from Rs.215.26 crore during the previous year. The considerable level of growth in these areas throw light on the effective functioning of the organization in terms of the efficient collection of current dues irrespective of the adverse market conditions prevailed during the financial year.



Asset Quality:

Over the last couple of years, scientific, yet practical compromise settlement policies have helped the Corporation to have the lowest NPA levels which is maintained only by a few financial / banking institutions. But consequent to the unanticipated changes in the government policies in certain sectors like hospitality, tourism, mining, real estate etc.

the Corporation faced delay in remittance of instalments of principal and interest from bar attached hotels, crushers etc. Several measures to mitigate the problems like rehabilitation / reschedulement, extra incentive for prompt repayment, waiver of Pre-payment/foreclosure premium, funding of interest were given to eligible borrowers. Though most of these loan accounts were technically upgraded to standard category after restructuring, they are kept in the same category as was before restructuring, for ensuring compliance with the Prudential norms on asset classification issued by SIDBI. This has resulted in the Gross NPA and Net NPA rising to 7.85% and 3.71% as against the lowest levels of 3.45% and 0.35% of last year. Action plan is being drawn to contain NPAs in the coming year.



Capital Adequacy Ratio:

The Capital to Risk- weighted Assets Ratio (CRAR) now stands at 20.47 % as against the minimum of 9% prescribed.

Dividend:



The Corporation is one of the few Public Sector Undertakings paying dividend consecutively for the last 5 years. During this year the corporation has proposed a dividend of 3% on paid up share capital.

Asset Liability Management (ALM)

The Corporation's Asset Liability Management (ALM) is aimed at strategic planning, implementation, and control processes that affect the maturity, quality and liquidity of the Corporation's assets and liabilities, thereby ensuring that the returns are commensurate with the level of risk taken.

ISO Certification:

The Quality Management Certificate was validated and changed over to new version IS/ISO 9001-2008 by Bureau

of Indian Standards (BIS) after conducting surveillance/ renewal audit. The current license has been renewed for another 3 years by BIS till 21st June, 2016. At present, all offices of the Corporation continue to hold the Quality Management System Certificate.

OTHER FINANCIAL SERVICE ACTIVITIES:

IRDA has approved Corporation for acting as Corporate Agent for procuring or soliciting insurance business from 20.09.2013 to 19.09.2016 (Licence No. NIA 9664897). The Corporation has now renewed the Corporate agency with the New India Assurance Company to enhance its fee based activities. The Corporation mobilised substantial premium in general insurance activity by marketing the insurance products and earned a gross commission of Rs.5.88 Lacs.

Share Capital:

The paid up share capital of the Corporation as on March 31st 2015 is at Rs.221.86 crore. Rs.9.89 crore received from government during the year 2011-12 for implementation of KSEDMD scheme was transferred to Share Capital after obtaining approval from SIDBI. Rs.2.14 crore received from government during the year 2013-14 and Rs.2.50 crore received during this financial year for implementation of Interest Subvention scheme are shown as advance towards share capital pending approval from SIDBI.

Networth:

The Corporation's net worth improved to Rs. 423.92 crore as on 31.03.2015 from Rs.414.84 crore as on 31.03.2014.



Shareholder information:

The composition of shareholders as on March 31, 2015 is furnished below:

Shareholders	Rs. in crore	% of Shareholding
Government of Kerala	215.629	97.19
SIDBI	6.133	2.76
LIC	0.071	0.03
SBT	0.021	0.01
Others	0.009	0.01
Total	221.864	100.00

Resource mobilisation

The Corporation successfully mobilised resources during the financial year by way of LOC / OD from various commercial banks and from market by raising Non SLR Bonds to the tune of Rs.528 crore.

a) LOC from Commercial Banks / SIDBI

The Corporation availed Rs. 327.99 crore from various commercial banks at their base rates during the FY 2014-15 .Aggregate outstanding LOC from banks and SIDBI at the year end was Rs.968.21 crore which is as follows.

₹. in crore

Name of Bank / FI	Amount availed	Amount repaid	Balance o/s as on 31.03.15
Canara Bank	87.99	55.99	237.00
Indian Bank	100.00	62.71	184.16
Federal bank	50.00	25.00	181.56
State Bank of Travancore	50.00	13.86	128.41
South Indian Bank	-	12.03	36.21
Tamilnadu Mercantile Bank	40.00	1.51	38.49
SIDBI	-	76.42	162.38
Total	327.99	247.52	968.21

b) Bonds:

The Corporation raised Non SLR Bonds amounting to Rs. 200 crore during the FY and balance outstanding as on 31.03.2015 was Rs. 600 crore .The bonds were raised with unconditional and irrevocable guarantee by the Government of Kerala (payable half yearly) at 9.15%. An amount of Rs. 316.48 lakhs was paid to the State Government as commission for guarantees extended for the Bonds.

Human Resources

Corporation recognizes that key resources for achieving high levels of excellence are its people who need to be motivated and developed. During FY 2014-15, training was imparted to 53 employees through different training programmes and promotion given to 7 officers creating immense goodwill and motivation among employees. On 31.03.2015, the total staff strength was 226. During the financial year, 9 employees retired from service on attaining superannuation.

Corporate Governance:

The Corporation has been ensuring fairness, responsibility, accountability and transparency in all its dealings. Loan Policy, Compromise Settlement Policy, Valuation Policy etc. were all reviewed by the Board and wherever required necessary amendments to policies were made. ISO procedures are scrupulously complied with. The Corporation has designated State Public information Officers, Assistant State Public Information Officers and Appellate Officers for the Head Office as well as the Branch Offices for providing reply under RTI. Prompt action is taken for replying the petitions received under RTI. 66 applications were received during the financial year. All applications have been disposed of within the time stipulated under RTI Act.

Board of Directors:

The details of Board of directors as on March 31st 2015 and their attendance in meetings are given below.

Name of the director	Designation	Tenure	No. of meetings	
			Held during their tenure	Attended
Shri. P. Joy Oommen	Chairman & MD	23.02.13-	4	4
Shri. K.S.Srinivas IAS	Special Secretary (Industries & IP)	09.09.10 –	4	0
Shri. R K Sinha, IAS	Secretary (Finance & Expenditure)	12.12.12 –	4	3
Smt. Premilla V Nair	Chartered Accountant	26.09.11-	4	3
Shri. Krishna Iyer Mani	General Manager, SIDBI, Mumbai	06.09.2013 – 27.09.14	1	0
Shri. Ramnath	Chief General Manager, SIDBI, Mumbai	27.09.14-	3	1
Shri. Anadi Charan Sahu	Dy. General Manager, SIDBI, Ernakulam	06.09.2013	4	3
Shri. S.Chandrasekharan	General Manager (Treasury) SBT	21.08.12-	4	3
Smt. Lekshmy Kylas	Senior Divisional Manager, LIC	07.06.11 – 16.06.14	0	0
Shri. M S Shaji	Senior Divisional Manager, LIC	16.06.14 –	4	1
Shri. K. Ponnachan	Advocate	04.06.13-	4	3

The Board of the Corporation met 4 times during the year on 16.06.14 , 27.09.14 , 27.12.14 and 24.03.15.

Board Committees:

Currently Board has two committees- Executive Committee and Audit Committee. Executive Committee did not meet during the year. Audit Committee met twice during the year on 16.06.14 and 11.03.15.

Participative Management:

The Corporation believes in participative management. The rich experience of its officers can be fully utilized by participating them in the decision making process. Realising this, wide delegation has been given to different level of officers across the state at branch and zonal level. At head office also, the committee concept is used and the decision making has been transparent. However in order to ensure objectivity and fairness, checks and balances, through various internal control and audit procedure have been introduced.

Annual General Meeting:

Last Annual General Meeting was held on 30.07.14. M/s. Jose & Hemachandran, Chartered Accountants, were appointed as Statutory Auditors of the Corporation for the financial year 2014-15 and they will hold the office till the conclusion of the Annual General Meeting to be held in FY 2015-16. The financial statements for the year 2013-14 were approved and dividend was also declared in the Annual General Meeting.

Audits

The accounts of the Corporation are audited on a quarterly basis by the Statutory Auditors. Concurrent Audit of branch operations is also now in place through reputed Chartered Accountants on a monthly basis. Further compromise

settlement sanction of above Rs.25 lakhs are also carried out as a prudent control mechanism and risk mitigation measure. A pre-disbursement audit for disbursements above Rs. 100 lakhs has also been introduced. The internal control and auditing procedure in KFC are at par with prescribed industry standards.

The Comptroller & Auditor General of India conducted audit of the accounts of the Corporation up to the F.Y 2013-14.

Internal Financial Controls

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the companys policies, safeguarding of assets, the prevention of and detection of frauds and errors, the accuracy and the completeness of accounting records and the timely preparation of reliable financial disclosures.

Corporate Social Responsibility (CSR)

The Corporation believes that contributing value back to the society is our responsibility and has started a number of initiatives by stepping out from the traditional operational area to the vast arena of Corporate Social Responsibility. The corporation is engaged in CSR activities through KFC CARE, a society formed by KFC with its employees, both existing and retired as the members. During the year the trust extended support to M/s. Cure India as financial assistance for empowering poor children, to M/s. ECB Empowerment centre for the Blind for conducting free computer training, to M/s. Visual Charitable Society for imparting computer literacy for rural women and assistance for cancer treatment.

KSEDM (Kerala State Entrepreneur Development Mission)

The scheme was officially launched in January 2012 by Government of Kerala with KFC as the nodal agency. The maximum eligible loan amount under this scheme is Rs.20 lakhs with a repayment period of 5years. The Mission aims at a radical social transformation through which young entrepreneurs will be supported in setting up new enterprises and thereby contributing to the development of the State as employment providers. Some of them have set up innovative projects in sectors like Information Technology, Food Processing, Fashion Designing, Apparels, Tour Operations, Construction Materials, Automation Services, and Agro-Based Projects. The Mission has also enabled a number of women entrepreneurs to set up new businesses of their own. As on March 31, 2015, Rs 108.79 crores have been sanctioned as financial assistance to 1009 units out of which 746 units have started commercial operation. The details of KFC assisted units are as follows.

₹. in Lakhs

Financial Year	No. of units (amount sanctioned up to Rs. 10 lakhs)	Amount sanctioned up to Rs.10 lakhs	No. of units (amount sanctioned between Rs.10 lakhs to Rs.20 lakhs)	Amount sanctioned between Rs.10 lakhs to Rs.20 lakhs	Total No. of units	Total amount sanctioned
2012-13	21	160.68	10	171.83	31	332.51
2013-14	144	1158.60	129	2061.84	273	3220.44
2014-15	270	2131.65	194	3047.54	464	5179.19
Total	435	3450.93	333	5281.21	768	8732.14

Interest Subvention for Innovative Projects

KFC has implemented an interest subvention scheme for manufacturing sector to encourage innovative projects with the support of State Government. Rs.10.14 crore was provided as share capital contribution by Govt of Kerala to use equivalent amount towards subsidising interest to eligible units under the scheme. Out of Rs.10.14 crore a sum of Rs. 4.64 Crore was released towards share capital contribution to the Corporation. Corporation has utilised the subsidy for acquisition of plant and machinery by new units manufacturing Neera and other value added products developed from coconut using the innovative technology provided by Coconut Development Board for sanctioning loans under the scheme.

IT Initiatives:

Kerala Financial Corporation (KFC) bagged the first prize in Kerala State e-Governance Awards for the year 2011-13 in the prestigious e-governance leader category. The award instituted by Government of Kerala has selected KFC from among various State Government Departments, Public Sector Undertakings etc considering its all-round excellence in e-governance through implementation of the Core Financial Solutions, centralised connectivity, dynamic website, m-governance, e-auction, etc thereby transforming KFC in to more customer friendly organisation. Core Financial Solutions, implemented by KFC with the support of TCS, connects all the branch, zonal and head offices and also automates all activities of KFC with centralised database under secured environment and replacing the 20 year old system run on COBOL. The e-Auction system implemented by KFC ensures transparency in bidding with automated e-mail/SMS System. Corporation is now using Open source software like Ubuntu & Open Office, Centralized Antivirus etc which has not only helped the corporation to achieve effective resource utilization, increase efficiency and cost cutting but also has helped to reduce the cost per PC, software licenses and save power consumption. Use of KSWAN has also reduced the cost of separate lease line. Corporation now aims at prioritizing itself as a technologically advanced customer centric institution. KFC is also a part of the m-Governance implemented by Govt. of Kerala through Kerala State IT Mission. Automated SMS are sent to customers on loan schemes, account details etc.

New initiatives

Special thrust to manufacturing sector through the interest subvention scheme by, teaming up with institutions such as the Coconut Development Board, Coir Board, Rubber Board etc to support innovative projects.

Bill refinancing scheme for MSME enterprises who supply materials to Public Sector Undertakings/Government bodies.

Special scheme for Financial Assistance to Civil Contractors.

Special scheme for Modernization, upgradation and expansion of existing cinema theatres and establishment of new multiplexes.

Promoting technology-intensive sectors such as IT and biotechnology.

Arrangement with TiE (The Indus Entrepreneurs) for assistance in appraisal of high technology projects.

KFC is implementing Online Loan Application for its customers to speed up the loan sanctioning process. The whole implementation will be done by M/s TCS, who is the developer of KFC's Core Financial Solutions(CFS)

Future Plans:

The corporation has unveiled plans to reach out to lines of business beyond tried and tested ones. The Corporation has been contemplating to achieve a portfolio size of over Rs.2500 crore by 2016. During the FY 2015-16 corporation plans to sanction Rs.1050 Crores and to disburse around Rs. 880 crore to manufacturing sector, hospitality, IT and entertainment sectors. Special thrust will be given to women and young entrepreneurs, renewable energy projects while exposure to CRE sector will be reduced. Corporation will also work along with clusters. The other proposed initiatives are:

a) Non SLR Bond issue

The corporation proposes to raise Non SLR Bonds to the tune of Rs.100 to 200 crore from the market during financial year 2015-16 depending on the market conditions and availability of Government Guarantee.

b) Accepting of public deposits

RBI has granted final approval to the Corporation for raising public deposits. The Corporation intends to raise public deposits during the second half of the FY 2015-16 after designing the deposit schemes.

c) Establishing a women entrepreneur cell

Corporation proposes to set up a women entrepreneur cell for providing need-based funding and support to women entrepreneurs in the state.

d) Establishing a venture capital fund

Corporation proposes to set up a venture capital fund in association with other State sector as well private sector agencies for providing need-based funding to startup firms with perceived long-term growth potential.

e) Strengthening the Consultancy Division

Board has approved a detailed road map for strengthening the Consultancy Division of the Corporation and Government of Kerala has approved KFC as an approved agency for rendering consultancy-management services to Public Service Undertakings. Corporation has also approved 5 consultants as consultancy partners according to their area of consultancy. Consultancy Division of the Corporation has taken the assignment from SIDBI for carrying out a detailed analysis of identifying the Financial Gaps of Rubber Industry in Kottayam with a view to ascertain their present status, extent of modernization required to make them competitive and their estimated credit requirement from the Banking Sector. Consultancy Division also conducted a Management Development programme 'Activation Motivation' on March 16, 2015 at Hotel Hyacinth, Trivandrum jointly with CET School of Management, College of Engineering, Trivandrum for middle level and junior level executives of Government, Public and Private Enterprises.

f) Upgradation of Hardware/Software

Steps for the upgradation of Hardware/Software for CFS for the smooth running of the current system are being done. The Corporation has requested KSITM for providing space in the State Data Centre II(SDC-II) cloud services with support/AMC charges whereby 24 x 7 support with backup facility will be made available. The existing KFC Data Centre (DC) will be setup as secondary DC for Data Recovery and production environment.

g) Implementation of e-Office

Corporation has also decided to implement e-office (version Lite) from NIC . The proposed e-Office package includes File management System (e-File), Knowledge Management System (KMS) and Collaboration and Messaging Service(CAMS) and purchase of Digital Signature Certificate (DSC) for all officers for signing electronic files.

h) Youth Business accelerator:

As continuation of supporting entrepreneurship developmental activities, Corporation has decided to create infrastructure and environment required for setting up a Business Accelerator for young entrepreneurs in the IT/ITeS domain. Corporation intends to offer affordable space to operate IT/ITeS enterprises going through the second phase of their entrepreneurial journey at its Ernakulam Office which will be developed and given to these young Entrepreneurs on a License basis.

Directors' Responsibility Statement:

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the asset 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 the knowledge of the Directors and belief and according to the information and explanations obtained by them, your Directors make the following statements:

- a. that in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in the Notes to the Financial Statements, have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation as at March 31,2015 and of the profit of the Corporation for the year ended on that date;
- c. the applicable guidelines prescribed for SFCs have been followed and there has been no material departure. Accrual method of accounting is followed for standard assets and cash basis for non-performing assets from 2005-06;

- d. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the SFC Act, 1951, Companies Act, 2013, SIDBI Guidelines etc., for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;
- e. that the annual financial statements have been prepared on a going concern basis;
- f. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- g. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively;

Acknowledgements

The Directors wish to place on record their appreciation to the Government of Kerala, Small Industries Development Bank of India, Reserve Bank of India, COSIDICI, other SFCs, Federal Bank, Indian Bank, South Indian Bank, Canara Bank, State Bank of Travancore, Tamilnadu Mercantile Bank, State Bank of India, HDFC Bank, Yes Bank, New India Assurance Company Ltd., Brickwork ratings, Bombay Stock Exchange, Tata Consultancy Services, Kerala State IT Mission, Department of Income Tax, DIC, KSIDC, CAG, Concurrent Auditors, Statutory auditors, consultants, customers and all other stake holders for their continued support, guidance and assistance. The Board appreciates the entrepreneurs and the business community of the State for reposing confidence in the Corporation.

The Board would like to place on record its appreciation and gratitude to all the members of the Board of Directors existing as well as retired, who have ably guided the management of the Corporation during the period. The Board also places on record its appreciation for the intensive efforts put in by all the employees of the Corporation.

Thiruvananthapuram
02-07-2015



P. Joy Oommen
Chairman & Managing Director.

Independent Auditor's Report

To,
The Members
Kerala Financial Corporation

Report on the Financial Statements

We have audited the accompanied financial statements of Kerala Financial Corporation ("the Corporation"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Corporation's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the provisions contained in the State Financial Corporation Act 1951 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

Attention is drawn to point No. 2.11 of Note No. 20 regarding asset acquired in satisfaction of a claim. The Corporation recovered a NPA asset by acquiring the immovable property mortgaged by the borrower to the tune of Rs. 400.34 lakhs in the year 2008-09. However, the Corporation has not been able to sell the property nor has it got the property valued by approved valuer so far. In the absence of such a valuation, we are not in a position to quantify if the asset is overstated or understated. Moreover, there is a suit filed by the borrower against the acquisition of the property by the Corporation.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effect on the financial statements of the matter described in the 'Basis for qualified opinion', the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Corporation as at 31st March, 2015;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Corporation for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Corporation for the year ended on that date.


Report on Other Legal and Regulatory Requirements

As required by the Act, we report that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii. In our opinion, proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books.
- iii. The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and comply with the Accounting Standards referred to in Section 133 of the Companies Act ("Act") read with Rule 7 of the Companies (Accounts) Rules, 2014.
- iv. In our opinion, the income recognition, asset classification and provisioning have been done as per the guidelines issued by the RBI/SIDBI from time to time.

For Jose and Hemachandran
Chartered Accountants
FRN: 001360 S

Thiruvananthapuram
02-07-2015


Arun Jose, A.C.A.
(Partner, Mem. No 233118)

Balance Sheet as at 31 March, 2015

₹ in Lacs

	Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	22,186.43	21,197.30
	(b) Reserves and surplus	2	19,741.81	19,083.35
	(c) Money received against share capital		464.00	1,203.13
2	Non-current liabilities			
	(a) Long-term borrowings	3	1,40,857.77	1,17,808.97
	(b) Deferred tax liabilities (net)		201.52	405.75
	(c) Long-term provisions	4	8,979.34	5,591.37
3	Current liabilities			
	(a) Short-term borrowings	5	15,963.74	19,468.00
	(b) Other current liabilities	6	4,370.24	3,621.87
	(d) Short-term provisions	7	7,312.38	5,989.02
	TOTAL		2,20,077.23	1,94,368.76
B	ASSETS			
1	Non-current assets			
	(a) Tangible Assets	8	339.50	321.16
	(b) Non-current investments	9	49.50	101.29
	(c) Other non-current assets	10	2,203.10	1930.13
2	Loans and Advances	11	2,03,818.32	180037.32
3	Current assets			
	(a) Current investments	12	1,000.00	1000.00
	(b) Cash and cash equivalents	13	2,485.27	1577.61
	(c) Other current assets	14	10,181.54	9401.25
4	Significant Accounting policies and Notes to Accounts	20		
	TOTAL		2,20,077.23	1,94,368.76

For and on behalf of the Board of Directors


Soya K
Asst. General Manager



Premnath Ravindranath
General Manager


Premilla V Nair
Director


P.Joy Oommen
Chairman & Managing Director

As per our report of even date
For Jose & Hemachandran Chartered Accountants
Firm Reg No: 0013605

Thiruvananthapuram
02.07.2015


Arun Jose ACA
Partner M NO: 233118

Statement of Profit and Loss for the Year ended 31st March 2015

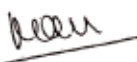
₹ in Lacs

	Particulars	Note No.	For the year ended 31.03.2015	For year ended 31.03.2014
A	CONTINUING OPERATIONS			
1	Revenue from operations	15	28,455.63	24,385.67
2	Other income	16	250.61	387.19
	Total revenue		28,706.24	24,772.86
3	Operating Expenses			
	(a) Interest expenses	17	14,370.90	10,867.77
	(b) Employee benefits expense	18	2,595.20	2,354.78
	(c) Administrative Expenses	19	526.98	574.44
	(d) Depreciation and amortisation expense		53.05	64.580
	(e) Bad debts written off		4,279.55	4,138.60
	Total expenses		21,825.68	18,000.17
4	Operating Profit before exceptional and extraordinary items and tax		6,880.56	6,772.69
5	Add: Prior Period Income		0.00	247.95
6	Operating Profit After exceptional and extraordinary items and tax		6,880.56	7,020.64
7	Less: (a) Provision for Bad and Doubtful debts		3,811.20	1,310.71
	(b) Provision for Diminution in value of Investment		66.00	-
8	Profit before tax		3,003.36	5,709.93
9	Tax expense:			
	Less: Current tax expense - (a) Provision for Income Tax		1,770.71	1,471.56
	(b) Provision for Deferred Tax		-204.23	104.61
B	Discontinuing operations		-	-
10	Profit for the year		1,436.88	4,133.76
11	Earnings per share (Equity shares of Rs 100/- each):			
	(a) Basic		6.48	19.50
	(b) Diluted		6.41	18.63
C	Profit and loss appropriation			
	Balance in Profit & Loss A/C B/f		9,196.86	7,657.62
	Net Profit for the year		1,436.88	4,133.76
	Total profit available for appropriation		10,633.74	11,791.38
	Less: Appropriations			
	Proposed Dividend		665.59	1,059.86
	Provision for Dividend tax		127.04	180.12
	Transfer to Reserve u/s 36 (1) (viii)		1,265.38	1,354.54
	Balance Profit after appropriations		8,575.73	9,196.86
	Less: Prior Period Adjustments		-	-
	Balance Profit carried to Balance sheet		8,575.73	9,196.86

For and on behalf of the Board of Directors


Soya K
Asst. General Manager



Premnath Ravindranath
General Manager


Premilla V Nair
Director


P.Joy Oommen
Chairman & Managing Director

As per our report of even date
For Jose & Hemachandran Chartered Accountants
Firm Reg No: 0013605

Thiruvananthapuram
02.07.2015


Arun Jose ACA
Partner M NO: 233118

Notes Forming Part of Balance Sheet as at 31.03.2015

	As at 31.03.2015	As at 31.03.2014
NOTE : 1		
SHARE CAPITAL		
AUTHORISED CAPITAL		
3,50,00,000 shares of Rs.100 each	35000.00	35000.00
Issued, Subscribed and Fully Paid up Capital		
Ordinary Shares		
20757553 shares of Rs.100/- each	20757.55	20757.55
Issued during the year 989125 shares of Rs.100/- each	989.13	0.00
Special Shares		
4,39,750 shares of Rs.100/- each as per last B/S	439.75	439.75
TOTAL	22186.43	21197.30
NOTE : 2		
RESERVES AND SURPLUS		
(a) Spl. Reserve u/s 36(1)(viii) of IT Act, 1961		
As per last Balance Sheet	9636.49	8281.95
Added during the year	1265.38	1354.54
Total of (a)	10901.87	9636.49
(b) Spl. Reserve u/s 35(A) of SFCs Act, 1951	250.00	250.00
(c) Revaluation Reserve	14.21	0.00
(d) Profit & Loss Account	8575.73	9196.86
TOTAL {(a)+(b)+(c)+(d)}	19741.81	19083.35
NOTE : 3		
LONG TERM BORROWINGS		
SECURED (Hypothecation of receivables)		
Borrowings from SIDBI	16237.90	23879.47
LoC from Federal Bank	3750.00	6250.00
LoC from South Indian Bank	2062.50	3265.00
LoC from Indian Bank	18416.60	14687.50
LoC from State Bank of Travancore	12841.31	9227.00
LoC from Canara Bank	23700.03	20500.00
LoC from Tamilnadu mercantile bank	3849.43	-
UNSECURED		
Non-SLR Bond (Guaranteed by Government of Kerala)	60000.00	40000.00
TOTAL	140857.77	117808.97
NOTE:4		
LONG TERM PROVISIONS		
(a) Provision for Bad and Doubtful debts		
As per last Balance Sheet	5591.37	4429.20
Add: (i) Provision made during the year	3194.27	1162.17
(ii) Additional Provision for Seed capital/ Bridge Loans made during the year	193.70	0
TOTAL {(i)+(ii)}	3387.97	1162.17
TOTAL OF (a)	8979.34	5591.37

NOTE : 5		
SHORT TERM BORROWINGS		
SECURED (Hypothecation of receivables)		
OD from South Indian Bank	1558.01	10045.82
OD from Federal Bank	14405.73	9422.18
TOTAL	15963.74	19468.00
NOTE : 6		
OTHER CURRENT LIABILITIES		
State Subsidy	18.87	112.90
Margin Money	1.73	3.63
KSSEDM Advance from Govt. of Kerala	185.74	849.97
Interest subsidy	0.15	0.15
Coconut Devp. Board Subsidy	59.73	14.06
Earnest Money Deposit	12.00	13.09
Self Employment Venture fund	26.48	26.48
Suspense Account	167.86	11.04
Tax Deducted at Source	1.48	0.00
Other Salary Deductions	0.03	0.00
Other Sundry Deposits	25.89	17.30
Gratuity Payable	112.65	0.00
Service tax	0.49	0.00
Outstanding Expenses	113.14	99.55
Accrued Interest on Refinance from SIDBI	141.34	198.98
Accrued Interest on SLR Bonds & Non SLR Bonds	1820.64	1064.03
Accrued Interest on LOC from banks	414.76	376.21
Audit Fee Payable	1.00	1.35
Concurrent Audit Fee payable	0.67	1.31
Contingent Provision against Standard. Assets	1165.89	742.67
Staff Dues Retained	80.54	80.54
Leave Encashment Payable	0.73	7.72
Unclaimed Dividend	0.11	0.09
CGTMSE Fees Collection	0.23	0.80
CGTMSE pending appropriation	18.09	0.00
TOTAL	4370.24	3621.87
NOTE : 7		
SHORT TERM PROVISIONS		
(a) Provision for Taxation:		
As per last Balance Sheet	4749.04	3277.48
Add: Provision made during the year	1770.71	1471.56
Total of (a)	6519.75	4749.04
(b) Proposed Dividend for the year	665.59	1059.86
(c) Provision for Dividend Tax	127.04	180.12
TOTAL	7312.38	5989.02

NOTE : 8 TANGIBLE ASSETS

Particulars	Rate %	Gross value as on 31-03-2014	Additions during the year	Deletions during the year	Gross value as on 31-03-2015	Depreciation upto 31-03-2014	Depreciation for the year	Depreciation upto 31-03-2015	WDV as on 31-03-2015	WDV as on 31-03-2014
1	2	3	4	5	6	7	8	9	10	11
Land	0.00%	11.62	-	-	11.62	-	-	-	11.62	11.62
Building	10.00%	411.76	-	-	411.76	308.21	10.35	318.57	93.19	103.55
Motor Vehicle	15.00%	135.37	24.33	0.16	159.54	100.03	7.54	107.56	51.97	35.34
Cycles	15.00%	0.24	-	0.24	-	0.22	-	-	-	0.02
Electrical Fittings	10.00%	128.72	17.67	0.29	146.10	48.31	8.94	57.25	88.85	80.41
Air Conditioner	15.00%	37.89	0.48	0.00	38.37	26.49	1.78	28.27	10.09	11.39
Transformer	15.00%	2.36	-	2.36	-	2.36	-	-	-	-
Photocopier	15.00%	22.52	-	-	22.52	17.56	0.75	18.30	4.22	4.96
Duplicator	15.00%	1.68	-	1.68	-	1.67	-	-	-	0.01
Franking Machine	15.00%	0.03	-	0.03	-	0.03	-	-	-	-
Computer	60.00%	308.66	15.66	-	324.32	289.07	16.58	305.65	18.67	19.59
Typewriters	15.00%	6.22	-	6.22	-	6.18	-	-	-	0.03
Other office Equip-ments	15.00%	44.30	2.90	0.11	47.09	32.41	2.03	34.45	12.65	11.89
Lift	15.00%	9.75	-	-	9.75	5.42	0.65	6.07	3.68	4.33
Other Furniture	10.00%	136.47	10.98	-	147.45	98.46	4.43	102.89	44.56	38.01
Total		1257.59	72.02	11.09	1318.52	936.42	53.05	979.01	339.50	321.16
<i>Total (Previous Year)</i>		<i>1214.11</i>	<i>50.87</i>	<i>7.40</i>	<i>1257.58</i>	<i>877.99</i>	<i>64.58</i>	<i>936.42</i>	<i>321.16</i>	<i>336.12</i>

NOTE : 9		
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	0.29
India SME Asset Reconstruction Co.	35.00	35.00
Kerala Venture Capital Fund	66.00	66.00
Sub Total	123.88	109.67
Less : Provision for diminution in value of investments	74.38	8.38
TOTAL	49.50	101.29
NOTE : 10		
OTHER NON CURRENT ASSETS		
Property Acquired in Satisfaction of Claims	400.34	400.34
House Loans to Employees	881.55	683.77
Conveyance Loan to Employees	100.77	124.28
Computer Loan to Employees	0.62	0.43
Other Staff Loan	0.15	0.15
Advance to Employees	19.98	17.79
Deposit with P&T	0.09	0.09
Other Deposits	13.35	13.35
Deposit with KSEB	14.47	14.46
Deposit against Staff Dues Retained	80.54	80.54
Interest Accrued on Staff Loans	483.22	446.47
Other Advances	26.15	26.09
Advance for Fixed Assets	181.87	122.37
TOTAL	2203.10	1930.13
NOTE : 11		
LOANS & ADVANCES		
Loans and Advances	203818.32	180037.32
TOTAL	203818.32	180037.32
NOTE : 12		
CURRENT INVESTMENTS		
Short Term Deposits with Banks	1000.00	1000.00
TOTAL	1000.00	1000.00
NOTE : 13		
CASH AND CASH EQUIVALENTS		
Cash in hand	35.01	26.39
Banks Accounts	2450.26	1551.22
TOTAL	2485.27	1577.61

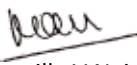
NOTE : 14		
OTHER CURRENT ASSETS		
Advance Income Tax	7374.85	6667.49
Income Tax Paid	0.00	31.45
Income Tax Deducted at source	90.94	79.85
Stock of Stationery	0.00	0.00
Library	0.00	0.00
Interest Accrued on Loans & Advances	2709.07	2534.13
Interest Accrued on STD with Banks	0.58	80.40
Prepaid Expenses	0.00	7.93
Rent Receivable	6.10	0.00
TOTAL	10181.54	9401.25
NOTE : 15		
REVENUE FROM OPERATIONS		
Interest Received On Loans & Advances	26902.95	21525.79
Less : Interest rebate on Loans	2376.06	1846.54
Net Interest Received On Loans & Advances	24526.89	19679.25
Application Fees	0.11	0.12
Loan Processing Fees	453.61	507.18
Recovery from written off loans	3424.94	4185.65
Premium on pre-closure	50.08	13.47
TOTAL	28455.63	24385.67
NOTE : 16		
OTHER INCOME		
Interest on Staff Loans	83.12	80.04
Interest on Bank Deposits	58.33	216.34
Dividend From Shares	2.18	2.18
Miscellaneous Income	19.66	2.49
Other Income	3.75	1.41
Rent Received	76.53	59.67
Income from Insurance Agency	5.88	4.85
RTI Application Fee Received	0.03	0.04
Income from Mutual Fund	0.00	16.60
Consultancy Service Division Receipts	0.46	0.01
Profit on sale of Fixed Assets	0.67	3.56
TOTAL	250.61	387.19
NOTE : 17		
INTEREST AND FUND EXPENSES		
Interest on Bonds	4675.19	3419.48
Interest on Coconut Dev Board Subsidy	0.73	0.66
Interest on Refinance from SIDBI	1922.21	2636.23
Interest on Line Of Credit from Banks	7356.14	4441.17
Guarantee Commission	316.48	164.99
Bond Issue Expenses	100.13	205.03
LOC Administrative Expenses	0.02	0.21
TOTAL	14370.90	10867.77

NOTE : 18		
EMPLOYEE BENEFITS AND EXPENSES		
Pay & Allowances	2076.61	1981.60
Group Gratuity Insurance	175.04	15.67
Contribution to Employees' P.F	220.08	243.85
Group E/L Encashment Insurance	50.41	15.00
Other Staff Expenses	73.06	98.66
TOTAL	2595.20	2354.78
NOTE : 19		
ADMINISTRATIVE EXPENSES		
Rent, Rates, Taxes & Insurance	87.49	86.94
Postage, courier and Telephone	33.80	26.06
Printing & Stationery	16.59	18.79
Vehicle Running & Maintenance	25.92	25.93
Repairs & Maintenance of Buildings & Equipments	70.66	52.52
Revenue Recovery expenses	96.69	91.94
Bank Charges and Commission	0.37	0.36
Audit Fees	1.60	1.35
Consultancy Charges	2.72	5.42
Legal Expenses	9.15	6.23
Books & Periodicals	2.37	2.43
Other Expenses	88.51	181.67
Travelling Expenses	22.01	22.22
Board / E.C. Meeting Expenses	3.17	1.09
Concurrent Audit Fee	17.84	17.97
Conference and Seminar Expenses	9.36	9.71
Advertisement and publicity	35.08	19.38
Business Development Expenses	3.65	4.43
TOTAL	526.98	574.44

For and on behalf of the Board of Directors


Soya K
Asst. General Manager



Premnath Ravindranath
General Manager


Premilla V Nair
Director


P.Joy Oommen
Chairman & Managing Director

As per our report of even date
For Jose & Hemachandran Chartered Accountants
Firm Reg No: 001360S

Thiruvananthapuram
02.07.2015


Arun Jose ACA
Partner M NO: 233118

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 for providing medium and long term credit to industrial undertakings. 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 and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and practices generally prevalent in the banking and finance industry in India.

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

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Change in Accounting Policy

The Board of Directors of the Corporation approved a new Impairment policy in its meeting held on 24.03.2015 and the assets of the Corporation are tested for impairment loss accordingly as on 31.03.2015. The Board further decided to write-off the following with effect from 31.03.2015;

- a) all assets having WDV less than Rs. 5000/- in any financial year
- b) all asset purchases or renovation expenses below Rs. 5000/- in any financial year
- c) all electronic items in future where its WDV falls below Rs.10000/- in any financial year

There are no changes in the accounting policy other than specifically mentioned above.

1.2. 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.

1.3. 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.

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 given vide circular FI.04/2014-15 dt 13.02.2015. 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.

The Corporation gives rebate to customers for prompt payment. The customers are eligible for rebate if the dues are paid within the prescribed period subject to their rating and other factors determining the rate of rebate. The 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. The rebate for prompt payment is deducted from interest income for reporting in the financial statements.

1.4. Cash flow Statement

Cash flow statement is prepared using indirect method. The Corporation is into financing as its core business activity and hence the changes in loans and advances are treated as changes in operating assets and considered for arriving cash flows from operating activities. 10 years Non-SLR Bond issued by the Corporation are treated as upper Tier-II capital and considered as cash flow from financing activity.

1.5. Earnings per share

The Corporation presents basic and diluted earnings per share (EPS) data for its common shares. Basic EPS is calculated by dividing the net income attributable to shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net income attributable to shareholders and the weighted average number of common shares outstanding adjusted for the effect of all dilutive potential common shares, including advance for share capital.

Calculation of EPS	2014-15	2013-14
a. Net profit including prior period items and extraordinary items after deducting current tax expenses (in Rupees)	143,687,912	413,376,273
b. Number of Equity Shares outstanding (face value of Rs.100/- each)	2,21,86,428	21,197,300
Basic earnings per share (a) / (b)	6.48	19.50
c. Average number of weighted equity shares (22186428 existing + 214000 on account of amount received on 30.03.2014 and pending allotment*+ 250000 on account of amount received on 31.03.2015 and pending allotment) (face value of Rs.100/- each)	22,401,113	22,187,598
Diluted Earnings per share (a) / (c)	6.41	18.63

*subject to approval from SIDBI

1.6. Provisions

A provision is recognised when the Corporation has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle

the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Being into financing business, the corporation has made provisions for bad and doubtful debts in the financial statements. Specific bad debt provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of loans, subject to the minimum provisioning level prescribed by the RBI / SIDBI guidelines. The total additional provision provided during the FY is Rs.38.11 crore which also includes 100% provision made for the long pending seed capital and bridge loans amounting to Rs.1.94 crore. The corporation has provided the minimum provision prescribed by the RBI / SIDBI guidelines for all standard advances. For substandard assets, a judicious provision of 55% (90% in FY 2013-14) is made for advances other than CGTMSE loans (for CGTMSE loans minimum provision made as prescribed by the RBI / SIDBI guidelines). All the doubtful advances are written off (technical write off) and charged to revenue to maintain asset quality.

1.7. Employee Payments and Retirement Benefits

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered. The Board held on 24.03.2015 decided to pay the balance amount payable with interest amounting to Rs.11264656/- due to enhanced gratuity to all eligible retired employees for the period from 01.07.2001 to 31.07.2007 as per orders of Lok Ayukta.

Defined contribution plan: The Corporation contributes to the Provident Fund which is administered by duly constituted and approved independent trust by name KFC Employees Provident Fund Trust. Retirement benefit in the form of provident fund is a defined contribution plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Each employee contributes a certain percentage of his or her basic salary and DA and the Corporation contributes an equal amount for eligible employees. The employees will be paid the balance standing on 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.

Defined Benefit Plan: The Corporation contributes towards gratuity fund (defined benefit retirement plan) administered by Life Insurance Corporation of India (LIC) for eligible employees. Under this scheme, the settlement obligations remain with the Corporation, although LIC administers the scheme and determine the contribution premium required to be paid by the Corporation. 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 actuarial valuation conducted and demand raised by LIC. The liability for terminal encashment of earned leave to the employees is also covered under the Group Leave Encashment Scheme of LIC and the contributions paid as per the valuation done by LIC. The amounts so paid are reckoned as expenditure for the concerned period. The Corporation is following this practice consistently during the past years and never incurred any additional liability in this regard and hence has not made any additional provision. All the claims for the FY 2014 - 15 have been settled by LIC. However as a matter of prudence independent actuarial valuation has been taken for both gratuity scheme and Group Leave Encashment Scheme as on 31.03.2015. As per this valuation there is no liability in gratuity scheme and Rs.1.33 crore is the liability in Group Leave Encashment Scheme. Accordingly corporation has paid Rs.1.35 crore towards the Group Leave Encashment Scheme to LIC on 16.06.2015 and 30.06.2015. Hence the corporation has not recognized this liability during the FY.

1.8. Advances

Advances are classified as performing and non-performing based on the RBI / SIDBI guidelines and are stated net of provisions and bad debts write-off. The provisions for possible losses on such advances are made at estimated rates which is equal to or more than the rates prescribed in the prudential norms, circulars and directives issued by RBI/

SIDBI. All advances which have become Non-performing for more than one year have been written off as Bad Debts and recoveries from these cases are shown as Recovery from written off cases which are included in the Operating Income.

1.9. Tangible Fixed Assets

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 directly attributable to 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. Advance for fixed assets includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Fixed Assets are carried at cost of acquisition less depreciation. Depreciation on fixed assets has been provided for on written down value (WDV) method and at the rates prescribed under the IT Act, 1961. 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. Individual assets costing up to Rs. 5000 are charged to revenue in full in the year of purchase. Further the WDV of assets in the nature of electronic items up to the value of Rs. 10,000 and other assets up to the value of Rs. 5000 as on 31.03.2015 have been written off.

1.10. Investments

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.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Non-current investments are carried at cost. However provision for diminution is made to recognise 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. On disposal of an investment, the difference between carrying amount and net disposal proceeds are charged or credited to the profit and loss statement. The corporation has provided Rs.66 lakhs as provision for diminution in the value of investments in respect of Kerala Venture Capital Fund, which has been wound up. Any amount received in future in respect of this investment will be credited to profit and loss statement.

1.11. Taxes on Income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax Laws used to compute the amounts are those that are enacted, at the reporting date.

Deferred Taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets including the unrecognized deferred tax assets, if any, at each reporting date, are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which deferred tax assets can be realized.

NOTES FORMING PART OF ACCOUNTS

2.1 Asset Classification and provisioning

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.

Category of Assets	Minimum provision required (%)	Provision actually made (%)	
		During FY 14-15	During FY 13-14
Standard Assets- Micro & Small	0.25	0.25	0.25
Standard Assets- Medium	0.40	0.40	0.25
Standard Assets- CRE	1	1	1
Sub Standard Assets	15	55	90
Sub Standard Assets– CGTMSE (Secured portion)	15	15	NA
Sub Standard Assets–CGTMSE (Un Secured portion)	100	100	NA

Loans & Advances under Doubtful I category have been fully written off (technical write off) as bad debts. Gross and Net NPA as on 31.03.2015 is 7.85% and 3.71% respectively whereas it was 3.45% and 0.35% as on 31.03.2014 .

2.2 Advances towards Share capital and KSED project

The Corporation allotted shares worth Rs.9.89 crore to Government of Kerala on 28.10.2014 after getting the approval from SIDBI. The Corporation received Rs.2.14 crore during the year 2013-14 and Rs.2.50 crore during the year 2014-15 from Government of Kerala towards Share Capital Advance. Shares for the same are yet to be issued subject to the approval of SIDBI. The total amount of Rs. 464 Lakhs is shown as money received against share capital and the same is treated as potential equity for the preparation of financial statements.

The Corporation had also received Rs.10 crores during the FY 2011-12 and Rs. 5 Crores during the FY 2013-14 from Government of Kerala for meeting the expenses in connection with KSED. Rs 13.14 Crore has been spent till 31.03.2015 for the KSED project. The Corporation has commitments to pay interest on account of loans disbursed under KSED amounting Rs. 27.64 Crore as on 31.03.2015. The total fund allocation including interest commitment is Rs 40.78 crores against the total government grant of Rs 15 Crores. The corporation has taken up with Government for providing the funds to meet the interest commitment .

2.3 Investments.

Investment with KITCO has been revalued at its face value of shares .The total investment in KITCO stands at 1450 shares with face value of Rs. 1000/- each as on 31.03.2015. We have received an amount of Rs. 2,17,500/- as dividend during the year. Further provision for diminution in value of investments has been provided for Kerala Venture Capital Fund amounting to Rs. 66 Lakhs being the value of investment in respect of the company which has been wound up.

2.4 Income Tax Assessments

Income Tax Returns have been filed up to Assessment Year 2014-15 and assessment has been completed up to the Assessment Year 2012-13. Appeals filed by the Corporation are pending before Commissioner (Appeals) for the Assessment Years 2009-10, 2011-12 and 2012-13. Appeals filed by the department for the assessment years 1999-2000 and 2002-03 before Income tax Appellate Tribunal has been remanded to Commissioner (Appeals).

2.5 Deferred Tax Liabilities

The break-up of deferred Tax Liabilities / Assets in to major components of the respective balances is as given below:-

Particulars	As on 31.03.2014	For 2014-15	As on 31.03.2015
On Depreciation	(42.81)	44.50	1.69
On income not received	993.14	92.12	1085.26
On outstanding expenses	(544.58)	(340.84)	(885.42)
Total	405.75	(204.22)	201.53

2.6 Service Tax

The Corporation being in the service sector is paying service tax as a service provider and under reverse charge mechanism as a service recipient as applicable to Banking and financial services. The Service tax department has served 3 orders vide No.96/2012/ST 30.04.2012, 34/2012/ST 30.04.2012 and 19/2014/ST 23.05.2014 in respect of the taxability of Court expenses recovered and miscellaneous expenses recovered from the loan customers. Appeal is filed in Tribunal (CESTAT – Bangalore) against these orders .

2.7 Related Party Disclosures as per AS 18

A. List of Related Parties

- Holding Company- NIL
- Subsidiary Companies- NIL
- Key Management Personnel – Sri. P. Joy Oommen, Chairman and Managing Director

B) Related party Transactions

The total remuneration paid to Sri P. Joy Oommen during the financial year 2014-15 is Rs. 11.15 Lakhs (Rs.9.30 Lakhs during FY 2013-14) which include leave encashment of Rs.0.80 Lakhs (Nil during FY 2013-14)and incentive of Rs.0.50 Lakhs (Rs.0.18 Lakhs during FY 2013-14). There are no payments on account of PF or Gratuity to him during the year.

2.8 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. In accordance with AS 28 – Impairment of Assets, an annual assessment was made on 31.03.2015, as to whether there is any indication that an asset or a class of assets is 'impaired' and since there were no incidences of such impairment indicators, no provision has been made.

2.9 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 fund based financing activity. All other activities revolve around the main business. Further, all activities are carried out within India. 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 also not disclosed.

2.10 Contingent liabilities

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 non-occurrence 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. The contingent liabilities of such nature as on 31.03.2015 are estimated as under
- On account of Income Tax Rs. 614.58 Lakhs
- On account of suits filed against the Corporation Rs. 471.81 Lakhs
- On account of Service Tax Rs. 18.41 Lakhs
- Lease rent payable to Government of Kerala- Rs.8.85 Lakhs

2.11 Accounting for Leases

Financial Leases:

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. The Corporation has not undertaken any contracts under this category during the reporting period.

Operating Leases:

Where the Corporation is lessee

Operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. The Corporation has taken buildings in various districts for the functioning of its branch offices, under this category and all the contracts are for a period of more than one year with fixed provision for periodical increase in rent amount. Operating lease rent payments are recognized as an expense in the statement of profit and loss every month as and when accrued or paid. During the current reporting period Rs. 57.66 Lakhs (Rs.52.54 Lakhs during FY 2013-14) charged to profit and loss account in this regard. The total value of unexpired portion of contracted lease is quantified as per AS-19 and the same is less than actual rent paid. Further there is no contingent element involved in the lease agreements. Hence no additional provision is made in this regard.

Where the Corporation is lessor

Leases in which the Corporation does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. A portion of the Corporation's own building let out for rent is reportable in this category. The assets subject to operating lease are included in the fixed assets and charged depreciation as per AS-6. The total amount of Lease income on an operating lease received during the year is Rs. 76.53 Lakhs (Rs.59.66 Lakhs during FY 2013-14) and the same is recognised in the statement of profit and loss in line with the existing revenue recognition policy. The total value of unexpired portion of contracted lease is quantified as per AS-19 and the same is higher than actual rent received during the year. Further there is no contingent element involved in the lease agreements. As a matter of prudence provision for additional revenue is not made in the financial statements.

2.12 Assets acquired in satisfaction of claims

Assets acquired in satisfaction of claims amounting to Rs. 400.34 Lakhs relates to M/s. Jayalakshmi Builders, Trivandrum which is retained as such since the Hon. High Court of Kerala has ordered 'Status Quo' regarding possession. The acquisition was done in the financial year 2008-09 and accounted as NPA recovery in that financial year. This amount will not affect the current or previous year profits reported in the current financial statements.

2.13 Self Employment Venture Fund

Amount shown in Self Employment Venture Fund of Rs.26.48 Lakhs under the head Other Liabilities is unchanged from that of previous year.

2.14 Bad debts Written Off

During the year the corporation has written off Bad Debts (technical write off to maintain asset quality) amounting to Rs. 42.80 crore (Rs.41.39 crore during FY 2013-14). Constructive steps have been initiated for the recovery of these accounts and the amounts will be included in revenue as and when recovered. The Pre-switch over interest of Rs.6.81 Lakhs being the accrued interest left over in the books due to change in accounting method from accrual to cash basis has been written off during the year.

2.15 Suspense Account.

The amount outstanding in Suspense Account amounting to Rs. 1.68 crore comprises of amount kept in suspense as per court orders, Inter Branch transactions, contract amount received from Government to be refunded to a party and amount received from LIC towards maturity amount of policies of the employees.

2.16 Secured / Un-secured Loans.

Loans from SIDBI and other Banks are secured by creating hypothecation 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 raised Rs. 200 Crores this year by way of 9.15 % Non-convertible, redeemable, Non-SLR bonds by way of private placement. The bonds are guaranteed by the Government of Kerala and the interest thereon is paid on half yearly basis on due dates.

2.17 Employee Expenses.

Employee Pay & Allowances of Rs.20.77 crore (Rs.19.82 crore during FY 2013-14) includes an amount of Rs. 0.91 crore (Rs.0.26 crore during FY 2013-14) for proportionate DA arrears declared by Government of Kerala during the year.

2.18 Office Building

Head Office and Branch Office Thiruvananthapuram are functioning on the land measuring 29.44 Ares (73 cents) in Sy. No. 3647 of Kowdiar Village leased from Government of Kerala for a period of 30 years from April 2008 at annual lease rent fixed by the State Government from time to time. The corporation has received revised lease rent proposal of 5% from the Revenue Department , of which 2% is provided in the books of accounts and balance 3% is under dispute which amounts to Rs. 8.85 Lakhs for the FY 2013-14 and FY 2014-15.

2.19 MAT Credit as per Income Tax Act

The total amount of MAT credit available on account of the tax paid U/s 115JB of the Income Tax Act for the assessment years 2010-11 and 2011-12 was Rs. 1982.38 Lakhs. Out of this an amount of Rs. 1601.07 Lakhs MAT credit was claimed U/s 115JA of the Income Tax Act for the assessment years 2012-13, 2013-14 and 2014-15. The provision for income tax made during this year is after adjusting Rs. 381.31 Lakhs balance MAT credit available for the assessment year 2015-16. Since there is an element of contingency in availing MAT credit due to availability of future taxable profit and assessments/appeals pending before the authorities for these periods, no separate provision for credit made in the books of accounts. The MAT credit available is fully exhausted by the current assessment year.

2.20 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 receipt basis which is consistently followed by the corporation for the past years and the Income tax department also accepted the same for assessment purpose. The provision for income tax made during the year is after adjusting Rs. 381.31 Lakhs MAT credit for the assessment year 2015-16. The deferred tax assets and liabilities are recognised, for the expected tax consequences

of temporary / timing differences between the depreciation, accrued income and expenditure. Current year provision for tax is calculated as below.

Taxable income calculated as per IT Act	-	Rs.	63,31,32,267
Income tax thereon	-	Rs.	21,52,01,657
Less: MAT credit	-	Rs.	3,81,31,215
Balance Charged to Profit & Loss A/c	-	Rs.	17,70,70,442

2.21. Prior period items

There is no prior period adjustment made during this year .

2.22. 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 (State subsidy, Development board subsidies etc.) are kept as other current liabilities and will be disposed subject to the satisfaction of terms and conditions thereof by the beneficiaries.

2.23 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 2014-15 are Rs.26902.95 Lakhs and Rs.2376.06 Lakhs and during 2013-14 are Rs.21525.79 Lakhs and Rs.1846.54 Lakhs respectively. Till financial year 2013-14 , the rebate was shown separately under Interest and Fund expenses.

2.24 Loans and advances to Employees

Presently the Corporation provides facilities like house loan, conveyance loan, computer loan, festival advance etc. to its employees. The disbursement and recovery in employee loans are effected through payroll system. On reconciliation of the loan balances in payroll system with financial accounting system after migration of data from COBOL system to CFS system, there is an accumulated difference of Rs. 49.42 Lakhs and the same is to be traced out and rectified in the financial accounting system.

2.25 Data migration from COBOL System

The Corporation uses CFS system developed by Tata Consultancy Services with effect from 1st September 2014. The existing transaction wise data from COBOL system is migrated to the new CFS system. The Board approved for a data migration audit in its meeting held on 26.05.2015 and the audit is in progress as on date. The financial statements are prepared from the reports generated in CFS system from migrated data up to 31.08.2014 and inputted data thereafter. Hence the figures reported may vary subject to the migration audit outcomes. Any such variations will be suitably adjusted in the current financial year with approval of the Board.

2.26 The Board's Dividend proposal

The Board of Directors of the Corporation vide circular resolution dated 02.07.15 proposed to the Annual General Meeting a dividend of Rs. 3/- per share (3% of the paid up value of Rs. 100 /- per share) for the financial year 2014-15. A provision to the tune of Rs. 665.59 Lakhs for proposed dividend and Rs. 127.04 Lakhs for dividend tax (Rs.1059.86 Lakhs for proposed dividend and Rs. 180.12 Lakhs for dividend tax during FY 2013-14) is made in the financial statements to this effect.

2.27 Sector wise Classification of Loans & advances

As on 31.03.2015, the Sector wise Classification of Loans & advances is as below.

Sector	Principal Outstanding		
	No	Amt in Lakhs	% of outstanding
CRE	665	47675.54	23.39
Hotel	914	65918.46	32.34
Hospitals	118	6975.39	3.42
Manufacturing sector & others	2801	83248.93	40.84
Total	4498	203818.32	100.00

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

Particulars	Due within 1 year	Above 1 year
Loans & Advances	43,813.22	1,60,005.10
Long term borrowings	24,528.41	1,16,329.35

2.28 Previous Year's Figures

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

For and on behalf of the Board of Directors


Soya K
Asst. General Manager

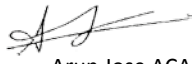

Premnath Ravindranath
General Manager


Premilla V Nair
Director


P.Joy Oommen
Chairman & Managing Director

As per our report of even date
For Jose & Hemachandran Chartered Accountants
Firm Reg No: 001360S

Thiruvananthapuram
02.07.2015


Arun Jose ACA
Partner M NO: 233118

Note: 21

DISCLOSURE REQUIREMENTS:

₹ in Lacs

A. Capital	2014-15		2013-14
a) CRAR (%)	20.47		21.57
b) Risk Weighted Assets			
1) On Balance Sheet items		203818.32	180037.32
c) Share holding pattern as Balance Sheet date			
	Amount	%	%
1. Government of Kerala (including advance)	21562.94	97.19	97.22
2. SIDBI	613.33	2.76	2.74
3. Commercial Banks, Insurance Cos. Pvt. Shareholders etc.	10.16	0.05	0.05
TOTAL	22186.43	100.00	100.00
d) Net worth	42392.23		
B. Asset Quality and Credit Concentration:	Amount	%	%
a) Net NPAs to Net Loans and Advances.	7188.25	3.71	0.35
b) Net NPAs under the prescribed asset classification categories			
Sub Standard Assets	7188.25	3.71	0.35
c) Provisions:			
	2014-15		2013-14
1. Provision for Standard Assets	1165.90		742.67
2. Provision for NPA	8979.34		5591.37
3. Provision for Investments	74.38		8.38
4. Provision for Income Tax	1770.70		1471.56
5. Provision for Deferred Tax Liability	-204.23		104.61
6. Proposed Dividend	665.59		1059.87
d) Movement in Net NPA (%)			
	2014-15	2013-14	Variance
Sub Standard	3.71	0.35	3.36
TOTAL	3.71	0.35	3.36


₹ in Lacs

C. Liquidity:							
a) Maturity pattern of Rupee assets.							
Items	Less than or equal to 1 year	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years up to 7 years	More than 7 years up to 10 years	More than 10 years	Total
Total assets	43813.22	76435.32	43002.00	23569.32	16998.45	0.00	203818.32
Total Liabilities	24528.41	45935.39	23297.47	22096.49	25000.00	0.00	140857.76
						2014-15	2013-14
D. Operating Results:							
a) Interest income as a percentage to average working funds -						14.24	13.59
Interest Income						26,902.95	21,525.79
Average Working Funds						1,88,987.24	1,58,350.07
b) Non-interest income as a percentage to Average Working Funds -						2.21	3.22
Non-interest income						4,179.35	5,093.61
Average Working Funds						1,88,987.24	1,58,350.07
c) Operating Profit (+) / Loss (-) as a % to Average Working Funds -						3.64	4.28
Operating Profit (+) / Loss (-)						6,880.56	6,773.00
Average Working Funds						1,88,987.24	1,58,350.07
d) Return on Average Assets -						3.35	3.96
Returns (operating profits + depreciation)						6,933.61	6,837.58
Average Assets						2,07,211.12	1,72,811.50
e) Net profit (+) / Loss (-) per employee						6.36	17.59
No. of employees						226	235
Net profit (+) / Loss (-)						1,436.88	4,133.76

For and on behalf of the Board of Directors


Soya K
Asst. General Manager



Premnath Ravindranath
General Manager


Premilla V Nair
Director


P.Joy Oommen
Chairman & Managing Director

As per our report of even date
For Jose & Hemachandran Chartered Accountants
Firm Reg No: 0013605

Thiruvananthapuram
02.07.2015


Arun Jose ACA
Partner M NO: 233118

CASH FLOW STATEMENT

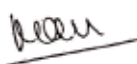
₹ in Lacs

	FOR THE PERIOD	2014-15	2013-14
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit before taxes	3,003.36	5,709.93
	Depreciation on fixed assets	53.05	64.58
	Provision for diminution in the value of investments	66.00	-
	Provision for Non Performing Assets	3,387.97	1,310.71
	Profit on sale of fixed assets	(0.67)	(3.56)
	Interest and other costs of Non-SLR Bond	5,091.80	3,789.49
	Adjustment for changes in operating assets and liabilities		
	Increase in Loans and advances	(23,781.00)	(39,894.36)
	Decrease in borrowings from banks and SIDBI	(455.47)	17,713.58
	Increase other non-current assets	(213.46)	(383.74)
	Decrease in other current assets	594.72	408.54
	Increase in current liabilities	748.38	286.06
	Less Income tax paid	(1,375.00)	(3,474.55)
	Net cash used in operating activities	(12,880.31)	(14,473.32)
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(72.02)	(50.87)
	Sale of fixed assets	1.29	7.40
	Capital expenditure on assets work in progress	(59.51)	(88.23)
	Net cash used in investing activities	(130.23)	(131.69)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Advance to share capital from Government of Kerala	250.00	214.00
	Issue of Non-SLR Bond	20,000.00	20,000.00
	Interest and other costs of Non-SLR Bond	(5,091.80)	(3,789.49)
	Dividend paid	(1,239.99)	(1,971.01)
	Net cash from financing activities	13,918.21	14,453.50
	Net increase in cash and cash equivalents	907.67	(151.52)
	Cash and cash equivalents at the beginning of the year	1,577.61	1,729.13
	Cash and cash equivalents at the end of the year	2,485.27	1,577.61

For and on behalf of the Board of Directors


Soya K
Asst. General Manager



Premnath Ravindranath
General Manager


Premilla V Nair
Director


P.Joy Oommen
Chairman & Managing Director

As per our report of even date
For Jose & Hemachandran Chartered Accountants
Firm Reg No: 0013605

Thiruvananthapuram
02.07.2015


Arun Jose ACA
Partner M NO: 233118

PROFORMA-I

SUMMARY OF LOAN OPERATIONS FOR FY 2014-15

₹ in Lacs

	MICRO		SMALL		MEDIUM		OTHERS		TOTAL	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
1. Application pending as on 01-04-2014	19	238	6	278	2	740	4	1,100	31	2,356
2. Application received during 2014 – 15	504	10,983	401	47,485	48	16,950	290	34,285	1,243	1,09,704
3. Total Application for consideration	523	11,221	407	47,763	50	17,690	294	35,385	1,274	1,12,060
4. Application withdrawn/rejected or otherwise disposed off	29	2,863	31	6,334	18	3,210	13	2,184	91	14,591
5. Application Sanctioned (Gross)	486	8,274	372	40,454	31	14,080	280	32,902	1,169	95,709
6. A. Application Cancelled or reduced out of Current Year 's Sanction	2	17	3	929	0	0	1	18	6	964
B. Application cancelled / reduced out of previous year Sanction	5	78	4	1,381	2	3,175	4	1,231	15	5,865
C. Total cancellation/reduction (6A+B)	7	95	7	2,310	2	3,175	5	1,249	21	6,829
7. Application Sanctioned Effectively (5-6A)	484	8,257	369	39,525	31	14,080	279	32,884	1,163	94,745
8. Amount Disbursed along with number of newly assisted units	456	6,852	228	32,676	22	4,955	263	21,226	969	65,709
9. Application pending sanction as on at the end of the period	8	84	4	975	1	400	1	300	14	1,759

PROFORMA-II

BRANCH WISE BREAKUP OF LOAN OPERATION DURING THE YEAR 2014-15

₹ in Lacs

Branch Name	APPLICATION RECEIVED										GROSS SANCTION									
	MICRO		SMALL		MEDIUM		OTHERS		TOTAL		MICRO		SMALL		MEDIUM		OTHERS		TOTAL	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount
THIRUVANATHAPURAM	66	864.00	68	5440.02	6	6060.00	0	0.00	140	12364.02	66	864.00	72	5490.02	6	6060.00	0	0.00	144	12414.02
KOLLAM	13	140.00	11	157.00	9	1658.00	6	320.00	39	2275.00	13	140.00	5	148.62	9	1658.00	4	320.00	31	2266.62
PATHANAMTHITTA	34	1140.60	17	10164.72	0	0.00	2	27.00	53	11332.32	33	851.60	14	6081.93	0	0.00	3	59.60	50	6993.13
ALAPUZHA	21	245.35	21	2100.00	0	0.00	18	1941.95	60	4287.30	21	230.18	19	2076.50	0	0.00	15	1621.22	55	3927.90
KOTTAYAM	26	401.00	11	2915.50	0	0.00	8	3006.00	45	6322.50	23	353.45	16	2587.00	0	0.00	6	2445.00	45	5385.45
IDUKKI	47	2398.68	8	200.00	0	0.00	0	0.00	55	2598.68	47	2035.67	1	180.00	0	0.00	0	0.00	48	2215.67
THODUPUZHA	16	193.46	30	3979.85	1	800.00	0	0.00	47	4973.31	19	202.10	27	3756.26	0	0.00	0	0.00	46	3958.36
ERNAKULAM	5	68.51	39	7172.77	0	0.00	76	6844.49	120	14085.77	5	68.91	32	6609.10	0	0.00	75	6844.49	112	13522.50
PERUMBAAVOOR	11	131.06	35	2871.20	1	2000.00	19	1565.73	66	6567.99	9	101.00	24	1828.00	1	2000.00	20	1333.10	54	5262.10
TRISSUR	18	176.00	16	1004.00	4	1545.00	28	4842.70	66	7567.70	18	170.75	14	981.70	4	1540.00	22	4281.71	58	6974.16
PALAKKAD	34	1176.36	18	1824.95	0	0.00	23	1710.80	75	4712.11	28	248.70	22	1898.70	0	0.00	24	1656.55	74	3803.95
MALAPPURAM	67	891.39	21	1775.00	1	250.00	21	2969.00	110	5885.39	69	863.47	14	1709.30	1	250.00	13	2816.34	97	5639.11
KOZHIKODE	60	1444.60	14	2550.00	8	2447.00	24	6647.00	106	13088.60	60	1183.87	10	1305.00	8	2197.00	24	5773.39	102	10459.26
WAYANAD	2	22.00	34	663.49	2	300.00	65	4410.80	103	5396.29	2	22.00	35	660.80	2	300.00	57	3585.80	96	4568.60
KANNUR	60	1421.80	0	0.00	16	1890.00	0	0.00	76	3311.80	49	596.51	11	782.50	0	0.00	17	1964.35	77	3343.36
KASARAGODE	24	268.10	58	4666.75	0	0.00	0	0.00	82	4934.85	24	268.10	56	4253.75	0	0.00	0	0.00	80	4521.85
GRAND TOTAL	504	10982.91	401	47485.25	48	16950.00	290	34285.47	1243	109703.63	486	8200.31	372	40349.18	31	14005.00	280	32701.55	1169	95256.04

PROFORMA-III

BRANCH WISE BREAKUP OF LOAN OPERATION DURING THE YEAR 2014-15

₹ in Lacs

EFFECTIVE SANCTION										LOAN DISBURSED										
Branch Name	MICRO		SMALL		MEDIUM		OTHERS		TOTAL		MICRO		SMALL		MEDIUM		OTHERS		TOTAL	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount
THIRUVANATHAPURAM	66	864	70	5371.02	6	6085	0	0	142	12320.02	100	600.00	10	6228.00	6	2376.00	0	0.00	116	9204.00
KOLLAM	13	142	5	140.24	9	1683	4	320	31	2285.24	8	82.36	6	163.62	8	1191.44	4	563.50	26	2000.92
PATHANAMTHITTA	33	861.6	13	5311.93	0	0	3	59.6	49	6233.13	24	796.63	7	4014.00	0	0.00	4	122.60	35	4933.23
ALAPUZA	21	240.18	19	2076.5	0	0	15	1621.22	55	3937.9	18	237.66	20	2422.59	0	0.00	12	510.84	50	3171.09
KOTTAYAM	23	363.45	16	2587	0	0	6	2445	45	5395.45	21	316.39	11	732.56		25.00	7	1401.51	39	2475.46
IDUKKI	46	2050.67	1	180	0	0	0	0	47	2230.67	44	1214.17	1	145.00	0	0.00	0	0.00	45	1359.17
THODUPUZHA	19	202.1	27	3756.26	0	0	0	0	46	3958.36	16	192.74	29	2833.80	0	0.00	0	0.00	45	3026.54
ERNAKULAM	5	68.91	32	6622.22	0	0	75	6869.49	112	13560.62	5	68.91	22	5164.17	0	0.00	78	4009.42	105	9242.50
PERUMBAVOOR	9	101	24	1828	1	2000	20	1358.1	54	5287.1	13	106.00	10	2095.01	0	0.00	15	273.70	38	2474.71
TRISSUR	18	170.75	14	981.7	4	1540	22	4306.71	58	6999.16	11	126.05	13	1065.66	3	615.80	19	2760.43	46	4567.94
PALAKKAD	28	248.7	22	1898.7	0	0	24	1681.55	74	3828.95	18	401.44	14	1354.97	0	0.00	25	1738.92	57	3495.33
MALAPPURAM	69	863.47	14	1709.3	1	250	13	2841.34	97	5664.11	51	606.75	11	1710.62	0	0.00	11	1301.65	73	3619.02
KOZHIKODE	60	1183.87	10	1305	8	2222	24	5798.39	102	10509.26	47	832.50	6	708.43	3	449.00	23	3505.06	79	5494.99
WAYANAD	2	22	35	670.8	2	300	56	3592.8	95	4585.6	2	14.44	19	519.20	2	70.59	50	3371.66	73	3975.89
KANNUR	48	605.89	11	807.5	0	0	17	1989.35	76	3402.74	51	946.33	1	637.11	0	227.15	15	1666.32	67	3476.91
KASARAGODE	24	268.1	56	4278.75	0	0	0	0	80	4546.85	27	309.75	48	2881.58	0	0.00	0	0.00	75	3191.33
GRAND TOTAL	484	8256.69	369	39524.92	31	14080	279	32883.55	1163	94745.16	456	6852.12	228	32676.32	22	4954.98	263	21225.61	969	65709.03

PROFORMA – IV

DISTRICT WISE BREAKUP OF LOAN APPLICATIONS RECEIVED, SANCTIONED AND DISBURSED DURING FY 2014-15

₹ in Lacs

BRANCH NAME	Application Received			Loan Sanctioned Effectively			Loan Disbursed		
	No	% of Total	Amount	No	% of Total	Amount	No	% of Total	Amount
THIRUVANATHAPURAM	140	11.26	12,364.02	142	12.21	12320.02	116	11.97	9204
KOLLAM	39	3.14	2,275.00	31	2.67	2285.24	26	2.68	2000.92
PATHANAMTHITTA	53	4.26	11,332.32	49	4.21	6233.13	35	3.61	4933.23
ALAPUZA	60	4.83	4,287.30	55	4.73	3937.9	50	5.16	3171.09
KOTTAYAM	45	3.62	6,322.50	45	3.87	5395.45	39	4.02	2475.46
IDUKKI	55	4.42	2,598.68	47	4.04	2230.67	45	4.64	1359.17
THODUPUZHA	47	3.78	4,973.31	46	3.96	3958.36	45	4.64	3026.54
ERNAKULAM	120	9.65	14,085.77	112	9.63	13560.62	105	10.84	9242.5
PERUMBAVOOR	66	5.31	6,567.99	54	4.64	5287.1	38	3.92	2474.71
TRISSUR	66	5.31	7,567.70	58	4.99	6999.16	46	4.75	4567.94
PALAKKAD	75	6.03	4,712.11	74	6.36	3828.95	57	5.88	3495.33
MALAPPURAM	110	8.85	5,885.39	97	8.34	5664.11	73	7.53	3619.02
KOZHIKODE	106	8.53	13,088.60	102	8.77	10509.26	79	8.15	5494.99
WAYANAD	103	8.29	5,396.29	95	8.17	4585.6	73	7.53	3975.89
KANNUR	76	6.11	3,311.80	76	6.53	3402.74	67	6.91	3476.91
KASARAGODE	82	6.60	4,934.85	80	6.88	4546.85	75	7.74	3191.33
GRAND TOTAL	1243	100	109703.6	1163	100	94745.16	969	100	65709.03
									100

SECTOR WISE LOANS OUTSTANDING AS ON 31.03.2015

₹ in Lacs

SECTOR	STANDARD		SUB STANDARD		TOTAL LOANS OUTSTANDING	
	No	Amount	No	Amount	No	Amount
CRE	622	43368.07	43	4,307.47	665	47,675.54
Hotel	847	58749.28	67	7,169.18	914	65,918.46
Hospitals	115	6943.67	3	31.72	118	6,975.39
Manufacturing sector & others	2687	78750.61	114	4,498.32	2801	83,248.93
Total	4271	187811.63	227	16,006.68	4498	2,03,818.32

HIGHLIGHTS OF PERFORMANCE

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	1	2	4	5	6	7	8	9	10	11
Applications Received No.	406	541	567	619	855	702	694	721	1,147	1,243
Applications Received Amount	16,518	22,406	28,246	43,658	79,947	59,699	64,294	77,271	98,962	94,745
Applications Sanctioned No	368	461	526	580	759	742	634	639	1,111	1,169
Applications Sanctioned Amount	12,113	13,583	24,557	34,910	61,593	50,706	53,901	66,139	1,01,173	95,256
Disbursement Amount	7,852	9,725	18,643	29,394	41,953	44,344	46,457	47,594	75,473	65,709
Recovery Amount	21,413	19,908	21,844	26,925	29,954	35,473	46,717	54,022	56,513	68,427
Arrears Amount	69,561	75,250	76,244	7,741	4,751	4,352	2,788	3,241	2,290	10,084
Number of loan accounts	11,586	10,345	7,797	6,309	5,949	6,049	5,985	6,114	4,196	4498
Balance Outstanding Amount	1,06,279	1,04,489	97,128	70,353	88,839	1,12,481	1,23,984	1,40,143	1,80,037	2,03,818
Authorised Capital	20,000	20,000	20,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
PAID-UP CAPITAL										
State Government	14,399	14,399	14,399	19,783	19,783	20,574	20,574	20,574	20,574	21,563
SIDBI	1,483	1,483	1,483	613	613	613	613	613	613	613
Others	24	24	24	10	10	10	10	10	10	10
Total	15,906	15,906	15,906	20,406	20,406	21,197	21,197	21,197	21,197	22,186
INCOME										
Interest on Loans	8,003	8,390	8,293	10,192	9,196	12,064	15,730	25,294	26,312	30,915
Other Income	1,179	570	540	734	6,599	4,534	5,695	476	307	167
Total	9,182	8,960	8,833	10,926	15,795	16,598	21,425	25,770	26,619	31,082
EXPENDITURE										
Interest on Bonds	2,684	1,682	1,371	1,124	960	759	1,043	2,111	3,419	4,675
Interest on Refinance	3,237	2,690	2,409	2,913	3,776	4,217	3,996	3,830	2,636	1,922
Interest on Other Borrowings	91	3	3	10	3	854	3,170	2,760	4,442	7,356
Fund Raising Financial Expense	178	134	118	98	174	1,166	244	241	370	417
Pay & Allowances etc	1,050	1,231	2,362	2,408	1,978	2,463	1,792	2,317	2,355	2,595
Establishment Expenses	227	243	244	211	138	410	402	438	574	527
TOTAL	7,467	5,953	6,507	6,764	7,029	9,869	10,647	11,697	13,797	17,492

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Profit /Loss before Depreciation/ Write off /Provisions	418	3,004	2,301	4,162	8,766	6,729	10,778	14,073	12,822	13,590
Depreciation	38	38	38	33	36	64	58	57	65	53
Bad Debts Written Off		1,713	3,291	11,757	3,773	495	3,078	2,566	4,139	4,280
Provision for Bad & Doubtful debts	715	600	1,310	-8,798	88	1,419	482	1,626	1,311	3,811
Net Profit / Loss	177	440	-2,815	1,170	2,114	3,640	4,565	6,683	4,134	1,437
Accumulated Loss	(-7277)	-7,685	-10,500	0	0	0	0	0	0	0
Net Worth	11,133	11,577	8,762	24,932	26,996	29,736	32,585	38,376	41,484	42,392
Gross NPA (%)	65.18	59.33	44.49	21.00	9.04	8.20	3.60	3.51	3.45	7.85
Net NPA (%)	56.89	48.52	28.68	13.22	2.41	1.88	1.30	0.36	0.35	3.71
Share Capital	200	0	0	15,000	0	791	0	0	214	989
Bonds	..	..	..	0	0	0	20,000	0	20,000	20,000
Refinance	3,400	6,333	7,500	16,000	20,989	16,000	7,900	5,900	2,710	0
Fixed Deposits	..	..	..	0	0	0	0	0	0	0
Plough Back	7,740	-2,380		14,155	10,162	6,192	21,565	15,394	20,267	43,646
Advance from Govt of Kerala							1,989	0	500	0
RBI Borrowings	..	..	..	0	0	0	0	0	0	0
LOC	..	550	0	0	0	26,200	11,500	20,000	27,500	32,799
Repayment of Bonds	3,111	4,331	2,044	1,592	977	3,641	3,655	2,453	0	0
Repayment of Refinance	3,824	10,830	4,682	6,257	16,386	16,541	11,332	16,000	12,602	7,642
Repayment of FD	124	31	9	12	0	0	0	0	0	0
Repayment of Adhoc Borrowings/ LOC	1,000	550		0	0	2,700	6,688	12,274	9,609	17,109
ARREARS AT THE BEGINNING										
Principal	26,056	24,739	23,468	*7666	826	3,625	1,904	1,598	1,128	1,334
Interest	36,320	44,822	51,566	*7976	6,215	1,126	2,448	1,190	2,113	956
Current Demand - Principal	12,182	10,394	10,213	10,981	15,571	15,321	19,370	33,598	34,536	41,273
Interest	16,416	15,203	12,962	8,043	4,323	13,066	14,548	19,971	25,219	34,559
Total Demand- Principal	38,238	35,133	33,897	18,647	16,397	18,946	21,274	35,196	35,664	42,607
Interest	52,736	60,025	64,528	16,019	10,538	14,192	16,996	21,161	27,332	35,515
Recovery- Principal	13,499	11,449	13,715	17,821	#16386	#19645	#27210	33,128	33,408	37,645
Interest	7,914	8,459	8,466	9,104	9,412	11,744	15,806	20,894	23,106	30,782
Arrears at the end of the year- Prl.	24,739	23,684	20,182	826	3,625	1,904	1,598	1,128	1,334	4,961
Interest	44,822	51,566	56,062	6,915	1,126	2,448	1,190	2,113	956	5,123
SUB TOTAL	69,561	75,250	76,244	7,741	4,751	4,352	2,788	3,241	2,290	10,084
*Cumulative Sanction up to 31.03.2015									6,67,521	7,62,777
*Cumulative disbursement up to 31.03.2015									5,39,996	6,05,683

KSEDM Events & Units



Green Canons, Thrissur



Synetax, Kozhikode



Happy Smiles, Ernakulam



Farm Fresh, Kattappana



KN Fabrics, Nappuruzha



Sasra Robotics, Ernakulam



Zedco, Kottayam



AWW Baking, Palanurattita



Envigo, Thiruvananthapuram



Nakshatra Interlocks, Kuttanood



Units Exhibition

KERALA FINANCIAL CORPORATION

(INCORPORATED UNDER THE STATE FINANCIAL CORPORATIONS ACT No. LXIII OF 1951
H.O: ASWATHY, VELLAYAMBALAM, THIRUVANANTHAPURAM- 695 033.
Phone: 0471-2737500 (30 lines) Fax: 2311750,2318541, 2313813, 2722090
Email: kfc@kfc.org Website: www.kfc.org

PROXY

I/We(folio No.)

ofbeing 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 the meeting of the shareholders of the Corporation to be held at
on theday ofand at any adjournment thereof.

Signed this the..... day of

Signature of share holder on Re.1 /- Revenue Stamp

Notes

1. The proxy need not be a member of the Corporation.
2. The proxy form signed across Re.1/- Revenue Stamp should reach the Corporation's Registered office at least 48 hours before the meeting.

