



ಕರ್ನಾಟಕ ರಾಜ್ಯ ಹಣಕಾಸು ಸಂಸ್ಥೆ
Karnataka State Financial Corporation



ವಾರ್ಷಿಕ ವರದಿ
Annual Report 2020-21

ಉದ್ಯಮಶೀಲತೆ ಅಭಿವೃದ್ಧಿಗೆ 62 ವರ್ಷಗಳ ಸುದೀರ್ಘ ಸೇವೆ
62 years long service for entrepreneurship development



శ్రీ ఎస్ నీ ప్రసాద్, ఐ.ఎస్.ఆర్.ఐ.
అధ్యక్షుడు

Sri I S N PRASAD, IAS
Chairman



Dr. EKROOP CAUR, IAS
Managing Director



BOARD OF DIRECTORS



ಸಿ.ಎಂ. ಗುಂಜನ್ ಕೃಷ್ಣ, ಐ.ಎ.ಎಸ್.
Smt Gunjan Krishna, IAS



ಡಾ. ಪಿ.ಸಿ. ಜಾಫರ್, ಐ.ಎ.ಎಸ್.
Dr. P.C. Jaffer, IAS



ಶ್ರೀ ರಮೇಶ ಧರ್ಮಜಿ
Sri Ramesh Dharmaji



ಶ್ರೀ ಗಿ.ಆರ್.ಕೆ. ರಾಮಕೃಷ್ಣ
Sri G A Ramakrishna



ಶ್ರೀ ಎಂ.ಜಿ.ಎಂ. ಗಿರಿದ್ಹರ್
Sri V M Giridhar



ಶ್ರೀ ಕೆ.ಎನ್. ರಾಜಣ್ಣ
Sri K N Rajanna



ಸಿ.ಎಂ.ಎಂ. ಅನಾಥನ್
CA S Ananthan



BOARD OF DIRECTORS

Directors on the Board of KSFC during the FY 2020-21

Sl.No.	Name	Period		U/s of SFCs Act
		From	To	
1	Sri I.S.N.Prasad, IAS, Chairman	05.07.2016 05.07.2019	04.07.2019	10(b)/ 15(1)
2	Smt Gunjan Krishna, IAS,	27.02.2019		10(b)
3	Sri V.Chandramouli Sri Ramesh Dharmaji	17.10.2019 27.08.2020	26.08.2020	10(c)
4	Sri K.Srinivasa Rao Sri V.M Giridhar	31.07.2019 23.10.2020	26.06.2020	10(d)
5	Sri J.Jagadish Sri Ramakrishna G.A	13.07.2017 28.07.2020	12.07.2020	10(d)
6	Sri K.N.Rajanna	25.07.2018		10(e)
7	CA. S.Ananthan	04.06.2019 05.06.2020	03.06.2020	10(e)
8	Dr.P.C.Jaffer, IAS,	24.10.2019		10(e)
9	Dr.Ekroop Caur IAS., Managing Director	03.07.2017 02.07.2020	02.07.2020	10(f)

EXECUTIVE COMMITTEE

Members of the Executive Committee during the FY 2020-21

Sl.No.	Name	Period		U/s of SFCs Act
		From	To	
1	Dr.Ekroop Caur, IAS., Managing Director	03.07.2017 02.07.2020	02.07.2020	18(1)
2	Smt Gunjan Krishna, IAS,	27.02.2019		18(1)
3	Sri V.Chandramouli Sri Ramesh Dharmaji	17.10.2019 27.08.2020	26.08.2020	18(1)
4	Sri K.Srinivasa Rao Sri V.M Giridhar	31.07.2019 23.10.2020	26.06.2020	18(1)
5	Sri J.Jagadish Sri Ramakrishna G.A	13.07.2017 28.07.2020	12.07.2020	18(1)
6	CA. S.Ananthan	04.06.2019 05.06.2020	03.06.2020	18(1)

Executive Directors I/c
Sri Shivaprakash B.C
Sri Chandrakumar G.V

General Managers I/c
Sri Sharad G Naik
Sri Udayashankar S
Sri Murthy M.A.
Sri Narayanappa. V
Sri Venkatesh N.

Legal Advisor
Sri Bipin Hegde

Addl. Legal Advisor
Sri Mali Patil P.S.

Auditors
M/s. Patel Mohan Ramesh & Co.,
Chartered Accountants

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PÁEKEĒĀ, P° UAgbā -PI ¥j ±ĒĀzPbā
 2Ā © | Ēi ° Uqē aĀ. ¥mĀ-ī aĒĀ° Ēi gP Ā±ī & PĀ.
 ZĀI ðqīð CPEĀmĀmīi
 ° ZĀPj PÁEKEĒĀ, P° UAgbā
 2Ā aĀ° ¥ĀNĀ-ī | J. ī.



OPERATIONS AT A GLANCE

(Amount : ₹ in crore)

Particulars	2018-19	2019-20	2020-21	Since Inception upto 31.03.2021
Paid up capital at the year end	476.94	476.94	795.39	--
Gross Sanctions				
a. Number	1,056	710	445	1,74,662
b. Amount	1,098.73	667.81	401.66	18,286.38
Assistance to Micro & SSIs				
a. Number	979	663	417	1,16,177
b. Amount	999.41	601.68	375.77	11,545.36
Disbursements	665.90	727.90	432.96	14,389.83
Loans Outstanding	1,948.87	2,208.25	2,186.89	--
Recoveries	736.35	720.85	638.68	18,518.04
% age of NPA (net)	6.09	5.12	5.09	--
Income	373.45	358.81	484.09	--
Expenditure	363.90	313.89	441.19	--
Profit Before Tax	9.55	44.92	42.90	--



PÁAiĀŌZġUÁiĀ QgĀĒĒĀI

(ªĒvĀ: PĒĀn gĒUĀP ġ)

«ªġUĀĀ	2018-19	2019-20	2020-21	ĀavĀ 31.Ō3.2021gĀ ªġUĒ
ªġĀŌAvĀzP ġĀVĒ ġĀZĀ-ĀvĀ SAgP ĀĀĀ	476.94	476.94	795.39	--
MI ĀŌªĀAdĒgĀw				
C. ġĀSĀ	1,056	710	445	1,74,662
D.ªĒvĀ	1,098.73	667.81	401.66	18,286.38
Cw ġĀŪªĀvĀŪ ġĀŪPĒUĀj PĪĪĪUĒ ĒġPĀ				
C. ġĀSĀ	979	663	417	1,16,177
D.ªĒvĀ	999.41	601.68	375.77	11,545.36
«vġĪĒĒ	665.90	727.90	432.96	14,389.83
ġĀŌZĀĪĀQ	1,948.87	2,208.25	2,186.89	--
ªġĒĒĒĒĒ	736.35	720.85	638.68	18,518.04
±ĀPĪqP ĀgĀ CĒĀvĀzPĀDĪŪ (ªªĪ)	6.09	5.12	5.09	--
DzĀĀiĀ	373.45	358.81	484.09	--
RZĀŌ	363.90	313.89	441.19	--
vġUĒªĀĀĀĒĒĒĒĒĒĒ	9.55	44.92	42.90	--



PŁĄC I PŁACADŃO W PŁA... A... ZŁOTYCH A... 2020-21GŁOPIA

PĒĀĎĪ PĀ GĀĎĀ °Ā PĀ Ā Ā ņĀĎ+PĥĀ °ĀĀqĀĀiĀĀ
 31-03-2021 PĒ CAVĪĒĀqĀ Ā ĀiĀ PĀiĀĀĎZĥĪĀiĀ
 62ĒĀ °ĀĦĎPĀ°ĥĀ °ĀUKE ŃĤ ±ĒĀĈĪPĪ Ő-PĪĀVĪĀĒĀ
 °ĀĀrĪPĀ °ĦĎĀVĒĒ ŃĥPĪ°ĥĎ 2020-21gĀ °ĀĒĀ
 CyĎPĀ 1ŭĀiĀĒĒ PĒĒrĀPĤ ĀĀVZĀĪ Ā ĀiĀĀ 42.90
 PĒĒĀġĒUĀĀ-ĀĀPĒĒZĀR° 1ZĒ

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EzPÉ ``ÄUÄB 1gÄ Dzgjé ®¹PÉ zÉgÄiÄÄ«PAiÄ° ÈÄ
CwAiÄÄZÄ KgkzvÜMÄÄ PÄgÄt JAZÄ UÄgAw.Ä ÄVZÉ
eÄUWPA DyöPÄ ¥ÄEB±ÄVEPÄ S°MµMÖ C_üÄÄEMÉ-ÄAZÄ
PMERzé S°ÄVÄPÄ GzÄiÄÉÄÄÄR a ÄAgAPMÖ a ÄVÄÖ
C©PÄCPÄ® DyöPÄ aÄ^aÄI ÄUMÄ »Adj vÉÉÄCUE
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D±ÄiÄ öEÄZÄÄVzé vÄj uÄaÄÄÄV aÄÄZÄaj ZÄ
CöpIcP öEÄCZÄ gÁµÜMÄ DyöPa 1üWaiÄ°è ¥Äv aÄÜ
DzÄAiÄ(per capita Income) aÄI Ö v®Ä¥Ä«PÄiÄÄ

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^aāvũ dUMÜ CviAv ħ ză,ğP ÁzÀ Dyöpà ,P Å@UMEAB
vAzĚrŁf

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 GvÄZPÄ äPÄIÄÄÄ ±Ä.9.4 äÄÄVÄ ÄÄÄÄÖT äPÄIÄÄÄ
 ±Ä.12.6gÄÄ PÄ¹VÄQÄUÄÄÄ ÄZÄVUKgÄÄPÄ S/PÉZÄgÄ
 (GYÄIÄAPÄÄ) äPÄIÄÄÄ ZÄgÄOEÄ ¥ÄÄÄVÄEÄ PÄRZÄY
 2020-21EÄ „Ä° EРè ±Ä.2.7gÄÄ ZÄÄVPA 2019-20EÄ
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 ±Ä.21.4gÄÄ¥PÄÄTZPÄ¹VÄQÄUÄÄÄZÄZÄ CAZÁF¹ZÉ

ΠΕΛΑΓΙ ΠΑΔΥΘΡΑΕΪΑΙ :

PĤĖĀ«qī-19 ĀĀPĀĀPĀ gĖĖĀUPĀ DWĀVĪZĀ j ĀwĀiĀ°ē
 dĖĀĀĀĖĖj UĖ DyōPĀ āĀVĀU DgĖĖĀUĀ ©PĤĖĀĖ
 GAI ĀĀĀArgĀVĖĖ āĖgĀ i αUĖ PĀ PĖUĖEAQĀ DUĖPĀZĀ
 PĖĀUĖĀ CyōPĀPĀĀVĖĖĖ GAI ĀĀĀArgĀVĖĖ ĀPiqĖĖi
 CĀĖĖĖĖ°ēgĀĖĖĖĖ āĖĖ ĖPĖ āĀVĀUgĀdĖUĖPĖ GvĀZĖĖ
 ŠĖPĖĖ «αĀĖĖ āĀVĀU EvĖgĀ ĤgĀgĀ CĀPĖĖĖ CyōPĀ
 ZĀ ĀĀĤPĖUĖĖ GZĖĖĖĖĖĖ PĀApvĖUĖĖ¹ zĖĖĖ ĀZĀ



KARNATAKA STATE FINANCIAL CORPORATION DIRECTORS' REPORT 2020-21

The Directors of the Corporation have great pleasure in presenting the 62nd Annual Report on the operations of the Corporation, together with, the audited statement of accounts for the year ended 31st March' 2021.

During the Financial Year 2020-21, the Corporation consolidated its financial position and recorded profits by registering a profit of ₹ 42.90 crore. The performance of the Corporation is remarkable in the face of severe economic distress caused on account of COVID-19 pandemic.

A Bird's eye view of the global, national and state's economic scenario is reviewed before scrolling on the operational performance of the Corporation for the financial year 2020-21.

Global Economy :

The global economy is set to expand by 5.6 percent in 2021- its strongest post-recession pace in 80 years - in part underpinned by steady but highly unequal vaccine access. The global recovery is highly uneven, growth is concentrated in a few major economies, with most emerging market and developing economies (EMDEs) lagging behind.

The recovery is expected to continue into 2022, with global growth moderating to 4.3 percent. While about 90 percent of advanced economies are expected to regain their pre-pandemic per capita income levels by 2022, only about one-third of EMDEs are projected to do the same. As a result, per capita income catch-up with advance

economies is expected to slow or even reverse in many poorer countries.

Indian Economy :

The year 2020 was predominated by the COVID-19 pandemic, posing the most formidable economic challenge to India and to the world, since the Global Financial Crisis.

The growth in GDP during 2020-21 is estimated at (-)8.0 percent as compared to 4.0 percent in 2019-20. Agricultural activities for rabi harvesting and kharif sowing were largely unaffected by the COVID 19 induced lockdown. Industry and Services are estimated to contract by 9.6 per cent and 8.8 per cent during the year. Within Industry, Mining is estimated to contract by 12.4 per cent, Manufacturing by 9.4 per cent and construction by 12.6 per cent. The utilities sector has shown a sharp recovery and is set to register a positive growth of 2.7 per cent in 2020-21. Within Services Sector, trade, hotels, transport & communication are estimated to contract by 21.4 per cent.

Karnataka Economy :

The COVID-19 pandemic has caused an unprecedented human and health crisis. The effects of lockdown period have been severely felt because the production, consumption, exchange and other interdependent economic activities have crippled industry at the National level and within the state. Losses of employment and income have severely impacted the workers in the



wAa wgp AV Yj uAa AUkEAB CEAA k AVgAvvE GzEaUA aAvu DzAAiA EpuMA, CEeYzAj PA (C AwlvA aPAiAaC Aj zAv) PAvuMP EA PA«AOPa aAA-E aAvu ±A E SzA AaAaFPA AzA PPAUkAzA aAvvAzAC AgvA SqAPAI AASUMa aAA-E wAa wgp AV Yj uAa aEAB aAj gAvvE «aMP AV aP1UgA CxPA aAE-EaOzPj UE aAvu Ca gA Ca PAaOvJ UE fAa EEAaAaAa aAaAaAaAa aAaAaAaAa AVgAvvE PEA«qi AAPAAaAa Yj 1wAaAaE PEAaA PA gAdza AzeUMA UPAAaOa AVgAvvE

2020-21 EA Aa EA aAAEAEZEA CAZAdAUAaV PEA«qi-19 aAaAaAa aAaAaAaAa «Cu AVZa APiQEi PPAUkAzAV, gAdza MI AO CAVj PA GvEPa 1UgA (2011-12) EF UMP e ±A.(-)2.6 EP AUaAaEaCUE 11,13,818 PEAa gEaA-AUAUAaAa j AP-EAzE

Agvza EA«AAE AEZAPzP aAvu EAAPj SAAZA EAZEPzP gAdza YkPA AEzPzP OUME gAdza aAa GvazEAaE 2EA AEzPzP gAdza zAza CAVj PAGvEP ±A.8 gAAaAvu zAzaAaAa wAvvAEa gA UE ±A.40 gAAOPPEqAUaAaEAB gAdza aArgAvvE

YEP EF UMP e 2019-20 EA Aa EP gAdza aAaAa vA DzAAiAa 2,23,175 gEaA-AUAUAaEzA 2020-21 EA Aa UE ±A.1.6gAAO EZAAzEAaCUE 2,26,796 gEaA-AUAUAUAaAaAa CAZAF AVZE

2019-20 EA Aa EA gAdza MI AO CAVj PAGvEPzP EPi aPAiAa PEAaUE ±A.12.16 gAAzAV 2020-21EA Aa UE ±A.13.15PEKj PAiAAVgAvvE 2019-20EA Aa EP EPuAJ PA aPAiAa PEAaUE ±A.21.68 gAAzAV 2020-21 EA Aa EP e ±A.20.31PE EAPAAVgAvvE MI AO CAVj PAGvEPzP aAa aPAiAa PEAaUE CAPP AVZAV, 2019-20EA Aa EP e ±A.66.16gAAzAV 2020-21EA Aa EP e ±A.66.53PE Kj PAiAAVgAaAa MP AV UEAZj AvvE 2020-21EA aMPzP e 1UgA1U aAvvAa AaUAa aAvu aAa UPUkA MqVEA aPAiAa PEAaUAaAa gAdza MI AO CAVj PAGvEPzP eCw EZAAAZhE ±A.33.46 gAAvAvvE EAvvza



ENGINEERING UNIT IN MYSORE

AUEMP e vAaAa PA aPAiAa (±A.13.11). aAaAgA aAvu zAgA UaUAa (±A.10.38) OUME EP UUAa (±A.8.57) aPAiAUAa EgAvvE

AtPAa aMP 2020-21 (YEP 2021 CAVzP gU) gAdza MI AO gAAO aEPa US\$ 84,807.05 «AaAaEiUAAVgAvvE gAdza J-PAaPi aAvu AYiPAgi gAAO aEPa ±A.84 (US\$ 71,629.03 «AaAaEiUAAVgAvvE) OUME aAZDAqEi gAAO aEPa ±A.16. (US\$ 13,178.02 «AaAaEi) zAza MI AO gAAkEP e gAdza ±A.19 gAAOaAa OEAaCzE

gAdza KPUPAQE AiEADEA aAdAgAw kAwAiA aAEaP gAdza PEUAj PA SAqP AYAaEAB DPMO AwvE YEPa aMP kAwAiA 307 AiEADEUAZA 15,270.66 PEAa gE.UkAa EVvza GzAvvA SAqP AYAa OERPUEM; UE aArza, F PEUAj PA AiEADEUAZA AaAgA 85,694 GzEaUAaPAaA EPiAaUP zE gAdza GEMA aAaAa AiEADEA aAdAgAw kAwAiA 09 SEPi PEUAj PA AiEADEUAZA 37,464.10 PEAa gE.UkAa GzAvvA SAqP AYAa OERPUe CEaAEAZE aArza, F 09 SEPi AiEADEUAZA AaAgA 25,909 GzEaUPaAa gAdza EPiAaAUP zE

YEPa MPzP e gAdza US\$ 3,660 «AaAaEi «zA EAgA SAqP AYAa OERPAaEAB DPMO AaAaAa aAEaP zAza MI AO «zA EAgA SAqP AYAa US\$ 30,004 «AaAaEiEP e ±A.12 gAAODVgAvvE



informal (including unorganized) sector and poorer families who are unprotected by statutory social security measures. Despite the challenges and hardships imposed by the pandemic, the achievements of Karnataka state are noteworthy.

The advance estimates of Gross State Domestic Product [GSDP] of Karnataka for the FY 2020-21 highlights that at constant(2011-12) prices the GSDP is likely to attain a level of ₹ 11,13,818.00 crore with a growth of (-)2.6 due to lockdown measures imposed to control COVID-19 pandemic.

The state ranks number one in India Innovation Index as well as in Renewable Energy. Its ranks 2nd in Milk production. State Contributed 8% GDP of India and 40% to the country's IT exports.

The Per Capita state income (i.e. as per capita NSDP) of Karnataka at current prices is estimated to be ₹ 2,26,796 showing a rise of 1.6% during 2020-21, as against ₹ 2,23,175 in 2019-20.

The Contribution of agriculture sector to the overall GSDP saw a marginal increase from 12.16% to 13.15% in 2020-21 as against 2019-20. Industry sector saw a marginal decrease from 21.68% to 20.31% in 2020-21 against 2019-20. The Service sector the largest component of GSDP saw a marginal increase from 66.16% in 2019-20 to 66.53% in 2020-21. The contribution of Real Estate professional service and ownerships of dwellings' is highest with (33.46%) in 2020-21 followed by manufacturing (13.11%), trade and repair services(10.38%) and crops(8.57%).

Total export performance during 2020-21 (upto

February 2021) is US\$ 84,807.05 million. The share of Electronics and Computer Software is 84% [US\$ 71,629.03] and merchandise exports share is 16% [US\$ 13,178.02 million]. Share of the state in Country's total export is 19%.

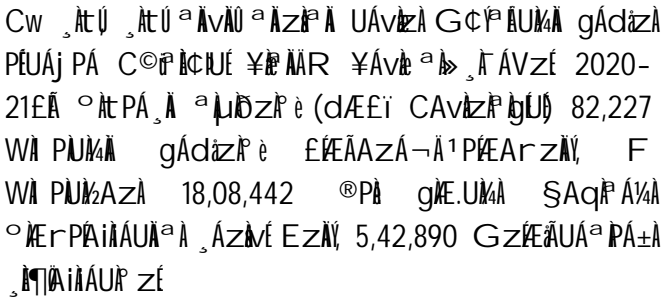
During the FY 2020-21 State Level Single Window Clearance Committee (SLSWCC) approved is ₹ 15,270.66 crore towards 307 projects, which is projected to generate employment of 85,694 in the state. State High Level Clearance Committee (SLSWCC) approved is ₹ 37,464.10 crore towards 09 projects, which is projected to generate employment of 25,909 in the state

Karnataka accounts for a significant share in the total FDI that flows into India. Karnataka's share in total FDI inflow into India is USD 3,660 Million during 2020-21 (Up to November 2020), which is 12 percent of India's total FDI inflow of US\$ 30,004 Million.

MSMEs form an integral part in Karnataka's industrial growth. During 2020-21 [till June] 82,227 MSMEs have been registered in the state with an investment of ₹ 18,08,442.00 lakhs and projected to provide employments to 5,42,890 person



EYE HOSPITAL IN TUMAKURU



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 PÄAiÄÖPÄj ƁƁAwUE EvÄÖPÄM Ƴj ƁÄÄ ÄWÖPÄ° ÄEA
 Ä¹⁰ D¹UÄÄ wÄgÄ^a ÄÄ ÄEÄdEAiÄr-AiÄ° e 2 ƳÄgÄÄ
 a ÄAQÄÄ-ÄvÄ.

D¹U^oÆuUÁj PÁiÄ æ^aU^oUÁ, ÅÄW:

A Paia a Pa AUPA a ZDA+Pa CZPA a AvAO »j Aia
 CCPaj UMa LA MAZa è D¹⁰ o EUUAj PÉ a a DOUA



PIEÄÖI PÄgÄdä°Ät PÄ, Ä, Ä, ÜEgÄdä, PÄögzÄ'ÄS®:

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STATE GOVERNMENT SUPPORT TO KSFC :

During the FY2020-21, the Government of Karnataka provided an equity capital of ₹ 100.00 crore and interest subsidy of ₹ 172.25 crore under various schemes operated from KSFC as per details indicated below:

1 Scheduled Caste Entrepreneurs:	₹ 42.50 crore
2 Scheduled Tribes Entrepreneurs:	₹ 12.00 crore
3 Women Entrepreneurs:	₹ 67.75 crore
4 First Generation Entrepreneurs:	₹ 3.00 crore
5 Interest Subvention Scheme	
for All Categories Entrepreneurs:	₹ 47.00 crore
Total	₹ 172.25 crore

SUBSIDIES & GRANTS-IN-AID :

Under Textile Grant Scheme for Scheduled Caste and Scheduled Tribe Entrepreneurs, a grant amount of ₹ 20.56 crore was released by Government of Karnataka during the FY 2020-21.

IMPORTANT POLICY DECISIONS DURING FY 2020-21 :

- Modification of Lending Policy.
- Identification and Prudential write off of doubtful / loss assets.
- Covid-19 Regulatory Package.
- Freezing of Interest in respect of Pre-MoU Doubtful-III & MR Cases.
- Upgradation of IT Infrastructure at KSFC.
- Modified Interest Subvention / Subsidy scheme for new & existing Micro & Small manufacturing enterprises and manufacturing allied service activities enterprises.



AGRO FOOD PROCESSING UNIT IN HARIHARA

- Amendment to Cadre & Recruitment Rules and revision in the manpower strength of the Corporation.

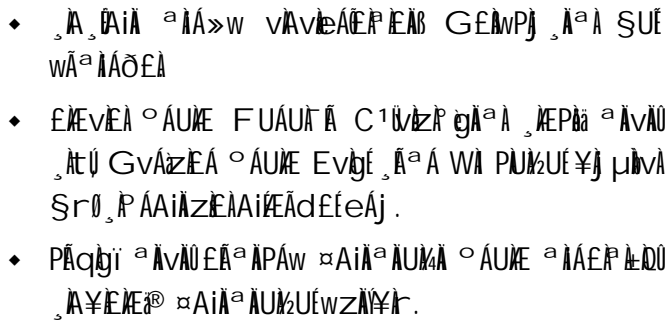
BOARD & EXECUTIVE COMMITTEE AND BOARD SUB-COMMITTEE MEETINGS :

During the FY 2020-21, the Corporation conducted 05 Meetings of the Board of Directors and 04 meetings of the Executive Committee.

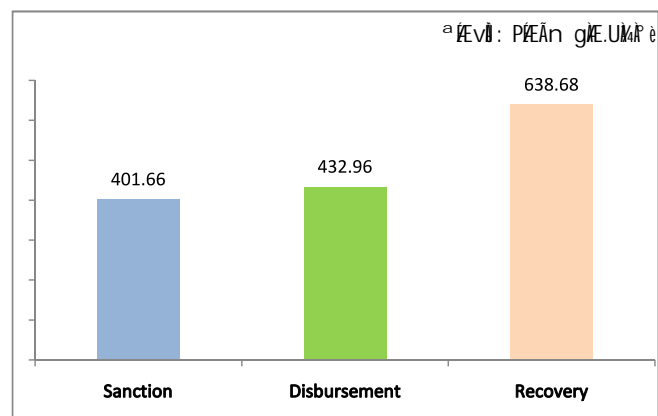
The Audit Committee headed by a Professional Director met once during the financial year 2020-21. The Board Sub-Committee, headed by the Managing Director met 03 times and recommended 08 proposals to the Board and Executive Committee for settlement of loan accounts.

OTHER COMMITTEE MEETINGS :

The Assets Liability Management Committee, Chaired by the Managing Director and Senior Executives as members met twice during the FY2020-21. The Committee reviewed cash flow statements, assets liability statements, lending rates, borrowings programmes and related matters.



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WOOD CRAFT UNIT IN RAICHUR



OPERATIONAL HIGHLIGHTS: SANCTIONS:

During the FY 2020-21, Sanction of loans under various schemes touched ₹ 401.66 crores covering 445 cases as against ₹ 667.81 crore covering 710 cases during FY 2019-20. Cumulative Sanctions reached ₹ 18,286.38 crore covering 1,74,662 cases as on 31.3.2021.

FLOW OF ASSISTANCE :

- Assistance to Micro and Small Scale Enterprises : During the financial year, the Corporation sanctioned an amount of ₹ 375.77 crore to 417 micro & small scale enterprises. Cumulative assistance to micro & small scale enterprises at the end of March 2021 stood at ₹ 11,545.36 crore to 1,16,177 enterprises.
- Assistance to Medium Scale Enterprises : During financial year, the Corporation extended financial assistance to 05 medium scale enterprises amounting to ₹ 7.75 crore. Cumulative assistance to medium scale enterprises at the end of March 2021 stood at ₹ 1,503.94 crore to 1962 enterprises.
- Assistance to Other Sectors : During financial year, the Corporation extended financial assistance to other sector excluding MSMEs amounting to ₹ 18.14 crore to 23 cases. Cumulative assistance to other sector at the end of March 2021 stood at ₹ 4,529.49 crore to 53,549 cases.

INDUSTRYWISE SANCTIONS DURING FY 2020-21:

(Amount : ₹ in crore)

Sl. No.	Industry	Amount	% to the total
1	Engineering Sector	66.84	16.64
2	Chemical Sector	12.51	3.11
3	Textiles and Readymade Garments	38.38	9.56
4	Food processing and Beverages sector	87.14	21.69
5	Non-Metallic Product Sector	47.10	11.73
6	Rubber & Rubbers products sector	0.50	0.12
7	Basic Metal Sector	5.24	1.30
8	Wood & Cork Furniture & Fixture sector	8.86	2.21
9	Paper & Paper products	8.15	2.03
10	Printing and Publishing	3.50	0.87
11	Transport / Transport equipment sector	11.31	2.82
12	Others	--	--
13	Hotels & Restaurants[Hospitality] Sector	41.80	10.41
14	Construction & Real Estate Sector	16.00	3.98
15	Miscellaneous Manufacturing sector	54.33	13.53
	Total	401.66	100.00



WAREHOUSE AND LOGISTIC UNIT IN NANJANAGUD



SIZEWISE SANCTIONS DURING 2020-21

(Amount : ` in crore)

Sl. No.	Sanctions	No.	Amount	% to the total	
				No.	Amount
1	Upto ` 10.00 lakhs	5	0.42	1.12	0.10
2	Above ` 10.00 lakhs to ` 45.00 lakhs	86	22.97	19.33	5.72
3	Above ` 45.00 lakhs to ` 150.00 lakhs	256	199.40	57.53	49.64
4	Above ` 150.00 lakhs to ` 300.00 lakhs	68	104.91	15.28	26.12
5	Above ` 300.00 lakhs to ` 500.00 lakhs	26	59.93	5.84	14.92
6	Above ` 500.00 lakhs	4	14.03	0.90	3.49
	Total	445	401.66	100.00	100.00

DISBURSEMENT :

During the FY 2020-21, the disbursement was ` 432.96 crore as against ` 727.90 crore during FY 2019-20. The cumulative disbursement of the Corporation reached ` 14,389.83 crore as on 31.03.2021.

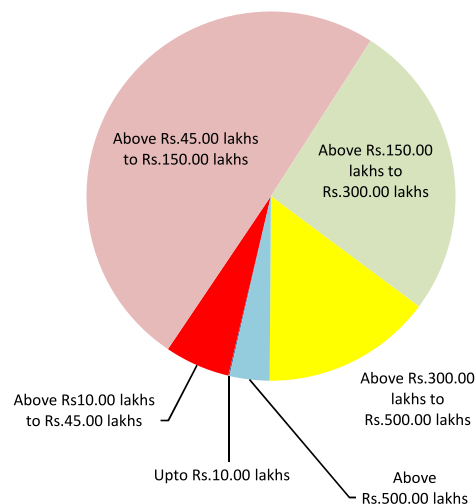
INVESTMENT, VALUE OF OUTPUT AND EMPLOYMENT :

The investment catalyzed by the Corporation during FY 2020-21 is expected to be ` 2,574.60 crore resulting in value of output to ` 1,616.80 crore and generating employment to 5169 persons.

RECOVERY :

During the FY 2020-21, the Corporation recovered an amount of ` 638.68 crore as compared to ` 720.85 crore recovered in the previous financial year. The Corporation realized recovery of ` 44.53 crore in respect of Bad Debts [D-III (Pre MOU), D-III (Prudential), D-III (MR)] during FY 2020-21.

LOAN SIZE WISE SANCTION IN FY 2020-21



Facilities extended by Corporation to the borrowers during COVID-19 – Pandemic period :

In the wake of COVID-19 situation, based on the relief measures announced by RBI/SIDBI the Corporation has extended following to the borrowers.

- Monthly principal installments falling due between 01-04-2020 and up to 31-08-2020 were postponed.
- Similarly, Interest installments falling due between 01-04-2020 to 31-08-2020 is deferred and the entire interest for this period is demanded on 10-09-2020 along with the interest and principal demand of 10-09-2020.
- No Principal and/or Interest installments are demanded during the moratorium period between 01-04-2020 to 31-08-2020. Further, no penal and compound interest is charged during this moratorium period.
- In respect of units covered under Interest Subsidy schemes of Government of Karnataka for Scheduled Caste/Scheduled Tribe/Women Entrepreneurs/First Generation/General category, the borrowers have been allowed to make payment of the demanded amount excluding the interest subsidy component.



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- Rescheduling of Principal installments by extending repayment period up to 2 years (including moratorium of 5 months already given) has been considered to units in Hospitality and CRE Sectors.
- Funding of interest dues is considered on case to case basis at concessional rate of interest at 10% p.a. and to be repaid before 31-03-2021.

The Corporation has also extended the following facility to the borrowers during FY 2020-21 year:

- The Corporation has revised the interest rates downwards for MSME loans from 14% p.a. to 12% p.a. with a rebate of 0.5% p.a.
- Pre-payment penalty has been discontinued and reduced the foreclosure premium to 1% from 2% and made this applicable only in respect of Standard accounts closed by way of take over by Banks and Financial Institutions.

FINANCIAL RESULTS :

During the financial year under review, the Corporation earned a gross revenue of ₹ 484.09 crore as against ₹ 358.81 crore in FY 2019-20. The profit for the FY 2020-21 is ₹ 42.90 crore.

DIVIDEND :

Because of carry forward losses, no dividend is recommended for the financial year 2020-21.

TREASURY ACTIVITY :

During the year, the Government of Karnataka provided an equity capital ₹ 100.00 crore. As on 31-03-2021, the paid up equity capital of the Corporation stood at ₹ 795.39 crore, as compared to previous year ₹ 476.94 crores. During the year

₹ 318.45 crore of share application money converted into share capital. The share application money as on 31.3.2021 stood at ₹ 100.00 crore.

During the year the Corporation redeemed bonds amounting to ₹ 217.00 crores. The outstanding of bonds decreased to ₹ 850.00 crore, which was ₹ 1067.00 crore as on 31.3.2020.

During the year, the Corporation has availed Term Loan of ₹ 150.00 crore from State Bank of India. Further the Corporation has repaid ₹ 43.09 crore to State Bank of India and ₹ 100.10 crore to Union Bank of India towards Term loan repayment.

The interest cost on bonds decreased to ₹ 85.80 crore from ₹ 110.43 crore from the year 2019-20. The decrease is on account of reduction of bond liability. Further, the Corporation has paid ₹ 20.62 crore to State Bank of India and ₹ 20.12 crore to Union Bank of India towards interest on term loan. The Corporation paid, on cash basis, ₹ 14.50 crore (net off of GST) to the State Government as guarantee commission during the year compared to ₹ 13.44 crore (net off of GST) for the FY 2019-20.

The total long-term liability of the Corporation is decreased to ₹ 1301.34 crore by the year end from ₹ 1561.52 crore as on 31-03-2020. The total interest and financial expenses increased to ₹ 143.03 crore for the year 2020-21 from ₹ 136.63 crore for the year 2019-20.



SOLAR PANEL MANUFACTURING UNIT IN BANGALORE RURAL



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Shareholding Pattern of the Corporation as on 31-03-2021

Sl. No.	Particulars	No. of Shares	Paid up equity (Rs. in lakhs)	Percentage holding
1	Government of Karnataka			
	Under Section 4(3)(a)	74547233	74547.23	
	Special Capital issued Under Section 4A	1127500	1127.50	95.14%
	Total	75674733	75674.73	
2	Small Industries Development Bank of India Under Section 4(3)(b)	3210385	3210.39	
	Special Capital issued Under Section 4A	627500	627.50	4.83%
	Total	3837885	3837.89	
3	Insurance Companies Under Section 4(3) (c)	16100	16.10	0.02%
4	Public Sector Banks under Section 4(3) (c)	7900	7.90	0.01%
5	Co-operative societies and banks Under Section 4(3)(d)	1530	1.53	-
6	Other parties Under Section 4(3)(d)	935	0.93	-
	Total	79539083	79539.08	100.00%

INTERNAL AUDIT:

Internal Audit Department at Head Office and Audit Cells at Bengaluru, Mysuru, Dharwad and Kalburgi are functioning in the Corporation. The Audit Cells are auditing all the sanctioned cases after sanction and before first disbursement. The final audit is conducted before last disbursement of each case. The Audit Cells also conduct quarterly routine audit of each branch offices as per the audit schedule covering all the operational areas such as sanctions, disbursements and recovery and also legal, finance, accounts and administrative matters.

The Internal Audit Department at Head Office is conducting audit of the departments at Head

Office. Apart from this, the department is also conducting special investigations / audit of cases referred to it and submitting the reports before Audit Committee / to the competent authority. The Audit Committee met one time during the financial year.

COMPUTERISATION & DIGITIZATION :

During the financial year 2020-21, the Corporation followed the guidelines of Reserve Bank of India issued for post Covid 19 pandemic situation. Necessary action was taken to postpone the demands upto to 31st August 2020 in the online application.

A new website ksfc.karnataka.gov.in was designed and developed with the support of Web Development Division of Centre for e-Governance. Newly designed website of the Corporation was unveiled by the Hon'ble Chief Minister, Government of Karnataka during the Diamond Jubilee function.

The up-gradation project of I. T infrastructure was assigned to Centre for Smart Governance and the work is under progress. New application is developed by the Centre for Smart Governance to send emails and SMS to the customers [borrowers]



COLD STORAGE IN BIDAR



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of the Corporation for intimating the demand generated and repayment due dates etc. Center for e-Governance, Govt. of Karnataka services was availed for the process of emails. Directorate of Electronic Delivery of Citizen services, Centre for e-Governance, Govt. of Karnataka supported and co-ordinated to design the SMS process.

The Digitization of Legal Documents is being carried out in all Branch Offices of the Corporation. As a process, Minutes of the Board and Executive Committee Meetings were also digitized. The digitization of legal documents ensures safety and avoids frequent movement of legal files containing original documents.

RTI ACT :

The Corporation has received 148 applications seeking information under RTI Act during the year 2020-21. Out of this 145 application were resolved and 3 applications were pending as on 31.3.2021.

CUSTOMER GRIEVANCE :

Steps are being initiated to immediately address the grievance of the customers.

PERSONNEL AND ADMINISTRATION :

The manpower strength of the Corporation stood at 675 at the end of March 2021 as against 751 at the end of March 2020. Out of this, 131(19.41%) are Scheduled Caste employees and 34 (5%) are Scheduled Tribe employees. Identifying the training needs of employees and based on their designated role and individual skill / capacities, the Corporation provided suitable training to the employees of the Corporation. During the year 2020-21, 44 employees (30 Class- 'A' employees &



EXTRUSION UNIT IN MYSORE

14 Class - 'B' employees) were successfully undergone in-house training programme on various operational areas.

QUICK MORTALITY STUDY (QMS) COMMITTEE :

The Corporation implemented QMS concept in 2015-16 to study the reasons for accounts becoming NPA within 12 months from the date last release of loan and accounts becoming NPA within 12 months after restructuring where the moratorium period is extended. A study conducted by a team of officers is being placed before the QMS Committee chaired by the Executive Director-I.

Since commencement of QMS concept 11 meetings of the committee were held. QMS report in respect of 263 cases were placed before the committee. Out of this 127 cases were upgraded, 22 cases were rescheduled, recovery action initiated in 49 cases and 32 accounts are closed. In respect of 19 cases detailed Audit Reports were placed before MD/Audit Committee/QMS sub committee. In all 249 cases are dropped from quick mortality study after review. The committee also resolved to follow up for recovery and upgradation of accounts to Standard Category in remaining 14 cases. During the financial year 2020-21 one



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ELECTRONIC TRANSFORMER UNIT IN BANGALORE

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HEART HOSPITAL IN RAICHUR

meeting of the committee was held and 19 fresh quick mortality cases were placed before the committee.

RISK MANAGEMENT DEPARTMENT :

The Risk Management Committee reviews the Risk Management Policy and practices. The Committee also reviews summary status of the loan proposal rated by the Risk Management Department. All loan proposals exceeding ` 1.50 crore are scrutinized by the department and credit rated.

During the year 2020-21, the department rated 61 loan proposals involving a loan amount of ` 175.25 crore.

All the loan proposal exceeding ` 5.00 crore are placed before the Credit Risk Management Committee [CMRC] for clearance from the risk angle. During the year, the Committee met twice, wherein two proposals involving sanction amounting to ` 19.10 crore were deliberated and clearance were given for further needful action.

BUSINESS DEVELOPMENT & CREDIT RESEARCH :

The Corporation completed 60 years of financial service in FY2018-19. It was proposed to celebrate the Diamond jubilee in the last quarter of FY 2019-20. Due to COVID -19 lockdown, Diamond Jubilee function celebrated in FY 2020-21.

As a part of Diamond Jubilee celebration, "Triumphant Sixty" - coffee table book was brought out by the Dept., which was released by the Hon'ble Chief Minister, Govt. of Karnataka during Diamond Jubilee function held on 30.01.2021. Advertisements of more than 15 public sector enterprises and industry and commerce related depts., of both Govt. of India and Govt. of Karnataka were printed in the coffee table book with good socio economic subjects articles and forewords of the Hon'ble Chief Minister, Industry Minister etc.

More than five hundred copies of coffee table book of Diamond Jubilee celebration were effectively delivered to all the sponsors, all SFCs of the country, concerned industrial and commerce departments of Govt. of India and Govt. of Karnataka, national / state industrial bodies & association and customers of the Corporation.



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The major work of dept., is to create awareness about special schemes meant for women, scheduled caste and tribes and other entrepreneurs, conduct market research, market survey and market study to analyze scope and demand, market viability of loan proposals and products etc., based on requirement of the Branch offices / loan proposal.

Modified Lending Policy 2020 was approved by the Board. Approved modified lending policy 2020 booklet was brought out for official use of the Corporation.

To promote business to the Corporation, several promotional activities were taken up. Corporate advertisements were printed in leading dailies and released to popularize the special interest subsidy schemes meant & available for women, scheduled caste and tribes entrepreneurs and MSMEs sector.

The Department participated in several industry related programmes like Bengaluru Tech Summit 2020 [virtual], AERO Show 2020 of GoI. The department represented the Corporation at several events organized by state level industrial bodies like KASSIA, FKCCI, AWAKE etc., apart from industrial associations at district level. An Amount of ₹ 1.04 lakhs was contributed to industrial bodies for the promotional activities.

A bi-monthly magazine "KSFC NEWS" is published and circulated. An amount of ₹ 8,000/- is collected from advertisements released from assisted units in the KSFC NEWS Magazine.

FINANCIAL SERVICE ACTIVITIES :

KSFC is acting as a Corporate Agent for marketing of general insurance products. In this connection,

the Corporation has entered into Memorandum of Understandings with M/s United India Insurance Company Ltd., and M/s IFFCO Tokio General Insurance Company Ltd. During the FY 2020-21, the Corporation has earned a commission of ₹ 58.56 lakhs [from both the insurance companies] by giving a business of ₹ 458.41 lakhs in the form of insurance premium.

BRANCH OFFICES NETWORK :

The Corporation has 32 branch offices with one branch office in each district headquarters to meet the financial requirements of the entrepreneurs for establishing / modernisation / diversification of MSMEs covering entire State.

AUDITORS :

M/s Patel Mohan Ramesh & Co., Chartered Accountant was appointed as statutory auditors for the financial year 2020-21.

CELEBRATION OF DIAMOND JUBILEE :

"Diamond Jubilee function was organized at Banquet Hall of Vidhana Soudha, Bangalore on 30th January 2021.





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Sri.B.S.Yediyurappa, Hon'ble Chief Minister, Govt. of Karnataka released KSFC's Diamond Jubilee Souvenir-Triumphant Sixty. Dr. C.N.Ashwathnarayan, Hon'ble Deputy Chief Minister, Sri.S.Suresh Kumar, Hon'ble Minister of Primary and Secondary Education were also present to grace the function. Hon'ble Chief Minister, also unveiled the Official Website of KSFC containing the information of KSFC, its Branch offices Network, Details of products and services of KSFC – especially special schemes meant for Women, Scheduled Caste & Tribes, Minority, Backward classes and other entrepreneurs. Newly designed website provides full information about the Corporation and its performance in the past 61 years.

The Additional Chief Secretary to Government and also the Chairman of KSFC, Secretary (Budget & Resources) and Managing Director of KSFC, Executive Directors, General Managers and Senior Officers of KSFC, presidents of various associations of KSFC and others were present during the occasion.

Coffee Table book -Triumphant Sixty contains the glimpses of success stories of few assisted units by KSFC.

AUDIT BY COMPTROLLER AND AUDITOR GENERAL OF INDIA :

The financial audit was completed by the Comptroller & Audit General of India during the year.

ACKNOWLEDGEMENTS :

The Board of KSFC wishes to place on record its special thanks and gratitude to the Government of Karnataka for all the support extended for the

settlement of small loans, interest subsidy and equity support.

The Board places on record its thanks to SIDBI, RBI, Government of India, i.e., Department of Finance, Industries & Commerce, E-Governance, Social Welfare, Horticulture, Information and Public relations, Information Technology, Women and Child Welfare for their continued support.

The Board also thanks LIC of India, HDFC, SBI Life Insurance company Limited, SHCIL, UIIC, Iffco Tokio and Industrial Bodies viz: KASSIA, FKCCI, AWAKE, e-merg, COWE, CII & other industrial associations. The Board express its thanks to the Commercial Banks, Apex Bank, KSSIDC, KIADB, KPTCL, VTPC, NSIC, MSME-DI and Karnataka Udyoga Mitra for their co-operation.

The Board places on record, the guidance, support and contribution made by outgoing Directors Sri. V Chandramouli, Sri. K Srinivas Rao and Sri. J Jagadish during their tenure as directors.

The Board takes this opportunity to thank the entrepreneurs for reposing faith in the Corporation, profuse gratitude to the shareholders for their unstinted support and the investors in the bond issues of the Corporation. The Board also thanks State Bank of India & Union Bank of India for their timely sanction of term loans.

Finally, the Board acknowledges the dedicated service and efforts of the officers and officials of the Corporation.

By order of the Board
Sd/-

MANAGING DIRECTOR



INDEPENDENT AUDITORS' REPORT

To,

To the Members of Karnataka State Financial Corporation, Bengaluru.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Karnataka State Financial Corporation ("The Corporation"), which comprise of the Balance Sheet as at March 31, 2021, Profit and Loss Account and Cash Flow Statement for the year ended, and notes to financial statement, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by and in accordance with the Schedule I, II of General Regulations and SIDBI directives and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Corporation as at 31st March 2021, and profit and its cash flows for the year ended on that date. Basis for opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs'). Our responsibilities under those SAs are further described in our report of the Auditor's Responsibilities for the Audit of the financial statements Section of our report. We are independent of the Corporation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have

fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw the attention to notes of Schedule (O) as under

1. a) Note No.6(b) regarding the contingent liability on Bank Guarantee issued on behalf of M/s B.L. Industries (India) Limited for ₹550 lakhs to the Oriental Bank of Commerce (OBC), the matter before the DRAT, Kolkata has been disposed on 03-07-2017 in favor of the Corporation. The OBC has filed an appeal before High Court of Andhra Pradesh / Telangana against the order of DRAT, Kolkata, which is pending.
- b) Note No.6(c) - The total contingent liability against the Corporation stood at ₹2014.16 lakhs as on 31/03/2021, including amount referred in Note.6(b) which is not acknowledged as debt by the Corporation excluding Letter of Credit of ₹503.67 lakhs.
2. Note No 18 – A sum of ₹709.86 lakhs (including accrued Interest) which was received from sale of secured asset in respect of an assisted unit was contested and Hon'ble High court of Karnataka has ordered restraining the Corporation from taking the possession of the property and directed to deposit the money in fixed deposit.

Till date a sum of ₹451.57 lakhs is deposited in the bank in respect of various accounts



received under litigation. The total deposit being ₹ 1161.43 lakhs are disclosed as other deposits under current asset [Schedule(I)]

Our observations above 1 and 2 on account of issues set out in the notes concerned are either subjective or depending on future developments / resolutions and the financial impact in the current year's net profit and on the assets & liabilities of the Corporation is not ascertainable. Subject to the above as per Para 1 and 2, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with significant accounting policies and other explanatory information give the information required by the Corporation's General Regulations in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In case of the Balance Sheet, of the state of affairs of the corporation as at 31st March, 2021;
- In case of the Profit and Loss Account, of the profit for the year ended on that date; and
- In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters.

Key audit matter

Identification of Non-Performing Assets ('NPAs') and Provisions on Advances.

Charge	₹ 5,571.06 Lacs for year ended 31st March 2021
Provision	₹ 6,516.17 Lacs as at 31st March 2021

Significant estimates and judgment involved

Identification of NPAs and provisions in respect of NPAs and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to and guided by the minimum provisioning levels prescribed under the RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning, prescribed from time to time.

The provisions on NPA are also based on the valuation of the security available. In case of restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with the RBI guidelines. In addition, the contingency provision that the Corporation has established in the current year on assets currently not classified as NPAs is based on management's judgment. We identified identification of NPAs and provision on advances as a key audit matter because of the level of management judgment involved in determining the provision (including the provisions on assets which are not classified as NPAs) and the valuation of the security of the NPA loans and on account of the significance to these estimates to the financial statements of the Corporation



Our key audit procedures included:

Substantive tests

Test of details for a selection of exposures over calculation of NPA provisions including valuation of collaterals for NPAs as at 31st March 2021; the borrower-wise NPA identification and provisioning determined by the Corporation and also testing related disclosures by assessing the completeness, accuracy and relevance of data and to ensure that the same is in compliance with the RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning. We also selected a number of loans to test potential cases of loans repaid by a customer during the period by fresh disbursement(s) to these higher risk loans. We selected a sample (based on quantitative and qualitative thresholds) of major clients where impairment indicators had been identified by management. We obtained management's assessment of the recoverability of these exposures (including individual provisions calculations) and whether individual impairment provisions, or lack of it were appropriate.

Reviewing the statement of accounts, approval process, board minutes, credit review of customer, review of Special Mention Accounts reports and other related documents to assess recoverability and the classification of the facility; and for a risk based sample of loans not identified as displaying indicators of impairment by management, by reviewing the historical performance of the customer and assessing whether any impairment indicators were present.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Corporation's Management and Board of Directors are responsible for the other

information. The other information comprises the information included in the Corporation's Annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so to consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report the fact and we have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENT

Corporation's Management is responsible for the preparation of the 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 Schedule I, II of General Regulations and SIDBI directives and give the information as required to be given in terms of the provisions of Corporation's General Regulations. This responsibility includes the design, implementation and maintenance of internal control 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.

In preparing the financial statements, management and the Board of Directors are



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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 as issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.



- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Corporation to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with

relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report of Other Legal and Regulatory Requirements

In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement (as per SIDBI directive) dealt with by this report are in agreement with the books of account and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and conform to the statutory requirements prescribed under the State Financial Corporations Act, 1951, circulars and guidelines issued from time to time by the Small Industries Development Bank of India.

For Patel Mohan Ramesh & Co.,
Chartered Accountants
Firm's Reg. No: 002597S

sd/-

Harshad S Patel, Partner

Membership No: 226842 | UDIN 21226842AAAAFP1725

Place : Bangalore
Date : 16-07-2021



Karnataka State Financial Corporation

Financial Statements
2020-21



KARNATAKA STATE FINANCIAL CORPORATION

BALANCE SHEET AS AT 31st MARCH 2021

(Amount : ` in Lakh)

Particulars	Schedule	As at 31-03-2021	As at 31-03-2020
CAPITAL AND LIABILITIES:			
Share Capital	A	79539.08	47694.08
Share Application Money	A	10000.00	31845.00
Reserve Fund and Other Reserves	B	30999.87	31087.76
Term Borrowings	C	107937.07	129486.59
Current Liabilities & Provisions	D	44496.08	45965.50
	Total:	272972.10	286078.93
PROPERTY AND ASSETS			
Cash & Bank Balances	E	9465.82	23006.77
Investments	F	3208.93	2946.28
Loans & Advances	G	216045.05	210598.96
Fixed Assets	H	4274.36	4410.49
Current Assets	I	8132.26	8981.86
Profit and Loss Account Balance		31845.68	36134.57
	Total:	272972.10	286078.93
Notes & Significant Accounting Policies forming part of Accounts	O		

For Karnataka State Financial Corporation

Sd/-
V T Hegde
Dy. Gen. Manager (C)

Sd/-
Sharad G Naik
Executive Director-II

Sd/-
Dr. Ekroop Caur, IAS
Managing Director

Sd/-
I.S.N. Prasad, IAS
Chairman

Director
CA S. Ananthan

As per our Report of even date
For Patel Mohan Ramesh & Co.,
Chartered Accountants
Firm Registration No.002597S

Sd/-
(CA Harshad. S Patel)
Partner
Membership No.226842

Place : Bangalore
Date : 16-07-2021

Place : Bangalore
Date : 16-07-2021



KARNATAKA STATE FINANCIAL CORPORATION
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2021

(Amount : ` in Lakh)

Particulars	Schedule	Year Ended 31-03-2021	Year Ended 31-03-2020
INCOME			
Interest Income	J	32200.88	30355.82
Other Income	K	3889.28	2762.74
Provision for NPAs withdrawn		12319.04	2762.86
Total:		48409.20	35881.42
EXPENDITURE			
Interest and Other Financial Expenses	L	14302.45	13662.95
Personnel Expenses	M	7820.23	7912.14
Administrative Expenses	N	1041.69	1167.81
Bad Debts Written Off		12319.04	2762.86
Provision for NPAs		5571.06	2010.48
Additional Provisional for Covid-19 Pandemic		2000.00	2000.00
Payment/Prov for Gratuity/Leave		915.32	1691.17
Depreciation/Amortization	H	149.51	181.56
Total:		44119.30	31388.97
Profit Before Tax		4289.90	4492.45
Less: Transfer to Reserve u/s 36 (1)(viii) of IT Act		0.00	813.07
Less: Provision for Income Tax		0.00	542.06
Profit after Tax		4289.90	3137.32
Less: Reserve for Contingencies		1.01	655.20
Add/Less: Loss Brought forward		-36134.57	-38616.69
Deficit carried to Balance Sheet		-31845.68	-36134.57
Notes & Significant Accounting Policies forming part of Accounts	O		

For Karnataka State Financial Corporation

Sd/-
V T Hegde
Dy. Gen. Manager (C)

Sd/-
Sharad G Naik
Executive Director-II

Sd/-
Dr. Ekroop Caur, IAS
Managing Director

Sd/-
I.S.N. Prasad, IAS
Chairman

Director
CA S. Ananthan

As per our Report of even date
For Patel Mohan Ramesh & Co.,
Chartered Accountants
Firm Registration No.0025975

Sd/-
(CA Harshad. S Patel)
Partner
Membership No.226842

Place : Bangalore
Date : 16-07-2021

Place : Bangalore
Date : 16-07-2021



KARNATAKA STATE FINANCIAL CORPORATION

(Amount : ` in Lakh)

Schedule to the Accounts	As at 31-03-2021		As at 31-03-2020	
Schedule -A SHARE CAPITAL Authorised Share Capital 10,00,00,000 shares of Rs. 100 each (P.Y.10,00,00,000 shares of Rs. 100 each)		100000.00		100000.00
Issued and Paid up Capital 77784083 shares of Rs.100 each fully paid up (P.Y.45939083 shares of Rs.100 each fully paid up)		77784.08		45939.08
1755000 shares of Rs. 100 each, issued under section 4 A of the SFCs Act 1951		1755.00		1755.00
Total:		79539.08		47694.08
SHARE APPLICATION MONEY Amount Received towards Shares Pending Allotment		10000.00		31845.00
Total:		10000.00		31845.00
Schedule -B RESERVE FUND AND OTHER RESERVES				
a) Special Reserve Fund u/s.35A of SFCs Act,1951		250.00		250.00
b) Special Reserve for the purposes of Sec.36(1)(vii) of the Income Tax Act 1961		988.07		988.07
c) Capital Reserve		24293.85		24293.85
d) Reserve for Contingencies		2014.16		2013.15
e) Revaluation/Amortisation Reserve on Fixed Assets				
Opening Balance	3542.69		3631.59	
Less: Transferred to P&L A/c	88.90	3453.79	88.90	3542.69
Total:		30999.87		31087.76



KARNATAKA STATE FINANCIAL CORPORATION

(Amount : ` in Lakh)

Schedule to the Accounts	As at 31-03-2021		As at 31-03-2020	
Schedule-C TERM BORROWINGS				
1. Bonds Guaranteed by State Government	85000.00	70000.00	106700.00	85000.00
Less: Current Maturity of Long Term Debt	15000.00		21700.00	
2. Term Loan from SBI Guaranteed by State Government	30147.24	23700.35	24455.90	20157.01
Less: Current Maturity of Long Term Debt	6446.89		4298.89	
3. Term Loan from Union Bank of India, Guaranteed by State Government	14986.72	14236.72	24996.25	24329.58
Less: Current Maturity of Long Term Debt	750.00		666.67	
Total:		107937.07		129486.59



KARNATAKA STATE FINANCIAL CORPORATION

(Amount : ` in Lakh)

Schedule to the Accounts	As at 31-03-2021		As at 31-03-2020	
Schedule -D				
CURRENT LIABILITIES & PROVISIONS				
A) CURRENT LIABILITIES :				
1. Sundry Deposits		4724.66		3797.20
2. Current Maturity of Long Term Debt				
a) Bonds Guaranteed by State Government	15000.00		21700.00	
b) Term Loan from SBI Guaranteed by State Government	6446.89		4298.89	
c) Term Loan from Union Bank of India Guaranteed by State Government	750.00	22196.89	666.67	26665.56
3. Fixed Deposits		331.68		405.46
4. Other Liabilities		211.30		227.67
5.a. Amount received pending adjustments	546.88		368.18	
b. Amount received towards Subsidy	270.12		188.16	
c. Loan Application Fee Deposit	59.45		58.05	
d. Amount received from GOK towards SC Equity scheme	416.25		566.78	
e. Amount received from GOK towards ST Equity scheme	444.28		492.82	
f. Amount received from GOK towards Textile Grant- General	39.78	1776.76	0.00	1673.99
6. Margin Money :				
a. Towards Agencies – KSCSTDC/ KBCDC/KMDC/KWDC		4.80		4.80
b. Towards Seed Capital from SIDBI / IDBI		1211.71		1235.92
7.a) Interest Accrued & not due on loans		1746.18		1959.65
b) Int on SSC payable to SIDBI		4.84		11.97
c) Other Accrued expenses		29.26		52.15
B. OTHER LIABILITIES & PROVISIONS				
1. Provision for Gratuity		685.79		1380.20
2. Provision for Leave Salary		3459.06		3179.85
3. Others:				
a) Contingent Provision against Standard Assets		3243.49		2674.14
b) Provision for Economic Loss on Restructuring		327.60		154.88
4. Provision for Income Tax		542.06		542.06
5. Additional Provision for COVID -19 Pandemic		4000.00		2000.00
Total:		44496.08		45965.50



KARNATAKA STATE FINANCIAL CORPORATION

(Amount : ` in Lakh)

Schedule to the Accounts	As at 31-03-2021		As at 31-03-2020	
Schedule - E CASH AND BANK BALANCES				
a) Cash on hand incl. Stamps on hand		28.54		21.47
b) Balances with Banks				
i) Reserve Bank of India		—		—
ii) SBI & Other Scheduled Banks	7200.80		8069.22	
Less: Canara Bank Drawal facility balance (Net)	18.74	7182.06	0.00	8069.22
c) Fixed Deposits with Banks		2255.22		14916.08
Total:		9465.82		23006.77
Schedule - F INVESTMENTS				
1. Investments in Shares				
i) Shares acquired pursuant to underwriting agreements				
Irredeemable Preference Shares fully paid	14.15		14.15	
less: Provisions	14.15	0.00	14.15	0.00
ii) Investment in Equity Shares	198.05		198.05	
less: Provisions	146.06	51.99	161.08	36.97
2. A. Investment in KITVEN FUND	412.65		314.91	
Less : provisions	26.20	386.45	21.29	293.62
B. Investment in KAMCO & KATCO				
i) 16500 Shares of Rs.100 each in KAMCO		17.00		17.00
ii) 500 Shares of Rs.100 each in KATCO				
C. Investment in KESOL EQUITY FUND	5.00		5.00	
less: Provisions	5.00	0.00	5.00	0.00
D. Investment in Insurance Cos for leave encashment		2753.49		2598.69
Total:		3208.93		2946.28



KARNATAKA STATE FINANCIAL CORPORATION

(Amount : ` in Lakh)

Schedule to the Accounts	As at 31-03-2021		As at 31-03-2020	
Schedule - G				
LOANS AND ADVANCES				
TERM LOANS AND ADVANCES (Net)	218791.32		220825.16	
Less: NPA Provisions	2746.27	216045.05	10226.20	210598.96
Total:		216045.05		210598.96
Schedule – I				
CURRENT ASSETS				
Other Deposits		1161.43		1024.23
Advances to Staff	1286.51		1736.72	
Less: Provisions	6.16	1280.35	6.16	1730.56
Deposits and Other Advances.	171.79		148.90	
Less: Provisions	1.25	170.54	1.25	147.65
Other Assets		63.54		62.43
Margin Money towards Agencies receivable from Parties		4.80		4.80
Seed Capital receivable from Parties		1202.67		1225.52
Assets acquired in satisfaction of loans	9.06		9.06	
Less: Provision for loss on acquired assets	9.06	0.00	9.06	0.00
Advance Tax incl. TDS	729.23		786.73	
Service Tax Fee Deposit	64.09	793.32	64.09	850.82
Prepaid Expenses		2.91		21.67
Accrued Interest on Loans & Advances		3452.70		3914.18
Total:		8132.26		8981.86

SCHEDULE - H
a) Fixed Assets

KARNATAKA STATE FINANCIAL CORPORATION

(Amount : ₹ in Lakhs)

Sl. No.	Particulars	COST			DEPRECIATION			NET BALANCE			
		Gross Block as on 01-04-2020	Additions during the Period	Sale / Adjustments	Gross Block as on 31-03-2021	Up to 01-04-2020	Adjustment during the Period	For the Period	Up to 31-03-2021	As at 31-03-2021	As at 31-03-2020
1	Land	761.33	0.00	0.00	761.33	0.00	0.00	0.00	0.00	761.33	761.33
2	Land on Revaluation										
	- Freehold	1589.03	0.00	0.00	1589.03	0.00	0.00	0.00	0.00	1589.03	1589.03
	- Leasehold	2455.80	0.00	0.00	2455.80	545.76	0.00	45.48	591.24	1864.56	1910.04
3	Buildings *	1123.06	0.00	0.00	1123.06	1083.78	0.00	39.28	1123.06	0.00	39.28
4	Bldgs on Revaluation										
	- Freehold	317.56	0.00	0.00	317.56	304.65	0.00	12.70	317.35	0.21	12.91
	- Leasehold	853.30	0.00	0.00	853.30	822.59	0.00	30.71	853.30	0.00	30.71
5	Computers incl software	635.00	1.81	19.79	617.02	629.80	19.79	2.46	612.47	4.55	5.20
6	Motor Vehicles	178.81	0.00	13.51	165.30	153.27	13.51	6.39	146.15	19.15	25.54
7	Motor Cycle	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Bicycles	0.20	0.00	0.00	0.20	0.20	0.00	0.00	0.20	0.00	0.00
9	Electrical Fittings	119.28	6.11	4.36	121.03	114.88	4.36	4.38	114.90	6.13	4.40
10	Office Equipments.	188.82	1.40	13.16	177.06	161.16	13.16	6.19	154.19	22.87	27.66
11	Internal Telephone	37.23	0.00	2.54	34.69	36.45	2.54	0.19	34.11	0.58	0.78
12	Furniture & Fixtures	380.73	4.06	18.81	365.99	377.11	18.81	1.73	360.04	5.95	3.62
	Total (A)	8640.15	13.38	72.17	8581.37	4229.65	72.17	149.51	4307.01	4274.36	4410.50

B. Assets given on Lease

1	Plant & Machinery	225.98	0.00	0.00	225.98	225.98	0.00	0.00	225.98	0.00	0.00
	Total (B)	225.98	0.00	0.00	225.98	225.98	0.00	0.00	225.98	0.00	0.00
	Grand Total (A+B)	8866.13	13.38	72.17	8807.35	4455.64	72.17	149.51	4532.99	4274.36	4410.49

* Includes Rs. 517.17 Lakhs on Leasehold Land

1. The land allotted by KIADB at Harohalli Industrial Area measuring 10 acres is on lease cum sale basis for the development of industrial park. The Corporation has taken possession of the land. The development is yet to be taken up. The titles are yet to be conveyed in favour of the Corporation.
2. As a policy, depreciation is charged at specified percentages on various categories of fixed assets. Due to non-reconciliation in the past years, the percentages are not strictly tallying (vide 4(iv) of significant Accounting Policies) to the percentages of left over depreciation to be charged for the remaining chargeable period of assets after netting off number of years of depreciation charge already made. For the year, chargeable depreciation has been calculated as residual balance after strictly keeping the depreciation at quantum level equal to the left-over percentages of depreciation chargeable prescribed for the remaining chargeable years. This has resulted in certain amount of excess/short depreciation (asset-wise) calculated in terms of percentages for the current year on building and bicycles.





KARNATAKA STATE FINANCIAL CORPORATION

(Amount : ` in Lakh)

Schedule to the Accounts	Year ended 31-03-2021		Year ended 31-03-2020	
Schedule – J				
INTEREST INCOME				
Interest on Loans & Advances (Net)		30090.06		28322.03
Interest - Prudential written off accounts		2110.82		2033.79
Total:		32200.88		30355.82
Schedule - K				
OTHER INCOME				
One Time Disbursement Fee		233.53		406.25
Sale of Application Forms		0.50		0.81
Interest on Bank Deposits & Other investments		432.91		307.43
Interest on staff advances		173.81		218.86
Premium on pre-mature closure of Accounts		34.04		110.75
Other income from Leasing & Merchant Banking		6.51		6.24
Dividend on Investments		4.49		6.44
Income from Financial Services		58.56		57.35
Income from E-Stamping Activity		0.00		0.68
Rent received		79.92		86.63
Profit from Sale of Fixed Assets		3.71		4.51
Bad Debts recovered		2321.95		931.06
Loan Processing Fee		200.28		352.21
Interest Income from Inv in Insurance Cos (E Leave)		192.57		129.39
Miscellaneous Income		57.60		55.23
Revaluation/Amortization Reserve withdrawn		88.90		88.90
Total:		3889.28		2762.74



KARNATAKA STATE FINANCIAL CORPORATION

(Amount : ` in Lakh)

Schedule to the Accounts	Year Ended 31-03-2021		Year Ended 31-03-2020	
Schedule – L				
INTEREST AND OTHER FINANCIAL EXPENSES				
Interest on Bonds		8579.71		11042.83
Interest on borrowings from Banks		4074.05		979.44
Interest on Fixed Deposits		35.62		125.32
Guarantee Commission to State Government		1581.00		1464.49
Stamp Duty to GOK /Others		2.64		21.20
Arrangers' Fee,Rating & Surveillance Fee on Bonds		29.43		29.67
Total:		14302.45		13662.95
Schedule – M				
PERSONNEL EXPENSES				
Salaries and Allowances				
(a) Managing Director	4.31		2.05	
(b) Staff & Officers	6951.23		7024.00	
(c) VRS Compensation	58.76	7014.30	0.00	7026.05
Medical Expenses				
(a) Managing Director	0.00		0.00	
(b) Staff & Officers	85.50	85.50	119.83	119.83
Contribution to Provident Fund		623.21		650.43
Staff Welfare Expenses		97.22		115.83
Total:		7820.23		7912.14



KARNATAKA STATE FINANCIAL CORPORATION

(Amount : ` in Lakh)

Schedule to the Accounts	Year Ended 31-03-2021		Year Ended 31-03-2020	
Schedule – N				
ADMINISTRATIVE EXPENSES				
Traveling Expenses:				
i) Managing Director	0.00		0.12	
ii) Staff & Officers	227.33	227.33	245.32	245.44
Sitting Fees to Directors		1.03		0.51
Rent, Taxes & Insurance		182.38		208.72
Postage, Telegrams & Telephones		28.84		35.75
Motor Car Expenses		67.26		72.05
Printing & Stationery		23.56		24.23
Publicity and Advertisement		7.67		5.81
Books, Periodicals & Newspapers		2.47		3.06
Repairs, Renewals and Maintenance		291.40		235.26
Bank charges & Commission		3.83		4.52
Audit fees		3.08		3.08
Legal charges		11.68		9.71
Professional and Consultancy charges		21.77		29.56
Board Meetings / Other Meeting/AGM expenses		5.76		6.10
Membership fees / Subscriptions for Institutions		0.87		0.60
Sponsorship Fees		1.14		1.74
Other Expenses		161.62		281.67
Total:		1041.69		1167.81



KARNATAKA STATE FINANCIAL CORPORATION

SCHEDULE - O

I NOTES & SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS FOR THE FINANCIAL YEAR 2020-21 :

- 1 a) Based on SIDBI's Master Circular No14/2011-2012 dated 02.09.2011, Circular No.05/2012-13 dated 16.01.2013, No. FI.04/2014-2015 dated 13.02.2015, No. FI.06/2015-16 dated 04-09-2015, Circular NO. FI.02/2016-17 dated 23.02.2017, Circular No FI 01/2019-20 dated 24-04-2019 and No 03/2020-21 dated 24-04-2020 regarding Prudential Norms on Income Recognition, Asset Classification and Provisioning, Loans and Advances have been classified as Performing and Non-performing assets and provisioning has been made as under: (Amount : ` in Lakh)

Sl. No.	Particulars	31-03-2021		31-03-2020	
		Loan O/s	Provision	Loan O/s	Provision
1	Standard	204739.80	3243.49	199676.80	2674.14
2	Sub Standard	7666.12	1149.91	6508.76	976.31
3	Doubtful I	6385.39	1596.35	7186.28	1796.57
4	Doubtful II	-	-	7453.32	7453.32
5	Doubtful III	-	-	--	--
	Sub Total	218791.31	5989.75	220825.16	12900.34
6	Provision for investments		191.41		201.52
7	Provision for others		335.01		162.29
	Total		6516.17		13264.15

Loans and advances classified as Doubtful-II and Doubtful-III have been Prudentially written off during the current year. In view of the foregoing no provision is made for Doubtful-II and Doubtful-III for the year ended 31st March 2021 (PY ` 7453.32 lakh, being 100% provision as against stipulated norms of 40% resulting in an additional provision of ` 4471.99 lakh). The overall provision coverage ratio works out to 50.34% (PY 58.54%) of NPA for the year ended 31st March 2021.

- b) As per RBI notification No DOR. No BP.BC.63/21-04-048/2019-20 dated 17-04-2020 and further notification dated 23rd May 2020 regarding COVID 19 regulatory package-Asset classification and provisioning, the Corporation has extended moratorium of five months on payment of all term loan installments and details are as under:
- Respective amount in SMA/Overdue categories, where the moratorium/ deferment was extended for loan amount of ` 220825.16 lakh
 - Respective amount where asset classification benefits was extended- ` 27918.37 lakh (PY ` 2932.42 lakh)
 - Provision made during the year for the restructured loans of ` 1395.92 lakh (PY ` 146.62lakh)



- c) No penal and compound interest has been charged during moratorium period.
- d) Prudential Write off of ₹ 12319.04 lakhs (PY ₹ 2762.86 lakh) representing loss assets has been effected in the books of accounts. Corresponding provision existing in the books in respect of these accounts of ₹ 12319.04 lakh (PY ₹ 2762.86 lakhs) made in the previous years has been written back and taken as income during the current year. The waiver of interest not realized in respect of Prudential write off is ₹ 6174.52 lakh (PY ₹ 2254.15 lakh).
- e) Classification of investments and provision is made thereof for diminution in the value have been made based on RBI/SIDBI guidelines as detailed below. The provision in respect of KITVIN Fund is made based on the valuation as on 31st March 2020, as latest valuations have not been received from the particular Funds.

(Amount : ₹ in Lakh)

Sl. No.	Particulars	Classification	Provision for diminution	
			Current Year	Previous Year
01	KITVEN Fund – 2	Held for maturity	Nil	Nil
02.	KITVEN Fund -3 (Bio-tech)	Held for maturity	26.20	21.29
03.	Preference Shares	Held for maturity	14.15	14.15
04	Equity Shares	Available for sale	146.06	161.08

KITVEN Fund 2 outstanding of ₹ 121.43 lakh as on 31.03.2021, comprising of 4 units of ₹ 25.00 lakh each and fraction of ₹ 21.43 lakh. KITVEN Fund-3 (Bio-tech) outstanding of ₹ 291.22 lakh comprising of 58 units of ₹ 5.00 lakh each and fraction of ₹ 1.22 lakh.

- 2) Additional provision of ₹ 2000.00 lakh was made during FY 2019-20 to cover risks due to COVID-19 Pandemic besides provisions as indicated in note 1(b) above. Further additional provision of ₹ 2000 lakh is made during the current year.
- 3) The outstanding loans and advances are shown net of provision for NPAs and at gross for standard assets as per schedule G. However, provision made towards Standard Assets is shown under the head 'Current Liabilities & Provisions'.
- 4) The Corporation has a system of calling for periodic confirmation from its borrowers in respect of loans and advances which have not been disputed by the borrowers.
- 5) Bank balances include cheques on hand of ₹ 579.24 lakh (net) (PY ₹ 98.85 lakh).
- 6) Contingent liabilities:
- Letters of credit issued ₹ 503.67 lakh (PY ₹ 182.28 lakh)
 - Claims by the customers and others not acknowledged by the Corporation –
There is a claim by M/s Oriental Bank Of Commerce (OBC) to the tune of ₹ 1558.92 lakh for the financial guarantee issued by the Corporation on behalf of M/s B L Industries Limited for ₹ 550.00 lakh. The Corporation paid the amount on behalf of the client after the bank guarantee was invoked by the OBC. Not satisfied with the payment, OBC made a further claim of ₹ 1558.92 lakh including interest up to 05-05-2016



and the Corporation filed an appeal in DRAT, Kolkatta. On 03-07-2017 DRAT Kolkatta disposed off the case upholding the appeal of the Corporation and held that no interest is payable by the Corporation. The OBC has filed an appeal before High Court of Andhra Pradesh/Telangana against the Order of DRAT, Kolkatta, which is pending.

- c) The total contingent liability against the Corporation including 6(b) above is ₹ 2014.16 lakh as on 31.03.2021 (PY ₹ 2013.15 lakh) which is not acknowledged as debt by the Corporation.

As a matter of prudence the Corporation has created 100% reserve on claims by the customers and others not acknowledged by the Corporation totaling to ₹ 2014.16 lakh (PY ₹ 2013.15 lakh)

- d) The interest amount payable on matured fixed deposits is subject to renewal by the depositors and the amount is not quantifiable.
- e) Claims of dismissed employees/VRS employees pending before Courts – Amount not quantifiable.
- f) Disputed service tax liabilities ₹ 1622.22 lakh (PY ₹ 1622.22 lakh).

7) Share Capital and Share Application Money :

The opening balance of share application money for the year 2020-21 was ₹ 31845.00 lakh. Further, a sum of ₹ 10000.00 lakh was given by the State Government towards equity during the year, which is added to share application money. With that total share application money was ₹ 41845.00 lakh. Out of this, a sum of ₹ 31845.00 lakh was converted into paid up capital during the year, leaving a share application money balance of ₹ 10000.00 lakh by the year end, the breakup of which is as below:

(Amount : ₹ in Lakh)

Amount received vide GO no FD 02 BFC 2020 dated 20.07.2020	5000.00
Amount received vide GO no FD 02 BFC 2020 dated 26.11.2020	5000.00
Total	10000.00

- 8) The Fixed Deposits include matured deposits pending renewal/repayment.
- 9) The deferred tax calculation results in a deferred tax asset, as a matter of prudence the corporation has decided not to recognize the same in the books as per Accounting Standard 22 issued by Institute of Chartered Accountants of India (ICAI).
- 10) The total gross investment in hire purchase and lease and the present value of minimum payments receivable at the balance sheet date is nil. Therefore, no disclosure is made as required under Accounting Standard 19 issued by Institute of Chartered Accountants of India (ICAI).
- 11) Contingency deposit of ₹ 126.16 lakh representing amount collected from lessees towards anticipated claims from Commercial Tax Department towards sales tax on lease rentals is carried as liability. Appeals were made by the corporation against the order of Commercial Tax Department for AY 1995-96, 1996-97, 2005-06 and 2006-07 which were decided in the favour of Corporation after adjusting arrears of ₹ 1.46 lakh and the refunds of ₹ 11.58 lakh and ₹ 37.80 lakh is due out of the ad-hoc payments of ₹ 84.45 lakh made by the Corporation.
- 12) The assessment for the financial year 2017-18 have been completed with the addition of ₹ 2311.38 lakh. The Corporation filed an appeal before the first appellate authorities and appeal is pending for disposal and Income Tax liability is NIL. The Corporation has paid advance Income Tax of ₹ 54.37 lakh and refund is due from Income Tax department.



Further Income Tax Return was filed disclosing business income of ₹ 1539.15 lakh and claimed refund of ₹ 217.19 lakh for the assessment year 2020-21.

13) Impairment of assets:

During the year there is no impairment of assets presently used by the corporation having any impact on the net profit of the Corporation for the year as contemplated by the Accounting Standard 28 (AS - 28)

14) Sundry Deposit of ₹ 4724.66 lakh (PY ₹ 3797.20 lakh) shown under current liabilities includes an amount of ₹ 75.32 lakh (PY ₹ 75.32 lakh) of State Subsidy carried forward.

15) Gratuity and Leave encashment liability:

- a) The gratuity liability as at the end of the year, as per actuarial valuation, is determined based on the maximum limit of ₹ 20.00 lakh per employee in accordance with the Government letter FD 40 BFC 2018 dated 23.04.2019. The total liability is ₹ 7847.29 lakh and the Corporation invested in funds a sum of ₹ 7161.50 lakh as given below: The incremental liability of ₹ 685.79 lakh for FY 2020-21 as per actuarial valuation has been fully provided for.

Disclosure as per AS 15 – Revised- Defined Benefit Plans-Gratuity

(Amount : ₹ in Lakh)

Change in benefit obligations	
Obligations at period beginning	7826.16
Service Cost	242.95
Interest on Defined benefit obligation	437.97
Benefits settled	-1149.95
Actuarial (gain)/loss	490.16
Obligations at period end	7847.29
Change in plan assets	
Plans assets at period beginning, at fair value	6445.95
Expected return on plan assets	396.29
Actuarial gain/(loss)	89.01
Contributions	1380.20
Benefits settled	-1149.95
Plans assets at period end, at fair value	7161.50
Funded Status	
Closing PBO	7847.29
Closing Fair value of plan assets	7161.50
Closing Funded status	685.79
Net asset/(Liability) recognized in balance sheet	(685.79)

Recognized in Profit and Loss Account for FY 2020-21 amounting to ₹ 685.79 lakh



b) Disclosure as per AS 15 - R - Defined Benefit Plans- Employees Leave Salary

(Amount : ` in Lakh)

Change in benefit obligations	
Obligations at period beginning	3179.85
Service Cost	145.78
Interest on Defined benefit obligation	167.41
Benefits settled	-816.21
Actuarial (gain)/loss	782.23
Obligations at period end	3459.06
Change in plan assets	
Plans assets at period beginning, at fair value	2598.69
Expected return on plan assets	155.82
Actuarial gain/(loss)	36.76
Contributions	351.74
Benefits settled	-389.52
Plans assets at period end, at fair value	2753.49
Funded Status	
Closing PBO	3459.06
Closing Fair value of plan assets	2753.49
Closing Funded status	705.57
Net asset/(Liability) recognized in balance sheet	(705.57)

Recognized in Profit & Loss Account for FY 2020-2021 amounting to ` 279.21 lakh.

16) Segment Reporting :

The Corporation's predominant risks and returns are from the segment of finance and finance related activities, which constitute the major revenue of the Corporation for reporting period. Since this being a single business segment, the segment information as per Accounting Standard 17 "Segment Reporting" is not disclosed.

17) Reporting under AS 29

(Amount : ` in Lakh)

Sl. No.	Nature of the provision	Opening Balance	Provision made during 2020 - 21	Provision adjusted during the year	Closing provision
1	Provision for gratuity	1380.20	685.79	1380.20	685.79
2	Provision for leave salary	3179.85	279.21	---	3459.06
3	Provision for NPA	13264.15	5571.06	12319.04	6516.17
	Total	17824.20	6536.06	13699.24	10661.02



- 18) An amount of ₹ 709.86 lakh (including accrued interest) which was received from sale of secured assets in respect of assisted units was contested and Hon'ble High Court of Karnataka has ordered restraining the Corporation from taking the possession of the property and directed to deposit the money in Fixed Deposit.

Further the Corporation has taken a policy decision to keep the amount in Fixed Deposit wherever such amounts received are under litigation. Accordingly, an amount of ₹ 451.57 lakh is deposited in the Bank. The above deposits aggregating to ₹ 1161.43 lakh are disclosed as other deposits under Current Assets [Schedule -I].

- 19) Previous year's figures are regrouped and rearranged wherever necessary to conform to current year's requirements.

SCHEDULE - O

II SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2020-21

1. Basis of Preparation of Financial Statements:

These financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated, and in accordance with the generally accepted accounting principles ("GAAP") in India and Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and conform to the statutory requirements prescribed under the State Financial Corporations' (SFCs) Act, 1951 circulars and guidelines issued by the Small Industries Development Bank of India (SIDBI).

2. Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

3. Revenue Recognition :

- i) Interest on Loans and Advances is accounted on accrual basis except interest on advances identified as Non Performing Assets (NPAs) as per the guidelines of SIDBI which is accounted on the basis of receipt of cash/cheques and realization thereof.
- ii) Investigation fees, up-front fees, etc are accounted on the basis of receipt.
- iii) Dividend income is accounted on declaration of dividend for the relevant year.
- iv) Interest on investments is accounted on accrual basis.
- v) Residual income is accounted on accrual basis.
- vi) GST collections are treated as liabilities and input credits and payments are adjusted against the liability.

4. Fixed Assets and Depreciation:

- i) Fixed Assets, including leased assets but excluding free and leasehold lands, buildings are accounted for on historical cost basis. However, the Corporation accounted free and leasehold lands and buildings acquired after the financial year 2007-08 at historic cost.
- ii) Free and leasehold land and buildings are stated at revalued amounts based on market value as on 31st March 2008 on the basis of technical evaluation and reduced by the amounts transferred to profit and loss account, each year.



iii) Costs directly incurred on acquisition /taken over assets are capitalized.

iv) Depreciation is provided on straight line method at the following rates :

1.	Building	-	4%
2.	Furniture & Fixtures	-	10%
3.	Fans & Electrical fittings, Internal Telephones and Equipments	-	15 %
4.	Motor car, Bicycles, Computer and Motor Cycles	-	20 %

v) Depreciation on additions made during the year is provided for the full year and in respect of sale / disposal no depreciation is provided in the year of sale / disposal.

vi) Revalued amounts in respect of buildings, including building on lease-hold land, are depreciated over the remaining useful life of the asset. Revalued amount in respect of land at No 1/1, Thimmaiah Road, Bangalore – 52 is amortised over the balance lease period, commencing from 2008-09.

vii) Depreciation on account of revaluation of assets is debited to profit and loss account with a corresponding withdrawal of amount from the Revaluation Reserve account from the year following the year of revaluation.

viii) Depreciation on all the leased assets is provided on straight – line method over the primary period of lease.

ix) Assets whose actual cost does not exceed ` 5,000 are fully depreciated in the year of purchase.

x) Depreciation on additions or extensions that become an integral part of the existing assets is provided over the remaining useful life of the asset.

5. Lease Accounting :

The guidance note on “Accounting for lease” issued by the Institute of Chartered Accountants of India (ICAI) has been adopted in respect of assets given on lease and the lease equalisation / terminal adjustment is provided on the basis of schedule of lease rentals due over the period of lease for lease transactions. Accounting Standard 19 issued by ICAI has been adopted in respect of assets given on lease and Hire Purchase.

6. Investments

Investments are classified as “Held for Maturity” and “Available for sale” category and provision for net diminution in the value of investment is made as per the guidelines issued by RBI/SIDBI.

7. Advances

Loans and Advances, including Hire Purchase Advances are classified as Standard, Sub-standard, Doubtful and Loss assets based on the prudential norms prescribed by SIDBI. Necessary provisioning required thereon has also been arrived at as per the SIDBI guidelines. Provisions have been netted off against loans and advances / other dues.



8. Appropriation of Repayments

- i. Loan receipts are appropriated as follows
 - a. Other debits / dues
 - b. Interest
 - c. Principal.
- ii. (A) Receipts in cases of appropriation of sale proceeds of financed assets taken over under Section 29 of the SFCs ACT 1951, are appropriated as follows:
 - a. Principal
 - b. Other debits / dues
 - c. Interest

(B) in respect of sale proceeds of other secured assets appropriation is done as per clause (i) above.
- iii. Appropriation in case of One time settlements (OTS) is based on the specific approvals.

9. Employee Benefits (AS 15)

- (i) Contributions to the employees' provident fund are recognized as an expense at the un-discounted amount in the profit and loss account of the year in which the related service is rendered.
- (ii) Post employment and other long term employee benefits viz., Contribution to Gratuity, Leave encashment etc, are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the profit and loss account.
- (iii) The compensation paid towards VRS expensed in the year of incidence.

10. Impairment of Assets (AS 28)

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

11. Borrowing costs (AS 16)

Borrowing costs that are attributable to the acquisition or construction of qualifying asset are capitalized as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other indirect costs are charged to revenue.



12. The Corporation follows the guidelines of Segment Reporting as required under AS 17 issued by ICAI.

13. Provisions for Current and Deferred Tax (AS 22)

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

14. Provision, Contingent Liabilities and Contingent Assets: (AS 29)

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

For Karnataka State Financial Corporation

Sd/-
V T Hegde
Dy. Gen. Manager (C)

Sd/-
Sharad G Naik
Executive Director-II

Sd/-
Dr. Ekroop Caur, IAS
Managing Director

Sd/-
I.S.N. Prasad, IAS
Chairman

Director
CA S. Ananthan

As per our Report of even date
For Patel Mohan Ramesh & Co.,
Chartered Accountants
Firm Registration No.002597S

Sd/-
(CA Harshad. S Patel)
Partner
Membership No.226842

Place : Bangalore
Date : 16-07-2021

Place : Bangalore
Date : 16-07-2021



ADDITIONAL DISCLOSURE AS PER SIDBI GUIDELINES

(A) CRAR :

(Amount : ₹ in Lakh)

Sl. No.	Particulars	31 - MAR - 2021	31 - MAR - 2020
1	CAPITAL		
2	Core capital	83225.33	68936.43
3	Supplementary capital	6811.86	6281.50
4	Total capital	90037.19	75217.93
5	Risk Weighted Assets(Net) (Rs. in lakh)	235063.10	239690.29
6	CRAR (%)		
7	Core CRAR	35.41	28.76
8	Supplementary CRAR	38.30	31.38

(B) SHARE HOLDING PATTERN AS ON 31-03-2021 :

Sl. No.	Category	No of Equity Shares	No of Special shares	Total No of Shares	% of holding
1	Government of Karnataka	74547233	1127500	75674733	95.14
2	Small Industries Development Bank of India	3210385	627500	3837885	4.83
3	Insurance Companies, investment trusts & other financial institutions	16100	--	16100	0.02
4	Public Sector Banks	7900	--	7900	0.01
5	Other parties	2465	---	2465	-
	Total	77784083	1755000	79539083	100.00

(C) ASSET QUALITY AND CREDIT CONCENTRATION :

- Percentage of net NPAs to net loans and advances : 5.09% (5.12%)
- Amount and percentage of net NPAs under the prescribed asset classification categories.

	Net NPAs (₹ in Lakh)	Percentage
Sub-standard assets	6188.60 (5377.57)	2.87 (2.56)
Doubtful assets	4789.04 (5389.71)	2.22 (2.56)
Total :	10977.64 (10767.28)	5.09 (5.12)

Figures in bracket indicate previous year's figures



(D) PARTICULARS OF ACCOUNTS RESTRUCTURED :

Standard advances restructured	No. of Borrowers	81 (65)
	Amount outstanding (₹ in lakh)	47164.59 (10359.87)
	Sacrifice (diminution in the fair value) ₹ in lakh)	176.66 (124.11)
Sub Standard advances restructured	No. of Borrowers	8 (2)
	Amount outstanding (₹ in lakh)	3712.54 (771.59)
	Sacrifice (diminution in the fair value)	26.77 (13.53)
Doubtful advances restructured	No. of Borrowers	22 (23)
	Amount outstanding (₹ in lakh)	2803.47 (1463.47)
	Sacrifice (diminution in the fair value) (₹ in lakh)	124.17 (17.24)
TOTAL	No. of Borrowers	111 (90)
	Amount outstanding (₹ in lakh)	53680.60 (12594.93)
	Sacrifice (diminution in the fair value) (₹ in lakh)	327.60 (154.88)

Figures in bracket indicate previous year's figures

Restructuring under CDR Mechanism & SME Debt Restructuring- Nil, PY- Nil

(E) AMOUNT OF PROVISIONS/WRITE OFF MADE DURING THE YEAR TOWARDS STANDARD ASSEST, NPAs, INVESTMENTS (OTHER THAN THOSE IN THE NATURE OF AN ADVANCE INCOME TAX)

(Amount : ₹ in Lakh)

Assets	Provisions / Write Off	
	2020 - 2021	2019 - 2020
Standard Assets	(569.35)	(1005.00)
NPAs	(5011.82)	(964.56)
Investments	10.11	(40.93)
Total	(5571.06)	(2010.49)

Note : Figures in brackets indicate the additional provision made towards NPAs and figures other than in bracket indicate the withdrawal of excess provision made.



(F) MOVEMENT IN NET NPAs :

(Amount : ` in Lakh)

Particulars	31-03-2021	31-03-2020
Opening balance	10767.28	11125.14
Add: Additions	8023.48	6013.22
Less : Recovery during the year	7813.12	6371.08
Closing balance	10977.64	10767.28

(G) CREDIT EXPOSURE AS PERCENTAGE TO CAPITAL FUNDS AND AS PERCENTAGE TO TOTAL ASSETS IN RESPECT OF :

Sl. No.	Assets	% to Capital Funds	% to Total Assets
1	The largest single borrower	0.96	0.36
2	The 10 largest single borrower	8.41	3.12

(H) SECTORWISE CREDIT EXPOSURE AS ON 31ST MARCH 2021 AS % TO LOAN ASSETS :

Sl. No.	Sector	% to Loan Assets
1	Manufacturing	70.48
2	Hospitality	18.06
3	CRE	6.77
4	Health	5.38
5	Other Services	4.90

(I) LIQUIDITY :

As on 31-03-2021

(Amount : ` in Lakh)

Items	Less than or equal to 1 year	More than 1 year & upto 3 years	More than 3 year & upto 5 years	More than 5 year & upto 7 years	More than 7 years	Total
Rupee assets	42729.19	92017.21	62882.75	19396.75	1765.42	218791.32
Rupee liabilities	22196.88	62449.76	39597.76	5889.56	0	130133.96
Surplus/(Deficit)	20532.31	29567.45	23284.99	13507.19	1765.42	88657.36
Cum Surplus/(Deficit)	20532.31	50099.76	73384.75	86891.94	88657.36	88657.36
% Surplus/(Deficit)	92.50	47.35	58.80	229.34	0	68.13



(J) OPERATING RESULTS :

		2020 - 2021	2019 - 2020
a)	Interest income as a % to average working funds	15.30	14.17
b)	Non- interest income as a % to average working funds	1.85	1.29
c)	Operating profit as a % to average working funds	2.04	2.10
d)	Return on average assets %	1.75	1.98
e)	Net profit per employee (` in Lakh)	6.36	4.18

(K) DETAILS OF GROSS ADVANCES, GROSS NPAs, NET ADVANCES AND NET NPAs :

(Amount : ` in Lakh)

Particulars		Amount
1	Standard Advances	204739.80
2	Gross NPAs*	14051.51
3	Gross Advances** (1+2)	218791.31
4	Gross NPAs as a percentage of Gross Advances (2/3)(in%)	6.42
5	Deductions	
	(i) Provisions held in the case of NPA Accounts as per asset classification (including additional Provisions for NPAs at higher than prescribed rates)	2746.27
	(ii) DICGC / ECGC claims received and held pending adjustment	–
	(iii) Part payment received and kept in Suspense Account or any other similar account	–
	(iv) Balance in Sundries Account (Interest Capitalization – Restructured Accounts), in respect of NPA Accounts	–
	(v) Floating Provisions	–
	(vi) Provisions in lieu of diminution in the fair value of restructured accounts classified as NPAs	150.94
	(vii) Provisions in lieu of diminution in the fair value of restructured accounts classified as standard assets	176.66
6	Net Advances (3-5)	215717.44
7	Net NPAs {2-5 (i + ii + iii + iv + v + vi)}	10977.64
8	Net NPAs as percentage of Net Advances (7/6) (in%)	5.09

* Principal dues of NPAs plus Funded Interest Term Loan (FITL) where the corresponding contra is parked in Sundries Account (Interest Capitalization – Restructured Accounts), in respect of NPA Accounts

** For the purpose of this Statement Gross Advances mean all outstanding loans and advances including advances for which refinance has been received but excluding rediscounted bills, and advances written off at Head Office level



KARNATAKA STATE FINANCIAL CORPORATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH 2021

(Amount : ` in Lakh)

Particulars	Year Ended 31-03-2021		Year Ended 31-03-2020	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit		4289.90		2482.12
ADD:				
DEPRECIATION	149.51		181.56	
BAD DEBTS WRITTEN OFF	12319.04		2762.86	
OTHER NON CASH EXPENSES				
1. NPA PROVISION	5571.06		2010.48	
2. PROVISION FOR GRATUITY & LEAVE ENCASHMENT	915.32		1691.17	
3. LOSS ON SALE OF INVESTMENT	0.00		0.00	
4. CONTINGENT RESERVE	1.01		655.20	
5. PROVISION FOR TAX	0.00		542.06	
6. TRANSFER TO 36(1)(viii) OF INCOME TAX ACT	0.00		813.07	
7. PROVISION FOR COVID 19 PANDEMIC	2000.00	20955.94	2000.00	10656.40
TOTAL		25245.84		13138.52
LESS:				
PROFIT ON SALE OF FIXED ASSETS (Net off loss on Sale)	3.71		4.51	
PROVISION FOR NPAS WITHDRAWN	12319.04		2762.86	
REVALUATION RESERVE ON FIXED ASSETS W/D	88.90	12411.65	88.90	2856.27
CASH FROM OPERATIONS		12834.19		10282.25
ADJUSTMENT FOR:				
INCREASE/(DECREASE) IN ADVANCES	(10285.20)		(28700.75)	
INCREASE/(DECREASE) IN BORROWINGS	(21700.00)		(21800.00)	
INCREASE/(DECREASE) IN OTHER DEPOSITS	0.00		(0.95)	
INCREASE/(DECREASE) IN OTHER BORROWINGS	(4318.95)		49452.15	
INCREASE/(DECREASE) IN OTHER ASSETS	891.11		(24.59)	

Contd....



Contd....

Particulars	Year Ended 31-03-2021		Year Ended 31-03-2020	
INCREASE/(DECREASE) IN OTHER LIABILITIES	(699.89)		(2667.82)	
INCREASE /(DECREASE) IN OTHER ASSETS- TAX	0.00	(36112.93)	(593.77)	(4335.73)
NET CASH FROM OPERATING ACTIVITIES		(23278.74)		5946.52
B. CASH FLOW FROM INVESTMENT ACTIVITIES				
PURCHASE OF INVESTMENTS	(252.54)		(495.40)	
PURCHASE OF FIXED ASSETS	(13.38)		(62.93)	
SALE OF FIXED ASSETS	3.71		4.51	
SALE OF INVESTMENTS	0.00	(262.21)	0.00	(553.82)
NET CASH FROM INVESTMENT ACTIVITIES		(262.21)		(553.82)
C. OTHER CASH FLOW FROM FINANCIAL ACTIVITIES				
DECREASE IN SHARE APPLICATION MONEY	0.00		0.00	
INCREASE IN SHARE APPLICATION MONEY	10000.00		10000.00	
OTHER NET CASH FLOWS (BONDS)	0.00	10000.00	0.00	10000.00
NET CASH FLOW FROM FINANCIAL ACTIVITIES		10000.00		10000.00
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		(13540.95)		15392.70
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		23006.77		7614.07
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		9465.82		23006.77

For Karnataka State Financial Corporation

Sd/-
V T Hegde
Dy. Gen. Manager (C)

Sd/-
Sharad G Naik
Executive Director-II

Sd/-
Dr. Ekroop Caur, IAS
Managing Director

Sd/-
I.S.N. Prasad, IAS
Chairman

Director
CA S. Ananthan

As per our Report of even date
For Patel Mohan Ramesh & Co.,
Chartered Accountants
Firm Registration No.002597S

Sd/-
(CA Harshad. S Patel)
Partner
Membership No.226842

Place : Bangalore
Date : 16-07-2021

Place : Bangalore
Date : 16-07-2021



Related party disclosures as specified in Para A of Schedule V of SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015.

Particulars	Outstanding amount at the year end	The maximum amount outstanding during the year.
Loans and advances in the nature of loans to subsidiaries by name and amount.	Nil	Nil
Loans and advances in the nature of loans to associates by name and amount.	Nil	Nil
Loans and advances in the nature of loans to firms / companies in which directors are interested by name and amount.	Nil	Nil
Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	Nil	Nil



KARNATAKA STATE FINANCIAL CORPORATION

BONDS OUTSTANDING POSITION AS ON 31-03-2021

(Amount : ` in Lakh)

Sl. No.	Series No.	ISIN	Description of bond	Redemption	Outstanding as on 31-03-2020	Bonds Issued	Bonds Redeemed	Outstanding as on 31-03-2021
1	9	INE549F08467	KSFC 8.39% Bonds 2020	Bullet Payment on 24-06-2020	12300.00	0.00	12300.00	0.00
2	10	INE549F08475	KSFC 8.60% Bonds 2022	Bullet Payment on 25-01-2022	10000.00	0.00	0.00	10000.00
3	13	INE549F08491	KSFC 9.49% Bonds 2023	Bullet Payment on 02-01-2023	10000.00	0.00	0.00	10000.00
4	14	INE549F08509	KSFC 9.24% Bonds 2024	50%, each on 18-10-2023 18-10-2024	20000.00	0.00	0.00	20000.00
5	15	INE549F08517	KSFC 9.08% Bonds 2025	25%, each on 04-02-2022 04-02-2023 04-02-2024 04-02-2025	20000.00	0.00	0.00	20000.00
6	16	INE549F08525	KSFC 9.19% Bonds 2024	30%,30%,40% on 01-09-2022 01-09-2023 01-09-2024	25000.00	0.00	0.00	25000.00
7	17	INE549F08533	KSFC 8.58% Bonds 2020	60%,40% on 26-12-2019 26-12-2020	9400.00	0.00	9400.00	0.00
				Total	106700.00	0.00	21700.00	85000.00



DEBENTURE TRUSTEE CONTACT DETAILS FOR KSFC PRIVATE PLACEMENT BOND ISSUES

1. Canara Bank

Debenture Trust Department
Executor, Trustee & Taxation Section,
Bangalore Stock Exchange towers
No 51, JC Road Bangalore-560 027
Tel: (080) 2222 9288/2223 3165, Fax: (080) 2223 3849
Email: hoett@canarabank.com

Bond description	KSFC 8.60% Bonds 2022	KSFC 9.49% Bonds 2023	KSFC 9.19% Bonds 2024
ISIN	INE 549F 08475	INE 549F 08491	INE549F 08525



2. SBI CAP Trustee Company Limited

Company Secretary,
SBICAP Trustee Company Limited
Mistry Bhavan, 4th Floor, No 122, Dinshaw Wachha Road,
Churchgate, Mumbai – 400 020
Tel No.: 022-43025518/022-4302 5500/022-4302 5566
Fax No.: 022-2204 0465
Email : helpdesk@sbicaptrustee.com

Bond description	KSFC 9.24% Bonds 2024	KSFC 9.08% Bonds 2025
ISIN	INE 549F08509	INE 549F08517



KARNATAKA STATE FINANCIAL CORPORATION

HEAD OFFICE : KSFC Bhavan, 1/1, Thimmaiah Road, Bengaluru - 560052

Phone : 080-2226 3322 / Fax : 080-2225 0126 / 2225 0136 e-mail : info@ksfc.in, Website : www.ksfc.karnataka.gov.in

Branch Offices : At all District Headquarters



BENGALURU CIRCLE (CIRCLE – I)

1	Jayanagar Branch Office No.14, 37th "A" Cross, I Main Road, Jayanagar 8 th Block BENGALURU – 560070 Ph No.080-26653446/7/8/9	5	Tumakuru Branch office Special Plot No.2 Industrial Estate, BH Road TUMAKURU – 572103 Ph No.0816 - 2280089
2	Central Branch Office II Floor, " KSFC Bhavana " No.1/1, Thimmaiah Road BENGALURU - 560052 Ph No.080-22265881	6	Kolar Branch Office CRS Complex, Near KSRTC Bus Stand, MB Road, KOLAR – 563101 Ph No.08152-224757/222661
3	Rajajinagar Branch Office No.197, 2nd Floor, West of Chord Road, Rajajinagar Ist Block BENGALURU - 560 086 Ph No. 080-23494628/23495821/2	7	Ramanagar Branch Office Khatha No. 642/2304/2085/1447-A/1447-B, Vidyanagar, Opposite to Zilla Panchayath Office RAMANAGAR - 562 159 Ph No. 27274401/02
4	Bengaluru Rural Branch Office, No. 197, 1st Floor, West of Chord Road Rajajinagar Ist Block, BENGALURU - 560 086 Ph No. 080 23197995/6	8	Chickballapur Branch office 'Yashodha Complex', Adjacent to State Bank of India No.271/1, IInd Floor, Shidlaghatta Bagilu, B B Road, CHICKBALLAPUR - 562 101 Ph No. 08156-270117

MYSURU CIRCLE (CIRCLE – II)

1	Udupi Branch Office 3rd Floor, Anantha Towers Court Road UDUPI – 576101 Ph No.0820-2524033	5	Madikeri Branch Office #L-8, Industrial Estate MADIKERI – 571201 Ph No.08272 – 228588/228143
2	Hassan Branch Office Race Course Road HASSAN – 573201 Ph No.08172-268703/265429	6	Chamarajanagar Branch Office SPS Complex, 1st Floor, Vaniyar Road CHAMARAJANAGAR – 571313 Ph No.08226-222150/222801
3	Chikkamagaluru Branch Office PB No.168, Near District Field Hosamane Extension Road CHIKKAMAGALURU – 577101 Ph No.08262 – 230447/234045	7	Mysuru Branch Office P-9/1, II Floor, Sahukar Chennaiah Road, Opp. Sri Krishnadhama, Saraswathipuram Mysuru – 560 009 Ph No. 0821- 2344930/2344531
4	Mangaluru Branch Office No. 330/50, 3rd Floor Somayaji House PB #750, Bunt's Hostel Road MANGALURU – 575003 Ph No.0824 – 2443051	8	Mandya Branch Office No.153/A, Near DC Office Opp. Mount Carmel Convent K R Road, Subhash Nagar MANDYA – 571401 Ph No.08232- 226744/226745



DHARWAD CIRCLE (CIRCLE – III)

1	Dharwad Branch Office Poona Bangalore Road Rayapur, DHARWAD – 580009 Ph No.0836- 2322235	5	Haveri Branch Office Neelana Goudra Complex Opp. LIC Office, PB Road HAVERI –581 110 Ph No.08375- 232362/233772.
2	Chitradurga Branch Office Behind Basaveshwara Theatre, Near I B CHITRADURGA – 577501 Ph No.08194-224410/224411	6	Bagalakote Branch Office Plot No.18-21, 6th Main Road, G Cross Sector No.24, Navanagara BAGALAKOTE –587 102 Ph No. 08354-235478
3	Gadag Branch office LL Building, Field Marshal K M Cariappa Circle, GADAG 582 101 Ph No.08372-220502/220541	7	Shivamogga Branch Office II Floor, Karnataka Sangha Building, B. H.Road, SHIVAMOGGA – 577201 Ph No. 08182-229236
4	Belagavi Branch Office 2nd & 3rd floor, Near Hotel Sanman Delux Compound, Lingaraju College Road BELAGAVI –590 001 Ph No.0831- 2427043/2426369	8	Karwar Branch Office 1st Floor, Raykar Manor Kaikini Road KARWAR –581 301 Ph No.08382-221006/221888

KALABURAGI CIRCLE (CIRCLE – IV)

1	Kalaburgi Branch Office No. 2-917/1, KSCA & RD Bank Building Opp: Hindi Prachara Sabha, Govt. Hospital Road KALABURGI - 585 105 Ph No. 08472-221407/222394	5	Bidar Branch Office 8-9-16, Rachamma Complex 1st floor, Bidar-Udgir Road, Near Jail BIDAR –585 401 Ph No.08482- 228236/226381
2	Vijapura Branch Office Near Ibrahimpur Railway Gate Basavana Bagewadi Road VIJAPURA – 586 101 Ph No.08352- 276102	6	Ballari Branch Office No.86/2 & 88/2, Hosapet Road Ward No.21, Near DIC BALLARI – 583102 Phone No.08392-242719/242105
3	Raichur Branch Office Plot No.7, MP No.1-1-53 Udayanagara, Station Road RAICHUR – 584 101 Ph No.08532-227028/232111	7	Yadgiri Branch Office No.5-5-105, Plot No.2 "Sameer Sadan" First Floor, Old Bus Stand Road YADGIRI – 585 202 Ph No. 08473-250375/250070
4	Koppal Branch Office No.37, 1st Floor, Opp DC Office, Hosapet Road KOPPAL-583 231 Ph No.08539-225004/225005	8	Davangere Branch Office 4. No. 1179/1, S Nijalingappa Layout, Near Ring Road, DAVANAGERE 577 004 Ph No.08192-226245/225049