



Press Release
KERALA STATE INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
June 19, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	450.00	ACUITE A Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	450.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of **‘ACUITE A’ (read as ACUITE A)** on the Rs. 450.00 Cr. bank facilities of KERALA STATE INDUSTRIAL DEVELOPMENT CORPORATION LIMITED (KSIDC). The outlook is **'Stable'**

Rationale for the rating

The rating reaffirmation factors in KSIDC's growth in AUM which stood at Rs. 1882.26 Cr. as on March 31, 2025 (Prov) from Rs. 1667.24 Cr. as on March 31, 2024 and healthy capitalization levels marked by net worth of Rs. 1348.24 Cr. as on March 31, 2025 (Prov) from Rs. 1225.13 Cr. as on March 31, 2024. The rating continues to factor in Government of Kerala's (GoK) support and KSIDC's strategic importance in the development of physical and social infrastructure required for industrial growth in the state. The rating factors in KSIDC's role as a nodal agency for foreign and domestic investments in Kerala. The rating also factors in the healthy PAT levels of KSIDC which stood at Rs. 58.26 Cr. in FY2025 (Prov) as compared to Rs. 71.83 Cr. in FY2024. KSIDC also have maintained significant cash reserves in the form of fixed deposits amounting to Rs. 115.00 Cr. in FY25 (Prov). The rating is however constrained with high levels of GNPA's of KSIDC. The corporation's GNPA as on March 31, 2025 (Prov) stood at 14.61 percent as compared to 12.50 percent as on March 31, 2024. KSIDC's ability to continue to demonstrate growth in loan assets while containing asset quality risks will be key credit monitorable.

About the company

KSIDC was incorporated in 1961, by Government of Kerala (GoK) with the objective of facilitating and financing medium to large scale industries in the State. KSIDC offers financial assistance and support to service sectors like tourism, star category hotels, resorts, hospitals, infrastructure projects etc. In addition to project financing, KSIDC is also involved in creation of infrastructure facilities and investment promotion activities in the State. At present, KSIDC has 3 Industrial Growth Centres and 2 industrial parks in various parts of the State. Government of Kerala has 100 per cent holding in KSIDC. The head office of the Corporation is at Thiruvananthapuram and the Branch office is operated at Cochin and Calicut. KSIDC provides services across all districts in Kerala. KSIDC is categorized as a Systemically Important Non-Deposit taking NBFC (NBFC-ND-SI) as per the norms of the RBI. Moreover, KSIDC falls under the Middle Layer NBFC category as per the Scale-Based Regulation (SBR) framework of RBI. The managing director of the company is Mr. Mir Mohammed Ali (IAS).

Unsupported Rating

ACUITE BB+/Stable

Analytical Approach

Acuité has considered a standalone approach while assessing the business and financial risk profile of KSIDC and has factored in financial, operational and managerial support it receives from Government of Kerala by virtue of being a state owned entity. The rating factors in the high degree of State Government holding in KSIDC along with the systemically important role played by the corporation in implementing the key financial and developmental objectives of the state.

Key Rating Drivers

Strength

Ownership and Support from Government of Kerala

KSIDC is a state owned corporation incorporated in 1961. The board of KSIDC includes representation from Government of Kerala (GoK). The Board of Directors comprises of bureaucrats appointed by the Government of

Kerala. This indicates a strong level of managerial support from the Government of Kerala.

KSIDC's funding profile is supported by the State Government's moral obligation to support the capitalisation levels both on an ongoing basis and in the event of distress. The Government of Kerala is a 100 percent stakeholder in the corporation as on March 31, 2025 and is expected to support the corporation given its systemic importance in the government's efforts to step up industrial and economic activity in the state. KSIDC's capitalisation levels remained adequate marked by Capital Adequacy Ratio (CAR) at 60.24 percent as March 31, 2025 (Prov).

KSIDC is a Nodal Agency for several policy initiatives by the State Government of Kerala and is responsible to implement the policies announced in the annual state budget. The corporation in the past has operationalised various policy initiatives by GoK such as Kerala State Entrepreneurship Development/Startup Mission and Women Entrepreneur Development Mission. KSIDC reported growth in its AUM which stood at Rs. 1882.26 Cr. as on Mar 31, 2025 (Prov) as compared to Rs. 1667.24 Cr. as on March 31, 2024. The growth in AUM of KSIDC has been as a result of the Corporation's approach towards diversifying the loan portfolio as well as enlarging the clientele base. The earning profile albeit declining in FY25 remains to be healthy as KSIDC has registered a PAT of Rs 58.26 Cr. in FY25 (Prov). The support from GoK is critical to the rating and therefore the credit profile of the state is of key importance.

Acuité believes that KSIDC will continue to benefit from strong financial and managerial support from the State Government on an ongoing basis over the medium term.

Weakness

Weak asset quality, albeit improving

KSIDC's loan portfolio is concentrated towards the hospitality and the manufacturing segment which exposes KSIDC's performance to risks associated with the said sectors. The asset quality of KSIDC remains weak as reflected in elevated Gross NPA of 14.61 percent as on March 31, 2025 (Prov.) which declined from 12.50 percent as on March 31, 2024. This is mainly due to operating challenges in these segments which has impacted the cash flows of the borrowers. KSIDC has done provisioning against NPAs as the Net NPA stood at 4.96% as on March 31, 2025 (Prov.) as against 2.70% on March 31, 2024. While the asset quality continues to be weak, the Return on Average Assets (RoAA) declined to 2.94 percent in FY2025 (Prov.) as against 4.18 percent in FY2024. The corporation is also taking efforts to reduce the NPA levels by offering one time settlement to the delinquent borrowers. Additionally, the corporation is focusing on improving collection and recovery mechanism. Acuité believes the ability of the corporation to control slippages and increase the loan portfolio will be one of the key rating drivers.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the "CE" suffix)

KSIDC has been supported by Government of Kerala (GOKE) through 100 percent holding and regular support in the form of timely disbursements of subsidies, grants and guarantees including in stress scenarios.

Rating Sensitivity

- Credit profile of Government of Kerala (GoK) and timely support to KSIDC
- Improvement in asset quality along with a sustainable growth in the lending portfolio

Liquidity Position

Adequate

The company had a gearing level of 0.24 times as on March 31, 2025 (Prov). As on March 31, 2025 (Prov), the total borrowings stood at ~Rs. 327.21 Cr. and cash and bank balances stood at ~Rs. 122.06 Cr. The networth during the same period stood at Rs. 1348.24 Cr. There were no negative cumulative balances in any bucket as per the ALM statement, submitted by KSIDC, as on March 31, 2025 (Prov).

Outlook:

Stable

Other Factors affecting Rating

None

Key Financials - Standalone / Originator

Particulars	Unit	FY25 (Provisional)	FY24 (Actual)
Total Assets	Rs. Cr.	2037.93	1929.93
Total Income*	Rs. Cr.	95.78	111.91
PAT	Rs. Cr.	58.26	71.83
Net Worth	Rs. Cr.	1348.24	1225.13

Return on Average Assets (RoAA)	(%)	2.94	4.18
Return on Average Net Worth (RoNW)	(%)	4.53	6.62
Total Debt/Tangible Net worth (Gearing)	Times	0.24	0.31
Gross NPA	(%)	14.61	12.50
Net NPA	(%)	4.96	2.70

*Total income equals to Total Income net off interest expense

Status of non-cooperation with previous CRA (if applicable):

Not Applicable

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>
- State Government Ratings : <https://www.acuite.in/view-rating-criteria-26.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
22 Mar 2024	Term Loan	Long Term	187.00	ACUITE A	Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	63.00	ACUITE A	Stable (Reaffirmed)
	Term Loan	Long Term	200.00	ACUITE A	Stable (Assigned)
26 Dec 2022	Term Loan	Long Term	250.00	ACUITE A	Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	123.00	Simple	ACUITE A Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2031	182.50	Simple	ACUITE A Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Aug 2028	134.50	Simple	ACUITE A Stable Reaffirmed

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No	Name of the companies
1	KERALA STATE INDUSTRIAL DEVELOPMENT CORPORATION LIMITED
2	Government of Kerala (GoKe)

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About Acuité Ratings & Research

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