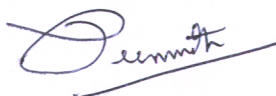
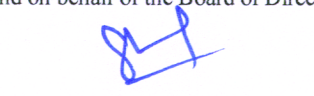


KERALA FINANCIAL CORPORATION				
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED				
	Particulars	Note No.	31.03.2022	31.03.2021
			Audited	Audited
			Amt in Lakh	Amt in Lakh
A	Continuing Operations			
1	Revenue from Operations	15	49,265.99	46,645.68
2	Other Income	16	2,550.82	2,448.62
3	Total revenue		51,816.81	49,094.29
4	Operating Expenses			
	(a) Interest expenses	17	28,627.64	29,713.02
	(b) Employee benefits expenses	18	3,199.90	3,418.09
	(c) Administrative Expenses	19	454.36	394.28
	(d) Depreciation and amortisation expense		213.76	283.12
	(e) Bad debts written off		10,138.99	12,384.67
	Total expenditure		42,634.65	46,193.18
5	Operating Profit before exceptional and extraordinary items and tax		9,182.16	2,901.11
6	Operating Profit After exceptional and extraordinary items		9,182.16	2,901.11
7	Less: Provision for Bad and Doubtful debts / Other assets		5,681.10	1,618.13
8	Profit before tax		3,501.07	1,282.98
9	Tax expense:			
	Less: Current tax expense - (a) Provision for Income Tax		2,272.41	1,039.17
	(b) Provision for Deferred Tax		(91.15)	-414.11
10	Net Profit after tax for the period		1,319.80	657.93
11	Earnings per share (Equity shares of Rs 100/- each):			
	(a) Basic		3.26	2.04
	(b) Diluted		3.26	1.54
C	Profit and loss appropriation			
	Balance in Profit & Loss A/c b/f		13,127.07	12,669.62
	Net Profit for the year		1,319.80	657.93
	Total profit available for appropriation		14,446.87	13,327.54
	Add: Prior Period Income			
	Less: Income TDS of previous years Written off		238.81	-
	Add: Income Tax provision written back		310.05	-
	Total		14,518.11	13,327.54
	Less: Appropriations			
	Proposed Dividend		106.63	-
	Transfer to Spl. Reserve u/s 35(A) of SFCs Act, 1951		0.53	
	Transfer to Reserve u/s 36 (1) (viii)		505.39	200.47
	Balance Profit after appropriations		13,906.10	13,127.07
	Balance Profit carried to Balance sheet		13,906.10	13,127.07

For and on behalf of the Board of Directors


Soya.K
Financial Controller


Premnath Ravindranath
Executive Director

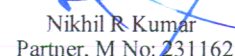

Sanjay Kaul IAS
Chairman & Managing Director

CA SOYA. K
Financial Controller
Kerala Financial Corporation
Thiruvananthapuram

Place: Thiruvananthapuram
Date: 26.05.2022

PREMNATH RAVINDRANATH
Executive Director
Kerala Financial Corporation
Thiruvananthapuram

Sanjay Kaul IAS
As per our report of even date
For Krishnan Retna & Associates
Chartered Accountants
Firm Reg No: 0015368

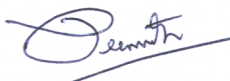

Nikhil R. Kumar
Partner, M No: 231162


KRISHNAN RETNA & ASSOCIATES
CHARTERED ACCOUNTANTS
THIRUVANANTHAPURAM

KERALA FINANCIAL CORPORATION				
Balance Sheet as at 31.03.2022				
	Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
			Audited	Audited
			Amt in Lakh	Amt in Lakh
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	42,650.43	42,650.43
	(b) Reserves and surplus	2	26,394.35	25,184.33
	(c) Money received against share capital		0.00	0.00
2	Non-current liabilities			
	(a) Long-term borrowings	3	2,87,855.50	3,23,732.31
	(b) Other non current liabilities	4	963.16	1,008.85
	(c) Long-term provisions	5	17,319.69	13,869.06
3	Current liabilities			
	(a) Short-term borrowings	6	1,43,031.21	1,03,185.71
	(b) Other current liabilities	7	45,815.80	19,082.74
	(c) Short-term provisions	8	2,378.51	5,465.54
	TOTAL		5,66,408.63	5,34,178.97
B	ASSETS			
1	Non-current assets			
	(a) Property, Plant and Equipment and Intangible Assets			
	(i) Property, Plant and Equipment	9	577.33	634.14
	(ii) Intangible Assets	9	157.04	260.09
	(b) Non-current investments	10	6,045.10	8,376.72
	(c) Other non-current assets	11	3,41,623.77	3,31,761.19
	(d) Deferred Tax Assets (net)		182.26	91.11
2	Current assets			
	(a) Current investments	12	23,970.22	26,822.07
	(b) Cash and cash equivalents	13	10,164.19	10,076.58
	(c) Other current assets	14	1,83,688.72	1,56,157.07
3	Significant Accounting policies and Notes to Accounts	20		
	TOTAL		5,66,408.63	5,34,178.97

For and on behalf of the Board of Directors


Soya.K
Financial Controller
CA SOYA. K
Financial Controller
Kerala Financial Corporation
Thiruvananthapuram

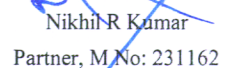

Premnath Ravindranath
Executive Director


Sanjay Kaul IAS
Chairman & Managing Director
Sanjay Kaul IAS
Chairman & Managing Director
Kerala Financial Corporation
As per our report of even date
For Krishnan Retna & Associates
Chartered Accountants
Firm Reg No: 001536S



PREMNATH RAVINDRANATH
Executive Director
Kerala Financial Corporation
Thiruvananthapuram



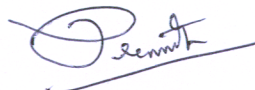

Nikhil R Kumar
Partner, M No: 231162

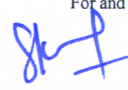
Place: Thiruvananthapuram
Date: 26.05.2022

**KERALA FINANCIAL CORPORATION
CASH FLOW STATEMENT**

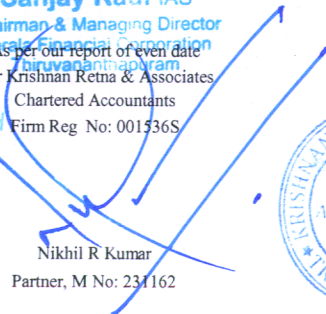
FOR THE PERIOD	For the year ended 31.03.2022	For the Year ended 31.03.2021
	Amt in Lakh	Amt in Lakh
	Audited	Audited
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxes	3,501.07	1,282.98
Dividend Received	-	-
Interest received on Fixed Deposits	(1,923.10)	(2,083.65)
Depreciation on fixed assets	213.76	283.12
Provision for Non Performing Assets/Other Assets	5,681.10	1,618.13
Share Issue Expenses	-	1.02
Premium on Forward Contract	(74.93)	(297.67)
Interest and other costs of Non-SLR Bond	7,174.07	9,690.24
Adjustment for changes in operating assets and liabilities		
Increase in Loans and Advances	(9,732.78)	(1,26,922.46)
Increase in borrowings from Banks	21,998.68	1,34,802.16
Decrease in Other Non-Current assets	5,863.95	39,599.90
Decrease in Other Current assets	(25,797.65)	(51,439.88)
Increase in Current liabilities	21,471.47	13,715.03
Increase in Other Non Current Liabilities	(284.49)	129.35
Less: Income tax paid	(1,734.00)	(700.00)
Net cash from operating activities	26,357.14	19,678.27
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(54.62)	(154.20)
Sale of Fixed Assets	0.72	4.16
Investment in KIFM Ltd	-	(1.02)
Dividend Received	-	-
Net cash used in investing activities	(53.90)	(151.05)
CASH FLOW FROM FINANCING ACTIVITIES		
Money received against Share Capital	-	9,000.00
Share Issue Expenses	-	(1.02)
Issue of Non SLR Bond	-	25,000.00
Redemption of Non-SLR Bond	(18,030.00)	(35,682.50)
Interest and other costs of Non-SLR Bond	(7,174.07)	(9,690.24)
Interest Received on Fixed Deposits	1,923.10	2,083.65
Net Investment in NCD	(5,993.74)	(5,993.74)
Proceeds from NCD	101.14	709.09
Net Deposit with Banks	2,851.85	(12,251.54)
Dividend and Dividend Tax paid	106.09	-
Net cash used in financing activities	(26,215.63)	(26,826.30)
Net increase in cash and cash equivalents	87.61	(7,299.09)
Cash and cash equivalents at the beginning of the year	10,076.58	17,375.67
Cash and cash equivalents at the end of the year	10,164.19	10,076.58


Soya.K
Financial Controller


Premnath Ravindranath
Executive Director

For and on behalf of the Board of Directors

Sanjay Kaul IAS
Chairman & Managing Director
Sanjay Kaul IAS
Chairman & Managing Director
As per our report of even date
For Krishnan Retna & Associates
Chartered Accountants
Firm Reg No: 001536S

PREMNATH RAVINDRANATH
Executive Director
Kerala Financial Corporation
Thiruvananthapuram


Nikhil R Kumar
Partner, M No: 231162



CA SOYA. K
Financial Controller
Kerala Financial Corporation
Thiruvananthapuram

Place: Thiruvananthapuram
Date: 26.05.2022



NOTES TO ACCOUNTS

1 Share Capital

The State Government vide GO(Ms) No.215/2019/Fin dated 10.06.2019 accorded sanction to enhance the Authorized share capital of the Corporation from Rs.35000 Lakh to Rs.50000 Lakh without diluting Government shares below 74%. Consequently the Authorized capital of the Corporation is Rs.50000 Lakh and the paid up capital is Rs.42650.43 Lakh.

a) The details of shareholders holding more than 5% shares as on 31.03.2022 are as under:

Name of the Shareholders	As at 31.03.2022		As at 31.03.2021	
	No. of shares in Lakh	% to total shares	No. of shares in Lakh	% to total shares
Government of Kerala	420.27	98.54	420.27	98.54

b) The shares held by the promoters as on 31.03.2022 is given below in compliance with Schedule III requirements.

Shares held by promoters at the end of the year				% Change during the year
Sl.No	Promoter Name	No. of shares in Lakh	% of total shares	
1	Government of Kerala	420.27	98.538	Nil
2	SIDBI	6.13	1.438	Nil
3	LIC	0.07	0.017	Nil
4	SBI	0.02	0.005	Nil
5	Others	0.01	0.002	Nil
	Total	426.50	100	

c) Earnings per share

		Rs in Lakh	
Calculation of EPS		31.03.2022	31.03.2021
a. Net profit including prior period items and extraordinary items after deducting current tax expenses (in Rupees)		1,391.04	657.93
b. Number of Equity Shares outstanding (face value of Rs.100/- each)		426.50	426.50
Basic earnings per share (a) / (b)		3.26	1.54
c. Number of Equity Shares outstanding (face value of Rs.100/- each)		426.50	426.50
Diluted Earnings per share (a) / (c)		3.26	1.54

2 Asset Classification and provisioning

1) Classification of Loans and Advances & Borrowings

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

Rs in Lakh			
Classification	Due within 1 year	Above year	Total
Loans & Advances	136115.82	338955.59	475071.41
a) Bills purchased and discounted	10648.16	-	10648.16
b) Term Loans	125467.66	338955.59	464423.25
Borrowings	122602.08	308284.63	430886.71



The asset category wise classification of loans and advances and provisioning is as below.

Rs in Lakh

Asset category	2021-22			2020-21		
	No	Loan Outstanding	Provision	No	Loan Outstanding	Provision
Standard	5596	459539.96	7665.37	5819	445560.5	3936.65
Sub Standard	644	15531.44	9654.32	166	16552.05	9,932.42
Total	6240	475071.40	17319.69	5985	462112.5	13,869.07
Gross NPA		15531.44	3.27%		16,552.05	3.58%
Net NPA		5877.12	1.28%		6,619.64	1.48%

2. Loans and Advances restructured

The general recessionary trends coupled with frequent lockdowns during the Covid-19 pandemic period affected the income generation and debt servicing of the customers of the Corporation. Sectors like Tourism, Commercial Real Estate etc were affected badly. The Corporation has extended relief measures like rehabilitation / reschedulement/ restructuring to borrowers eligible as per the Loan Monitoring Guidance Note (LMGN) approved by the Board. As per LMGN all loan assets in Standard, Substandard and Doubtful category are eligible for restructuring. Only Loss assets / No asset cases are not eligible.

Consequent to the outbreak of the COVID-19 pandemic, including the 'second wave' and third wave, lock down measures were enforced by the authorities at various levels from time to time which has affected the economic activity in the State and consequently, the operations of the Corporation as well.

The Corporation restructured 824 loan accounts as per RBI guidelines and classified under Standard category as follows. Additional provision of 5%/10% (minimum norms) amounting to Rs.6049.86 Lakh is kept in respect of these accounts as below.

The Board of the Corporation at its meeting held on June 15,2021 decided to implement the resolution plan under Resolution framework for Covid-19 related stress as per RBI Circular dated May 5, 2021 (Resolution framework 2.0) for eligible units. Accordingly 694 loan accounts amounting to Rs.51235.53 Lakh have been restructured as per RBI guidelines and classified under Standard category. Additional provision of 10% (minimum norms) amounting to Rs.5123.55Lakh has been made on these loans.

Further in accordance with the COVID 19 pandemic resolution framework prescribed by RBI for Micro, Small and Medium (MSME) sector vide Circular no. DOR.No.BP.BC /4/21.04.048/2020-21 dated August 6, 2020, the Corporation had restructured 130 loan accounts amounting to Rs.18526.19Lakh and classified under Standard category. Additional provision of 5% amounting to Rs.926.31 Lakh has been made on these loans.

Other than loans restructured on account of relief measures announced by RBI, the corporation has restructured 51 loan accounts amounting to Rs.4101.19 Lakh and are classified under Substandard category. Provisioning has been made at 62% amounting to Rs.2542.74 Lakh on these loan accounts. During the year there was no diminution in the fair value of restructured advances.

3) Bad debts Written Off

During the year the corporation has written off 72 loan accounts amounting to Rs.9959.09 Lakh as Bad Debts (technical write off to maintain asset quality) (262 accounts amounting to Rs.12139.55 Lakh written off during FY 2020-21). Further Rs.179.90 Lakh (Rs.245.12 Lakh during FY 20-21) were also written off and included in the Bad debts written off amount stated in the P&L Account. Thus the total write off during the year is Rs.10138.99Lakh (Rs. 12384.67 Lakh in FY20-21). Constructive steps have been initiated for the recovery of these accounts and the amounts as and when recovered will be treated as revenue. Rs.9243.54 Lakh have been received as recovery from loans technically written off in earlier years (Rs.5600.93 Lakh during FY 2020-21).

4) Provisioning

The corporation has provided 0.25% for SME sector, 0.40% for Medium sector and 1% for CRE sector and thus provision made is in line with the minimum prescribed by the RBI / SIDBI guidelines for standard advances. For non performing assets, a judicious provision of 62% (60% in FY 2020-21) is made for all Substandard advances including secured portion of loans covered under CGTMSE. For the unsecured and uncovered portion of loans under CGTMSE, 100% provision is made. The total PCR works out to 76.94% as on 31st March 2022 (76.93% as on 31st March 2021) as per the RBI circular DBOD.No.BP.BC. 64 /21.04.048/2009-10 dated December 1, 2009 and Circular no. DBOD.No.BP.BC. 87 /21.04.048 /2010-11 dated April 21, 2011.

If the minimum provision required as per the RBI norms is made, the provision needed is only Rs.10050.61 Lakh, whereas the Corporation has provided an additional provision of Rs.7269.07 Lakh over and above the minimum RBI stipulated norms amounting to Rs.17319.69 Lakh.



a) The corporation has provided Rs.1615.51 Lakh for all standard advances which is the minimum provision required as per the RBI / SIDBI guidelines.

b) The Corporation has prudently made additional provision of 5%/10% (minimum norms) amounting to Rs.6049.86Lakh in respect of 824 loan accounts which are restructured as per RBI guidelines and classified under Standard category as mentioned in Note 2.2 (2) above.

c) The provision made in respect of Sub standard category advances is Rs.9654.32 Lakh. During the year, all the doubtful advances amounting to Rs.9959.09 Lakh are technically written off and charged to revenue to maintain asset quality.

The total provision available during the FY was Rs.13869.06 Lakh and additional provision of Rs.3450.62 Lakh is made during this FY. The Operating profit before technical write off is Rs.19321.16 Lakh (Rs. 15285.79 Lakh during PY). The Operating profit after write off is Rs.9182.16 Lakh (Rs. 2901.12 Lakh during PY) and Net profit is Rs.1319.80 Lakh (Rs. 657.93 Lakh during PY). The Gross NPA and Net NPA as on March 31,2022 are 3.27% and 1.28% respectively as against 3.58% and 1.48% as on March 31,2021.

5) Divergence in Asset Classification and Provisioning for NPAs

With reference to RBI circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017, the divergence in asset classification and provisioning for NPAs for FY 2020-21 is given below.

(Rs in Lakh)

Sl No.	Particulars	Amount
1.	Gross NPAs as on March 31, 2021 as reported by the Corporation	16552.05
2.	Gross NPAs as on March 31, 2021 as assessed by RBI/ SIDBI	16552.05
3.	Divergence in Gross NPAs (2-1)	Nil
4.	Net NPAs as on March 31, 2021 as reported by the Corporation	6619.64
5.	Net NPAs as on March 31, 2021 as assessed by RBI/ SIDBI	6619.64
6.	Divergence in Net NPAs (5-4)	Nil
7.	Provisions for NPAs as on March 31, 2021 as reported by Corporation	13869.06
8.	Provisions for NPAs as on March 31, 2021 as assessed by RBI/ SIDBI	13869.06
9.	Divergence in provisioning (8-7)	Nil
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 2021	657.93
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2021 after taking into account the divergence in provisioning	657.93

6) Assets taken over under Section 29

During the year, 9 units having principal outstanding of Rs. 2110.36 Lakh were taken over u/S 29 of SFC Act, 1951. Subsequently 4 units were released to the promoters under custodial agreement and 6 units settled (including 2 units released) during the year 2021-22.

7) Recovery under Adalath Schemes

The outbreak of Covid -19 pandemic had adversely affected the recovery of the Corporation. The Board of the Corporation at its meeting held on 12.08.2021 decided to conduct Covid Special Loan Settlement Adalat 2021 during September 2021 in order to reduce NPA and also to get maximum recovery from written off accounts. Total 300 applications were received. The Task Force Committee approved 275 cases and rejected 25 cases which were below norms. Out of 275 approved cases, 130 cases were settled and the total amount received for the year ending 31.03.2022 was Rs 8412.53 Lakh.

3 Projects with Subsidies

a) KSEDMD

KSEDMD scheme was launched by Government of Kerala with KFC as the nodal agency to support young entrepreneurs in setting up new enterprises. The maximum eligible loan amount under this scheme was Rs.20 Lakh without any interest with a repayment period of 5years. The scheme was in operation from 2011 to 2017. The Corporation had received Rs.6211.03 Lakh from Govt. of Kerala for meeting the interest / expenses in connection with KSEDMD till FY 21-22. Rs.6228.91 Lakh has been spent till 31.03.2022 for the KSEDMD project. As on 31.03.2022, Rs.17.88 Lakh is receivable from the government and is shown under the head KSEDMD Interest receivable under Other Current assets. The Corporation has taken up with Government for providing the funds to meet the interest receivable and it is expected that the funds will be received during the FY 2022-23.

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

i. CMEDP – Edition I

The scarcity of capital and inadequate availability of credit facilities are the major problems confronted by small entrepreneurs. Under the above backdrop, Govt. of Kerala has launched a special scheme called Chief



Minister's Entrepreneurship Development Programme (CMEDP). The Corporation is the nodal agency for the scheme. The scheme envisages a maximum loan amount of Rs. 50 Lakh with a repayment period upto 5 years at an interest rate of 7%, where 3% interest subvention is provided by Govt. of Kerala. During the year, the Corporation sanctioned assistance worth Rs. 1020.19 Lakh to 67 units and disbursed Rs. 734.12 Lakh to 58 units under this scheme. The CMEDP Edition I was withdrawn from November 2021 with the introduction of CMEDP Edition II.

ii. CMEDP – Edition II

The existing 'CM's Entrepreneurship Development Programme' was revised to assist 500 MSME units every year and the loan amount was increased from Rs.50 lakh to Rs.100 lakh and the interest rate was reduced from 7% to 5%. During the year, the Corporation has sanctioned assistance worth Rs. 11308 Lakh to 224 units and disbursed Rs. 3996.66 Lakh under this scheme.

b) NORKA (NDPREM) scheme

NORKA ROOTS has formulated 'Norka Department Project for Rehabilitation of Return Emigrants' (NDPREM) Scheme' for returned immigrants. They will be eligible for Capital subsidy of 15% of project cost and interest subvention of 3% by NORKA Roots. During the year, the Corporation disbursed Rs.266.82 Lakh to 54 units under this scheme. The Corporation has received a capital subsidy of Rs 137.01 lakh from NORKA Roots during the year.

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

The Corporation started a new scheme named 'Startup Kerala' to assist Startups during all stages of their growth starting from Productization/ Commercialization/ Scaling Up to Venture Debt. The maximum assistance is Rs.25 lakh for productization, up to Rs.50 lakh for commercialization and up to Rs.100 lakh for Scaling up, subject to 90% of the project cost at each stage. The Loans are provided at an interest rate of 5.6%. Further, there are provisions for easy finance for executing Purchase Orders, discounting Bills and also for availing Venture Debt funding up to Rs.1000 lakh. During the year, the Corporation sanctioned Rs. 2760.40 lakhs to 26 startups.

4 Investments

Out of the investments of Rs. 126.44 Lakh, provision for diminution in value of investments of Rs.74.38 Lakh have been provided for investments other than KITCO, Kerala Infrastructure Fund Management Ltd and India SME Asset Reconstruction Co., being the value of investment in respect of companies under liquidation. The Corporation has decided to divest the stake in India SME Asset Reconstruction Co at Rs.9.80 per share to Dhansamridhi Finance Pvt Ltd as per the divestment proposal putforth by SIDBI. Hence provision of Rs.0.70 Lakh is made for the investment in India SME Asset Reconstruction Co. For KITCO and Kerala Infrastructure Fund Management Ltd, the Corporation have valued the shares on the basis of latest available financial statements and found that the values are above book value.

The Corporation had invested Rs.6080 Lakh in April 2018 in Secured Redeemable NCDs as part of compliance of Non SLR Bond Issue Series 2018. However due to the crisis in NBFC sector, the corporation has not received the interest due in NCD after 30th March 2020. Hence as a prudent measure the Corporation had made a provision of 25% of the value of Investment from FY 2019-20 onwards. The Corporation received Rs.101.14 Lakh during the FY as part of prorata distribution of funds by the Company which has been reduced from the invested amount and 100% provision is made for the balance principal amount since the principal is due from April 2022 onwards.

5 Income Tax Assessments

Income tax return is filed up to Assessment year 2021-22. Assessment have been completed up to Assessment year 2019-20. Appeals filed by the Corporation are pending before Commissioner (Appeals) for the Assessment years 2009-10, 2012-13, 2013-14, 2014-15, 2016-17, 2018-19 and 2019-20. Appeals filed by the Department for the Assessment years 1999-2000 and 2002-03 before Income tax Appellate Tribunal have been remanded to Commissioner (Appeals).

6 Deferred Tax Liabilities

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

Particulars	Rs. in Lakh		
	As on 31.03.2021	For the FY 2021- 22	As on 31.03.2022
On Depreciation	49.07	4.74	53.81
On income not received	-988.82	-154.77	-1143.59
On outstanding expenses	1030.87	241.17	1272.04
	91.12	91.14	182.26



7 Goods and Service Tax

Service tax -

Service Tax was replaced by GST from July 2017. Litigations under Service Tax regime was settled through Sabka Vishwas Legacy Dispute Resolution Scheme (SVLDRS) except for OIO No.03/2018-19 dated 22.05.2018 and OIO No.09/ST(DC)/DIV/2021-22 dated 28.07.2021 with a demand of Rs.129.69 Lakh and Rs.61.06 Lakh respectively in the matter of taxability and availment of Input tax credit of Guarantee Commission paid to Government and taxability of reimbursement of salary and establishment cost to RR staff deputed to the Corporation. The matter is pending for decision with Commissioner (Appeals) for further orders.

Goods and Service Tax

Goods and Service Tax – GST was implemented all over the country w.e.f 01.07.2017. All the indirect tax registrations of Branch offices and Head Office are brought under one common registration under GST and is managed centrally from Head Office. The Annual Returns under GST regime, GSTR 9 and GSTR 9C are filed till FY 2020-21.

8 Related Party Disclosures as per AS 18

A. List of Related Parties

- Holding Company - NIL
- Subsidiary Companies - NIL
- Key Management Personnel – Sri Sanjay Kaul IAS , Chairman and Managing Director (from 01.06.2021 till date), Sri Tomin J Thachankary IPS, Chairman and Managing Director (from 07.09.2020 to 31.05.2021)

B. Related party Transactions

The total remuneration paid to Sri Tomin J Thachankary IPS, Chairman and Managing Director during the financial year 2021-22 (for the period 01.04.2021 to 31.05.2021) is Rs.5.67 Lakh.

9 Impairment of Assets

The fixed assets are carried at written down value (WDV) consistently using appropriate depreciation rates. All other operating assets are carried at current / transaction value. In accordance with AS 28 – Impairment of Assets, an annual assessment was made on 31.03.2022, as to whether there is any indication that an asset or a class of assets is 'impaired' and since there were no incidences of such impairment indicators, no provision has been made.

10 Segment Reporting

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

A. Primary Segment (The Business Segment)

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

B. Secondary Segment (The Geographical Segment)

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

11 Contingent liabilities

The contingent liabilities as on 31.03.2022 are estimated as under

- On account of Income Tax Rs.290.21 Lakh
- On account of suits filed against the Corporation Rs. 106.09 Lakh
- On account of Service Tax Rs.190.74 Lakh
- On account of guarantees issued on behalf of Government contractors in Kerala- Rs.5248.77 Lakh

12 Assets acquired in satisfaction of claims

Assets acquired in satisfaction of claims amounting to Rs. 400.34 Lakh relates to M/s.Jayalakshmi Builders, Thiruvananthapuram and is retained as such .The acquisition was done in the financial year 2008-09 and accounted as recovery from NPA account in that financial year. This amount will not affect the current or previous year profits reported in the current financial statements. This asset is tested for impairment and found that the present realizable value is Rs.525.21 Lakh which is more than its book value. The Corporation has retained the amount in non-current assets expecting settlement and as an additional support to the claims.



The Corporation posted the unit for e-sale in the official web portal on 07.01.2021 and sale was confirmed to the highest bidder for Rs.599.99 Lakh. The last date for the sale remittance was 24.03.2021. Though the bidder remitted 25% of sale amount being Rs.155 Lakh, he did not remit any further amount and the sale was cancelled. As per the sale terms, if the amount is not remitted before the last date, the amount already remitted will be forfeited. The amount of Rs.155 Lakh so forfeited has been recognised as income of the current year.

13 Suspense Account

The amount outstanding in Suspense Account amounting to Rs.560.28 Lakh as on 31.03.2022 comprises of amount kept in suspense as unidentified credits received in loan accounts during year end, as per court orders, benefits to employees held back for want of details and amount to be refunded in respect of contractor loans. The balance amount lying in Suspense account as on date is being rectified.

14 Secured / Un-secured Loans.

The Corporation mobilizes resources from banks/ financial institutions as Term loan/ Working Capital Demand Loan/ Overdraft/ Foreign Currency Loan. During the year the Corporation availed loans amounting to Rs.129700 Lakh and repaid Rs.108289.99 Lakh. The loan outstanding as on 31.03.2022 is Rs.354206.06 Lakh out of which Rs.41029.13 Lakh is a foreign currency loan from SBI.

The Corporation availed Rs.40485.99 Lakh as Foreign currency loan from SBI for tenors ranging from 6 -7 months on a fully hedged basis. All transactions in foreign currency are recognized at the exchange rate prevailing on the date of the transaction. The premium amortised during the year ended March 31, 2022 is Rs 1247.60 Lakh (Rs.949.93 Lakh pertaining to the financial year ended March 31, 2022 and the unamortized premium of Rs.297.67 Lakh as on Mar 31,2021).The deferred premium as on March 31, 2022 is Rs.372.60 Lakh. The balance outstanding of Foreign Currency Loan as on 31st March 2022 reinstated at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India (FEDAI) as on 31st March 2022 is Rs. 41029.13 Lakh after adjusting the notional forex Loss of Rs.543.14 Lakh.

15 Non SLR Bonds

The Corporation has listed the following NCDs in the Bombay Stock Exchange and the annual listing fees has been paid. The bonds issued without Government guarantee are rated AA(SO) by two RBI / SEBI approved rating agencies. The Corporation remains the only PSU in the State, raising funds from the bond market, without Govt. guarantee. The total outstanding bonds of KFC as on 31.03.2022 aggregate to Rs.73167.50 as given below.

Sl No	Issue Date	Coupon	Amount Issued	Amount Outstanding	Rs in Lakh		
					Maturity Date	Credit Rating	Asset Cover ⁺
1	14-Sep-20	7.70%	25000.00	25000.00	14-Sep-30	AA	110%
2	09-Jul-19	8.99%	25000.00	25000.00	09-Jul-26	AA	125%
3	04-Apr-18	8.69%	25000.00#	3637.50	04-Apr-25	AA	125%
4	09-May-16	8.90%	25000.00#	12500.00	09-May-23	AA	125%
5	06-Jun-13	8.72%*	20000.00#	10000.00	06-Jun-23	A	-
		TOTAL	120000.00	76137.50			

* Issued with Government guarantee

Partial Redemption done

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

In order to enable Debenture Trustees to take prompt action for enforcement of security in case of default in listed debt securities, a 'Recovery Expense Fund'(REF) equal to 0.01% of the issue size subject to maximum of Rs.25 Lakh shall be created, as per SEBI Circular SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated 22nd October 2020 which shall be utilized in a manner decided by holders of securities in case of default. The provisions of this circular were made applicable w.e.f. January 2021 and accordingly the Corporation has deposited Rs.11.37 Lakh towards REF with BSE on 22nd February 2021. As on 31st March 2022, the REF required is only Rs.7.61 Lakh being 0.01% of Rs.76137.50 Lakh.

As per SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018, Corporation would be considered as "Large Corporate" and shall raise not less than 25% of its incremental borrowings by way of issuance of debt securities over contiguous block of two years from FY 2022.

16 Employee Expenses

The total Employee benefits and expenses for the year amount to Rs.3199.90 Lakh (Rs.3418.09 Lakh during FY 20-21). This includes Employee Pay & Allowances for the year of Rs.2570.32 Lakh (Rs.2908.56 Lakh during FY 2020-21).

17 Employee Payments and Retirement Benefits



The Corporation contributes towards Group gratuity Scheme and Group Leave Encashment Scheme administered by Life Insurance Corporation of India (LIC) for eligible employees as per the actuarial valuation and demand raised by LIC and are reckoned as expenditure for the concerned period. The Fair value of the Plan assets and the Present value of obligations as at 31st March 2022 for both the schemes is as below.

Rs in Lakh		
Particulars	PV of obligation	Fund value
Group gratuity Scheme	1196.17	1283.91
Group Leave Encashment Scheme	772.09	907.74

18 RR charges payable

The Corporation reimburses the remuneration paid by Government to Revenue Recovery staff who are officiating in the Corporation. The amounts have been paid for till FY 2013-14. Provision of Rs.846.40 Lakh has been made for the payment due from FY 2014-15 to FY 2020-21 as on 31.03.2021. The provision for the year 2021-22 is kept as Rs.60.80 Lakhs based on the calculations for last year. Hence as on 31.03.2022 the total amount provided is Rs.907.21 Lakh, break up is as below.

Year	Amount in Lakh
FY 2014-15	94.54
FY 2015-16	100.47
FY 2016-17	150.76
FY 2017-18	157.92
FY 2018-19	157.00
FY 2019-20	135.86
FY 2020-21	49.86
FY 2021-22	60.80
Total	907.21

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

19 Interest Income and rebate

The rebate to customers for prompt payment is deducted from interest income for reporting in the financial statements during the year. The interest received on loans and advances and Interest rebate extended on loans during FY 21-22 are Rs.40029.36 Lakh and Rs.696.87 Lakh and during FY 20-21 were Rs.41047.50 Lakh and Rs.660.11 Lakh respectively.

20 Commission on Performance guarantees issued

The commission on performance guarantee provided is collected upfront from the customers for the full tenure of guarantee period. However, the commission in respect of the unexpired portion of the guarantee is reversed at the year end. During the FY, total commission collected upfront from Performance guarantees issued (including extension of Performance guarantees issued in previous FYs) amounts to Rs 107.40 Lakh (Rs.98.72 Lakh during the FY 20-21), out of which Rs 18.44 Lakh pertains to this FY (Rs.25.37 Lakh during the FY 20-21) and Rs 88.96 Lakh (Rs. 73.35 Lakh during the FY 20-21) pertains to future FYs.

Out of the unexpired portion of Commission accounted during FY 2020-21 (Rs.73.35 Lakh), Rs.28.86 Lakh is recognized as income during this year and out of the unexpired portion of Commission accounted during FY 2019-20 (Rs.89.48 Lakh), Rs. 22.60 Lakh is recognized as income during this year. Thus, the total income recognised during the year is Rs.69.90 Lakh.

21 Ageing of trade payables and trade receivables

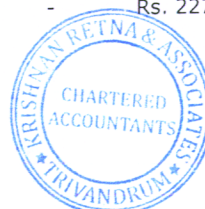
The Ageing of trade payables and trade receivables in compliance with amended Schedule III is NIL.

22 Provision for Income Tax

The income tax comprises of current and deferred tax. The provision for income tax is made as per the income tax rules and previous income tax assessments. The tax is calculated on income on receipt basis which is consistently followed by the corporation for the past years and the Income tax department also accepted the same for assessment purpose. The deferred tax assets and liabilities are recognised, for the expected tax consequences of temporary / timing differences between the depreciation, accrued income and expenditure.

Taxable income calculated as per IT Act
Income tax thereon

- Rs. 9028.98 Lakh
- Rs. 2272.41 Lakh



2.23 Dividend and Special Reserve Fund

The Board of Directors has proposed a dividend of Rs.0.25 per Equity share (0.25%) [(Previous year -Nil) for the year ended March 31, 2022, subject to the approval of the shareholders at the ensuing Annual General Meeting. The Capital adequacy ratio after considering the impact of proposed dividend is 22.38% as at March 31, 2022.

As per Section 35A of the SFC Act 1951, 0.50% of the dividend accruing to State Government and SIDBI amounting to Rs.0.53 Lakh is transferred to Special reserve fund.

23 Grants and Subsidies

The receipts in the nature of grants and subsidies received are utilized for the purpose for which the same is granted. The undisposed portion of subsidies to loanes with respect to State subsidy is kept as other current liabilities and all other subsidies like Coconut Development Board Subsidy, Norka Subsidy, Central Subsidy etc are shown as Non Current Liabilities. For back ended subsidies with 'lock in' period, interest credit is calculated during such period and is credited to the loan account of such beneficiaries at the applicable interest rates. The interest on Coconut Development Board Subsidy of Rs. 63.90 Lakh(Rs.98.31 Lakh during FY 20-21) is shown under the head Interest and fundexpenses.

The Corporation allowed Compromise Settlement to M/s. DER Peoples Empowerment Company P Ltd, Kannur under the Loan Settlement Adalath dated 20.02.2020 for Rs.31.21 lakh. The promoters remitted Rs.20.21 lakh and the balance amount of Rs.11 Lakh will be received from the Government as State subsidy vide GO(MS)No.35/2022/Ind dated 28.04.2022 and is shown under the head Subsidy Receivable from Govt.

The Corporation had reduced the rate of interest of units in MSME, Hospitality and Health care sector by 1.50% during FY 2021-22 in view of the COVID-19 situation, in anticipation of interest subvention from the Government. The revenue loss on account of this reduction of interest rate during FY 2021-22 is Rs.1786 Lakh. The Government vide letter No.1829802/PU-A1/95/2021/Fin have requested to submit the proposal for considering release of interest subvention in the FY 2022-23. Accordingly, the Corporation has submitted the proposal and it is under the consideration of the Government.

24 Prior period items

There are no prior period adjustment made during this year .

26 Previous period Figures

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


The financial results for the quarter ended and year ended March 31,2022were reviewed by the audit Committee and approved by the Board of Directors at heir meeting held on 26 May 2022.

The figures for the quarters ended March 31,2022 is the balancing figures between audited figures in respect of the full financial year and the unaudited published year to date figures upto the end of the third quarter of the respective financial year , which were subject to limited review.


Soya.K
Financial Controller

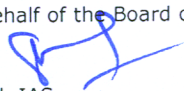
CASOYA.K
Financial Controller
Kerala Financial Corporation
Thiruvananthapuram
26.05.2022



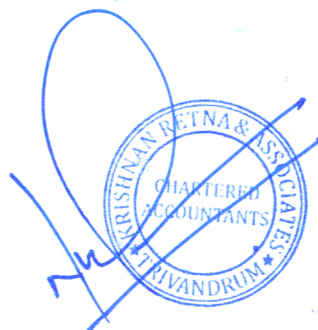

Premnath Ravindranath
Executive Director

PREMNATH RAVINDRANATH
Executive Director
Kerala Financial Corporation
Thiruvananthapuram

For and on behalf of the Board of Directors


Sanjay Kaul IAS
Chairman & Managing Director

Sanjay Kaul IAS
Chairman & Managing Director
Kerala Financial Corporation
Thiruvananthapuram



KERALA FINANCIAL CORPORATION						
STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED 31-03-2022						
					(Rs. In Lakh)	
Sl No	Particulars	Quarter ended			Year ended	Year ended
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
		Audited	Unaudited	Unaudited	Audited	Audited
	Revenue					
1	Interest Income	14,025.62	15,436.25	13,529.91	49,265.99	46,645.68
2	Other Income	917.53	1,085.39	1,344.27	2,550.82	2,448.62
3	Total revenue	14,943.16	16,521.65	14,874.18	51,816.81	49,094.29
	Expenses					
	(a) Interest expenses	6,699.47	7,075.82	11,548.64	28,627.64	29,713.02
	(b) Employee benefits expenses	1,010.93	700.35	1,186.04	3,199.90	3,418.09
	(c) Administrative Expenses	193.59	101.27	100.71	454.36	394.28
	(d) Depreciation and amortisation expense	4.79	104.93	151.19	213.76	283.12
	(e) Bad debts written off	8.94	-12.24	200.98	10,138.99	12,384.67
4	Total expenditure	7,917.73	7,970.13	13,187.57	42,634.65	46,193.18
5	Operating Profit before exceptional and extraordinary items and tax	7,025.43	8,551.52	1,686.61	9,182.16	2,901.12
6	Add: Prior Period Income	-	-	-	-	-
6	Operating Profit After exceptional and extraordinary items	7,025.43	8,551.52	1,686.61	9,182.16	2,901.12
7	Less: Provision for Bad and Doubtful debts / Other assets	1,420.27	7,202.82	404.53	5,681.10	1,618.13
8	Profit before tax	5,605.16	1,348.70	1,282.08	3,501.07	1,282.98
9	Tax expense:					
	Less: Current tax expense - (a) Provision for Income Tax	1,222.41	200.00	839.17	2,272.41	1,039.17
	(b) Provision for Deferred Tax	-	-	-	-91.15	-414.11
10	Net Profit after tax for the period	4,382.74	1,148.70	442.92	1,319.80	657.93
11	Paid up Equity share capital (Face value of Rs. 100/- per share)	42,650.43	42,650.43	42,650.43	42,650.43	42,650.43
12	Reserves excluding Revaluation reserves				26,756.83	25,467.79
13	Earnings per share (Equity shares of Rs 100/- each):					
	(a) Basic	10.42*	3.05*	1.04*	3.26	2.04
	(b) Diluted	10.42*	3.05*	1.04*	3.26	1.54

* Not Annualised

Soya K

CA Soya K
Financial Controller
Kerala Financial Corporation
Thiruvananthapuram

Place: Thiruvananthapuram

Date :26.05.2022

Premnath Ravindranath

Executive Director

PREMNATH RAVINDRANATH
Executive Director
Kerala Financial Corporation
Thiruvananthapuram



Sanjay Kaul IAS

Chairman & Managing Director

Sanjay Kaul IAS
Chairman & Managing Director
Kerala Financial Corporation
Thiruvananthapuram



To

The Members
Kerala Financial Corporation
Thiruvananthapuram

Opinion

We have audited the financial statements of Kerala Financial Corporation (herein referred to as KFC), which comprise the Balance Sheet at March 31st 2022, and the Profit and Loss Account and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of Significant Accounting Policies.

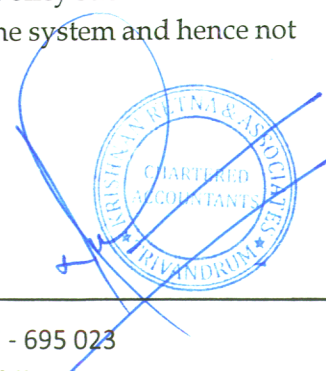
In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the entity as at March 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the directives of SIDBI, State Financial Corporation Act and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

Basis for Opinion

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

Emphasis of Matter

1. We have come across instances where valuation of immovable property given as security have not been done every three years and property value is not updated in the system.
2. We have come across instances where entire details of Insurance Policy such as Insurance Declared Value, Expiry Date, Lien clause etc. are not updated in the system and hence not available for complete verification.



3. The Corporation is in the practice of taking consolidated Trial balance for the preparation of financial statements. The operations and accounts of the Corporation are centralized with no branch level financials generated.
4. Attention is drawn to sub point 2 to point no 2.2 of Note no.20. Restructuring as per Resolution Framework 2.0 for the resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) has been given by way of multiple restructuring measures.
5. Refer Sub Point.4 of Point No.2.2 of Note No. 20. Though minimum provisioning norms have been made, there has been change in the Asset provisioning norms for Sub Standard category followed by KFC during the year under audit resulting in enhancement of overall provision by Rs. 309.32 lakh.
6. Accounting and reporting process of the Corporation is highly depended on Information system controls. We have observed data cleansing issues during the period of audit. We are of the opinion that there is an inherent risk that any control lapses, incorrect input data, ineffective data migration procedures and wrong extraction of data may result in the financial accounting and reporting records being misstated.

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from 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.

Thiruvananthapuram

26.05.2022

Ref : K-57/21-22/22

UDIN : 22231162AJRSNA6187

As per our Report of even date

For KRISHNAN RETNA & ASSOCIATES
Chartered Accountants
FIR No: 0015362
NIKHIL R. KUMAR
Partner
M NO: 231162





KERALA FINANCIAL CORPORATION

HO : VELLAYAMBALAM, THIRUVANANTHAPURAM - 695033

Phone: 0471 - 2315891, 2737566

email: cmd@kfc.org, mdoffice@kfc.org website: www.kfc.org



KFC/F&A/BOND/2022

26.05.2022

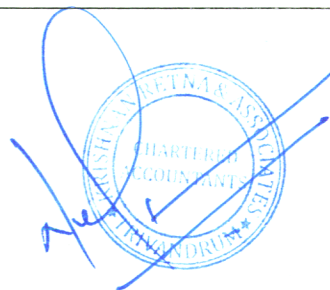
The Manager
BSE Limited
P J Towers,
Dalal Street,
Mumbai -400001

Dear Sir,

Sub: Disclosure required as per Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Quarter ended 31st March 2022

Sl No	Particulars	Quarter ended 31 st March 2022
A	Debt-Equity Ratio	6.24
B	Debt Service Coverage Ratio	1.15
C	Interest Service Coverage Ratio	NA
D	Capital Redemption Reserve	NA
E	Debenture Redemption Reserve	NA
F	Net Worth	Rs. 694.03 Cr
G	Net Profit after Tax	Rs. 13.20 Cr
H	Earnings per Share 1) Basic (Rs.) 2) Diluted (Rs.)	3.26 3.26
I	Current Ratio	1.15
J	Long term debt to Working capital	NA
K	Bad debts to Accounts receivable	NA
L	Current Liability Ratio	NA
M	Total Debts to total Assets	0.76
N	Debtors turnover	NA
O	Inventory Turnover	NA
P	Operating Margin	NA
Q	Net profit Ratio	3%
R	Sector specific equivalent Ratios • CRAR • Gross NPA • Net NPA	NA 22.41 3.27 1.28

Chairman & Managing Director



കേരള ഫിനാൻഷ്യൽ കോർപ്പറേഷൻ

(1951-ലെ സ്റ്റേറ്റ് ഫിനാൻഷ്യൽ കോർപ്പറേഷൻ ആക്റ്റ് നം. LXIII പ്രകാരം രൂപീകൃതമായത്)
വെള്ളയമ്പലം, തിരുവനന്തപുരം-695033