

Review report to
The Board of Directors
Kerala Financial Corporation
Kanaka Nagar Vellayambalam
Thiruvananthapuram -695033

We have reviewed the accompanying statement of unaudited financial results of Kerala Financial Corporation for the three-month period ended 30.06.2023. This statement is the responsibility of the Corporation's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain the moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

In the conduct of our Review, we have relayed on the review reports received from concurrent auditors of the Head office and branches specifically appointed for this purpose. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning, and other related matters.

Emphasis Paragraph:

1. We refer to Note No.7 regarding the recognition of unrealized foreign exchange fluctuation loss or gain as on 30.06.2023.



2. The calculation of Deferred tax Asset/ Liability is done on a yearly basis hence no impact of the same had been affected in the financials for the period ended 30.06.2023. (Reference to Note No.9).
3. We refer to Note No.5. KFC generally creates minimum provision for Standard Assets and for Non-Performing Assets provision is made in excess of RBI requirements at the end of the Financial Year. However, KFC has kept the current provision as on 30.06.2023 without any changes as it is more than the minimum provision required by RBI.
4. The corporation has not written off any technical bad debts or made any provision for the same as on 30.06.2023, which is only done at the year-end. The profit shown for the three-month period ended 30.06.2023 is subject to this adjustment. (Reference to Note-4).
5. The amount of Rs.20000 Lakh, being advance amount received from Govt of Kerala towards share capital, is pending for allotment as on 30.06.2023. (Reference to Note No.8).

For J A K S & Associates
Chartered Accountants
FRN.001360S



Selastin A, F.C.A.
Partner, M.No.202874

UDIN: 23202874BGSGXD1528

Place : Trivandrum

Date : 09-08-2023



KERALA FINANCIAL CORPORATION				
Balance Sheet as at 30.06.2023				
	Particulars	As at 30.06.2023	As at 30.06.2022	As at 31.03.2023
		Unaudited	Unaudited	Audited
		Amt in Lakh	Amt in Lakh	Amt in Lakh
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	42,650.43	42,650.43	42,650.43
	(b) Reserves and surplus	31,953.03	29,494.36	29,152.63
	(c) Share application money pending allotment	20,000.00	0.00	20,000.00
2	Non-current liabilities			
	(a) Long-term borrowings	5,19,067.70	4,09,757.50	4,45,520.66
	(b) Other non current liabilities	596.03	819.75	596.03
	(c) Long-term provisions	22,318.44	17,319.69	22,318.44
3	Current liabilities			
	(a) Short-term borrowings	1,63,834.31	1,47,106.34	1,73,171.68
	(b) Other current liabilities	7,798.92	6,998.59	5,642.08
	(c) Short-term provisions	6,372.22	2,804.04	5,802.22
	TOTAL	8,14,591.08	6,56,950.70	7,44,854.17
B	ASSETS			
1	Non-current assets			
	(a) Property, Plant and Equipment and Intangible Assets			
	(i) Property, Plant and Equipment	561.35	512.17	642.83
	(ii) Intangible Assets	59.08	96.71	98.47
	(b) Non-current investments	8,451.14	6,045.10	8,451.14
	(c) Other non-current assets	5,26,819.14	4,35,945.93	4,62,636.42
	(d) Deferred Tax Assets (net)	267.65	182.26	267.65
2	Current assets			
	(a) Current investments	53,990.18	35,044.43	44,603.63
	(b) Cash and cash equivalents	45,692.03	12,338.90	6,585.36
	(c) Other current assets	1,78,750.51	1,66,785.20	2,21,568.67
3	Significant Accounting policies and Notes to Accounts			
	TOTAL	8,14,591.08	6,56,950.70	7,44,854.17

For and on behalf of the Board of Directors



Soya K
Financial Controller



Premnath Ravindranath
Executive Director



Sanjay Kaul IAS
Chairman & Managing Director

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



Selasin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date: 09-08-2023



UDIN: 232028 74 BGSGXD1528



KERALA FINANCIAL CORPORATION				
STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED JUNE 30, 2023				
				(Rs. In Lakh)
Sl No	Particulars	Quarter ended		Year ended
		30.06.2023	30.06.2022	31.03.2023
		UnAudited	Unaudited	Audited
	Revenue			
1	Interest Income	17,160.64	13,523.01	49,265.99
2	Other Income	1,128.78	282.33	2,550.82
3	Total revenue	18,289.42	13,805.34	51,816.81
	Expenses			
	(a) Interest expenses	13,994.46	8,177.44	28,627.64
	(b) Employee benefits expenses	746.75	700.60	3,199.90
	(c) Administrative Expenses	183.35	127.75	577.61
	(d) Depreciation and amortisation expense	123.70	150.56	213.76
	(e) Bad debts written off	-	84.01	10,015.75
4	Total expenditure	15,048.27	9,240.37	42,634.65
5	Operating Profit before exceptional and extraordinary items and tax	3,241.15	4,564.98	9,182.16
6	Extra ordinary items (Net of tax expense)	-	-	-
6	Operating Profit After exceptional and extraordinary items	3,241.15	4,564.98	9,182.16
7	Less: Provision for Bad and Doubtful debts / Other assets	-	-	5,681.10
8	Profit before tax	3,241.15	4,564.98	3,501.07
9	Tax expense:			
	Less: Current tax expense - (a) Provision for Income Tax	570.00	425.00	2,272.41
	(b) Provision for Deferred Tax	-	-	-91.15
10	Net Profit after tax for the period	2,671.15	4,139.98	1,319.80
11	Paid up Equity share capital (Face value of Rs. 100/- per share)	42,650.43	42,650.43	42,650.43
12	Share Application money received pending allotment	20,000.00	-	20,000.00
13	Reserves excluding Revaluation reserves			92,570.30
14	Earnings per share (Equity shares of Rs 100/- each):			
	(a) Basic	6.26*	9.71*	12.43
	(b) Diluted	6.25*	9.71*	12.41

* Not Annualised
Previous period/year figures have been regrouped and rearranged wherever necessary to conform to current period presentation



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Financial Controller



Premnath Ravindranath
Executive Director

For and on behalf of the Board of Directors



Sanjay Kaul IAS
Chairman & Managing Director

Place: Thiruvananthapuram
Date: 09.08.2023



As per our report of even date
For JAK S & Associates
Chartered Accountants
Firm Reg. No: 001360S

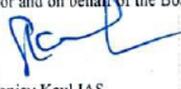
Seethan A. FCA
Partner, M No: 202874

UDIN : 23202874 BQSGXD1528

KERALA FINANCIAL CORPORATION			
CASH FLOW STATEMENT			
FOR THE PERIOD	For the year	For the year	For the Year
	ended 30.06.2023	ended 30.06.2022	ended 31.03.2023
	Amt in Lakh	Amt in Lakh	Amt in Lakh
	Unaudited	Unaudited	Audited
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before taxes and prior period adjustments	3,241.15	4,564.98	8,602.95
Interest received on Fixed Deposits	(939.91)	(149.80)	(2,421.53)
Depreciation on fixed assets	123.70	150.56	166.80
Provision for Non Performing Assets/Other Assets	-	-	4,998.75
Premium on Forward Contract	129.25	(1,412.03)	(408.79)
Interest and other costs of Non-SLR Bond	2,923.91	1,545.94	6,117.81
Prior period Income	-	-	-
Adjustment for changes in operating assets and liabilities			
Increase in Loans and Advances	(37,268.95)	(4,33,224.69)	(1,77,868.89)
Increase in borrowings from Banks	49,739.68	1,37,714.63	1,51,893.13
Decrease in Other Non-Current assets	(18,513.97)	27,845.51	62,849.98
Decrease in Other Current assets	43,388.15	(87,471.31)	(75,490.92)
Increase in Current liabilities	2,156.84	65,982.63	(3,811.71)
Increase in Other Non Current Liabilities	-	(143.41)	(367.13)
Less: Income tax paid	(570.00)	(425.00)	(2,875.00)
Net cash from operating activities	44,409.85	32,401.39	(28,614.55)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(2.84)	(54,61,968.11)	(173.74)
Net cash used in investing activities	(2.84)	(38,70,673.00)	(173.74)
CASH FLOW FROM FINANCING ACTIVITIES			
Money received against Share Capital	-	-	20,000.00
Issue of Non SLR Bond	27,350.00	-	47,650.00
Redemption of Non-SLR Bond	(12,880.00)	(11,737.50)	(11,737.50)
Interest and other costs of Non-SLR Bond	(2,923.91)	(1,545.94)	(6,117.81)
Interest Received on Fixed Deposits	939.91	149.80	2,421.53
Net Investment in NCD	(8,399.78)	(5,993.74)	(8,399.78)
Net Deposit with Banks	(9,386.55)	(11,074.21)	(20,633.41)
Dividend	-	-	2,025.90
Addition to Special Reserve	-	-	-
Net cash used in financing activities	(5,300.33)	(30,201.60)	25,209.45
Net increase in cash and cash equivalents	39,106.67	(38,68,473.21)	(3,578.83)
Cash and cash equivalents at the beginning of the year	6,585.36	10,164.19	10,164.19
Cash and cash equivalents at the end of the year	45,692.03	12,338.90	6,585.36


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Financial Controller


Premnath Ravindranath
Executive Director

For and on behalf of the Board of Directors

Sanjay Kaul IAS
Chairman & Managing Director

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


Selasun A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date:09-08-2023



UDIN: 23202874 BGSG1XD1528

Notes to Financial Statements

1. The financial results for the three months ended June 30, 2023 have been subjected to review by the Statutory Auditors M/s. JAKS Associates Chartered Accountants. The previous period (for the year ended March 31, 2023) results were audited by M/s. JAKS Associates Chartered Accountants. The financials result as on June 30, 2022 were reviewed by M/s Krishnan Retna & Associates, Chartered Accountants.
2. The Corporation has consistently applied its significant accounting policies in the preparation of quarterly financial results ended June 30, 2023 as compared to those followed for the year ended March 31, 2023.
3. The Portfolio of the Corporation as on June 30, 2023 is Rs.690209.25 Lakh comprising of Standard Advances of Rs.660025.59 Lakh, Substandard Advances of Rs.26074.34 Lakh and Doubtful Advances of Rs.4109.33 Lakh.
4. The Corporation follows the policy of technical write off of advances in Doubtful category to maintain asset quality which is done at the end of the financial year. Hence no advances have been technically written off as on June 30, 2023. The advances in doubtful category as on June 30, 2023 amounts to Rs.4109.33 Lakh.
5. In conformity with the prudential norms, provisions are given on the basis of classification of assets as prescribed by RBI. Provision for standard advances are made at such rates subject to the minimum provisioning prescribed by the RBI / SIDBI guidelines for standard advances. Provisions for bad and doubtful debts are made in respect of non-performing advances based on overall portfolio quality, asset growth, economic conditions, Management's assessment and other risk factors subject to the minimum provisioning level prescribed by the RBI / SIDBI guidelines.

During the period the corporation has provided minimum provisions as prescribed by RBI for all advances. i.e. 0.25% for SME sector, 0.40% for Medium /Other sector and 1% for CRE sector for all standard advances (same provisioning as on March 31,2023), 15% for substandard advances (77% on March 31, 2023) and 25% for doubtful advances (Technically written off as on March 31,2023).

The Corporation has kept additional provision of 5%/10% (minimum norms) amounting to Rs.4415.03 Lakh in respect of 553 loan accounts restructured as per RBI guidelines and classified under Standard category as on 31.03.2023. Additional provision of 10% (minimum norms) amounting to Rs.3379.08 Lakh is kept in respect of 428 loan accounts amounting to Rs. 33790.79 Lakh restructured under RBI Circular dated May 5, 2021 (Resolution framework 2.0). Additional provision of 5% (minimum norms) amounting to Rs. 725.82 Lakh is kept in respect of 84 loan accounts amounting to Rs.14516.36 Lakh restructured under RBI Circular dated Aug 6, 2020 (Resolution framework 1.0). Additional provision of 5% (minimum norms) amounting to Rs.310.13 Lakh is kept in respect of 41 loan accounts amounting to Rs.6202.58 Lakh which have been restructured on account of



extension of DCCO. The Gross NPA is 4.37% as against 3.11% and Net NPA will be 2.19% as against 0.74% as on March 31, 2023.

6. The minimum provision needed as on June 30, 2023 is Rs.11755.04 Lakh and the total provision available for Bad and Doubtful debts / Other assets as on June 30, 2023 is Rs. 22318.44 Lakh and hence no additional provision is made for the three months' ended June 30,2023.
7. The Corporation availed a total of Rs. 98,997.51 Lakh as Foreign currency loan from SBI & South Indian Bank for tenors not exceeding 183 days 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 three months' ended June 30, 2023 is Rs 375.18 Lakh and the deferred premium as on June 30, 2023 is Rs.652.15 Lakh. The notional forex-gain/Loss during the three months' ended June 30, 2023 is not recognized and will be done on a yearly basis as per the policy of the Corporation.
8. The amount of Rs.20000 Lakh being advance amount received from Govt of Kerala towards share capital vide GO(Ms) No.62/2023/Fin dated 31.03.2023 is pending for allotment as on 30.06.2023. The resolution for allotment of shares to Govt has been passed by the shareholders at the Annual General Meeting held on 26.06.2023 and the process for crediting the shares to the Demat Account of Govt of Kerala is being done.
9. The calculation of deferred tax Asset/ Liability will be done on a yearly basis as per the policy of the Corporation.
10. Previous period / year figures have been regrouped, wherever necessary to confirm the classification of the current period.

For and on behalf of the Board of Directors



Soya K
Financial Controller



Premnath Ravindranath
Executive Director



Sanjay Kaul IAS
Chairman & Managing Director

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



Selastin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date:09-08-2023



UDIN: 23202874BGSGXD1528

Annexure-A

Disclosure required as per Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Quarter ended June 30, 2023

SI No	Particulars	Quarter ended June 30, 2023
A	Debt-Equity Ratio	7.17
B	Debt Service Coverage Ratio	NA
C	Interest Service Coverage Ratio	NA
D	Capital Redemption Reserve	NA
E	Debenture Redemption Reserve	NA
F	Net Worth	Rs. 952.41 Cr.
G	Net Profit after Tax	Rs. 26.71 Cr.
H	Earnings per Share	
	1) Basic (Rs.)	6.26
	2) Diluted (Rs.)	6.25
I	Current Ratio	NA
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	0.84
N	Debtors turnover	NA
O	Inventory Turnover	NA
P	Operating Margin	NA
Q	Net profit Margin	NA
R	Sector specific equivalent Ratios	
	• CRAR	24.19
	• Gross NPA	4.37
	• Net NPA	2.19

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Thiruvananthapuram

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