

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 period ended 30.06.2022. 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 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 relied on the review reports received from concurrent auditors of 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 Para:

1. We refer to Note no 7 regarding recognition of foreign exchange fluctuation loss on year end basis.
2. We refer to Note no 8 to the financial statements which describes the policy of Corporation in creating Deferred Tax Assets/Liabilities at the year-end.



3. We refer to Note no 1. Financial statements for the year ended 31.03.22 have been audited by us. However, financial results for 30.06.21 is unaudited and hence not comparable to the financial results as on 30.06.22
4. We refer to Item no B(1)(b) of Financial Statement. The Corporation had invested in 3,50,000 shares, face value of Rs.10 per share in India SME Asset Reconstruction Co. The company has decided to buy back its shares from the investors at the rate of Rs.9.80 per share. Hence the Corporation has decided to provide provision at the rate of Rs.0.20 on shares invested. The provision for diminution in the value of investments provided for the period ending 30.06.2022 amounts to Rs.70,000.
5. We refer to Note No 5. KFC generally creates minimum provision for Standard Assets and for Non-Performing Loan assets provision is made in excess of RBI requirements at the end of the Financial Year. However, during the period ended 30.06.2022, the Corporation has provided only minimum provisions as prescribed by RBI for all advances.

However, our conclusion is not qualified in respect of these matters.

Thiruvananthapuram
10/08/2022

K-57/22-23/87
UDIN: 22237816AORWDO4062



For KRISHNAN RETNA & ASSOCIATES
Chartered Accountants
FR.No: 001536S

ANAGHA. T.S, FCA, DISA
Partner
M. No: 237816

KERALA FINANCIAL CORPORATION				
STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED JUNE 30, 2022				
Sl No	Particulars	Quarter ended		(Rs. In Lakh)
		30.06.2022	31.03.2022	Year ended
		Unaudited	Audited	31.03.2022
	Revenue			
1	Interest Income	13,523.01	14,025.62	49,265.99
2	Other Income	282.33	917.53	2,550.82
3	Total revenue	13,805.34	14,943.16	51,816.81
	Expenses			
	(a) Interest expenses	8,177.44	6,699.47	28,627.64
	(b) Employee benefits expenses	700.60	1,010.93	3,199.90
	(c) Administrative Expenses	127.75	193.59	454.36
	(d) Depreciation and amortisation expense	150.56	4.79	213.76
	(e) Bad debts written off	84.01	8.94	10,138.99
4	Total expenditure	9,240.37	7,917.73	42,634.65
5	Operating Profit before exceptional and extraordinary items and tax	4,564.98	7,025.43	9,182.16
6	Add: Prior Period Income	-	-	-
6	Operating Profit After exceptional and extraordinary items	4,564.98	7,025.43	9,182.16
7	Less: Provision for Bad and Doubtful debts / Other assets	-	1,420.27	5,681.10
8	Profit before tax	4,564.98	5,605.16	3,501.07
9	Tax expense:			
	Less: Current tax expense - (a) Provision for Income Tax	425.00	1,222.41	2,272.41
	(b) Provision for Deferred Tax	-	-	-91.15
10	Net Profit after tax for the period	4,139.98	4,382.74	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	Reserves excluding Revaluation reserves			26,752.21
13	Earnings per share (Equity shares of Rs 100/- each):			
	(a) Basic	9.71*	10.42*	3.26
	(b) Diluted	9.71*	10.42*	3.26

* Not Annualised

Figures for the corresponding quarter of FY 2021-22 were not reviewed by Auditors hence not published.
Previous figures are regrouped and rearranged wherever necessary to conform to current year's requirement.


Soya K
Financial Controller


Premnath Ravindranath
Executive Director


Sanjay Kaul IAS
Chairman & Managing Director

Place: Thiruvananthapuram
11-08-2022



For KRISHNAN RETNA & ASSOCIATES
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ANAGHA T.S, FCA, DISA
Partner
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KERALA FINANCIAL CORPORATION			
STATEMENT OF ASSETS AND LIABILITIES			
	Particulars	As at 30.06.2022	As at 31.03.2022
		Audited	Audited
		Amt in Lakh	Amt in Lakh
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	42,650.43	42,650.43
	(b) Reserves and surplus	29,494.37	26,393.81
	(c) Money received against share capital		0.00
2	Non-current liabilities		
	(a) Long-term borrowings	4,09,757.50	2,87,855.50
	(b) Other non current liabilities	819.75	963.16
	(c) Long-term provisions	17,319.69	17,319.69
3	Current liabilities		
	(a) Short-term borrowings	1,47,106.35	1,43,031.21
	(b) Other current liabilities	1,11,798.41	45,815.80
	(c) Short-term provisions	2,804.04	2,379.04
	TOTAL	7,61,750.54	5,66,408.64
B	ASSETS		
1	Non-current assets		
	(a) Property, Plant and Equipment and Intangible Assets		
	(i) Property, Plant and Equipment	512.17	577.33
	(ii) Intangible Assets	96.71	157.04
	(b) Non-current investments	6,045.11	6,045.10
	(c) Other non-current assets	4,35,945.93	3,41,623.77
	(d) Deferred Tax Assets (net)	182.26	182.26
2	Current assets		
	(a) Current investments	35,044.43	23,970.22
	(b) Cash and cash equivalents	12,338.90	10,164.20
	(c) Other current assets	2,71,585.03	1,83,688.72
	TOTAL	7,61,750.54	5,66,408.64


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KERALA FINANCIAL CORPORATION		
CASH FLOW STATEMENT		
FOR THE PERIOD	For the Quarter ended 30.06.2022	For the year ended 31.03.2022
	Amt in Lakh	Amt in Lakh
	Audited	Audited
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxes	4,564.98	3,501.07
Interest received on Fixed Deposits	(149.80)	(1,923.10)
Depreciation on fixed assets	150.56	213.76
Provision for Non Performing Assets/Other Assets	-	5,681.10
Premium on Forward Contract	(1,039.42)	(74.93)
Interest and other costs of Non-SLR Bond	1,545.94	7,174.07
Adjustment for changes in operating assets and liabilities		
Increase in Loans and Advances	(1,16,173.93)	(9,732.78)
Increase in borrowings from Banks	1,37,714.63	21,998.68
Decrease in Other Non-Current assets	27,845.51	5,863.95
Decrease in Other Current assets	(87,471.31)	(25,797.65)
Increase in Current liabilities	65,982.63	21,475.56
Increase in Other Non Current Liabilities	(143.41)	(284.49)
Less: Income tax paid	(425.00)	(1,734.00)
Net cash from operating activities	32,401.38	26,361.24
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(25.07)	(54.62)
Sale of Fixed Assets	-	0.72
Net cash used in investing activities	(25.07)	(53.90)
CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of Non-SLR Bond	(11,737.50)	(18,030.00)
Interest and other costs of Non-SLR Bond	(1,545.94)	(7,174.07)
Interest Received on Fixed Deposits	149.80	1,923.10
Net Investment in NCD	(5,993.74)	(5,993.74)
Proceeds from NCD	-	101.14
Net Deposit with Banks	(11,074.21)	2,851.85
Dividend and Dividend Tax paid	-	102.00
Net cash used in financing activities	(30,201.59)	(26,219.72)
Net increase in cash and cash equivalents	2,174.72	87.62
Cash and cash equivalents at the beginning of the year	10,164.20	10,076.58
Cash and cash equivalents at the end of the year	12,338.92	10,164.20


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Annexure-A

Disclosure required as per Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Quarter ended June 30, 2022

Sl No	Particulars	Quarter ended June 30, 2022
A	Debt-Equity Ratio	7.57
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.735.43 Cr
G	Net Profit after Tax	Rs. 41.40 Cr
H	Earnings per Share	
	1) Basic (Rs.)	9.71
	2) Diluted (Rs.)	9.71
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	
N	Debtors turnover	NA
O	Inventory Turnover	NA
P	Operating Margin	NA
Q	Net profit Margin	NA
R	Sector specific equivalent Ratios	
	• CRAR	21.39
	• Gross NPA	4.36
	• Net NPA	1.86



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Notes to Financial Statements

1. The financial results for the three months ended June 30, 2022 have been subjected to review by the Statutory Auditors M/s Krishnan Retna & Associates, Chartered Accountants. The previous period (for the year ended March 31, 2022) results were audited by M/s Krishnan Retna & Associates, Chartered Accountants. The financials result as on June 30, 2021 were not reviewed by the auditors and hence are not comparable with that of the figures as on June 30, 2022.
2. The Corporation has consistently applied its significant accounting policies in the preparation of quarterly financial results ended June 30, 2022 as compared to those followed for the year ended March 31, 2022.
3. The Portfolio of the Corporation as on June 30, 2022 is Rs.5,91,245.33 Lakh comprising of Standard Advances of Rs.5,65,487.26 Lakh, Substandard Advances of Rs.25,074.39 Lakh and Doubtful Advances of Rs.683.68 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, 2022. The advances in doubtful category as on June 30, 2022 amounts to Rs.683.68 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, 2022), 15% for substandard advances (62% on March 31, 2022) and 25% for doubtful advances (Technically written off as on March 31, 2022). Additional provision of 10% (minimum norms) amounting to Rs.5,123.55 Lakh is kept in respect of 694 loan accounts amounting to Rs. 51,235.53 Lakh restructured under RBI Circular dated May 5, 2021 (Resolution framework 2.0). Additional provision of 5% (minimum norms) amounting to Rs.926.31 Lakh is kept in respect of 130 loan accounts amounting to Rs. 18,526.19 Lakh restructured under RBI Circular dated Aug 6, 2020 (Resolution framework 1.0). The Gross NPA is 4.36% as against 3.27% and Net NPA will be 1.86% as against 1.28% as on March 31, 2022.
6. The minimum provision needed as on June 30, 2022 is Rs.11,901.30 Lakh and the total provision available for Bad and Doubtful debts / Other assets as on June 30, 2022 is Rs. 17,319.69 Lakh and hence no additional provision is made for the three months' ended June 30, 2022.
7. The Corporation availed a total of Rs.1,05,342.98 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, 2022 is Rs 744.99 Lakh and the deferred premium as on June 30, 2022 is Rs.1,412.03 Lakh. The notional forex-gain/Loss during the three months' ended June 30, 2022 is not recognized and will be done on a yearly basis as per the policy of the Corporation.
8. The calculation of Deferred tax Asset/ Liability will be done on a yearly basis as per the policy of the Corporation.
9. Previous period / year figures have been regrouped, wherever necessary to confirm the classification of the current period.


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Financial Controller


Premnath Ravindranath
Executive Director


Sanjay Kaul IAS
Chairman & Managing Director

Place : Thiruvananthapuram

Date: 11-08-2022



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