JAKS & Associates
Chartered Accountants

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GSTIN: 32AACFJ0207A1ZH

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 nine-month period ended 31.12.2022. 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 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 31.12.2022.

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 31.12.2022. (Reference to Note No.8).

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 31.12.2022 without any changes as it is more than the minimum provision required by RBI.

4. The suspense account classified under the "Current Liabilities" has a balance of Rs. 10,53,58,611.06/- which is yet to be analyzed and transferred to the right accounts.

5. The corporation has not written off any technical bad debts or made any provision for the same as on 31.12.2022, which is only done at the year-end. The profit shown for the nine-month period ended 31.12.2022 is subject to this adjustment.

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

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

UDIN: 23202874BGSGTQ6373
Place : Trivandrum
Date : 09-02-2023

## KERALA FINANCIAL CORPORATION

### STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE PERIOD ENDED DECEMBER 31, 2022

(Rs. In Lakh)

| Sl No | Particulars | Quarter ended | | | Nine months' ended | | Year ended |
|---|---|---|---|---|---|---|---|
| | | 31.12.2022 | 30.09.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 | 31.03.2022 |
| | | Unudited | Unudited | Unudited | Unaudited | Unaudited | Audited |
| | **Revenue** | | | | | | |
| 1 | Interest Income | 15,556.45 | 15,506.44 | 15,436.25 | 44,585.90 | 35,240.37 | 49,265.99 |
| 2 | Other Income | 937.85 | 1,780.96 | 1,085.39 | 3,001.14 | 1,633.29 | 2,550.82 |
| 3 | **Total revenue** | **16,494.29** | **17,287.40** | **16,521.65** | **47,587.04** | **36,873.66** | **51,816.81** |
| | **Expenses** | | | | | | |
| | (a) Interest expenses | 10,965.51 | 10,359.54 | 7,075.82 | 29,502.49 | 21,928.16 | 28,627.64 |
| | (b) Employee benefits expenses | 804.63 | 695.29 | 700.35 | 2,200.53 | 2,188.97 | 3,199.90 |
| | (c) Administrative Expenses | 225.97 | 168.33 | 101.27 | 522.04 | 260.77 | 454.36 |
| | (d) Depreciation and amortisation expense | 2.51 | 11.61 | 104.93 | 164.68 | 208.97 | 213.76 |
| | (e) Bad debts written off | - | - | - | 84.01 | 8.94 | 10,138.99 |
| 4 | **Total expenditure** | **11,998.61** | **11,234.78** | **7,982.37** | **32,473.76** | **24,595.81** | **42,634.65** |
| 5 | **Operating Profit before exceptional and extraordinary items and tax** | **4,495.68** | **6,052.62** | **8,539.27** | **15,113.28** | **12,277.85** | **9,182.16** |
| 6 | Extra ordinary items (Net of tax expense) | - | - | - | - | - | - |
| 6 | **Operating Profit After exceptional and extraordinary items** | **4,495.68** | **6,052.62** | **8,539.27** | **15,113.28** | **12,277.85** | **9,182.16** |
| 7 | Less: Provision for Bad and Doubtful debts / Other assets | - | | 1,520.00 | - | 1,520.00 | 5,681.10 |
| | | | | | | | |
| 8 | **Profit before tax** | **4,495.68** | **6,052.62** | **7,019.27** | **15,113.28** | **10,757.85** | **3,501.07** |
| 9 | **Tax expense:** | | | | | | |
| | Less: **Current tax expense** - (a) Provision for Income Tax | 425.00 | 525.00 | 200.00 | 1,375.00 | 1,050.00 | 2,272.41 |
| | (b) Provision for Deferred Tax | - | - | - | - | - | -91.15 |
| 10 | **Net Profit after tax for the period** | **4,070.68** | **5,527.62** | **6,819.27** | **13,738.28** | **9,707.85** | **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** | **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 | 9.54* | 12.96* | 16.13* | 32.25* | 22.91* | 3.26 |
| | (b) Diluted | 9.54* | 12.96* | 16.13* | 32.25* | 22.91* | 3.26 |

* Not Annualised

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

UDIN: 23202874BGSGTQ6373.

Place: Thiruvananthapuram
Date : 09-02-2023

KERALA FINANCIAL CORPORATION * Thiruvananthapuram 33 *

JAKS & ASSOCIATES * C.As. *

For J A K S & Associates
CHARTERED ACCOUNTANTS
FRN : 001360 S

SELASTIN A. FCA
PARTNER-M. NO. 202874

| KERALA FINANCIAL CORPORATION | | | | | |
|---|---|---|---|---|---|
| STATEMENT OF ASSETS AND LIABILITIES | | | | | |
| | Particulars | As at 31.12.2022 | As at 30.09.2022 | As at 31.12.2021 | As at 31.03.2022 |
| | | Unudited | Unudited | Unudited | Audited |
| | | Amt in Lakh | Amt in Lakh | Amt in Lakh | Amt in Lakh |
| A | **EQUITY AND LIABILITIES** | | | | |
| | | | | | |
| 1 | **Shareholders' funds** | | | | |
| | (a) Share capital | 42650.43 | 42,650.43 | 42,650.43 | 42,650.43 |
| | (b) Reserves and surplus | 39585.10 | 35,693.89 | 34,673.46 | 26,393.81 |
| | | | | | |
| 2 | **Non-current liabilities** | | | | |
| | (a) Long-term borrowings | 395922.55 | 3,92,091.85 | 2,94,500.81 | 2,87,855.50 |
| | (b) Other non current liabilities | 587.32 | 643.76 | 934.23 | 963.16 |
| | (c) Long-term provisions | 17319.69 | 17,319.69 | 13,869.06 | 17,319.69 |
| | | | | | |
| 3 | **Current liabilities** | | | | |
| | (a) Short-term borrowings | 186032.04 | 1,76,042.70 | 63,151.02 | 1,43,031.21 |
| | (b) Other current liabilities | 142213.50 | 1,19,561.32 | 47,880.57 | 45,815.80 |
| | (c) Short-term provisions | 3647.41 | 3,222.41 | 1,050.00 | 2,379.04 |
| | | | | | |
| | **TOTAL** | **8,27,958.04** | **7,87,226.05** | **4,98,709.58** | **5,66,408.64** |
| | | | | | |
| B | **ASSETS** | | | | |
| | | | | | |
| 1 | **Non-current assets** | | | | |
| | (a) Property, Plant and Equipment and Intangible Assets | | | | |
| | (i) Property, Plant and Equipment | 633.88 | 607.05 | 549.54 | 577.33 |
| | (ii) Intangible Assets | 94.22 | 97.24 | 156.89 | 157.04 |
| | (b) Non-current investments | 8451.14 | 8,451.14 | 6,755.58 | 6,045.10 |
| | (c) Other non-current assets | 441996.10 | 4,18,949.55 | 2,80,083.98 | 3,41,623.77 |
| | (d) Deferred Tax Assets (net) | 182.26 | 182.26 | 91.11 | 182.26 |
| | | | | | |
| | | | | | |
| 2 | **Current assets** | | | | |
| | (a) Current investments | 27854.31 | 30,057.35 | 29,649.58 | 23,970.22 |
| | (b) Cash and cash equivalents | 10777.97 | 13,691.58 | 13,519.17 | 10,164.20 |
| | (c) Other current assets | 337968.16 | 3,15,189.88 | 1,67,903.73 | 1,83,688.72 |
| | | | | | |
| | **TOTAL** | **8,27,958.04** | **7,87,226.05** | **4,98,709.58** | **5,66,408.64** |

Soya.K
Financial Controller

Premnath Ravindranath
Executive Director

Sanjay Kaul IAS
Chairman & Managing Director

Place: Thiruvananthapuram
Date : 09-02-2023
UDIN: 23202874BGSGTQ6373.

KERALA FINANCIAL CORPORATION * Thiruvananthapuram 33 *

For J A K S & Associates
CHARTERED ACCOUNTANTS
FRN : 001360 S

SELASTIN A. FCA
PARTNER-M. NO. 202874

JAKS & ASSOCIATES * C.As. *

| KERALA FINANCIAL CORPORATION | | | | |
|---|---|---|---|---|
| CASH FLOW STATEMENT | | | | |
| | | | | |
| **FOR THE PERIOD** | **For the year ended 31.12.2022** | **For the year ended 30.09.2022** | **For the year ended 31.12.2021** | **For the year ended 31.03.2022** |
| | **Amt in Lakh** | **Amt in Lakh** | **Amt in Lakh** | **Amt in Lakh** |
| | **Unudited** | **Unudited** | **Unudited** | **Audited** |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Net profit before taxes and prior period adjustments | 15113.28 | 10,617.60 | 10,757.85 | 3,501.07 |
| Interest received on Fixed Deposits | (1,771.66) | (1,004.27) | (1,205.47) | (1,923.10) |
| Depreciation on fixed assets | 164.68 | 162.18 | 208.97 | 213.76 |
| Provision for Non Performing Assets/Other Assets | - | - | 1,520.00 | 5,681.10 |
| Premium on Forward Contract | -562.58 | (368.06) | (578.45) | (74.93) |
| Interest and other costs of Non-SLR Bond | 4432.48 | 2,960.60 | 5,577.84 | 7,174.07 |
| Prior period income | 15.05 | - | | - |
| **Adjustment for changes in operating assets and liabilities** | | | | |
| Increase in Loans and Advances | (1,57,383.55) | (1,34,292.21) | (3,95,794.77) | (9,732.78) |
| Increase in borrowings from Banks | 1,62,805.38 | (2,58,669.93) | (51,236.19) | 21,998.68 |
| Decrease in Other Non-Current assets | 63,004.95 | 62,960.16 | (8,646.78) | 5,863.95 |
| Decrease in Other Current assets | (1,53,329.43) | (1,30,551.16) | (10,696.66) | (25,797.65) |
| Increase in Current liabilities | 96,397.70 | 73,745.53 | 23,642.33 | 21,475.56 |
| Increase in Other Non Current Liabilities | (375.84) | (319.41) | (322.61) | (284.49) |
| Less: Income tax paid | (950.00) | (950.00) | (1,050.00) | (1,734.00) |
| **Net cash from operating activities** | **27,560.46** | **(3,75,708.97)** | **(4,27,823.94)** | **26,361.24** |
| | | | | |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of fixed assets | (158.42) | (132.09) | (21.16) | (54.62) |
| Sale of Fixed Assets | | - | | 0.72 |
| **Net cash used in investing activities** | **(158.42)** | **(132.09)** | **(21.16)** | **(53.90)** |
| | | | | |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Redemption of Non-SLR Bond | (11,737.50) | (11,737.50) | (18,030.00) | (18,030.00) |
| Interest and other costs of Non-SLR Bond | (4,432.48) | (2,960.60) | (5,577.84) | (7,174.07) |
| Interest Received on Fixed Deposits | 1,771.66 | 1,004.27 | 1,205.47 | 1,923.10 |
| Net Investment in NCD | (8,399.78) | (8,399.78) | (5,993.74) | (5,993.74) |
| Proceeds from NCD | - | - | 101.14 | 101.14 |
| Net Deposit with Banks | (3,884.09) | (6,087.13) | (2,827.52) | 2,851.85 |
| Dividend and Dividend Tax paid | (106.63) | (106.63) | - | 102.00 |
| **Net cash used in financing activities** | **(26,788.82)** | **(28,287.37)** | **(31,122.49)** | **(26,219.72)** |
| | | | | |
| Net increase in cash and cash equivalents | 613.77 | 3,527.39 | 3,442.59 | 87.62 |
| Cash and cash equivalents at the beginning of the year | 10164.19 | 10,164.19 | 10,076.58 | 10,076.58 |
| **Cash and cash equivalents at the end of the year** | **10,777.96** | **13,691.58** | **13,519.17** | **10,164.20** |

Soya K
Financial Controller

Premnath Ravindranath
Executive Director

Sanjay Kaul IAS
Chairman & Managing Director

Place: Thiruvananthapuram
Date : 09-02-2023
UDIN: 23202874BGSGTQ6373.

KERALA FINANCIAL CORPORATION * Thiruvananthapuram 33 *

JAKS & ASSOCIATES * C.As. *

For J A K S & Associates
CHARTERED ACCOUNTANTS
FRN : 001360 S

SELASTIN A. FCA
PARTNER M. NO. 202874

## Notes to Financial Statements

1. The financial results for the nine months ended Dec 31, 2022 have been subjected to review by the Statutory Auditors M/s. JAKS 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 Dec 31, 2021 were also 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 Dec 31, 2022 as compared to those followed for the year ended March 31, 2022.

3. The Portfolio of the Corporation as on Dec 31, 2022 is Rs.632454.95 Lakh comprising of Standard Advances of Rs.603460.14 Lakh, Substandard Advances of Rs.25666.27 Lakh and Doubtful Advances of Rs.3328.54 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 Dec 31, 2022. The advances in doubtful category as on Dec 31, 2022 amounts to Rs.3328.54 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 kept 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 and Net NPA as on Dec 31, 2022 is 4.58% and 2.44% respectively against 3.27% & 1.28% of March 31, 2022.

KERALA FINANCIAL CORPORATION * Thiruvananthapuram-33 *

JAKS & ASSOCIATES * C.As. *

6. The minimum provision needed as on Dec 31, 2022 is Rs.12979.02 Lakh and the total provision available for Bad and Doubtful debts / Other assets as on Dec 31, 2022 is Rs. 17,319.69 Lakh and hence no additional provision is made for the nine months' ended Dec 31,2022.

7. The Corporation availed a total of Rs.1,35,009.62 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 period ended December 31, 2022 is Rs.2,793.66 Lakh and the deferred premium as on December 31, 2022 is Rs.935.18 Lakh. The notional forex-gain /Loss during the nine months' ended December 31, 2022 are 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.

| Soya.K | Premnath Ravindranath | Sanjay Kaul IAS |
|---|---|---|
| Financial Controller | Executive Director | Chairman & Managing Director |

UDIN: 23202874BGSGTQ6373,

Place : Thiruvananthapuram

Date : 09-02-2023

KERALA FINANCIAL CORPORATION * Thiruvananthapuram 33 *

For J A K S & Associates
CHARTERED ACCOUNTANTS
FRN : 001360 S

SELASTIN A. FCA
PARTNER-M. NO. 202874

J A K S & ASSOCIATES * C.As. *

Annexure-A

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

| Sl No | Particulars | Quarter ended December 31, 2022 |
|---|---|---|
| A | Debt-Equity Ratio | 7.00 |
| 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. 831.56 Cr. |
| G | Net Profit after Tax | Rs. 137.38 Cr. |
| H | Earnings per Share<br>1) Basic (Rs.)<br>2) Diluted (Rs.) | <br>32.25<br>32.25 |
| 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 | 0.70 |
| N | Debtors turnover | NA |
| O | Inventory Turnover | NA |
| P | Operating Margin | NA |
| Q | Net profit Margin | NA |
| R | Sector specific equivalent Ratios<br>• CRAR<br>• Gross NPA<br>• Net NPA | <br>23.13<br>4.58<br>2.44 |

Soya K
Financial Controller

Premnath Ravindranath
Executive Director

Sanjay Kaul IAS
Chairman & Managing Director

UDIN: 23202874BGSGTQ6373.

Place : Thiruvananthapuram

Date: 09-02-2023

KERALA FINANCIAL CORPORATION * Thiruvananthapuram 33 *

JAKS & ASSOCIATES * C.As. *

For J A K S & Associates
CHARTERED ACCOUNTANTS
FRN : 001360 S

SELASTIN A. FCA
PARTNER-M. NO. 202874