



KERALA FINANCIAL CORPORATION

HO: VELLAYAMBALAM, THIRUVANANTHAPURAM - 695 033

Phone : 0471- 2737500, 2737566

e-mail : mdoffice@kfc.org website : www.kfc.org



KFC/F&A/BOND/2026-27

25.05.2026

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

Dear Sir,

Sub: Outcome of Board Meeting held on 25-05-2026

In compliance with Regulation 52 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we hereby inform that the Board of Directors at their meeting held on Monday, the May 25, 2026 has inter-alia considered and approved Audited Financial Results of the Corporation for the quarter and year ended March 31, 2026. The figures were also reviewed by the Audit Committee at their meeting held on May 23, 2026.

The Board meeting approved the following items:

1. Audited Financial Results for the year ended on March 31, 2026 (financial results) together with the disclosures in accordance with Regulation 52(4) of the Listing Regulations and report of the statutory auditor issued thereon by M/s. JAKS & Associates, Chartered Accountants.
2. The Disclosure in accordance with Regulation 52(7) and 52(7A) of the Listing Regulations regarding utilization of issue proceeds of non-convertible securities for the quarter ended March 31, 2026.
3. The half-yearly disclosure of related party transactions for the half year ended March 31, 2026, pursuant to Regulation 23(9) of the Listing Regulations.
4. Disclosure of Security Cover in pursuance to Regulation 54(2) & 54(3) of SEBI (LODR) Regulations, 2015 for the year ended March 31, 2026.
5. Declaration of unmodified opinion pursuant to Regulation 52(3)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
6. Extract of Audited Financial Results for the quarter and year ended March 31, 2026 being published in Newspaper.

കേരള ഫിനാൻഷ്യൽ കോർപ്പറേഷൻ

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

7. To raise funds not exceeding Rs. 1000 Crore by way of issuance of Non-Convertible Debentures/ Bonds on private placement basis.
8. The Board of Directors have not recommended any dividend on Equity shares, for the Financial Year ended March 31, 2026.

The meeting terminated at 6.45 PM

Kindly take the same on record.

Thanking You,

Yours Faithfully,



NANDHINI VIJAYARAGHAVAN
Company Secretary
Kerala Financial Corporation

Nandhini Vijayaraghavan
Company Secretary & Compliance Officer

KERALA FINANCIAL CORPORATION

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2026

						(Rs. In Lakh)
	Particulars	3 months ended	Preceding 3	Corresponding 3	Year ended	Year ended
		31.03.2026	months ended	months ended	31.03.2026	31.03.2025
		Audited	31.12.2025	months ended	Audited	Audited
			31.03.2025			Audited
	Revenue					
1	Interest Income	24,892.10	24,870.40	22331.83	93,943.73	81,350.02
2	Other Income	2869.09	2,788.82	2734.48	10,565.15	8,789.03
3	Total revenue	27,761.19	27,659.21	25,066.31	104,508.88	90,139.05
4	Expenses					
	(a) Interest expenses	17015.25	16,866.11	15,129.70	68,270.56	60,692.16
	(b) Employee benefits expenses	1630.40	1,289.00	1,142.62	5,249.42	4,214.86
	(c) Administrative Expenses	209.00	479.76	590.87	1,226.92	1,265.21
	(d) Depreciation and amortisation expense	36.19	32.81	0.55	135.99	151.54
	(e) Bad debts written off	14827.96	-	13,687.70	14,827.96	13,687.70
5	Total expenditure	33,718.80	18,667.68	30,551.44	89,710.85	80,011.48
6	Operating Profit before exceptional and extraordinary items and tax	-5,957.61	8,991.53	-5,485.13	14,798.03	10,127.58
7	Extra ordinary items (Net of tax expense)		-	-	-	-
8	Operating Profit After exceptional and extraordinary items	(5,957.61)	8,991.53	(5,485.13)	14,798.03	10,127.58
	Less: Provision for Bad and Doubtful debts / Other assets					
9	Profit before tax	-5,957.61	8,991.53	-5,485.13	14,798.03	10,127.58
10	Tax expense:					
	Less: Current tax expense - (a) Provision for Income Tax	1046.26	300.00	300.00	3,596.26	2,504.48
	(b) Provision for Deferred Tax	128.30	-	-2,192.82	128.30	-2,192.82
11	Net Profit after tax for the period	-7,132.17	8,691.53	-3,592.31	11,073.46	9,815.91
12	Paid up Equity share capital (Face value of Rs. 100/- per share)	92,650.43	92,650.43	72,650.43	92,650.43	72,650.43
13	Share Application money received pending allotment	7,349.57		20,000.00	7,349.57	20,000.00
14	Reserves excluding Revaluation reserves	51,312.84	51312.84	40184.21	51,312.84	40,184.21
15	Earnings per share (Equity shares of Rs 100/- each):					
	(a) Basic	-7.70*	9.38*	8.54*	11.95*	13.90
	(b) Diluted	-7.68*	9.38*	8.54*	11.93*	13.81


1 * Not Annualised

2 Technical write-off of doubtful loan assets are carried out at the end of the financial year after completing the annual review process. Accordingly, the impact of such write-offs is recognized in the fourth quarter.

3 Previous period/year figures have been regrouped and rearranged wherever necessary to conform to current period presentation


Nandhini V
Company Secretary &
Compliance Officer


Soya K
Financial Controller &
Chief Financial Officer


Premnath Ravindranath
Executive Director

For and on behalf of the Board of Directors

Umesh NSK IAS
Managing Director

As per our report of even date

For JAKS & Associates
Chartered Accountants
Firm Reg No : 0013605


Selastin A. FCA
Partner, M No: 202874



Place: Thiruvananthapuram
Date: 25-05-2026

UDIN : 26202874 UOULHS A180

KERALA FINANCIAL CORPORATION			
STATEMENT OF ASSETS AND LIABILITIES			
	Particulars	As at 31.03.2026	As at 31.03.2025
		Audited	Audited
		Amt in Lakh	Amt in Lakh
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	92,650.43	72,650.43
	(b) Reserves and surplus	51,327.05	40,198.42
	(c) Share application money pending allotment	7,349.57	20,000.00
2	Non-current liabilities		
	(a) Long-term borrowings	664,040.71	579,466.58
	(b) Other non current liabilities	415.13	420.91
	(c) Long-term provisions	22,453.53	22,453.53
3	Current liabilities		
	(a) Short-term borrowings	221,095.95	201,378.31
	(b) Other current liabilities	6,501.59	8,202.77
	(c) Short-term provisions	6,100.75	6,137.01
	TOTAL	1,071,934.70	950,907.96
B	ASSETS		
1	Non-current assets		
	(a) Property, Plant and Equipment and Intangible Assets		
	(i) Property, Plant and Equipment	878.97	887.40
	(ii) Intangible Assets	21.76	36.27
	(b) Non-current investments	2,317.06	3,810.49
	(c) Other non-current assets	681,223.41	592,520.90
	(d) Deferred Tax Assets (net)	1,742.91	1,871.21
2	Current assets		
	(a) Current investments	117,109.15	92,372.59
	(b) Cash and cash equivalents	19,973.61	33,451.28
	(c) Other current assets	248,667.83	225,957.82
	TOTAL	1,071,934.70	950,907.96

For and on behalf of the Board of Directors


Nandhini V
Company Secretary &
Compliance Officer



Soya K
Financial Controller &
Chief Financial Officer


Premnath Ravindranath
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Managing Director

As per our report of even date

For JAKS & Associates
Chartered Accountants
Firm Reg No : 0013605


Selastin A. FCA
Partner, M No: 202874

Place: Thiruvananthapuram
Date: 25.05.2026

UDIN : 26202874U04LH54180



KERALA FINANCIAL CORPORATION		
CASH FLOW STATEMENT		
PARTICULARS	As at 31.03.2026	As at 31.03.2025
	Amt in Lakh	Amt in Lakh
	Audited	Audited
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxes and prior period adjustments	14,798.03	10,127.58
Interest received on Fixed Deposits	-9,253.02	(7,444.56)
Depreciation on fixed assets	135.99	151.54
Provision for Non Performing Assets/Other Assets	-	-
Share Issue Expenses	1.07	0.55
Interest and other costs of Non-SLR Bond	14,148.11	12,686.18
Adjustment for changes in operating assets and liabilities	-	-
Increase in Loans and Advances	-106,866.50	(64,365.90)
Increase in borrowings from Banks	79,879.26	63,460.92
Decrease in Other Non-Current assets	-4,838.40	42,283.53
Decrease in Other Current assets	-857.62	(35,136.60)
Increase in Current liabilities	-1,701.18	(5,258.82)
Increase in Other Non Current Liabilities	-5.78	(88.21)
Less: Advance Income tax paid	-3,450.00	(3,300.00)
Net cash from operating activities	(18,010.04)	13,116.21
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-113.05	(236.80)
Sale of Investments	-	35.00
Interest Received on Fixed Deposits	9,253.02	7,444.56
Proceeds from NCD	3,793.43	2,406.04
Investments in NCD	2,300.00	-
Net Deposit with Banks	-24,736.56	(33,340.17)
Net cash used in investing activities	(9,503.16)	(23,691.37)
CASH FLOW FROM FINANCING ACTIVITIES		
Money received against Share Capital	7,349.57	20,000.00
Share issue expenses	(1.07)	(0.55)
Issue of Non SLR Bond	31,000.00	-
Redemption of Non-SLR Bond	-6,587.50	(7,432.50)
Interest and other costs of Non-SLR Bond	-14,148.11	(12,686.18)
Dividend	-3,632.52	(3,632.52)
Addition to Special Reserve	55.16	18.16
Net cash used in financing activities	14,035.53	(3,733.59)
Net increase in cash and cash equivalents	(13,477.67)	(14,308.75)
Cash and cash equivalents at the beginning of the year	33,451.28	47,760.03
Cash and cash equivalents at the end of the year	19,973.61	33,451.28

For and on behalf of the Board of Directors


Nandhini V
Company Secretary &
Compliance Officer

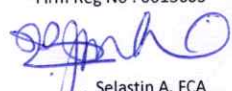

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Partner, M No: 202874

Place: Thiruvananthapuram

Date: 25.05.2026

UDIN : 26202874UOULHS 4180



Note: 20

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Corporate Information

Kerala Financial Corporation is a State Financial Corporation incorporated under the provisions of the State Financial Corporations Act, 1951, with its area of operations extending across the State of Kerala. The Corporation was originally established as the Travancore Cochin Financial Corporation on December 1, 1953. Consequent to the reorganisation of states on linguistic basis in November 1956 and the formation of the State of Kerala, the Travancore Cochin Financial Corporation was renamed as Kerala Financial Corporation.

The Corporation is engaged in extending financial assistance to Micro, Small and Medium Enterprises (MSMEs) and other entities in the manufacturing and service sectors within the State.

Basis of Preparation

The Financial Statements of the Corporation have been prepared and presented under the historical cost convention and on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the statutory requirements prescribed under the State Financial Corporation Act, 1951, the circulars and guidelines issued by the SIDBI and Reserve Bank of India ('RBI') from time to time, the Accounting Standards to the extent applicable and practices generally prevalent in the banking and financial sector in India and as per the Accounting Policy of the Corporation. The Corporation has adopted the format of Schedule III to the Companies Act as amended by Notification G.S.R.207(E), dated 24th March, 2021 to the extent applicable and Accounting standards issued by the Institute of Chartered Accountants of India, for better presentation of the financial statements.

The accounting policies adopted in the preparation of financial statements are in consistence with those of previous year except for the change in accounting policy, explained hereunder.

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 . Uses of Estimates

The preparation of the Financial Statements, in conformity with Indian GAAP requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures relating to contingent assets and liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in material or immaterial adjustments to the carrying amounts of assets or liabilities in future periods. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.



1.2. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. All the revenue items are accounted on accrual basis. Income is recognised on accrual basis on performing assets and on realisation basis in respect of non-performing assets as per the prudential norms on income recognition, asset classification and provisioning prescribed by RBI/SIDBI. The Corporation debits the monthly interest in all the loan accounts on the first day of the subsequent month. Interest due is calculated and charged to the party on gross basis and the eligible rebate is credited to the party on payment of dues in time subject to their rating and other factors determining the rate of rebate. The rebate for prompt payment is deducted from interest income for reporting in the financial statements. Interest accrued on standard loans is recognized as interest income in the financials at the end of the financial year and is reversed on the first day of the next financial year.

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 will be reversed at the end of the financial year. In case of completion/closure of facility before the specified tenure, corporation will reimburse the commission for the balance period, provided the commission for a minimum period of one year will be retained.

Recovery of loans and advances is appropriated first towards recovery of expenses, then towards interest and the balance, if any, towards principal. However, in the case of Compromise Settlement and sale of units taken over under the SFCs Act, 1951 and Revenue Recovery proceedings, the proceeds are apportioned first towards recovery of expenses and then towards principal amount and lastly towards interest, on satisfaction of the stipulated conditions. Recoveries from bad debts written-off are recognised in the Statement of Profit and Loss as revenue on receipt basis.

1.3. Investments

The classification and valuation of the securities and investments are done as per the Treasury & Investment Policy in compliance with the Accounting Standards and as per applicable regulatory and statutory norms laid down from time to time. Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as Non-current investments.

Investments classified under long term investments need not be marked to market and will be carried at acquisition cost on individual investment basis, unless it is more than the face value, in which case the premium should be amortized over the period remaining to maturity. Investments classified under Current Investments will be valued at lower of cost and fair value either on individual investment basis or by category of investment. The cost comprises of purchase price and directly attributable acquisition charges such as brokerage, fees and duties. The provision for diminution is made to recognize a decline, other than temporary, in the value of investments determined for each investment individually. Reduction in the carrying amount and reversals of such reductions are charged or credited to the profit and loss statement.



On disposal of an investment, the difference between carrying amount and net disposal proceeds is charged or credited to the profit and loss statement. Any amount received in future in respect of these investments will be credited to profit and loss statement. Interest, dividend or other receivables in connection with the investments are considered as income.

1.4. Loans and Advances

Advances are classified as performing and non-performing based on the RBI / SIDBI guidelines and are stated net of bad debts write-off. The provisions for possible losses on such advances are made at estimated rates which is equal to or more than the rates prescribed in the prudential norms, circulars and directives issued by RBI/SIDBI. The Current maturity of Loans & advances is classified as Other Current Assets (Note No.14) under the head Current Assets and the non-current portion is classified as Other Non-current Assets (Note No.11) under the head Non-Current Assets. The Current maturity of Long term borrowings is classified as Short term borrowings (Note No.6) under the head Current Liabilities and the non-current portion is classified as Long term borrowings (Note No.3) under the head Non-Current Liabilities.

The Corporation extends both fund-based and non-fund-based credit facilities to its customers. Asset classification is carried out on a borrower-wise basis in accordance with applicable RBI IRAC norms. Accordingly, if any non-fund-based facility of a borrower becomes NPA upon invocation or devolvement, all associated fund-based facilities granted to the borrower shall also be classified as NPA. Similarly, where any fund-based facility becomes NPA, the related non-fund-based facilities shall also be categorized as NPA. However, non-fund-based facilities may continue to remain operative until they are invoked, devolved, or cancelled, notwithstanding their NPA classification status.

Advances that are in Doubtful category are technically written off and charged to revenue account to maintain asset quality. Amount recovered against the bad debts written off in earlier years are recognized in the Profit and Loss Account as income of the year in which such amounts are received.

1.5 Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Claims

Credit Guarantee Fund Trust for Micro and Small Enterprises is a trust established jointly by the Government of India and Small Industries Development Bank of India to provide credit guarantee cover for collateral-free loans extended by eligible lending institutions to Micro and Small Enterprises (MSEs). The scheme is intended to facilitate credit flow to MSEs by mitigating the credit risk of lending institutions. Under the scheme, guarantee cover ranging from 75% to 85% of the outstanding loan amount is provided by CGTMSE in the event of default, subject to the terms and conditions of the scheme. The maximum eligible credit facility given by the Corporation under the scheme is Rs.2 crore.

The Corporation accounts for credit guarantee claims under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme on a cash basis. Accordingly, claims lodged against defaulting loan accounts are recognized in the books of accounts only upon actual receipt of the claim settlement from the Trust. Outstanding claims lodged but pending settlement at the reporting date are not recognized as income or receivables, following the principle of prudence.



1.6. Provision

A provision is recognized when the Corporation has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and should be determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

1.7 Provisioning Norms and Provision Coverage Ratio (PCR)

In conformity with the prudential norms, provisions are given on the basis of classification of assets as prescribed by RBI / SIDBI. The Corporation follows the policy of building up provisioning when the profits are good, which can be used for absorbing losses in a downturn. The provisions are made at such rates as recommended by ALCO with the approval of the Board.

General provisions are the minimum regulatory provisions as prescribed by RBI. Specific provisions are additional provisioning at rates higher than the rates prescribed by RBI. Floating provisions are provisions kept in addition to the Specific provisions and not used for making specific provisions or general provisions as per the extant prudential guidelines. It is used only for contingencies under extraordinary circumstances for making specific provisions in impaired accounts.

Provisions in respect of Commercial Real Estate (CRE) project finance exposures are made in accordance with the applicable prudential norms and guidelines issued by the Reserve Bank of India (RBI) from time to time.

In respect of CRE project loans sanctioned/financially closed on or after the effective date of the Reserve Bank of India (Project Finance) Directions, 2025, general provisions on standard assets are maintained on the funded outstanding on a portfolio basis at the rates prescribed under the said Directions. During the construction phase, standard asset provision is maintained at 1.25% of the funded outstanding and, upon commencement of repayment of principal and interest during the operational phase, at 1.00% or such other rates as may be prescribed by RBI from time to time. Additional specific provisions are also maintained in respect of eligible accounts involving deferment of Date of Commencement of Commercial Operations (DCCO), in accordance with the extant RBI guidelines.

CRE project loans existing prior to the effective date of the Reserve Bank of India (Project Finance) Directions, 2025 continue to be governed by the earlier prudential guidelines applicable to project finance exposures, unless there is a fresh credit event and/or change in material terms and conditions subsequent to the effective date of the Directions.

Non-performing CRE project finance exposures are classified and provided for in accordance with the extant RBI Income Recognition, Asset Classification and Provisioning (IRAC) norms applicable to advances..

Provisioning Coverage Ratio (PCR) is the ratio of provisioning to gross non-performing assets and indicates the extent of funds the Corporation has kept aside to cover loan losses. PCR is calculated as per the guidelines given vide 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.



The Corporation has the provisioning cushions consisting of general provisions, specific provisions as well as floating provisions, and are maintaining a total PCR including floating provisions, which is not less than 70 per cent.

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. Additional provisions are made against specific non-performing assets over and above what is stated above, if in the opinion of the management, is necessary. In case the specific provision available during a year is more than the required minimum or the ALCO recommended rates, the excess provision can be either written back or can be considered for that year as decided by ALCO. Floating provisions cannot be reversed by credit to the profit and loss account.

During the year, the Corporation has maintained general provisions on standard advances at 0.25% for SME sector advances, 0.40% for Medium/Other sector advances and 1.00% for Commercial Real Estate (CRE) sector advances in accordance with the extant RBI IRAC norms and SIDBI guidelines. In respect of CRE sector standard assets covered under the Reserve Bank of India (Project Finance) Directions, 2025, provision has been maintained at 1.25% during the construction phase as prescribed under the said Directions. Accordingly, the provisions held are in line with the minimum prudential requirements prescribed by RBI/SIDBI guidelines. The Corporation has maintained a prudent provision of 77% (Previous Year: 77%) on all Sub-standard advances including secured portion of loans covered under CGTMSE. For the unsecured and uncovered portion of loans under CGTMSE, 100% provision is made.

1.8. Taxes on Income

Income tax expense comprises current tax and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961, using the tax rates and laws that have been enacted or substantively enacted as of the reporting date.

Consequent to the alignment of both statutory financial reporting and income tax computation under the accrual method (Section 145 of the Income Tax Act, 1961) effective from AY 2024-25, the Corporation has continued to compute its taxable income on an accrual basis for the current financial year.

Deferred tax is recognized in accordance with the applicable Accounting Standards in respect of all identified timing differences. Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets are recognized only to the extent there is reasonable certainty of future taxable income to realize such assets. Deferred tax is measured using the tax rates and laws enacted or substantively enacted as at the reporting date.

In line with the accounting policy adopted in FY 2024-25—following the transition to the accrual basis of tax computation and the Expert Advisory Committee (EAC) opinion of the ICAI regarding the reversibility of the Special Reserve—the Corporation has consistently recognized Deferred Tax Asset on the Provision for Bad and Doubtful Debts, and Deferred Tax Liability on the Special Reserve created under Section 36(1)(viii) of the Income Tax Act, 1961.



The current year's movement in these deferred tax assets and liabilities has been recognized in the Statement of Profit and Loss.

1.9. Employee Payments and Retirement Benefits

Short-term employee benefits are recognized as expense in the profit and loss account of the year in which the related service is rendered. Terminal benefits to employees include Provident Fund (PF) payments, leave encashment and gratuity.

Defined contribution plan: Retirement benefits in the form of a Provident Fund are classified as a Defined Contribution Plan, wherein the Corporation's contributions are charged to the Statement of Profit and Loss in the period during which the related services are rendered by the employees. The Corporation contributes a fixed rate of 12% of the aggregate of Basic Pay, Dearness Allowance (DA), and Personal Pay to the KFC Employees Provident Fund Trust, a duly constituted and approved independent trust that administers the fund. Accumulated balances, along with interest accrued thereon, are payable to eligible employees upon superannuation or cessation of employment. The Corporation has no further legal or constructive financial obligations beyond its specified monthly contributions to the Trust. Further, the employees who joined the services of the Corporation on or after April 1, 2018, are not members of this Trust.

Defined Benefit Plan: Retirement benefits in the form of Gratuity and Terminal Leave Encashment are classified as Defined Benefit Plans, which are administered through the Group Gratuity and Group Leave Encashment schemes of the Life Insurance Corporation of India (LIC). The gratuity liability is subject to the ceilings prescribed under the Payment of Gratuity (Amendment) Act, 2018, with both plans providing lump-sum payments to vested employees upon retirement, resignation, or termination based on their final salary and tenure of service. Although LIC administers the schemes and determines the premium contributions, the ultimate settlement obligations remain with the Corporation. The Corporation conducts an independent external actuarial valuation as of March 31st each year to ascertain the fund position vis-à-vis total liability. Any shortfall is funded based on the actuarial report of LIC or the external valuation, whichever is less, subject to the Corporation's fund position. Annual contributions paid into the fund are fully expensed as incurred; consequently, any net excess or shortfall in the fund is not recognized as an asset or liability in the Balance Sheet, nor are actuarial gains or losses recognized in the Statement of Profit and Loss. This practice has been consistently followed in past years, with LIC systematically meeting all obligations, including the successful settlement of all claims for the financial year.

National Pension Scheme: The National Pension Scheme (NPS) is a Defined Contribution Scheme applicable to all employees who joined the services of the Corporation on or after April 1, 2018, rendering them ineligible for the Corporation's Provident Fund contribution. For these employees, a monthly deduction of 10% of the aggregate of Basic Pay, Dearness Allowance (DA), and Personal Pay is made from their salary, which is matched by a 14% contribution from the Corporation and credited to their respective NPS accounts. Employees who joined the Corporation prior to April 1, 2018, are provided an option to voluntarily contribute to the NPS across three designated proportions. The Corporation contributes 14% for all participating employees and this is fully charged to the Statement of Profit and Loss in the period during which the related services are rendered.



1.10. Property, Plant & Equipment and Intangibles

In compliance with amended Schedule III requirements, Fixed Assets are renamed as 'Property plant and equipment and Intangibles'. The gross value of Intangibles, accumulated depreciation and depreciation till date are separately calculated and disclosed in 'Note 9 – Property Plant & Equipment and Intangibles'. The Land value of Rs.11.62 Lakh comprises of properties in the name of the Corporation. Fixed assets are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase and all expenditure like site preparation, installation costs, professional fees, borrowing costs etc., if capitalization criteria are met and are directly attributable to the cost of bringing the asset to its working condition for the intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Any subsidy/ reimbursement/ contribution received for installation and acquisition of any fixed assets is shown as deduction in the year of receipt. Where the asset is acquired in piecemeal and payment is being made in installments, all such payments are debited to 'Advance for fixed assets. When the asset is put to use, the amount so accumulated in advance account is transferred to the respective Asset account.

Individual assets costing up to Rs.5,000/- and assets in the nature of electronic items up to the value of Rs.10,000/- are charged to revenue in full in the year of purchase. Depreciation on fixed assets shall be provided for on written down value (WDV) method and at the rates prescribed under the IT Act, 1961. Computer includes computer software for reporting under the block Plant & machinery as per the IT Act, 1961. Hence Computer software is not shown separately under intangible assets. Depreciation on fixed assets added/disposed of during the year/period is provided on pro-rata basis (that is full depreciation for assets used for more than six months and half depreciation for others) with reference to the date of addition/disposal.

1.11. Contingent Liabilities and Assets

A disclosure of contingent liability on Balance sheet date is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or nonoccurrence of one or more uncertain future events not within the control of the Corporation; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Provisions and contingent liabilities are reviewed on each balance Sheet date. Contingent assets are neither recognized nor disclosed in the Balance Sheet.

1.12. Grants and subsidies

Grants and subsidies from Government and other agencies are accounted as per terms of respective agreements. The undisposed portion of subsidies to loanees 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 and will be disposed subject to the satisfaction of terms and conditions thereof by the beneficiaries. 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.

1.13. Leases

Operating lease rent payments and receipts are recognized as expense and income respectively in the statement of profit and loss every month as and when accrued or paid/received. Actual lease payments made during the year, unexpired portion of contracted lease (future expected lease payments) and provision for contingent rent if any recognized in P&L are disclosed where the Corporation is a lessee. Actual lease rent receipts recognized during the year and unexpired portion of contracted lease (future expected lease receipts) if any are disclosed. As a matter of prudence, no contingent rent is recognized in the P&L where the Corporation is a lessor.

1.14. Prior Period Items

Prior period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. The nature and amount of prior period items are separately disclosed in the statement of profit and loss in a manner that their impact on the current profit or loss can be perceived.

1.15. Extraordinary Items

Extraordinary items are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly. Extraordinary items are disclosed in the statement of profit and loss as a part of net profit or loss for the period in a manner that its impact on current profit or loss can be perceived.

1.16. Special Reserve Fund

As per Section 35A of the State Financial Corporations Act, 1951, the Corporation is required to establish a Special Reserve Fund to which such portion of the dividends accruing to the State Government and SIDBI on the shares of the Corporation, as may be fixed by agreement between the State Government and SIDBI, shall be transferred for being utilized for purposes approved by the State Government and SIDBI. Accordingly, an amount equivalent to 0.50% of the dividend accruing to the State Government and SIDBI is required to be transferred to the Special Reserve Fund under Section 35A of the State Financial Corporations Act, 1951.

However, in respect of dividends declared and paid during the period from FY 1991-92 to FY 2018-19, the aforesaid transfer to the Special Reserve Fund was not made. During the current year, the Corporation has adjusted the amount pertaining to earlier years together with the current year's requirement by deducting the same from the dividend payable to the State Government and SIDBI for the FY 24-25 and transferred the amount to the Special Reserve Fund under Section 35A of the State Financial Corporations Act, 1951.



1.17. Dividend

Dividend is the share of profits that is payable to each shareholder of the Corporation. The dividend is paid out of current year profits only on the paid-up capital. The Board recommend the percentage of dividend payable on the equity shares and the shareholders at the Annual general meeting pass a resolution adopting the recommendation or may lower the percentage recommended. The dividend proposed by the Board is provided for in the financial statements of the Corporation and is paid only after it has been passed at the Annual general meeting of the shareholders.

1.18. Resource Mobilization

The Corporation mobilizes resources from banks/ financial institutions as Term loan/ Working Capital Demand Loan/ Overdraft/ Foreign Currency Loan. The loans from Banks and other financial institutions are secured by charge on receivables as primary security for the loan. There are no other charges created on any of the assets of the Corporation on account of borrowings. The Corporation mobilizes funds from debt market also by issuing Rated, Listed, Redeemable, Taxable, Non-Convertible Bonds with credit enhancement mechanism without government guarantee.

These are accounted as Short Term Borrowings and Long Term Borrowings from Banks/ FIs and Non SLR Bond Issues. The Current maturity of Long term borrowings is classified as Short term borrowings under the head Current Liabilities and the noncurrent portion is classified as Long term borrowings under the head Non Current Liabilities.

1.19. Cash flow Statement

The Cash Flow Statement is prepared under the indirect method in accordance with the provisions of Accounting Standard 3 (AS 3) issued by the Institute of Chartered Accountants of India (ICAI) and forms an integral part of the Annual Accounts. The statement reports the cash flows during the period, classified systematically into operating, investing, and financing activities.

1.20. Earnings per share

The Corporation presents basic and diluted earnings per share (EPS) data for its equity shares. Basic EPS is calculated by dividing the net income attributable to shareholders of the Corporation by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the net income attributable to equity shareholders and the weighted average number of equity shares outstanding adjusted for the effect of all dilutive potential equity shares, including advance for share capital.



2. NOTES FORMING PART OF ACCOUNTS

2.1 Share Capital

The Authorized share capital of the Corporation is Rs.100000 Lakh. To strengthen the capital base and streamline equity position and networth of the Corporation, the Government has released Rs.7349.57 Lakh on 23.03.2026 vide GO. (Ms)No.46/2026/FIN dated 17.03.2026. The share capital so received is shown as 'Share application money pending allotment' in the Balance Sheet. The paid up capital is therefore increased to Rs.100000 Lakhs.

1. The details of shareholders holding more than 5% shares as on 31.03.2026 are as under:

Name of the Shareholders	As at 31.03.2026		As at 31.03.2025	
	No. of shares in Lakh	% to total shares	No. of shares in Lakh	% to total shares
Government of Kerala	993.765	99.376	920.27	99.327

*includes 73.50 Lakh shares pending allotment

2. The shares held by the promoters as on 31.03.2026 are given below in compliance with Schedule III requirements.

Shares held by promoters at the end of the year				% Change during the year
Sl.No	Name of Promoter	No. of shares in Lakh	% of total shares	
1	Government of Kerala	993.77	99.376	0.0494
2	SIDBI	6.13	0.613	-0.0487
3	LIC	0.07	0.007	-0.0006
4	SBI	0.02	0.002	-0.0001
5	Others	0.01	0.001	-0.0000
	Total	1000.00		

3. Earnings per share

Calculation of EPS	31.03.2026	31.03.2025
a. Net profit including prior period items and extraordinary items after deducting current tax expenses	11073.46	10096.23
b. Number of Equity Shares outstanding (face value of Rs.100/- each)	926.50	726.50
Basic earnings per share (a) / (b)	11.95	13.90



c. Average number of weighted equity shares (As the shares are pending allotment, share application money pending of Rs.7349.72 Lakh received on 23.03.2026 and Rs.20000 Lakh received on 24.03.2025 are considered for diluted EPS for the respective years)	928.12	730.89
Diluted Earnings per share (a) / (c)	11.93	13.81

2.2 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.

Classification	Due within 1 year	Above 1 year	Total
Loans & Advances	231043.99	677021.12	908065.11
a) Bills purchased and discounted	123757.04	-	123757.04
b) Term Loans	107286.95	677021.12	784308.07
Borrowings	221095.95	664040.71	885136.66

2) Loans and Advances restructured:

The Corporation has restructured 114 loan accounts during the year amounting to Rs. 10324.97 Lakh of which (i) 16 loan accounts amounting to Rs.2603.67 Lakh are classified under standard category on account of extension of DCCO with additional provision of 10% (minimum norms is 5%) amounting to Rs.260.37 Lakh (ii) 98 loan accounts amounting to Rs. 7721.30 Lakh are classified under Substandard category with provisioning of 77% amounting to Rs. 5945.40 Lakh.

The Corporation had restructured loan accounts and classified under Standard category as per RBI guidelines in FY 20-21 and FY 21-22, of which 215 loan accounts amounting to Rs.16,401.47 Lakh is outstanding as on 31.03.2026. Additional provision of 10% (minimum norms 5%/10%) amounting to Rs. 1,640.15 Lakh is kept in respect of these accounts as below.

- (i) 33 loan accounts amounting to Rs.4040.90 Lakh 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. Additional provision of 10% (minimum norms is 5%) amounting to Rs.404.09 Lakh has been made on these loans.
- (ii) 182 loan accounts amounting to Rs. 12,360.57 Lakh under Resolution framework for Covid-19 related stress as per RBI Circular dated May 5, 2021 (Resolution framework 2.0). Additional provision of 10% (minimum norms) amounting to Rs. 1,236.06 Lakh has been made on these loans.

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 technically written off 193 loan accounts amounting to Rs. 14827.96 Lakh as bad debts for maintaining asset quality (Previous year 324 loan accounts amounting to Rs. 13687.70 Lakh). Constructive steps have been initiated for the recovery of these accounts and recoveries effected therefrom are recognized as revenue in the year of receipt. During the year Corporation has recovered Rs.10983.31 Lakhs from loan accounts technically written off in earlier years (Previous year: Rs. 8484.06 Lakh). As on 31.03.2026, the balance outstanding of technically written off bad debts pending to be recovered amounts to Rs.100459.44 Lakh (including Rs.14827.96 Lakh technically written off as on 31-03-2026).

4) Loan Recovery expenses

An amount of Rs.311.46 Lakh (Rs. 302.23 Lakh during FY 24-25) has been written off and disclosed under Loan Recovery expenses in Notes 19. The said amount represents expenses incurred in relation to the loan accounts technically written off in the earlier years.

5) Provisioning

During the year, the Corporation has maintained general provisions on standard advances at 0.25% for SME sector advances, 0.40% for Medium/Other sector advances and 1.00% for Commercial Real Estate (CRE) sector advances in accordance with the extant RBI IRAC norms and SIDBI guidelines. In respect of CRE sector standard assets covered under the Reserve Bank of India (Project Finance) Directions, 2025, provision has been maintained at 1.25% during the construction phase as prescribed under the said Directions. Accordingly, the provisions held are in line with the minimum prudential requirements prescribed by RBI/SIDBI guidelines. The Corporation has maintained a prudent provision of 77% (Previous Year: 77%) on all Sub-standard advances. Considering the excess provision available, the effective provision coverage on Sub-standard assets works out to 81.76%.

The total PCR works out to 89.30% as on 31st March 2026 (86.41% as on 31st March 2025) 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.

Provisioning Coverage Ratio (PCR) as on Mar 31, 2026				
Rs. in Lakhs				
1	2	3	4	5
SI No	Particulars	Gross NPA Plus Technical / Prudential Write-off *	Specific Provisions held including provisions for diminution in fairvalue of the restructured accounts classified as NPAs plus Technical write off	Ratio of (4) to (3)



1	Sub-Standard Advances	21024.43	3153.66	15.00
2	Doubtful Advances (a+b+c)	14827.96	14827.96	100.00
	a < 1 year	14827.96	14827.96	100.00
	b 1-3 Years	0.00	0.00	
	c >3 years	0.00	0.00	
3	Advances classified as Loss Assets	0.00	0.00	
4	Total	35852.39	17981.62	50.15
5	Floating Provisions for Advances (only to the extent they are not used as Tier II Capital)			14035.02
6	DICGC / ECGC claims received and held pending adjustment			0
7	Part payment received and kept in Suspense Account or any other similar account			0
8	Total (Sum of column 4 of Row 4+ Row 5 + Row 6+ Row 7)			32016.64
9	Provision Coverage Ratio {(Row 8/Total of Column 3 of Row 4)*100}			89.30

The minimum provision required to be maintained as per the RBI prudential norms works out to Rs.8,086.28 lakh. However, the Corporation has maintained total provisions aggregating to Rs.22,453.53 lakh, which includes an additional provision of Rs.14,367.24 lakh over and above the minimum provisioning requirement prescribed by RBI.

a) The corporation has provided Rs.3,364.34 Lakh for all standard advances which is the minimum provision required as per the RBI / SIDBI guidelines.

b) The Corporation has prudently maintained additional provision of 10% (minimum norms is 5%/10%) amounting to Rs.1900.51 Lakh in respect of 231 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.17188.68 Lakh. During the year, all the doubtful advances amounting to Rs. 14827.96 Lakh are technically written off and charged to revenue account to maintain asset quality.

The total provision available during the year amounted to Rs.22453.53 Lakh as against the required provision of Rs.21,453.66. Accordingly, no additional provision was required to be made during the year. The Operating profit before technical write-off stood at Rs.29625.99 Lakh (Rs.23815.28 Lakh during PY). The Operating profit after write off is Rs.14798.03 (Rs. 10,127.58 Lakh during PY) and Net profit is Rs.11073.46 Lakh (Rs.9815.91 Lakh during PY). The Gross NPA and Net NPA as on March 31,2026 are and 2.32% and 0.43% respectively as against 2.67% and 0.61% as on March 31,2025.



In accordance with the guidelines of RBI/SIDBI on asset classification, all loans and advances have been classified into Standard, Sub Standard and Doubtful Assets and provisioning is made as under.

SI No	Category of Assets	Minimum provision required (%) as per RBI norms		Provision actually made (%) and amount			
				During		During	
				FY 25-26		FY 24-25	
		%	Amount (Rs. In Lakhs)	%	Amount (Rs. In Lakhs)	%	Amount (Rs. In Lakhs)
1	Standard Assets- Micro & Small	0.25	737.44	0.25	737.44	0.25	930.34
	Standard Assets- Medium	0.40	2203.52	0.40	2203.52	0.40	1498.68
	Standard Assets- CRE	1.00	365.75	1	365.75	1	330.38
	Standard Assets- CRE - (As per RBI (Project Finance) Directions 2025	1.25	57.63	1.25	57.63	NA	NA
2	Additional provision for loans restructured as per RBI resolution framework for MSME sector vide Circular no. DOR.No.BP.BC /4/21.04.048/2020-21 dated August 6, 2020	5	202.05	10	404.09	10	621.03
3	Additional provision for loans restructured as per RBI resolution framework 2.0 for Covid-19 related stress as per RBI Circular dated May 5, 2021	10	1236.06	10	1236.06	10	1689.45
3	Additional provision for loans restructured as per RBI guidelines on account of extension of DCCO during the FY 25-26	5	130.18	10	260.37	10	790.67
4	Sub Standard Assets- FB limits	15	3153.66	77	17188.67	77	16264.09
	Sub Standard Assets- CGTMSE (Secured portion)	15	NA	NA	NA	77	229.52
	Sub Standard Assets-CGTMSE (Un Secured portion)	100	NA	NA	NA	100	99.37
5	Doubtful Assets (up to 1 year)	25	NA	NA	NA	NA	NA
	Total Provision made		8086.29		22453.53		22453.53

6) 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 2024-25 is given below.



(Rs in Lakh)

SI No.	Particulars	Amount
1	Gross NPAs as on March 31, 2025 as reported by the Corporation	21356.69
2	Gross NPAs as on March 31, 2025 as assessed by RBI/ SIDBI	21356.69
3	Divergence in Gross NPAs (2-1)	Nil
4	Net NPAs as on March 31, 2025 as reported by the Corporation	4763.71
5	Net NPAs as on March 31, 2025 as assessed by RBI/ SIDBI	4763.71
6	Divergence in Net NPAs (5-4)	Nil
7	Provisions for NPAs as on March 31, 2025 as reported by Corporation	22453.53
8	Provisions for NPAs as on March 31, 2025 as assessed by RBI/ SIDBI	22453.53
9	Divergence in provisioning (8-7)	Nil
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2025	9815.91
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2025 after taking into account the divergence in provisioning	9815.91

7) Disclosure under RBI (Project Finance) Directions, 2025

Pursuant to the "Reserve Bank of India (Project Finance) Directions, 2025" issued by the Reserve Bank of India vide Circular No. RBI/2025-26/59 dated June 19, 2025, effective from October 01, 2025, the Corporation has complied with the applicable prudential norms relating to eligible project finance exposures, including asset classification, provisioning, monitoring and resolution framework for projects under implementation.

In accordance with Paragraph 7 of the said Directions, the provisions of these Directions are applicable only to projects where financial closure is achieved on or after the effective date i.e., October 01, 2025. Accordingly, the following disclosure as per Annex 4 of the directions pertains only to project finance exposures covered under the aforesaid Directions and does not include existing projects governed by the earlier extant prudential guidelines.

SI. No	Item Description	No.of accounts	Total Outstanding (In Lakhs)
1	Projects under implementation accounts at the beginning of the year.	-	-
2	Projects under implementation accounts sanctioned during the year. (From 01.10.2025 (effective date) to 31.03.2026)	6	4610.20
3	Projects under implementation accounts where DCCO has been achieved during the quarter	-	-
4	Projects under implementation accounts at the end of the year. (1+2-3)	6	4610.20
5	Out of '4' - accounts in respect of which resolution process involving extension in original/extended DCCO, as the case may be has been invoked.	-	-
5.1	Out of '5' - accounts in respect of which Resolution plan has been implemented.	-	-
5.2	Out of '5' - accounts in respect of which Resolution plan is under implementation.	-	-
5.3	Out of '5' - accounts in respect of which Resolution plan has failed.	-	-



6	Out of '5', accounts in respect of which resolution process involving extension in original/extended DCCO, as the case may be has been invoked due to change in scope and size of the project.	-	-
7	Out of '5', account in respect of which cost overrun associated with extension in original/extended DCCO, as the case may be, was funded	-	-
7.1	Out of '7', accounts where SBCF was sanctioned during financial closure and renewed continuously	-	-
7.2	Out of '7', accounts where SBCF was not pre-sanctioned or renewed continuously	-	-
8	Out of '4' - accounts in respect of which resolution process not involving extension in original/extended DCCO, as the case may be has been invoked.	-	-
8.1	Out of '8' - accounts in respect of which Resolution plan has been implemented.		
8.2	Out of '8' - accounts in respect of which Resolution plan is under implementation.		
8.3	Out of '8' - accounts in respect of which Resolution plan has failed.		

8) Assets taken over under Section 29

During the year ,10 units with principal outstanding of Rs.5592.92 Lakh were taken over under Section 29 of the SFC Act, 1951.

9) Recovery under Compromise Settlement Policy

During the year, the Board of the Corporation at its meeting held on 11.11.2025 revised the Loan Compromise Settlement Policy (LCSP) for FY-2025-2026. CS was sanctioned in 94 cases under the scheme amounting to Rs.17449.73 lakh, of which 47 cases were settled amounting to Rs.6853.95 Lakh as on 31.03.2026.

10) Units under IBC,2016

As on 31.03.2026, there are 4 units financed by the Corporation which are undergoing the process of CIRP/Liquidation on the basis of petitions filed by KFC and other financial creditors. The total claim admitted in favour of the Corporation in the 4 cases amounts to Rs.12187.65 lakh. During the year one unit which was under IBC 2016 was closed under the Compromise settlement scheme.

11) Physical possession under SARFAESI Act 2002

The Corporation has taken physical possession of 10 units with principal outstanding of Rs.5594.11 Lakh under SARFAESI ACT, 2002.

12) Revenue Recovery

During the year, the Corporation initiated Revenue Recovery proceedings against 89 units, for which demand notices aggregating to Rs. 25410.95 lakh were issued.



2.3 Loans to Government Public Sector Undertaking (PSU)

The Loan Portfolio of the Corporation as on 31.03.2026 includes the term loans extended to the following Public Sector Undertaking (PSU) of Govt of Kerala.

(Rs. In Lakh)

SL No.	Name of Borrower	Balance outstanding as on 31-03-26	Balance outstanding as on 31-03-25
1	Kerala Infrastructure Investment Fund Board (KIIFB)	92,421.47	1,16,675.97
2	Kerala Social Security Pension Ltd (KSSPL)	199,999.91	99999.80
3	Kerala State Electricity Board (KSEB)	-	68,015.67
	Total	292,421.38	2,84,691.44

2.4 Projects with subsidies

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

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). Initially the scheme was envisaged with 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. In November 2021, the scheme was revised to assist 500 MSME units every year and the loan amount was increased from Rs.50 lakh to Rs.200 lakh and the interest rate was reduced from 7% to 5%. The Govt of Kerala provides 3% as interest subvention under the scheme. The scheme is valid till July 2026. During FY 2025-26, the Corporation sanctioned assistance worth Rs.42482.86 Lakh to 392 units and disbursed Rs.29194.27 Lakh to 507 units under this scheme. Rs.1882.63 Lakh is receivable from the Govt of Kerala as interest subsidy as on 31.03.2026.

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 (Maximum Rs.3 Lakh) and interest subvention of 3% from NORKA ROOTS. During the year, the Corporation has sanctioned Rs.65.74 lakh to 4 units and disbursed Rs.63.99 Lakh to 5 units under this scheme. Rs.12.92 Lakh is received as capital subsidy from NORKA Roots during the F.Y 2025-26.

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

The Corporation started a Comprehensive Scheme for Financing Startups named 'Startup Kerala' to assist Startups during all stages of their growth starting from Productization/ Commercialization/ Scaling Up, Financing Working Capital Requirements of Startups for Executing Purchase/ Work Orders, Seed Loan Assistance to Startups for developing socially relevant products, Venture Debt etc. The maximum assistance is Rs.25 lakh for productization, up to Rs.50 lakh for commercialization and up to Rs.200 lakh for Scaling up, subject to 90% of the project cost at each stage. 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. They will be eligible for interest



subvention of 2% from KSUM. During the year, the Corporation sanctioned Rs.1743.00 Lakh to 16 units and disbursed Rs. 682.27 lakh to 14 units. Rs. 63.69 lakh is receivable as interest subsidy from Kerala Startup Mission as on 31.03.2026.

d) KFC Agro-based MSME Loan Scheme (KAMS)

Agro-based industries can play an important role in contributing to the overall development of the economy. The Hon. Finance Minister, in the Budget Speech 2022-23, had announced a Special Scheme for MSMEs in Agriculture Sector through KFC. The Government of Kerala has accorded administrative sanction for financing MSMEs in Agriculture Sector. Accordingly, the Corporation approved a special loan scheme for MSMEs in Agriculture Sector and the Scheme is named 'KFC Agro-based MSME Loan Scheme' (KAMS). The Government have extended the validity of the Scheme for the FY 2025-26. The rate of interest of the loans under the Scheme is 6% where 3% subsidy is given by the Govt of Kerala. During the FY 2025-26, the Corporation has sanctioned assistance worth Rs.345.00 Lakh to 3 units and disbursed Rs.638.41 Lakh to 8 units under this scheme. Rs.27.99 Lakhs is receivable as interest subsidy from Govt of Kerala as on 31.03.2026.

2.5 Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme.

As on March 31, 2026, the Corporation has 1,802 CGTMSE-registered units with an aggregate principal outstanding of Rs.3,232.76 lakh. Claims aggregating to Rs.556.48 lakh have been lodged in respect of 891 loan accounts, out of which claims amounting to Rs.204.00 lakh have been received. Accordingly, claims receivable amounting to Rs.352.48 lakh remain outstanding as on March 31, 2026. In line with the Corporation's accounting policy, the outstanding claims receivable amounting to Rs. 352.48 lakh have not been recognized in the financial statements and will be accounted for in the period of actual receipt.

2.6 Investments

Out of the investments of Rs.91.44 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, being the value of investment in respect of companies under liquidation. 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 an amount of Rs.6,080 lakh in April 2018 in Secured Redeemable Non-Convertible Debentures (NCDs) issued by M/s. Reliance Commercial Finance Limited, in accordance with the terms and conditions governing the Non-SLR Bond Issue Series 2018. Subsequently, upon default by RCFL to its lenders and creditors, a resolution process was initiated under the directions of the Reserve Bank of India, culminating in July 2021 with the approval of a resolution plan in favour of Authum Investment and Infrastructure Limited (Authum), which contemplated a recovery of 24.96% for the debenture holders and other creditors. Being aggrieved by the resolution process, including concerns relating to the voting mechanism and treatment of dissenting creditors, the Corporation filed Writ Petition (L) No. 14895 of 2022 before the Hon'ble Bombay High Court in May 2022 challenging the said resolution framework. Thereafter,



pursuant to the order dated 30.08.2022 of the Hon'ble Supreme Court of India permitting direct negotiations between the parties, Authum submitted a revised settlement proposal offering recovery equivalent to 52% of the investment amount together with an additional entitlement of 1% of future recoveries arising from the mortgaged assets. Subsequent to the direction issued by the State Government in May 2024 leaving the matter to the discretion of the Board of the Corporation, further discussions were held with Authum with a view to exploring the possibility of improving the settlement proposal. However, Authum informed that, in view of the lapse of time and intervening developments, the matter is presently under internal re-examination and that a reaffirmed proposal, if any, would be communicated in due course. In the meanwhile, the aforesaid Writ Petition (L) No. 14895 of 2022 filed by the Corporation has been tagged by the Hon'ble Bombay High Court for joint consideration along with a connected writ petition filed by NABARD against RCFL, Bank of Baroda and the Reserve Bank of India, and the matter is presently pending adjudication. Pending final resolution of the matter, and as a measure of financial prudence and accounting conservatism, the Corporation continues to maintain 100% provision against the outstanding investment amount and any future recovery realized through judicial outcomes or a settlement will be recognized directly as income upon receipt.

The Corporation also hold investment in NCDs amounting to Rs.2300 Lakh in compliance with the covenant requirements of KFC Non SLR Bond Issue Series 2020.

2.7 Income Tax Assessments

Income-tax returns of the Corporation have been filed up to Assessment Year 2025-26 and assessments have been completed up to Assessment Year 2025-26. Appeals filed by the Corporation are pending before the Commissioner of Income Tax (Appeals) for Assessment Years 2009-10, 2012-13, 2013-14, 2014-15, 2016-17, 2018-19, 2020-21 and 2024-25.

Assessments for Assessment Years 2018-19 and 2020-21 were reopened under Section 147 of the Income-tax Act, 1961. The reassessment for AY 2018-19 was completed vide order dated 12.02.2026 raising an additional demand of Rs.9,290.45 lakhs. The Corporation has filed an appeal against the said order and, against the total demand, an amount of Rs.435.77 lakhs has been deposited. Stay has been granted for the balance demand of Rs.8,854.68 lakhs.

The reassessment for AY 2020-21 was also completed with an additional demand of Rs.17.02 lakhs. The Corporation has filed an appeal against the said order and deposited Rs.3.40 lakhs. Stay has been granted for the balance demand of ₹13.62 lakhs.

Further, writ petitions filed by the Corporation for Assessment Years 1993-94 and 1995-96 have been remanded to the Chief Commissioner/Additional Commissioner for fresh adjudication.

2.7 Deferred Tax Asset

The deferred tax assets and liabilities arising from timing differences between accounting income and taxable income has been recognised in accordance with Accounting Standard 22. The major components of deferred tax are as follows: -



(in Lakh)

Particulars	31.03.2026
Deferred Tax Assets (DTA)	
Provision for doubtful debts	5651.10
Difference on account of depreciation (WDV method)	44.45
Deferred Tax Liabilities (DTL)	
Special reserve created u/s 36(1)(viii)	3952.64
Net Deferred Tax Asset as on 31.03.2026	1742.91
Opening Balance of DTA/(DTL)	1871.21
DTA/(DTL) recognised for FY 2025-26	128.30

2.8 Indirect taxes

Service tax -

Prior to the introduction of GST w.e.f. 01.07.2017, the Corporation was covered under the Service Tax regime. Most of the disputes pertaining to the Service Tax period were resolved under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS). The following matters, however, continue under various stages of litigation/disposal: IO No.03/2018-19 dated 22.05.2018 involving a demand of Rs.64.82 lakh pending before the Hon'ble CESTAT, Bangalore; OIO No.09/ST(DC)/DIV/2021-22 dated 28.07.2021 involving a demand of Rs.30.53 lakh pending before the Commissioner (Appeals); and SCN No.08/2019/ST dated 11.04.2019 involving a demand of Rs.93.88 lakh pending adjudication before the Jurisdictional Assessing Officer.

Goods and Service Tax (GST)

GST was implemented across 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 are managed centrally from Head Office. During FY 2025-26, the total GST liability of the Corporation amounted to Rs 489.69 lakh, of which Rs.68.29 lakh was discharged through utilisation of eligible Input Tax Credit (ITC) after reversal of 50% of the credit in accordance with Section 17(4) of the CGST Act, and Rs.421.40 lakh through cash payment. The Annual Returns under GST regime, GSTR-9 and GSTR-9C, have been filed up to FY 2024-25.

SCN No.95/2022-23 (GST) dated 31.03.2023 was served on the Corporation with a demand of Rs.83.00 lakh in connection with the levy of GST under Reverse Charge Mechanism (RCM) on establishment charges of Revenue Recovery staff reimbursed to Government. Order-in-Appeal No. TVM-GST-APP-150-2024-25 confirming the demand was passed by the Commissioner (Appeals) on 12.11.2024. The GST Appellate Tribunal has now become functional and the last date for filing appeal in the matter is 30.06.2026. The Corporation intends to file appeal before the Hon'ble GST Appellate Tribunal within the prescribed timeline.



2.9 Related Party Disclosures as per AS 18

A. List of Related Parties

- Holding Company - NIL
- Subsidiary Companies - NIL
- Key Managerial Personnel -
 1. Dr. A. Jayathilak IAS, Chairman (28.10.2024-Present)
 2. Dr.Sriram Venkitaraman IAS - Managing Director (till 07.08.2025)
 3. Shri. Umesh NSK IAS- Managing Director (08-08-2025 to 18-03-2026 & 06.05.2026 to present)
 4. Sri Premnath Ravindranath - Managing Director (i/c) (18-03-2026- 19-03-2026)
 5. Smt. Anju K.S IAS (from 19-03-2026 – 06.05.2026)
 6. Smt.Soya K - Financial Controller & Chief Financial Officer
 7. Smt.Nandhini Vijayaraghavan - Company Secretary & Compliance Officer

B. Related party Transactions

No remuneration is paid to Dr. A. Jayathilak IAS , Dr Sriram Venitaraman IAS and Sri. Umesh NSK IAS during the year.

Salary and other perquisites:

Sri. Premnath Ravindranath – Rs. 49.73 Lakh

Smt. Soya K – Rs.37.69 Lakh

Sri. Nandhini Vijayaraghavan – Rs.13.68 Lakh

2.10 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. An assessment of indicators of impairment of assets in accordance with Accounting Standard 28 – Impairment of Assets as at the balance sheet date and there has been no indication that an asset or a class of assets is 'impaired'. Accordingly, no impairment loss has been recognized in the books of account for the year ended 31.03.2026.

2.11 Advance for fixed assets.

Advance for Fixed Assets amounting to Rs.159.88 lakh represents expenditure incurred on fixed assets which were not ready for use as at 31.03.2026. This includes an advance of Rs.114.68 lakh paid to KADCO towards renovation of the Ernakulam Branch Office. Further, an advance of Rs.11.30 lakh paid to National Informatics Centre for development of the MISAGO application for the Case Management System and Rs.33.90 Lakh to Kone Elevators for supply and commissioning of two lifts at Ernakulam Branch Office.

2.12 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.

2.13 Contingent liabilities

The contingent liabilities as on 31.03.2026 are estimated as under

Particulars	Rs in Lakh
On account of :	
1. Income Tax	5392.62
2. Suits filed against the Corporation wrt borrowers	46.31
3. Suits filed against the Corporation wrt employee matters	949.19
4. Service Tax & GST	178.36
5. Guarantees issued on behalf of Government contractors in Kerala	25801.91

2.14 Assets acquired in satisfaction of claims (Title deeds of Immovable Property not held in name of the Company)

Assets acquired in satisfaction of claims amounting to Rs.400.34 lakh relate to M/s. Jayalakshmi Builders, Thiruvananthapuram, and continue to be retained as such. The acquisition was made during the financial year 2008-09 and was accounted for as recovery from the NPA account in that year. Accordingly, the said amount does not have any impact on the profits reported in the current or previous year financial statements. The asset has been tested for impairment and, as per the valuation dated 01.11.2025, the present realizable value of the asset is Rs.922.54 lakh, which is higher than its carrying value. Though e-sale notices were issued during the year, no bids were received. Pending settlement and considering the asset as additional support towards the claims, the Corporation has continued to retain the same under Non-Current Assets.

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Other non current assets	Land	109.50	Sri.Rajendra Babu & Sri.Balakrishnan	No	26.10.2006	Possession of property taken over u/s 29 of SFC Act



Other non current assets	Building	290.84	-	No	26.10.2006	Possession of property taken over u/s 29 of SFC Act
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2.15 Suspense Account

The amount outstanding in Suspense Account amounting to Rs.753.51 Lakh as on 31.03.2026 comprises of remittance in contractor loans of Rs.354.48 Lakh, out of which Rs 197.89 Lakhs is refunded post year end. Balance amount of Rs.399.03 Lakhs pertains to unidentified credits received in loan accounts during year end and amount retained as per court orders etc. The balance amount lying in Suspense account as on date is being identified and rectified.

2.16 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. 3,75,103.96 Lakh and repaid Rs. 2,95,224.76 Lakh. The loan outstanding as on 31.03.2026 is Rs. 7,17,186.08 Lakh. The Corporation had converted Rupee Term Loans and WCDLs and availed as Foreign Currency Loans from State Bank of India & South Indian Bank for tenors not exceeding 183 days on a fully hedged basis. All transactions in foreign currency were recognized at the exchange rate prevailing on the date of the transaction. The premium paid during the year ended March 31, 2026 was Rs 2,895.50 Lakh. All the loans denominated in Foreign Currencies were converted back to Rupee Term Loans and WCDLs before 31.03.2026 and no loans denominated in Foreign currencies are outstanding as on 31.03.2026.

2.17 Non SLR Bonds

The Corporation has listed the following NCDs in the Bombay Stock Exchange and the annual listing fees has been paid. The NCDs 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 31.03.2026 aggregate to Rs. 1,67,950.00 Lakh as given below.

Rs in Lakh							
Sl No	Issue Date	Coupon	Amount Issued	Amount Outstanding	Maturity Date	Credit Rating	Asset Cover ⁺
1	23-Jul-25	8.58%	31000.00	31000.00	23-Jul-35	AA	100%
2	13-Mar-24	8.89%	30700.00	30700.00	13-Mar-34	AA	100%
3	02-May-23	8.63%	27350.00	27350.00	24-Mar-33	AA	100%
4	24-Mar-23	8.90%	47650.00	47650.00	24-Mar-33	AA	100%
5	14-Sep-20	7.70%	25000.00	25000.00	14-Sep 30	AA	110%
6	09-Jul-19	8.99%	25000.00	6250.00	09-Jul-26	AA	125%

+ 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 amount deposited by Corporation towards REF with BSE as on March 31, 2026 is Rs.21.67 Lakh.

2.18 Employee Expenses

The total employee benefits and expenses for the financial year amount to Rs. 5,249.42 Lakh (FY 2024-25: Rs. 4,214.86 Lakh), which includes Employee Pay & Allowances of Rs. 4,667.92 Lakh (FY 2024-25: Rs. 3,612.69 Lakh). The Corporation follows the State Government pattern for Dearness Allowance (DA) revisions and meets the resulting financial liability from its own resources. In terms of G.O.(P) No. 15/2026/Fin dated 04.02.2026, the Government enhanced the DA from 22% to 25% effective from 01.07.2023, and the corresponding arrears were subsequently released on 25.02.2026. Further, noting the State Budget announcements for FY 2026-27 regarding the release of pending DA increments from 25% up to 35% across subsequent intervals between 01.01.2024 and 01.07.2025, a provision of Rs. 306.59 Lakh has been created and incorporated into the financial statements to account for a 10% increase in Dearness Allowance effective from 01.01.2024.

2.19 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 Summary of actuarial assumptions used in valuation is as below.

- Discount rate 7.215%
- Salary escalation rate 2.00%
- Employee turnover rates - 2%
- Mortality rates - IALM 2012-14

The Fair value of the Plan assets and the Present value of obligations as at March 31, 2026 for both the schemes is as below.

Particulars	Rs in Lakh	
	PV of obligation	Fund value
Group gratuity Scheme	1200.43	1207.87
Group Leave Encashment Scheme	830.46	1078.08

The Calculation of Liability/(asset) for both the schemes is as below.

Sl No	Particulars	Gratuity	Leave encashment
1	Defined Benefit Obligation	1200.43	830.46
2	Fair value of plan assets	1207.87	1078.08
3	Funded status -(surplus)/deficit	(7.44)	(247.62)
4	Unrecognised past service (cost)/credit	-	-



5	Liability/(asset)	(7.44)	(247.62)
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The Calculation of actuarial gain/loss for both the schemes is as below.

Sl No	Particulars	Gratuity	Leave encashment
1	Current service cost	59.20	168.52
2	Interest cost	73.78	39.62
3	Expected return on plan assets	(85.35)	(65.68)
4	Actuarial loss/(gains)	(37.01)	80.59

The contribution made to the fund is accounted as expenses and the excess amount in the fund is not recognized as asset in the Balance Sheet as per the accounting practice followed.

2.20 RR charges payable

The Corporation reimburses the remuneration paid by Government to Revenue Recovery staff who are officiating in the Corporation. The payments had been paid for till FY 2013-14. Provision of Rs.1072.21 Lakh has been made towards the due payable from FY 2014-15 to FY 2024-25 as on 31.03.2025. Subsequently, vide Letter No.82/2008/Dy/C/RR dated 17.07.2025 the amount payable for the period from F.Y 2014-15 to F.Y 2024-25 was revised to Rs.882.43 lakh. Accordingly excess provision amounting to Rs.189.78 lakh was reversed during the year. Further a provision of Rs.60 Lakh is made for the F.Y 2025-26 based on the previous years' calculations. Consequently, the total provision outstanding as on 31.03.2026 amounts to Rs.942.43 Lakh, break up of which is as below.

Financial Year	Amount in Lakh
2014-15	94.54
2015-16	100.47
2016-17	150.76
2017-18	157.92
2018-19	157.00
2019-20	135.86
2020-21	49.86
2021-22	60.80
2022-23	45.00
2023-24	60.00
2024-25	60.00
Less: Excess Provision adjusted	-189.78
2025-26	60.00
Total	942.43

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.



2.21 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 25-26 are Rs.84,079.39 Lakh and Rs.2495.48 Lakh (Rs.73,775.51 Lakh and Rs.2030.22 Lakh during FY 2024-25) respectively.

2.22 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 442.69 Lakh (Rs. 357.12 Lakh during the FY 24-25), out of which Rs 139.38 Lakh pertains to this FY (Rs. 153.90 Lakh during the FY 24-25) and Rs 303.31 Lakh (Rs. 203.22 Lakh during the FY 24-25) pertains to future FYs.

Out of the unexpired portion of Commission accounted during:

- a) FY2024-25 (Rs.200.31 Lakh), Rs.108.48Lakh is recognized as income during this year
- b) FY2023-24 (Rs.209.34 Lakh), Rs.99.87 Lakh is recognized as income during this year
- c) FY 2022-23 (Rs.83.68 Lakh), Rs.37.99 Lakh is recognized as income during this year
- d) FY 2021-22 (Rs.16.85 Lakh), Rs.9.33 Lakh is recognized as income during this year
- e) FY 2020-21 (Rs.8.15 Lakh), Rs.4.43 Lakh is recognized as income during this year.
- f) FY 2019-20 (Rs.1.40 Lakh), Rs. 1.07 Lakh is recognized as income during this year.

Thus, the total income recognised during the year is Rs. 400.55 Lakh.

2.23 Ageing of trade payables and trade receivables

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

2.24 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 accrual basis. The deferred tax assets and liabilities are recognised, for the expected tax consequences of temporary / timing differences.

Taxable income calculated as per IT Act	-	Rs. 14289.04 Lakh
Income tax thereon	-	Rs. 3596.26 Lakh

2.25 Dividend and Special Reserve Fund

For the financial year ended March 31, 2026, the Board of Directors has recommended the conservation of profits and has not proposed any dividend (Previous Year: 5%). Consequent to the equity capital being fully paid up, the Corporation aims to augment its net worth through retained earnings. This capital conservation strategy is essential to maintain robust prudential ratios—specifically the Capital Adequacy Ratio (CRAR) and



Debt-Equity Ratio (DER)—thereby ensuring future leveraging capacity, borrowing headroom, and sustainable credit expansion.

As no dividend has been declared for the current financial year, no amount is required to be transferred to the Special Reserve Fund under Section 35A of the SFC Act, 1951 (Previous Year: Rs. 18.16 Lakh).

2.26 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 loanees 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 all back ended subsidies is Rs.8.86 Lakh (Rs.21.66 Lakh during FY 24-25) is shown under the head Interest and fund-expenses.

2.27 Prior period items

There are no prior period adjustment made during this year .

2.28 Previous Year's Figures

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

For and on behalf of the Board of Directors



Nandhini V
Company Secretary
& Compliance
Officer



Soya K
Financial Controller &
Chief Financial Officer



Premnath Ravindranath
Executive Director




Umesh NSK IAS
Managing Director



Place: Thiruvananthapuram
Date: 25.05.2026

As per our report of even date
For JAKS & Associates
Chartered Accountants
Firm Reg No : 0013605



Selastin A. FCA
Partner, M No: 202874

Disclosure required as per Regulation 52(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2026


SI No	Particulars	Year ended 31.03.2026
A	Debt-Equity Ratio (times)	5.85
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. In Lakhs)	151,312.84
G	Net Profit after Tax (Rs in Lakhs)	11,073.46
H	Earnings per Share	
	1) Basic (Rs.)	11.95
	2) Diluted (Rs.)	11.93
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 (times)	0.83
N	Debtors turnover	NA
O	Inventory Turnover	NA
P	Operating Margin	14.16%
Q	Net profit Margin	10.60%
R	Capital Redemption Reserve	Nil
S	Debenture Redemption Reserve	Nil
T		
U	Sector specific equivalent Ratios	
	· CRAR	30.70%
	· Gross NPA	2.32%
	· Net NPA	0.43%

* Not Annualized

For and on behalf of the Board of Directors


Nandhini V
Company Secretary
& Compliance Officer


Soya-K
Financial Controller
& Chief Financial officer


Premnath Ravindranath
Executive Director


Umesh NSK. IAS
Managing Director

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



Place: Thiruvananthapuram
Date : 25.05.2026


Selastin A. FCA
Partner, M No: 202874

INDEPENDENT AUDITOR'S REPORT

To

The Members
Kerala Financial Corporation
Thiruvananthapuram

Report on the Audit of the Financial Statements,

We have audited the Financial Statements of Kerala Financial Corporation (herein referred to as Corporation), which comprise the Balance Sheet as on March 31, 2026 and the Profit and Loss account and the statement of Cash Flows for the Year Ended, and the Notes to the Financial Statements, including a summary of Significant Accounting Policies.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accompanying Financial Statements give a True and Fair view of the Financial Position of the entity as on March 31, 2026 and of its Financial Performance and its cash flows for the year 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 of 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 for our report. We are independent of the entity according to 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 the opinion.

Emphasis of Matter

1. The Corporation has restructured 16 loan accounts aggregating to Rs.2,603.67 Lakhs, and classified as Standard Assets in accordance with the applicable regulatory guidelines. Interest accrued on these accounts amounts to Rs.34.21 Lakhs. Further, the Standard Asset portfolio also includes loan accounts restructured during FY 2020-21 and FY 2021-22 under the COVID-19 Resolution Framework issued by the Reserve Bank of India vide circulars dated August 6, 2020 and May 5, 2021, aggregating to Rs.1,6401.47 Lakhs covering 215 loan accounts and the interest accrued on these accounts to Rs.230.40 Lakhs. The Corporation has maintained the additional provision of 10% on such restructured accounts, which has been included under provisions for bad and doubtful debts.
2. The corporation applies a higher percentage of provision for bad debts on sub-standard assets than prescribed in the RBI Norms. Though the corporation does it on a

conservative basis, the correct application of RBI Norms may have a material impact on the Profit and Loss account of the corporation..

3. The corporation has a property acquired against a defaulted loan with a value of Rs.400.34 Lakh shown as an asset in its Balance Sheet. This asset has been there in the books of accounts of the Corporation for a long time. The corporation has revalued the same on 01.11.2025 and the present realizable value of the asset is Rs.922.54 lakh . Though there are records available to substantiate the recoverability of the asset, the same has not been materialised for a long time which is a concern about the recoverability of the asset.
4. The corporation does not have a full-fledged system to verify whether the collateral securities are revalued once in every three years and the loan database and accounting records are updated with the revalued figures.
5. The Loan Portfolio of the Corporation as on 31.03.2026 includes the loans extended to the following Public Sector Undertaking (PSU) of Govt of Kerala.

(Rs. In Lakh)

SL no.	Name of Borrower	Balance outstanding as on 31-03-2026	Balance outstanding as on 31-03-2025
1	Kerala Infrastructure Investment Fund Board (KIIFB)	92,421.47	1,16,675.97
2	Kerala Social Security Pension Ltd (KSSPL)	1,99,999.90	99,999.80
3	Kerala State Electricity Board (KSEB)	-	68,015.67
	Total	2,92,421.37	2,84,691.44

It was noted that loans extended by the Corporation are primarily secured by sovereign guarantees from the Government of Kerala, without additional collateral. Regarding the loan of Rs.1,99,999.90 Lakh granted to Kerala Social Security Pension Ltd (KSSPL), it was observed that although the authorization Government orders for executing the guarantee on behalf of the Government of Kerala were issued , the finalized guarantee agreement itself was not available on record as of May 25, 2026.

While the Corporation's primary mandate is to drive credit growth within the Micro, Small, and Medium Enterprises (MSME) sector and support local manufacturing and service entities, there is a visible trend of substantial and frequent lending to Public Sector Undertakings (PSUs) .

6. The corporation has funded subsidy upfront to the tune of Rs.1985.687 Lakh to the borrowers on certain loan schemes on behalf of Government of Kerala before collecting the subsidy amount from Government. This amount is subject to confirmation from Government of Kerala and the corporation has not taken any provision against it.



7. The Corporation had invested Rs.6,080 lakh in NCDs of M/s. Reliance Commercial Finance Ltd. in April 2018. Following default by the issuer, RBI initiated a resolution plan which was approved in July 2021 providing for recovery of only 24.96% for KFC. The Corporation dissented and filed a writ petition before the Hon'ble High Court of Bombay, which is pending. Pursuant to the Hon'ble Supreme Court's order dated 30.08.2022, the resolution bidder gave a revised settlement offer of 52% plus 1% of future remittances which was approved by the Board in Nov 2022. Government concurrence was received in May 2024, but implementation is pending due to the ongoing writ petition. Full provision has been made for the unrecovered amount, and any future recovery will be recognized as income.

Our opinion is not modified in respect of these matter.

Other Matters

1. On our random verification, it is observed that the KYC updation of loan files for some loan documents pertaining to branches are not fully in order due to deficiency in documentation.
2. The Suspense Account showed a balance of Rs. 753.511 lakh as on 31.03.2026, including Rs. 354.477 lakh towards contractor loan remittances. Subsequently, the contractor suspense balance was reduced to Rs. 156.585 lakhs while the Suspense Account balance excluding contractor suspense was reduced to Rs. 221 lakhs as on 16-05-2026.
3. There are some liability accounts with subsidy received from various agencies but not yet released to the borrowers who have become NPA, . The corporation may adjust the subsidies against the loan account balance with the approval from the authorities concerned.
4. With reference to note no: 13 the Corporation has a mechanism to claim the secured portion under CGTMSE from the Central Government. While these claims qualify to be recognized as receivables once approved by the Government, the Corporation currently accounts for them on a cash basis rather than an accrual basis. Although this practice does not have a material impact on the current financial statements, it represents a departure from the Corporation's standard accrual basis of Accounting Policy.
5. We have noticed certain limitations in the software system in generating specific reports required for verifying MSME classification etc directly from the ERP.
6. The Corporation's financial accounting and reporting processes rely substantially on Information System controls. We have observed certain data cleansing issues during the period of Audit. To ensure the continuous integrity of financial reporting, it is important to reinforce data governance. Inconsistencies in input data, data migration procedures, or data extraction workflows could potentially affect the precision and completeness of the financial records.

Our opinion is not modified in respect of these matters.



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

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

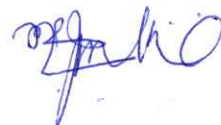
In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using going concern as the basis of accounting unless management either intends to liquidate the entity or 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 Frauds or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For JAKS and Associates
Chartered Accountants
FRN No: 001360S



CA Selastin Anthoniappan
M. No.:202874

Place: Thiruvananthapuram
Date: 25-05-2026

UDIN: 26202874UOULHS4180





Regd. Office Vellayambalam, Trivandrum - 695033, Kerala

Tel : +91-471-2737500, Fax: 2311750 ,Website: www.kfc.org, Email: accounts@kfc.org

Financial Results for the year ended March 31, 2026

(Rs. in Lakh)

Sl No	Particulars	Quarter ended		Year ended	
		31.03.2026	31.12.2025	31.03.2026	31.03.2025
		Audied	Unaudited	Audied	Audited
1	Total Income from Operations	27761.19	27,659.21	104,508.88	90,139.05
2	Net Profit / (Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	-5957.61	8,991.53	14,798.03	10,127.58
3	Net Profit / (Loss) for the period before tax (after Exceptional and/or Extraordinary items#)	-5957.61	8,991.53	14,798.03	10,127.58
4	Net Profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary items#)	-7132.17	8,691.53	11,073.46	9,815.91
5	Total Comprehensive Income for the period [Comprising Profit/ (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	-7132.17	8,691.53	11,073.46	9,815.91
6	Paid-up Equity Share Capital	92650.43	92,650.43	92,650.43	72,650.43
7	Share application money pending allotment	7349.57	-	7,349.57	20,000.00
8	Reserves, Excluding Revaluation Reserves	51312.84	58,445.01	51,312.84	40,184.21
9	Securities Premium Account	Nil	Nil	Nil	Nil
10	Net worth	151312.84	151,095.44	151,312.84	132,834.64
11	Outstanding Debt	885136.66	805,743.82	885,136.66	780,844.89
12	Outstanding Redeemable Preference Shares	Nil	Nil	Nil	Nil
13	Debt Equity Ratio	5.85	5.33	5.85	5.88
14	Capital Adequacy Ratio (%)	30.70	31.92	30.70	28.65
15	Earnings Per Share (Rs.) Basic	-7.70*	9.38*	11.95	13.90
16	Earnings Per Share (Rs.) Diluted	-7.68*	9.38*	11.93	13.81
17	Capital Redemption Reserve	Nil	Nil	Nil	Nil
18	Debenture Redemption Reserve	Nil	Nil	Nil	Nil
19	Debt Service Coverage Ratio	NA	NA	NA	NA
20	Interest Service Coverage Ratio	NA	NA	NA	NA

* Not Annualised

- 1 Previous figures are regrouped and rearranged wherever necessary to conform to current year's requirement.
- 2 Technical write-off of doubtful loan assets are carried out at the end of the financial year after completing the annual review process. Accordingly, the impact of such write-offs is recognized in the fourth quarter.
- 3 The above is an extract of the detailed format of Financial Results for the year ended March 31, 2026 filed with Stock Exchange under Regulation 52 of SEBI(Listing Obligation and disclosures Requirements) Regulations, 2015 as amended. The full format of the aforementioned results are available on the corporation's website "www.kfc.org"and on the website "www.bseindia.com"

Place : Thiruvananthapuram

Date : 25.05.2026

Umesh NSK IAS
Managing Director



KERALA FINANCIAL CORPORATION

HO: VELLAYAMBALAM, THIRUVANANTHAPURAM - 695 033

Phone : 0471- 2737500, 2737566

e-mail : mdoffice@kfc.org website : www.kfc.org



KFC/CS/BSE/2026-27

25.05.2026

To,
The Manager
BSE Limited
PJ Towers
Dalal Street
Mumbai - 400001

Sub: Quarterly Intimation to Stock Exchange Compliance with Regulation 54 of SEBI (LODR) Regulations, 2015

Dear Sir,

In compliance with Regulation 54 of SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 we hereby submit that we have maintained more than 100% asset cover on our Non-Convertible Debentures listed with BSE. Attaching herewith our Asset Cover Certificate for the year ended March 31, 2026.

Kindly take the same on record.

Thanking You,

Yours Faithfully

NANDHINI VIJAYARAGHAVAN
Company Secretary
Kerala Financial Corporation

Company Secretary & Compliance Officer

Statutory Audit Certificate

(In compliance with Regulation 54(1) and Regulation 56 (1) (d) of SEBI LODR Regulation, 2015)

This is to certify that Kerala Financial Corporation has complied with all the covenants mentioned in the Information Memorandum and/or Debenture Trust Deed of all the listed non-convertible debt securities of the corporation as detailed below.

No.	Covenant	Particulars	
1	List of Bonds outstanding during the quarter year ended 31st March, 2026	Bond name	Principal Amount (Rs in Crores)
		KFC 8.99% Non SLR Bond, issue series 1/2019	62.50
		KFC 7.70% Non SLR Bond, issue series 1/2020	250.00
		KFC 8.90% Non SLR Bond, issue series 1/2023	476.50
		KFC 8.63% Non SLR Bond, issue series II/2023	273.50
		KFC 8.89% Non SLR Bond, issue series I/2024	307.00
		KFC 8.58% Non SLR Bond, issue series I/2025	310.00



2	Present Credit Rating	Instrument Type	Amount outstanding (Rs. in Crores)	Infomerics Valuation and Rating Pvt Ltd	Acuite Ratings & Research Limited
		INE818F07088	62.50	IVR AA / Stable	ACUITE AA/ Stable
		INE818F07104	50.00	IVR AA / Stable	ACUITE AA/ Stable
		INE818F07112	50.00	IVR AA / Stable	ACUITE AA/ Stable
		INE818F07120	50.00	IVR AA / Stable	ACUITE AA/ Stable
		INE818F07138	50.00	IVR AA / Stable	ACUITE AA/ Stable
		INE818F07146	50.00	IVR AA / Stable	ACUITE AA/ Stable



	INE818F07153	95.30	IVR AA / Stable	ACUITE AA/ Stable
	INE818F07161	95.30	IVR AA / Stable	ACUITE AA/ Stable
	INE818F07179	95.30	IVR AA / Stable	ACUITE AA/ Stable
	INE818F07187	95.30	IVR AA / Stable	ACUITE AA/ Stable
	INE818F07195	95.30	IVR AA / Stable	ACUITE AA/ Stable
	INE818F07229	54.70	IVR AA / Stable	ACUITE AA/ Stable



		INE818F07237	54.70	IVR AA / Stable	ACUITE AA/ Stable
		INE818F07211	54.70	IVR AA / Stable	ACUITE AA/ Stable
		INE818F07245	54.70	IVR AA / Stable	ACUITE AA/ Stable
		INE818F07203	54.70	IVR AA / Stable	ACUITE AA/ Stable
		INE818F07252	61.40	IVR AA / Stable	ACUITE AA/ Stable
		INE818F07260	61.40	IVR AA / Stable	ACUITE AA/ Stable
		INE818F07278	61.40	IVR AA / Stable	ACUITE AA/ Stable



	INE818F07294	61.40	IVR AA / Stable	ACUITE AA/ Stable
	INE818F07286	61.40	IVR AA / Stable	ACUITE AA/ Stable
	INE818F07344	62.00	IVR AA / Stable	ACUITE AA/ Stable
	INE818F07302	62.00	IVR AA / Stable	ACUITE AA/ Stable
	INE818F07310	62.00	IVR AA / Stable	ACUITE AA/ Stable
	INE818F07336	62.00	IVR AA / Stable	ACUITE AA/ Stable



		INE818F07328	62.00	IVR AA / Stable	ACUITE AA/ Stable
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3	Asset Cover Available	As detailed in table I below
4	Previous due date for the payment of interest/ principal and whether the same paid or not	All interest and principal were paid on due date as per terms of issue. <ol style="list-style-type: none"> 1. KFC 8.89% Non SLR Bond issue series I/2024- 13.03.2026 2. KFC 8.90% Non SLR Bond issue series I/2023- 31.03.2026 3. KFC 8.63% Non SLR Bond issue series II/2023- 31.03.2026 4. KFC 8.58% Non SLR Bond issue series I/2025- 22.01.2026 5. KFC 7.70% Non SLR Bond issue series I/2020- 14.03.2026 6. KFC 8.99% Non SLR Bond issue series 1/2019- 09.01.2026
5	Next due date for payment of interest/ principal	<ol style="list-style-type: none"> 1. KFC 8.89% Non SLR Bond issue series I/2024- 13.06.2026 2. KFC 8.90% Non SLR Bond issue series I/2023- 30.06.2026 3. KFC 8.63% Non SLR Bond issue series II/2023- 30.06.2026 4. KFC 8.58% Non SLR Bond issue series I/2025- 22.04.2026
6	Security Cover certificate	<ol style="list-style-type: none"> 5. Attached as Annexure-A

Certificate on Compliance of all the covenants/terms of the issue in respect of listed debt securities of the by listed entity.

We have examined the compliances made by Kerala Financial Corporation (the listed entity) in respect of the covenants/terms of the issue of the listed debt securities (NCD's) and certify that such covenants/terms of the issue have been complied by the listed entity.

This certificate is issued in compliance with regulation 54 (1) and Regulation 56 (1) (d) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015.

For JAKS and Associates
Chartered Accountants
FRN No: 001360S

CA Selastin Anthoniappan
M. No.:202874

Place: Thiruvananthapuram
Date: 25-05-2026

UDIN: 26202874INCZWL5969



Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Statement of Security Coverage Ratio														
			Exclusive Charge	Debt for which this certificate is being issued	Debt for which this certificate is being issued & other debt with pari-passu charge	Assets shared by holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)	Debt amount considered more than once (due to exclusive plus pari passu charge)	(Total C to H)	Market Value for Assets charged on Exclusive Basis	Carrying/book value for assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value (M+N)
Particulars	Description of Asset for which this Certificate relate	Debt for which this certificate is being issued	Other Secured Debt	Debt for which this certificate is being issued	Assets shared by holder (includes debt for which this certificate is issued & other debt with pari-passu charge)	Other assets on which there is pari-passu charge (excluding items covered in column F)	Debt amount considered more than once (due to exclusive plus pari passu charge)	(Total C to H)	Market Value for Assets charged on Exclusive Basis	Carrying/book value for assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Market Value for Pari passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable)	Total Value (M+N)	
		Book Value	Book Value	Yes/ No	Book Value	Book Value								
Assets														
Property, Plant and Equipment														
Capital Work-in-Progress														
Right of Use Assets														
Goodwill														
Intangible Assets														
Intangible Assets under Development														
Investments														
Loans (Refer Note - 9)														
Trade Receivables (Refer Note - 9)	Receivables provided as Security for Series 1/2020 Bond Issues	300.00						300.00					300.00	
Inventories														
Cash and Cash Equivalents														
Bank Balances other than Cash and Cash Equivalents														
Others														
Total		300.00						300.00					300.00	
Liabilities														
Debt securities to which Certificate pertains	Principal outstanding of Series 1/2020 Bond Issues as per Annexure II		250.00					250.00		250.00			250.00	
Other debt sharing pari-passu charge with above debt														
Other debt														
Subordinated debt														
Borrowings														
Bank														
Debt Securities														
Others														
Trade Payables														
Lease Liabilities														
Provisions														
Others														
Total			250.00					250.00					250.00	
Cover on Book Value			120.00%					120.00%					120.00%	
Cover on Market Value														



Statement of Security Coverage Ratio														
Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Description of Asset for which this Certificate relate	Debt for which this certificate being issued	Other Secured Debt	Debt for which this certificate being issued	Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge in column F)	Other assets on which there is pari-passu charge (excluding Items Covered in column F)	Assets not offered as Security	Elimination on (amount in negative)	(Total C to H)	Market Value for Assets charged on Exclusive Basis	Carrying/book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSR market value is not applicable)	Market Value for Part passu charge Assets	Carrying value/book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSR market value is not applicable)	Total Value (K+L+M+N)
Assets														
Property, Plant and Equipment														
Capital Work-in-Progress														
Right of Use Assets														
Goodwill														
Intangible Assets														
Intangible Assets under Development														
Investments														
Loans (Refer Note - 9)														
Trade Receivables (Refer Note - 9)	Receivables provided as Security for Series I / 2023 Bond Issue and Series II / 2023	850.00							850.00					
Inventories														
Cash and Cash Equivalents		0.00												
Bank Balances other than Cash and Cash Equivalents														
Others														
Total		850.00							850.00			850.00		850.00
Liabilities														
Debt securities to which Certificate pertains	Principal outstanding of Series I / 2023 Bond issues and Series II / 2023 as per Annexure II	750.00							750.00					
Other debt sharing pari-passu charge with other debt														
Subordinated debt														
Borrowings														
Bank														
Debt Securities														
Others														
Trade Payables														
Lease Liabilities														
Provisions														
Others														
Total		750.00							750.00			750.00		750.00
Cover on Book Value		113.33%							113.33%			113.33%		113.33%
Cover on Market Value														





KERALA FINANCIAL CORPORATION

HO: VELLAYAMBALAM, THIRUVANANTHAPURAM - 695 033

Phone : 0471- 2737500, 2737566

e-mail : mdoffice@kfc.org website : www.kfc.org



KFC/F&A/BSE/2026-27

25.05.2026

Listing Compliance Department,
BSE Limited,
PJ. Towers,
Dalal Street, Mumbai-400 001.

Dear Sir/Madam,

Subject: Declaration of unmodified opinion pursuant to Regulation 52(3)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I Nandhini Vijayaraghavan, Company Secretary of Kerala Financial Corporation having registered office at Vellayambalam, Thiruvananthapuram, Kerala hereby declare that the statutory auditors of the Company, M/s. Jaks & Associates, Chartered Accountants (Firm Registration No. 001360S) have issued an audit report with unmodified opinion on the annual audited financial results of the Company for the year ended March 31, 2026.

The declaration is given in compliance with Regulation 52(3)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015) as amended from time to time and financial results and auditor's report is enclosed.

Kindly take the same on record.

For Kerala Financial Corporation

Nandhini Vijayaraghavan

Company Secretary & Compliance Officer





KERALA FINANCIAL CORPORATION

HO: VELLAYAMBALAM, THIRUVANANTHAPURAM - 695 033

Phone : 0471- 2737500, 2737566

e-mail : mdoffice@kfc.org website : www.kfc.org



KFC/F&A/BOND/BSE/2026-27

25.05.2026

The Manager
Listing Compliance
BSE Limited
P.J Tower, Dalal Street
Fort, Mumbai - 400 001

Dear Sir/Madam,

Sub:- Compliance under Regulation 52(7), 52 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.

Pursuant to Regulation 52(7) of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015 and in compliance with SEBI operational Circular SEBI/HO/DDHS_ Div1/P/CIR/2022/0000000103 dated July 29, 2022 we are furnishing herewith Utilization of issue proceeds of non-convertible securities and Statement of deviation/variation for the quarter and year ended March 31, 2026.

Request you to kindly take the same on your record.

Thanking you.

For Kerala Financial Corporation

NANDHINI VIJAYARAGHAVAN
Company Secretary
Kerala Financial Corporation

Nandhini Vijayaraghavan
Company Secretary & Compliance Officer

A. Statement of utilization of issue proceeds:

Name of the Issuer	ISIN	Mode of Fund Raising (Public issues/ Private placements)	Type of instrument	Date of raising funds	Amount Raised	Funds utilized	Any deviation (Yes / No)	If 8 is Yes, then specify the purpose of for which the funds were utilized	Remarks, if any
Kerala Financial Corporation	-	Private Placement	Non-Convertible Debentures	NIL	NIL	NIL	No	NA	Nil



V.M.

where the funds were utilized

B. Statement of deviation / variation in use of Issue proceeds:

Particulars	Remarks
Name of listed entity	Kerala Financial Corporation
Mode of fund raising	Private Placement
Type of instrument	Non-Convertible Securities
Date of raising funds	-
Amount raised	-
Report filed for quarter ended	31-03-2026
Is there a deviation/ variation in use of funds raised?	No
Whether any approval is required to vary the objects of the issue stated in the prospectus/ offer document?	NA
If yes, details of the approval so required?	NA
Date of approval	NA
Explanation for the deviation/ variation	NA
Comments of the audit committee after review	NA
Comments of the auditors, if any	Nil

Objects for which funds have been raised and where there has been a deviation/ variation, in the following table:

Original Object	Modification Object, if any	Original Allocation	Modification allocation, if any	Funds Utilised	Amount deviation/variation for the quarter according to applicable object (in Rs. crore and in %)	Remarks, if any
Nil	NA	NA	NA	NA	Nil	Nil

Deviation could mean:

- a. Deviation in the objects or purposes for which the funds have been raised.
- b. Deviation in the amount of funds actually utilized as against what was originally disclosed.

Name of signatory: Nandhini Vijayaraghavan

Designation: Company Secretary & Compliance officer





KERALA FINANCIAL CORPORATION

HO: VELLAYAMBALAM, THIRUVANANTHAPURAM - 695 033

Phone : 0471- 2737500, 2737566

e-mail : mdoffice@kfc.org website : www.kfc.org



KFC/F&A/BSE/2026-27

25.05.2026

The Manager
Listing Compliance
BSE Limited
P.J Tower, Dalal Street
Fort, Mumbai - 400 001

Dear Sir,

Sub: Compliance with Regulation 23(9) of SEBI (LODR) Regulations, 2015 for the Quarter ended 31.03.2026

Ref: Extensive Corporate Governance and disclosure requirements Extended to Debt Listed Entities SEBI (LODR) (Fifth Amendment) Regulations, 2021

As per Regulation 23(9) SEBI (Listing Obligations and Disclosure Requirements), every listed entity shall be required to submit "disclosures of related party transactions" within 15 days from the date of publication of its financial results for the half year.

In this connection we hereby submit that the Board has approved the Audited Financials for the Quarter and Year ended March 31, 2026 in the meeting held on 25.05.2026 and that there no related party transactions for the said period. Kindly take the same on record.

Yours Faithfully

NANDHINI VIJAYARAGHAVAN
Company Secretary
Kerala Financial Corporation

Nandhini Vijayaraghavan
Company Secretary & Compliance Officer