

**Press Release – 23-07-2012**

**KFC- Navaratna PSU of Kerala-**

**Hands over Dividend cheque of Rs. 15.43 Crores to Government of Kerala**

Kerala Financial Corporation declared its financial results for the Year 2011-12 and the Chairman and Managing Director , Sri. Yogesh Gupta IPS has handed over of a cheque of Rs. Fifteen Crores Forty Three Lakhs Three Thousand Five Hundred and Ninety to Hon. Finance Minister of Kerala, Sri. KM Mani in a function attended by senior officials from government, Banks and KFC, held on Mascot Hotel on 23 Jul 2012, Monday at Mascot Hotel, Thiruvananthapuram. Hon. Finance Minister of Kerala, Sri. KM Mani has delivered the presidential address. Sri. VP Joy IAS, Finance Secretary has released the annual report and delivered the keynote address. Sri. Premnath Ravindranath, General Manager gave the vote of thanks.

Kerala Financial Corporation(KFC) has scaled new heights by registering the highest ever profit of Rs.45.65 Crores for the F.Y. 2011-12. The Corporation also increased the size of its assets to Rs.1240 Crores as on 31.03.12 from Rs.1124 crores as on 31.03.2011. The sanctions registered a figure of Rs.539 Crores and disbursements registered a figure of Rs.464.57 crores.

Buoyed by the all-time best performance of KFC, a dividend of 7.5% on paid up capital was declared by the Corporation in its Annual General Meeting held on 11.07.2012. Another Rs.2.58 Crores of dividend tax is payable to the Govt. of India. This is the highest dividend declared by any PSU in the State.

The improvement in its appraisal methods, introduction of objective credit rating system, etc. by KFC has tremendously increased the quality of its assets and advances and the Corporation has been able to reduce its gross NPA percentage from 8.20% to 3.60% and net NPA from 1.88% to 1.30%.

The Corporation also formulated scientific, rational and modern policies for sanction of loans, their monitoring and recovery. Forward looking

compromise settlement and recovery policies ensured that the recoveries for the year 2011-12 reached an all-time high figure of Rs.467.17 Crores. The total income also surpassed the figure of Rs.200 Crores at Rs.214.25 Crores up from the figure of Rs.165.98 Crores achieved in the year 2010-11 (an increase of 30%). It may be stated that this performance has been achieved mostly in the second half of the F.Y 2011-12.

The Corporation has been able to achieve this performance despite reduced financial assistance from SIDBI. However, the improved performance of the Corporation and confidence in its management ensured that banks agreed to lend to KFC at a very economic rates. Further, the reduction in its establishment costs has enabled KFC to earn profits despite keeping low lending rates. The effective rates after rebate and reduction of interest rate for good credit rating is only 12.5% as against around 16% charged by other banks.

A comparative chart for performance during the last 3 years is given below:

(Rs. in lakhs)

Financial year	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
Portfolio Size	123984	112481	88869
Sanctions	53901	50706	61593
Disbursements	46457	44344	41953
Recovery	46717	35473	29957
Total Income	21425	16598	16236
Total Expenditure	15162	10428	11571
Operating Profit	6263	6170	4665
Net Profit	4565	3640	3372
Net NPA%	1.30	1.88	2.41
Gross NPA%	3.6	8.2	9.04

Net worth	32585	29731	26996
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The Kerala State Self Entrepreneur Development Mission Scheme (KSSEDM) along with other schemes of KFC has changed the whole mindset of people about KFC and industrial atmosphere in Kerala. The Corporation which today is one of the most healthy and vibrant organizations of the State has also taken the position of being the number one State Financial Corporations in India. The success of the bond issue is also an indicator of the people's faith in the improved fiscal performance of the Govt. of Kerala, the Professional Management of KFC and the dedication of its employees.

KFC is today offering term loans at the most easy terms and lowest rates of interest and with increased flow of funds intends to increase its portfolio size substantially giving a big push to much needed investment and development activities in the State. With offer of OTS in old pending cases, better monitoring mechanism, objective appraisal and sanction, the recoveries and collection of KFC are also showing an upward trend. Further besides the size of portfolio, emphasis is now being laid on improving the quality of its advances.

The remarkable historical performance of the Kerala Financial Corporation is to be attributed to its employees, customers, besides the scientific, systematic and pragmatic policies introduced by it and the wholehearted support from the State Government.

The KFC has targeted sanctions of Rs. 600 crores and disbursement of Rs. 500 crores for the FY 2012-13. We also expect to earn an interest income for Rs. 200 crores during the coming FY.

Sd/-  
Chairman and Managing Director  
23-07-12