

Highlights of operations of KFC during FY 2009-10

During the financial year 2009-10, KFC has achieved unprecedented improvement in all spheres of its operation and its financials have substantially strengthened. Highlights are given below:

	(Rs. crores)		
	2009-10	2008-09	Growth
Sanction	615.93	373.14	65%
Disbursements	419.53	293.39	43%
Recovery	299.41	269.25	11%
Portfolio size	889.69	650.02	37%
Gross Income	157.95	109.26	45%
Net Profit	33.72	11.70	183%
Net worth	269.96	249.32	8%
Capital Adequacy Ratio (%)	27.88	36.35	--
Gross NPA (%)	9.04	21	-57%
Net NPA (%)	2.41	13.22	-82%
Dividend (%)	4	0	--

Salient features:

- Loan sanctions during FY 2009-10 have recorded an year on year increase by 65% to Rs.61,593 lakhs in FY 2009-10 from Rs.37,314 lakhs in FY 2008-09. Sanctions are higher by 409% as compared to the achievement at Rs.12,113 lakhs 4 years ago in FY 2005-06.

The assistance in FY 2010 is expected to catalyze additional investment to the tune of over Rs.1,02,500 lakhs by 759 enterprises offering employment opportunities to at least 15,000 persons.

The cumulative assistance sanctioned by KFC so far has reached over Rs.4,33,200 lakhs to 43,229 enterprises.

- Disbursements during FY 2009-10 have increased to Rs.41,953 lakhs from Rs.29,339 lakhs. This is higher by 43% as compared to FY 2008-09 and 432% higher than that of the disbursement of Rs.7,852 lakhs in FY 2005-06. Cumulative disbursements as on 31.03.2010, were at Rs.3,26,100 lakhs.

- The portfolio size of KFC has gone up by Rs.23,867 lakhs (37%) during FY 2009-10 to Rs. 88,869 lakhs from Rs.65,002 lakhs in the previous year.
- KFC registered a net profit of Rs.3,372 lakhs on a gross income of Rs.15,795 lakhs during FY 2009-10. This was against net cash accruals of Rs.1170 lakhs on income of Rs.10,926 lakhs in FY 2008-09, showing growth in income by 45% and profit by 183% on a year-on-year basis.
- For the first time in its history KFC has declared dividend (barring guaranteed dividend paid in early stages) at 4% on its paid up share capital. Dividend pay-out to the Government of Kerala would be Rs.791 lakhs.
- With increased recovery and close monitoring of accounts NPA has declined from 21% in FY 2008-09 to 9.04% (Rs.8030 lakhs) in FY 2009-10 and net NPA from 13.22% to 2.41% (Rs.1990 lakhs) which compares well with the banking standards in the country.
- The gross and net NPA during FY 2005-06 was at 65% (Rs.42480 lakhs) and 45% (Rs.29,388 lakhs) respectively. In all, compromise settlement benefits were provided to 4400 clients involving settlement amount of Rs.43,957 lakhs and sacrifice of Rs.57403 lakhs.
- KFC has taken-up many new initiatives during the year. Under the soft loan scheme for NRKs, KFC has extended loans of Rs.600 lakhs at 7% interest rate to 71 entrepreneurs during the year; the scheme has been extended for a further period of one year. A beginning was made in lending to micro-finance institutions. Another attempt was towards extending collateral free loan under the Credit Guarantee Scheme of CGTMSE for loans upto Rs.50 lakhs. Also, concessional supports were introduced for women entrepreneurs as well as for energy saving projects. KFC has since entered into arrangements with Ministry of Food Processing and SIDBI for providing subsidy for food processing industry and Credit Linked Capital Subsidy of Govt. of India.
- KFC has been liberally extending restructuring support and compromise settlements to clients facing hardship to repay the loan. As many as 153 loan accounts were restructured; compromise settlements to the tune of Rs.1414 lakh were sanctioned to 160 entrepreneurs involving sacrificed of Rs.4541 lakhs. Recovery out of compromise settlement during the year was at Rs.3754 lakhs. Another redeeming features of KFC's lending and recovery policy was its continued friendly approach towards entrepreneurs with not a single attempt in the recent

past to take over an industrial unit.

- KFC is contemplating disbursements of Rs.100,000 lakhs during FY 2010-11. It is also envisaged to strengthen its Consultancy Division to provide effective guidance to MSME entrepreneurs including that of escort services and preparation of project profiles/project reports.
- With the improved performance and an ambitious lending programme ahead, KFC is planning to tap the market with non-SLR bond issue of Rs.20,000 lakhs and to seek support from banks etc. to bridge the resource gap.
- The employee-employer relation in the Corporation is considered the best. So, also the pay package; KFC employees are one of the well paid in State. The retirement benefits to employees are also smoothened through a tie-up with LIC.

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