KFC to raise portfolio size to Rs 1,500 cr in two years

Aims to reduce gross non-performing assets to less than 5%

Our Bureau

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The Kerala Financial Corporation (KFC) will raise its portfolio size to Rs 1,500 crore in two years, and further to Rs 3,000 crore over the next five years.

This will ensure higher income and also greater acceptability among industries for the corporation, according to Mr K.M. Nair, Managing Director of KFC.

He said here the corporation also aimed at reducing the gross non-performing assets (NPA) to less than five per cent by strengthening monitoring and follow-up activities. This would call for taking care to avoid slippage of standard assets and arrest creation of doubtful assets.

The gross and net NPAs of the corporation were at 65 per cent and 45 per cent, respectively, in 2005-06, and these have been brought down substantially to 9.04 per cent and 2.41 per cent in 2009-10.

MANUFACTURING SECTOR

Mr Nair said lending to the manufacturing sector would be increased from the present level of 25 per cent to 50 per cent, even while continuing with the support to tourism, hotels and hospital sectors and the thrust on micro-enterprises and energy-saving and environment-friendly projects.

The corporation will study the requirements of the industrial clusters engaged in the manufacture of rubber, plastics, plywood, tiles, furniture, wood-based products, food products and metal engineering, among other things, and extend need-based financial support to them. It will also enter into tie-up with the Kerala Industrial Infrastructure Development Corporation (Kininfra) for financing industrial units coming up in its parks and for supporting incubation centres.

The corporation will provide value-added services like consultancy, preparation of project reports and rehabilitation studies, which will help earn fee-based income. After gaining sufficient expertise in these areas, the corporation will consider creating a separate organisation to undertake the activities or even take over an existing consultancy agency.

Mr Nair said for achieving business growth, the interest rates had been reduced to seven per cent for micro enterprises and non-resident Keralites, 10 per cent for the manufacturing sector and five per cent for energy-saving projects. KFC will exclusively support a footwear cluster, comprising 41 units coming up in Kozhikode with Central assistance.

KFC recorded a net profit of Rs 33.72 crore on a gross income of Rs 157.95 crore in 2009-10. This was against a net loss of Rs 2.49 crore in 2004-05 and a profit of Rs 1.77 crore in the following year.