



**Chaitanya India Fin Credit  
Private Limited (CIFCPL)**

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**mfR4**

**Date Assigned  
October 1, 2013**



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## MICROFINANCE INSTITUTION (MFI) GRADING

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mfR1	<p>CRISIL's microfinance institution (MFI) Grading is a current opinion on the ability of an MFI to conduct its operations in a scalable and sustainable manner. The MFI Grading is assigned on an eight-point scale, with 'mfR1' being the highest, and 'mfR8' the lowest. The MFI Grading is a measure of the overall performance of an MFI on a broad range of parameters under <b>CRISIL's MICROS</b> framework. It includes a traditional creditworthiness analysis using the CRAMEL approach, modified to be applicable to the microfinance sector. The acronym MICROS stands for Management, Institutional arrangement, Capital adequacy and asset quality, Resources and asset-liability management, Operational effectiveness, and Scalability and sustainability.</p> <p><b>MFI Grading scale: mfR1 - highest; mfR8 – lowest</b></p>
mfR2	
mfR3	
<b>mfR4</b>	
mfR5	
mfR6	
mfR7	
mfR8	

## MFI GRADING HISTORY

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MFI Grading	Assigned in
mfR4	September 19, 2012
mfR5	June 22, 2010

## FACT SHEET

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<b>Name of the MFI</b>	Chaitanya India Fin Credit Private Limited (CIFCPL)
<b>Incorporated</b>	March 31, 2009 (microfinance program commenced in October 2009)
<b>Legal status</b>	Registered as a non-banking finance company (NBFC-MFI) with the Reserve Bank of India (RBI)
<b>Promoters</b>	Mr. Anand Rao (MD) and Mr. Samit Shetty (Director)
<b>Corporate office and contact details</b>	3rd floor, 98, Sirsi Circle Mysore Road, Chamarajpet Bengaluru – 560 018, Tel : +91 80 26677690 Mobile: +91 9972599289 E-Mail: admin@chaitanyaindia.in Website: www.chaitanyaindia.in
<b>Bankers</b>	SIDBI, Ananya Finance, MAS Finance, KSFC, SBI, South Indian Bank, Dena Bank, Corporation Bank, IDBI, Union Bank of India, and IFMR Capital
<b>Statutory auditors</b>	Ramesh Ashwin and Karanth

## ABOUT THE MFI

As on July 31, 2013

<b>Lending model</b>	Lends to joint-liability groups (JLGs)
<b>Products</b>	<ul style="list-style-type: none"> <li>▪ <b>Microfinance loans:</b> <ul style="list-style-type: none"> <li>○ CIFCPL offers loans at 26 per cent interest and weekly/bi-weekly/monthly repayment. Processing fee is 1 per cent of the loan disbursement (inclusive of service tax).</li> </ul> </li> <li>▪ <b>Life insurance:</b> <ul style="list-style-type: none"> <li>○ The NBFC-MFI has a tie-up with Bajaj Allianz Life Insurance Company Limited to offer credit and life insurance services to each borrower and their spouse.</li> </ul> </li> </ul>
<b>Borrower base</b>	31,262
<b>Employees</b>	167
<b>Number of branches</b>	23
<b>Loan outstanding</b>	Rs.347.24 mn with managed portfolio of Rs.40.32 mn (Rs. 308.39 mn as on March 31, 2013)
<b>Loans disbursed</b>	Rs.199.08 mn (April 1 to July 31, 2013) and Rs.485.54 mn during 2012-13
<b>Geographical reach</b>	Eight districts of Karnataka

**CIFCPL's loan products**

<b>Loan Product</b>	<b>Maximum size (In Rs.)</b>	<b>Tenure (max.)</b>	<b>Credit Insurance</b>
1-yr loan	Rs.5,000 to Rs.15,000	12 months	1.20% for both client and spouse; 0.60% for single women/widows
2-yrs asset loan	Rs.16,000 to Rs.30,000	25 months	2.40% for both client and spouse; 1.20% for single women/widows
2 disbursal 2-yr working capital loan*	Rs.16,000 to Rs.35,000	25 months	1.20% per annum for both client and spouse; 0.60% per annum for single women/widows
3 disbursal 2-yr working capital loan**	Rs.16,000 to Rs.30,000	25 months	
2 years loans with top-up option	Rs.16,000 to Rs.40,000	25 months	

**\*Double-disbursal two-year working capital loan:**

This loan is typically availed by clients who have a year-long borrowing cycle, but require an interim infusion of working capital. Clients can avail the second disbursement as per requirement between the 18th and 23rd instalments, if the individual borrower and the group meets the NBFC-MFI's discipline and attendance criteria.

**\*\*Triple disbursal two year working capital loan:**

This is similar to double-disbursement loan, only that it allows an additional disbursement for micro-businesses that have multiple financing cycles, and hence need smaller disbursements to meet their working capital needs. This loan has a maximum of 60 (fortnightly) instalments.



## SOCIAL AND TRANSPARENCY INDICATORS

As on March 31, 2013	in per cent
Average loan outstanding/per capita GNI (2011 figure)*	17.00
Women staff/total staff	11.90
Women borrowers/total borrowers	100.00
Effective lending rate	26.00
Are interest rates (on declining basis) communicated to clients in writing?	Yes
Are processing charges communicated to clients in writing?	Yes
Does the MFI provide an official receipt to clients after repayment collections?	Yes
Is access to loan of other MFIs a parameter to select/screen clients?	Yes
Is access to loan of other MFIs/residual income a factor in appraising the client's repayment capacity?	Yes
Does the MFI appraise the client's income/poverty/asset level and use this data to target other low-income clients?	Yes
Does the MFI capture and analyse reasons for client drop-out rate?	Yes
Are clients provided head office contact details as part of the grievance redressal mechanism?	Yes

#Details are as provided by the NBFC-MFI and not verified by CRISIL

\*Per capita Gross National Income (GNI) is based on current prices

Source: CRISIL Centre for Economic Research (CCER) computations based on Central Statistical Organisation (CSO) data

**Board of Directors (as on March 31, 2013)**

Name	Designation	Qualification	Profile
Mr. Anand Rao	Managing Director	BE, MBA; IIT-Mumbai	Five years of experience in microcredit and four years of experience in social development; has also earned an MA in International Relations from Syracuse University
Mr. Samit Shetty	Director	BE (Bangalore University), PGDM (IIM, Ahmedabad)	Over four years of experience in microcredit (through CIFCPL), nine years of experience in commodity trading, with responsibility for risk management, finance, trading and setting up agricultural procurement and processing systems. Four years (of these nine years) was in a leadership role as Country Manager for Olam International's Brasillian Subsidiary.
Mr. A Narasimha	Independent Director	-	Former GM of Andhra Bank; over three decades of banking experience in fields of agricultural advances, retail lending, and lending to SMEs
Mr. K S Ravi	Independent Director	CA	Two decades of experience in consultancy and audit of financial entities; also associated with several non-profit and government organisations supporting rural entrepreneurs
Mr. R Nanda Kumar	Independent Director	BSc, Certified Associate of Indian Institute of Bankers	40 years of experience through ING Vysya Bank Limited in different capacities and operational areas. Currently the CEO of Emmvee Group of companies (a leading manufacturer of renewable energy products)
Mr. Ramesh Sundaresan	Nominee Director	BE (NIT-Trichy), PGDBM (IIM, Lucknow)	MD, Invenio (a subsidiary of Singapore-based multinational Olam International Limited) He is the nominee of the NBFC-MFI's shareholders

### Senior Management (as of March 31, 2013)

Name	Designation	Qualification	Experience
Mr. Vasudeva S B	Financial Controller	CA	25 years of experience in financial management, accounting, and audit functions
Mr. Jeyaseelan L	Divisional Manager	MPhil, MSW	16 years of experience in the NGO sector
Mr. Shreepad Mohan Vaze	Regional Manager	BCom	Over 10 years of experience in education and 6 years in community mobilisation
Mr. Vinayak S Patil	Regional Manager	MSW	7 years of grassroot experience with NGOs and MFIs
Mr. Nagaraj C	Unit Manager	MA	7 years of experience in the NGO sector
Mr Prakash S	Unit Manager	BSc	7 years of experience SHG-bank linkage

## OUTREACH SUMMARY

For the year ended/As on	Unit	July-13	Mar-13	Mar-12	Mar-11
No. of districts covered	No.	8	8	5	5
No. of members	No.	52,983	44,789	25,344	13,351
No. of borrowers	No.	31,262	27,575	18,180	11,644
No. of branches	No.	23	24	14	8
Disbursements	Rs.mn	199.08	485.54	291.09	149.48
Loan outstanding (own)	Rs.mn	306.92	270.84	143.19	92.41
Loan outstanding (managed)	Rs.mn	40.32	37.55	22.99	0.00
Total loan outstanding	Rs.mn	347.24	308.39	166.18	92.41

## PRODUCTIVITY INDICATORS

As on/Period ended	Unit	July-13	Mar-13	Mar-12	Mar-11
Total employees	No.	167	156	100	62
Credit officers	No.	88	86	49	31
Members/branch	No.	2,304	1,810	1,907	1,669
Borrowers/ branch	No.	1,359	1,149	1,299	1,456
Loan outstanding/branch	Rs. mn	15.10	12.85	11.87	11.55
Loan outstanding/ credit officer	Rs. mn	3.95	3.59	3.39	2.98
Members/credit officer	No.	602	521	517	431
Borrowers/credit officer	No.	355	321	371	376

## MFI GRADING RATIONALE

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CRISIL's microfinance institution (MFI) grading assigned to Chaitanya India Fin Credit Private Limited's (CIFCPL) reflects the the organisation's following strengths:

- Experienced management and board
- Systems and process commensurate with size of operations
- Adequate capitalisation to support midterm growth
- Above-average asset quality

These strengths are partially offset by the following weaknesses:

- Moderate resource profile
- Earning profile to remain under pressure
- Asset under management (AUM) concentrated in single state

### Profile

CIFCPL, incorporated in 2009, is an NBFC-MFI registered with the RBI. It received the NBFC registration of NBFC-MFI on the September 5, 2013. It offers microcredit under the JLG model, extending loans to women organised in five-seven member groups. Loans are extended to individual members, and all members are jointly liable for repayment.

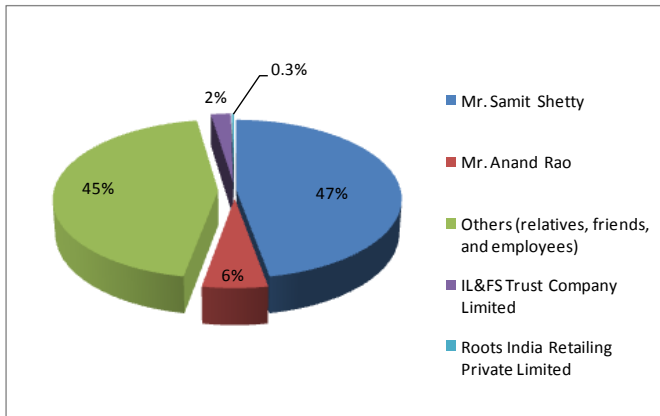
The loan size ranges from Rs.5,000 to Rs.40,000, depending on the client's repayment capacity, number of loan cycles, and type of activity. The loans are offered at a reducing interest rate of 26.00 per cent per annum, for tenure of 12–25 months with bi-weekly/weekly repayment instalments.

The company had loan outstanding of Rs.347.24 million and 31,262 borrowers spread across 23 branches as on July 31, 2013.

Non-JLG products - The NBFC-MFI has also ventured into offering various non-JLG products including gold loans, two wheeler loans and livestock insurance to individual members. The gold loans are disbursed in two of the existing branches.

Mr. Anand Rao and Mr. Samit Shetty are the core promoters of Chaitanya, and collectively hold a stake of 52.85 per cent in the company as on August 31, 2013. IL&FS Trust Company Limited holds around 2.20 per cent and the remaining is held by promoters and their associates.

Shareholding pattern as on August 31, 2013



## Lending Methodology

Before choosing an operational area, CIFCPL conducts a field survey, comprising study on village's market potential, competition, political dynamics, and socioeconomic profile. The survey is undertaken by two personnel, either two credit officers (COs) or one CO with a branch manager (BM), who report their findings to the regional manager (RM).

Once the NBFC-MFI selects an operational area, the CO conducts a customer awareness programme, which involves orienting the targeted members about the organisation, its microfinance programme, and concept of group liability, type of loan, interest rate, eligibility, and loan repayment. Only those women who are interested to become members are invited to the subsequent meeting, during which women from same locality organise themselves into groups with five-seven members in each group.

After group formation, the CO conducts household surveys to determine client demographics, including their earnings, assets, and reason for availing the loan. This is followed by a compulsory group training (CGT) for the groups regarding CIFCPL's policy, loan products and repayment details. The COs also ensures that the loan application forms are accurately filled by the potential borrowers.

Data on the prospective clients is sent to head office (HO) for credit bureau check, in order to weed out instances of multiple lending. The BM then conducts another group training to ensure adequate awareness and also undertakes household verification for all the borrowers. After proper due diligence, the loans are sanctioned by a committee comprising respective RM and BM. The branch then sends a disbursement requirement to the HO and the funds are disbursed accordingly.

## MANAGEMENT

<p><i>Adequate systems and processes</i></p>	<ul style="list-style-type: none"> <li>▪ The NBFC-MFI uses integrated web-based loan-tracking software to generate various analytical reports, including demand collection sheets, portfolio at risk (PAR) reports at branch level, and monthly/daily progress reports at HO level. The HO reconciles overall collection with bank deposits on a daily basis.</li> <li>▪ Access to the MIS varies with employee designation. All branches are required to send a daily scroll report to the HO, which consolidates and updates operational entries at day-end. This ensures effective branch monitoring. Data sharing also occurs through online word-processing and spread-sheet tools.</li> <li>▪ Loan sanction is decentralised at the branch level. After proper due diligence, loans are sanctioned by a sanction committee comprising of the BM and RM. Each CO is issued a receipt book, which is tracked on the MIS by regional accountant and HO to keep a record of the field-level operations. The NBFC-MFI also has a tie-up with credit bureau (High Mark) to identify instances of multiple lending.</li> <li>▪ However, residual income of prospective borrowers is standardised and estimated based on the occupation details filled in the loan application form. CRISIL believes that capturing and analysing the actual residual income would enable effective assessment of the indebtedness of prospective borrowers. Further, there is scope for improvement in terms of capturing and assessing credit and attendance history of the borrowers while appraising repeat loans.</li> </ul>
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<p><i>Average internal audit function</i></p>	<ul style="list-style-type: none"> <li>▪ CIFCPL’s internal audit function has been strengthened from the time of previous assessment. The NBFC-MFI conducts both, financial and operational audit.</li> <li>▪ The financial quarterly audit is conducted at the branch level by an external chartered accountancy firm to ensure compliance of accounting, documentation, and HR processes. A summary of audit points observed and relevant action taken is then submitted for board review.</li> <li>▪ The NBFC-MFI has a five-member team to conduct operational audit, covering field operations and compliance to operational policies. The team submits audit scores in standard formats and a snapshot report to the finance director for discussion in an audit meeting with the managing director, audit manager, and the regional manager of the concerned branch.</li> </ul>
<p><i>Moderate cash management practices</i></p>	<ul style="list-style-type: none"> <li>▪ The NBFC-MFI does not have a zero cash-balance policy. The branches are allowed to keep minimum cash balance of Rs.0.40 mn for two consecutive days. Overnight cash balances are often high (around Rs.0.20 million) in districts where banks do not have real-time gross settlement (RTGS) facilities. However, the company has cash insurance in place to mitigate cash-related risks.</li> </ul>
<p><i>Above-average HR management</i></p>	<ul style="list-style-type: none"> <li>▪ The NBFC-MFI’s HR team is headed by Mr. Samit Shetty. CIFCPL has structured policy for recruitment, training, and appraisal. The NBFC-MFI had an employee attrition rate of 12.85 per cent during 2012-13, with majority of exits at field level.</li> </ul>



## INSTITUTIONAL ARRANGEMENT

<p><i>Promoters have corporate and social development experience</i></p>	<ul style="list-style-type: none"> <li>▪ Both the promoter-directors have gained significant microfinance experience through CIFCPL over the past few years, enabling the organisation to strengthen its operational processes, operate in rural areas, and diversify its product profile. The NBFC-MFI leverages both, Mr. Samit Shetty’s extensive experience in agricultural marketing, and Mr. Anand Rao’s social development expertise in rural districts of Karnataka.</li> </ul>
<p><i>Professional board and experienced management</i></p>	<ul style="list-style-type: none"> <li>▪ In addition to the two promoter-directors, CIFCPL’s board also includes three independent directors and a nominee director. Although the core promoters have limited track record in microfinance, the experience of the independent directors has enabled the NBFC-MFI to achieve business growth.</li> <li>▪ The NBFC-MFI has various sub-committees, including audit, risk management, and operational policy formulation. However, CRISIL has observed no formal documentation of meeting minutes of these sub-committees.</li> <li>▪ CIFCPL’s senior management comprises professionals with experience in finance, microfinance, and social development. This has helped the NBFC-MFI to strengthen its back office and internal controls during the past two years.</li> </ul>

## CAPITAL ADEQUACY AND ASSET QUALITY

<p><i>Adequate capitalisation to support midterm growth</i></p>	<ul style="list-style-type: none"> <li>▪ CIFCPL's capitalisation is sufficient to support its planned growth over the near term, as the NBFC-MFI has registered: <ul style="list-style-type: none"> <li>○ Net worth of Rs.136.90 million, with capital adequacy ratio (CAR) of 47.10 per cent as on as on March 31, 2013</li> <li>○ Moderate debt-to-equity ratio of 1.82 (not including managed portfolio) as on the same date</li> </ul> </li> <li>▪ The NBFC-MFI has indicated plans to raise further equity through promoters and associates and few institutional investors to achieve its midterm growth.</li> </ul>
<p><i>Above-average asset quality</i></p>	<ul style="list-style-type: none"> <li>▪ CIFCPL's asset quality remains above-average with an on-time repayment rate of 99.99 per cent as on July 31, 2013 and 99.95 per cent March 31, 2013. It had portfolio at risk greater than 30 days (PAR&gt;30 days) of 0.03 per cent and PAR&gt;90 days of 0.01 per cent as March 31, 2013, which has improved as compared to the previous year. However, the borrower-to-member ratio declined from 71.73 per cent during 2011-12 to 61.57 per cent during 2012-13. CRISIL believes that CIFCPL's ability to extend repeat loans and meet the credit demand on a timely basis will be an important factor for maintaining asset quality. As microfinance borrowers are usually repeat customers, any delay in providing credit often results in borrowers delaying payments, which degrades asset quality.</li> </ul>
<p><i>Risk of geographic concentration</i></p>	<ul style="list-style-type: none"> <li>▪ CIFCPL's operations remain concentrated in eight districts of Karnataka, with top three districts constituting around 60.00 per cent of the total portfolio as on July 31, 2013. Any social and political disturbances in the state may thus affect the NBFC-MFI's asset quality.</li> <li>▪ Further, introduction of new products, including gold loan and livestock insurance, remains untested in NBFC-MFI's operating areas; stability of the asset quality of these loans remains to be established.</li> </ul>

## RESOURCES AND ASSET LIABILITY MANAGEMENT

<p><i>Resource profile has improved from previous assessment but still at moderate level</i></p>	<ul style="list-style-type: none"> <li>▪ CIFCPL has improved its resource-raising capacity since the previous assessment. The NBFC-MFI raised total borrowings of Rs.210 million in 2012-13 as compared to Rs.30.00 million during 2011-12. Further, it has raised Rs. 50 million from April 1 to August 31, 2013.</li> <li>▪ As on August 31, 2013, Chaitanya had borrowings of Rs.248 million from ten lenders. However, NBFC-MFI continues to have high dependence on one lender, which accounted for 43.00 per cent and top three lenders accounting for 75.00 per cent of the total borrowings. The NBFC-MFI's ability to diversify its resource base while scaling up its loan portfolio remains to be demonstrated.</li> <li>▪ The NBFC-MFI's average cost of borrowings stood at around 14.00 per cent; CRISIL believes that the average cost of borrowings will increase to 100-150 basis points (bps; 100 bps equals one percentage point) over the medium term.</li> </ul>
<p><i>Comfortable asset-liability maturing profile</i></p>	<ul style="list-style-type: none"> <li>▪ A major portion of CIFCPL's bank borrowings have tenure of 3–4 years, while its loans have an average maturity of 12–25 months.</li> <li>▪ The NBFC-MFI has appointed a treasury manager to undertake daily fund-flow planning. Excess funds are parked in short-term investments products, enabling easy assessment of liquidity.</li> <li>▪ Thus, CRISIL believes that CIFCPL is not susceptible to an immediate negative asset-liability mismatch, and its midterm liquidity is adequate to service its debt obligations in a timely manner.</li> </ul>

## OPERATIONAL EFFECTIVENESS

<p><i>Improvement in field productivity</i></p>	<ul style="list-style-type: none"> <li>▪ CIFCPL's field productivity indicators have improved during 2012-13 due to expansion of branches and growth in the loan portfolio.               <ul style="list-style-type: none"> <li>○ The loan outstanding per credit officer increased to Rs.3.95 million as on July 31, 2013, from Rs.3.39 million as on March 31, 2012.</li> <li>○ Loan outstanding per branch increased to Rs.15.10 million from Rs.11.87 million in the same period.</li> </ul> </li> </ul>
<p><i>Earning profile to remain under pressure</i></p>	<ul style="list-style-type: none"> <li>▪ CIFCPL has improved its asset size, choosing to further penetrate its existing areas of operation over pursuing branch expansion. Its operating expense (opex) levels remained moderate at 11.47 per cent for the year ended March 31, 2013, easing from 14.61 per cent in 2011-12. However, it plans to diversify operational area and introduce new products, and also has an average cost of borrowings at 14.00 per cent. CRISIL thus expects the NBFC-MFI's opex to be high at above 10.00 per cent in the medium term. Further, its net earnings were modest at Rs.5.13 million and OSS was also moderate at 114 per cent during 2012-13. Thus, CRISIL expects higher operating costs and financial charges to keep the company's earning profile under pressure.</li> </ul>

## SCALABILITY AND SUSTAINABILITY

	<ul style="list-style-type: none"> <li>▪ From the time of previous assessment, CIFCPL has strengthened its resource-raising capacity, systems and processes, internal audit function, and has also maintained adequate capitalisation and asset quality. These factors have enabled the NBFC-MFI to achieve its planned growth in 2012-13, with a loan outstanding of Rs.280.46 mn (not including managed portfolio). This was at par with the management's projections of Rs.253.72 million.</li> <li>▪ CRISIL believes CIFCPL's sustainability would be dependent upon its ability to diversify its area of operations, improve its operating expenses level, and strengthen its earnings profile in the near term.</li> </ul>
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## BUSINESS INDICATORS



## FINANCIAL INDICATORS

### Income and expenditure statement

Rs. million

For the year ended March 31,	2016	2015	2014	2013	2012	2011
	Projected			Audited		
<b>Fund based income</b>						
Interest income from loans	205.37	160.74	98.03	49.92	31.30	13.34
Other fund based income	4.36	3.09	7.71	3.26	0.12	0.05
<b>Total fund based income</b>	<b>209.73</b>	<b>163.83</b>	<b>105.75</b>	<b>53.18</b>	<b>33.45</b>	<b>13.54</b>
<b>Total interest and finance charges paid</b>	<b>106.99</b>	<b>81.53</b>	<b>50.40</b>	<b>17.37</b>	<b>3.54</b>	<b>1.53</b>
<b>Gross spread</b>	<b>102.74</b>	<b>82.30</b>	<b>55.35</b>	<b>35.81</b>	<b>29.90</b>	<b>12.01</b>
<b>Total fee based income</b>	<b>16.16</b>	<b>13.11</b>	<b>7.77</b>	<b>4.89</b>	<b>3.34</b>	<b>1.99</b>
<b>Total income</b>	<b>225.90</b>	<b>176.94</b>	<b>113.52</b>	<b>58.06</b>	<b>36.78</b>	<b>15.53</b>
<b>Gross surplus</b>	<b>118.90</b>	<b>95.41</b>	<b>63.12</b>	<b>40.70</b>	<b>33.24</b>	<b>14.00</b>
<b>Expenses</b>						
Personnel expenses	59.60	48.65	32.99	20.55	14.35	7.21
Administrative expenses	26.34	18.64	13.75	11.11	7.63	4.06
<b>Total expenses</b>	<b>85.93</b>	<b>67.30</b>	<b>46.74</b>	<b>31.66</b>	<b>21.97</b>	<b>11.27</b>
<b>Write-offs and provisions</b>	<b>1.90</b>	<b>2.57</b>	<b>4.33</b>	<b>0.45</b>	<b>0.48</b>	<b>0.25</b>
<b>Depreciation</b>	<b>3.11</b>	<b>2.20</b>	<b>2.01</b>	<b>1.28</b>	<b>1.06</b>	<b>0.79</b>
<b>Profit before tax</b>	<b>27.96</b>	<b>23.34</b>	<b>10.03</b>	<b>7.31</b>	<b>9.73</b>	<b>1.69</b>
<b>Tax</b>	<b>8.64</b>	<b>7.21</b>	<b>3.10</b>	<b>2.18</b>	<b>2.76</b>	<b>0.17</b>
<b>Profit after tax</b>	<b>19.32</b>	<b>16.13</b>	<b>6.93</b>	<b>5.13</b>	<b>6.97</b>	<b>1.52</b>

## Balance sheet

Rs. million

As on March 31,	2016	2015	2014	2013	2012	2011
	Projected			Audited		
<b>Liabilities</b>						
Paid-up capital	132.67	132.67	92.67	92.67	92.67	80.85
Share premium	83.14	79.28	36.05	34.67	31.94	31.96
Reserves and surplus	43.47	28.02	15.11	9.57	7.16	0.19
<b>Net worth</b>	<b>259.29</b>	<b>239.97</b>	<b>143.84</b>	<b>136.90</b>	<b>131.77</b>	<b>113.00</b>
<b>Borrowings</b>	<b>794.51</b>	<b>655.26</b>	<b>475.79</b>	<b>249.29</b>	<b>37.33</b>	<b>19.49</b>
Provision (bad debts & Loan loss)	9.51	7.61	5.03	0.69	0.36	0.23
Other current liabilities	7.00	6.00	5.00	5.06	6.54	1.75
<b>Total current liabilities</b>	<b>16.51</b>	<b>13.61</b>	<b>10.03</b>	<b>5.76</b>	<b>6.90</b>	<b>1.98</b>
<b>Total liabilities</b>	<b>1070.31</b>	<b>908.84</b>	<b>629.66</b>	<b>391.95</b>	<b>176.01</b>	<b>134.47</b>
<b>Assets</b>						
Loans and advances	950.80	760.64	503.42	280.46	145.85	93.34
Deposits with banks	70.00	70.00	60.00	21.42	12.52	1.00
Cash & bank balances	34.92	65.34	55.22	79.88	4.73	20.85
Total current assets	104.92	135.34	115.22	101.30	17.25	21.85
<b>Total funds deployed</b>	<b>1055.71</b>	<b>895.98</b>	<b>618.64</b>	<b>381.76</b>	<b>170.10</b>	<b>130.69</b>
Other current assets	7.50	6.50	5.50	5.17	2.49	1.43
<b>Net fixed assets</b>	<b>7.10</b>	<b>6.36</b>	<b>5.52</b>	<b>5.02</b>	<b>3.42</b>	<b>2.35</b>
<b>Total assets</b>	<b>1070.31</b>	<b>908.84</b>	<b>629.66</b>	<b>391.95</b>	<b>176.00</b>	<b>134.47</b>

**Key Financial Ratios\***

in per cent

Year ended March 31,	2016	2015	2014	2013	2012	2011
	Projected			Provisional	Audited	
<b>Yield</b>						
Fund based yield	21.59	21.77	21.34	19.63	22.53	20.44
Portfolio yield	24.00	25.43	25.01	23.57	26.57	28.88
Fee based income /Avg. funds deployed	1.66	1.73	1.55	1.77	2.22	3.04
<b>Cost of funds</b>						
Interest paid/Average funds deployed	10.96	10.77	10.08	6.29	2.36	2.34
Interest paid/Average borrowings	14.76	14.42	13.90	12.12	12.47	15.68
<b>Interest spread</b>						
Gross spread/Average funds deployed	10.63	11.00	11.26	13.34	20.18	18.10
Interest spread	6.83	7.35	7.44	7.52	10.06	4.76
<b>Overheads</b>						
Operating expense ratio	8.81	8.89	9.34	11.47	14.61	17.25
Personnel expense ratio	6.11	6.42	6.60	7.45	9.54	11.03
Administrative expense ratio	2.70	2.46	2.75	4.03	5.07	6.22
<b>Profitability</b>						
Return on net worth	7.74	8.41	4.94	3.82	5.70	2.69
Return on funds deployed	1.98	2.13	1.39	1.86	4.64	2.33
Operational self sufficiency	114.13	115.20	109.69	114.40	135.96	112.20
<b>Asset quality</b>						
Loan loss provisions/average loan outstanding	0.20	0.37	0.99	0.18	0.11	0.52
<b>Capitalisation</b>						
Total debt/net worth (times)	3.06	2.73	3.31	1.82	0.28	0.17
Capital adequacy	26.86	31.02	27.96	47.10	83.00	100.34

\*Not adjusted for off-balance sheet liabilities



## ANNEXURE

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**1. Borrowing profile as on August 31, 2013**

		Rs. million
<b>S. No.</b>	<b>Name of lenders</b>	<b>Amount</b>
1	SIDBI	0.34
2	Ananya Finance	3.33
3	MAS Finance	16.25
4	State Bank of India	18.97
5	ICICI Bank	0.88
6	Karnataka State Finance Corporation	28
7	Dena Bank	107.33
8	South Indian Bank	8.52
9	IFMR Capital	14.29
10	Corporation Bank	50
<b>Total</b>		<b>247.93*</b>

\*it includes vehicle loans outstanding of Rs.1.40 mn

**Note:** In September 2013, the NBFC-MFI has received sanction of Rs.20 million each from Union Bank of India and IDBI Bank.

## 2. Asset Quality

	July-13		Mar-13		Mar-12		Mar-11	
	Rs. mn	%	Rs. mn	%	Rs. mn	%	Rs. mn	%
<b>On time</b>	<b>347.19</b>	<b>99.99</b>	<b>308.26</b>	<b>99.95</b>	<b>166.14</b>	<b>99.80</b>	<b>92.41</b>	<b>99.99</b>
Late (at least one payment)								
1-30 days	0.02	0.01	0.06	0.02	0.02	0.01	0.00	0.00
31-90 days	0.00	0.00	0.06	0.02	0.00	0.00	0.00	0.00
91-180 days	0.03	0.01	0.01	0.00	0.01	0.01	0.00	0.00
181-365 days	0.00	0.00	0.03	0.01	0.30	0.18	0.01	0.01
1 year & above	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total loan portfolio</b>	<b>347.24</b>	<b>100.00</b>	<b>308.42</b>	<b>100.00</b>	<b>166.47</b>	<b>100.00</b>	<b>92.42</b>	<b>100.00</b>
PAR>30 days (%)	0.01		0.03		0.19		0.01	
PAR>90 days (%)	0.01		0.01		0.19		0.01	

## 3. District-wise loan outstanding as on July 31, 2013

District name	Rs. Million	Per cent
Davangere	55.18	15.89
Chitradurga	70.23	20.23
Bellary	62.06	17.87
Chikmagalur	12.43	3.58
Belgaum	75.98	21.88
Uttat Kannada	4.58	1.32
Koppal	49.97	14.39
Gadag	16.81	4.84
<b>Total</b>	<b>347.24</b>	<b>100.00</b>



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