



## SMERA MFI Grading Report

### Institute of Rural Credit and Entrepreneurship Development

IRCED Bhavan, Mahaveer Colony,  
Kunte Mala, Old Dhamni Road,  
Sangli - 416 416  
Maharashtra  
India

Date of Report : 27<sup>th</sup> October, 2016 \*

Valid Till : 26<sup>th</sup> October, 2017

Legal Form : NGO-MFI

| SMERA-MFI Grading : MF3 (Above Average) |                                      |
|---|--------------------------------------|
| MF1                                     | Highest Credit Strength              |
| MF2                                     | High Credit Strength                 |
| MF3                                     | <b>Above Average Credit Strength</b> |
| MF4                                     | Average Credit Strength              |
| MF5                                     | Below Average Credit Strength        |
| MF6                                     | Inadequate Credit Strength           |
| MF7                                     | Low Credit Strength                  |
| MF8                                     | Lowest Credit Strength               |

\* This grading is a one-time exercise and does not envisage automatic surveillance. This grading is valid for a period of one year; subject to however, no significant changes / events occur during that period which could materially affect the business and financial parameters of the Microfinance Institution (MFI). SMERA recommends that the user of the Grading may seek a review of the Grading, if the graded MFI experiences significant changes / events in the business. Recommended for review in next financial year.

**SNAPSHOT**

|  |  |
|--|--|
| <b>MFI Name</b>  | INSTITUTE OF RURAL CREDIT AND ENTREPRENEURSHIP DEVELOPMENT (IRCED)   |
| <b>Trade Style</b>                                     | IRCED  |
| <b>Head Office Address</b>                             | IRCED Bhavan, Mahaveer Colony,<br>Kunte Mala, Old Dhamni Road,<br>Sangli - 416 416<br>Maharashtra<br>India   |
| <b>Telefax</b>   | 0233 - 2321190   |
| <b>Email</b>   | <a href="mailto:irced2007@yahoo.co.in">irced2007@yahoo.co.in</a><br><a href="mailto:ircedhooperations@gmail.com">ircedhooperations@gmail.com</a><br><a href="mailto:san_irced@sancharnet.in">san_irced@sancharnet.in</a> |
| <b>Website</b>   | <a href="http://www.irced.org">www.irced.org</a>   |
| <b>Line of Business</b>                                | Microfinance services using Joint Liability Groups (JLG) & Self Help Groups (SHG)  |
| <b>Chief Executive</b>                                 | Mr. Kiran Kulkarni,<br>Chief Executive Officer (CEO) & Secretary,  |
| <b>Legal Form</b>                                      | NGO-MFI  |
| <b>Registration</b>                                    | Registered as Society under The Society Registration Act, 1860   |
| <b>Incorporation Date</b>                              | Oct, 1994  |
| <b>Date of Commencement of Microfinance Operations</b> | 08/Dec/2005  |
| <b>Total Employees</b>                                 | 56 (As on 30/Sep/2016)   |
| <b>No. of Active Branches</b>                          | 09 (As on 30/Sep/2016)   |
| <b>Geographical Reach</b>                              | Maharashtra & Karnataka  |

**CHIEF EXECUTIVE OFFICER'S DETAILS**

|                               |   |
|-------------------------------|---|
| Name                          | Mr. Kiran Bhalchandra Kulkarni  |
| Year of Birth                 | 1964  |
| Current Designation           | Secretary and Chief Executive Officer                                 |
| Appointed to Present Position | 1994  |
| Started with MFI              | 1994  |
| Educational Qualification     | B. Sc Chemistry   |
| Related Experience since      | 1990  |
| Founder of MFI                | Yes   |
| Address                       | 6, Nishant Apartments, Nagraj Colony,<br>Vishrambag, Sangli - 416 415 |
| Permanent Account Number      | AMZPK 3513 D  |
| Mobile number                 | (91) (9422407929)   |
| Email ID                      | san_irced@sancharnet.in   |

**EMPLOYMENT HISTORY**

| Period                | Entity employed                | Position held    |
|-----------------------|--------------------------------|------------------|
| June 1985 to Dec 1985 | TCI, Pune                      | Sales Executive  |
| Jan 1986 to Dec 1994  | Academy of Development Science | Project Director |
| Jan 1995 to Dec 1999  | Erala Society                  | General Manager  |



## **BACKGROUND**

IRCED was established as Public Trust constituted as Society in October, 1994 by Mr. Kiran Bhalchandra Kulkarni (Secretary and Chief Executive Officer), Mr. Ramnath Pachore and with three other members. Current advisory committee member includes Mr. Rajesh Badakh & Mr. Vivek Katti. Mr. Pramod Lad is a current chairman of the IRCED.

IRCED received help from CORDAID for starting Self Help Group (SHG). In the year 2002-04, CARE India supported IRCED to start Grain Banks Project under its CASHE programme. IRCED provided networking and training support to NGOs who wanted to do grain bank in their area of operation. During 2002-03, IRCED established 144 grain banks with the help of other NGOs. In 2000, IRCED worked on the promotion of organic farming as a solution to saline land problem in Krishna river basin and in several droughts prone areas. IRCED is selected by National Programme on Organic Farming organized by Govt. of India as service provider. With the support from RABOBANK Foundation, Netherlands, IRCED, designed Grain Bank with transactions in money.

In 2005, Mr. Kiran Bhalchandra Kulkarni initiated microfinance activity by lending to SHGs & JLGs with finance from Corporation Bank, State Bank of India, Indian Bank and SIDBI. *At present, IRCED operates through 5 branches in Maharashtra & 1 branch in Karnataka. IRCED is also planning to open 3 new branches in Maharashtra @ Hatkangale, Kolhapur & Vita region in near future. SMERA also observed that there is lot of scope of financial services for the untapped market & underserved people in near region. IRCED must target this potential area by expanding through different branches in different districts.*

The average tenure of loans is 12 to 24 months and it charges 25% interest rate p.a. on reducing balance basis. The SHG and JLG repayment frequency are of monthly and weekly basis. In addition, IRCED collects loan processing fee of 1% on the loan amount upfront. IRCED has tied-up with LIC for life insurance cover for their borrowers. They charge 1.5% of loan amount from borrowers as one time Insurance fees.



### **NGO ACTIVITIES**

IRCED aims to provide awareness and financial capability to poor and needy women in the State of Maharashtra to enable them to live a life of dignity, self-reliance and confidence. In the recent years IRCED has helped 413 women to build their own houses, 1,680 women to construct toilets, 4,500 women for their livelihood, 7,600 women with education material, 1100 women to feed their family, 114 women to light their houses with solar energy and 2600 women for their income generation programmes.

### **MANAGEMENT DETAILS**

#### **Mr. Pramod Nathaji Lad - Chairman**

Mr. Pramod Lad has done B.A. in political science. He is also a doctorate in philosophy. Since 1989 Mr. Lad is rigorously working in social activities in Sangli district. He has involved in many projects like helping of Government of Maharashtra in De-Addiction movement, Awareness regarding HIV/AIDS, Awareness generation about organic farming, Environment, pollution and food security. Apart from IRCED he is also involved with different organizations in Sangli. Mr. Lad has also lead several blood donation campaigns.

#### **Mr. Kiran Bhalchandra Kulkarni - Chief Executive Officer & Secretary, Ashoka Fellowship Winner**

Mr. Kiran Bhalchandra Kulkarni, has done graduation in Chemistry and was involved in voluntary social activities since childhood. *Mr. Kiran Bhalchandra Kulkarni, the founder of IRCED has received "Ashoka Fellowship Award" for conceptualizing the "Grain Bank" concept in 1999.* During the period 1988-94, while he was in Academy of Development, he did research in Karjat Tribal Block of Raigad District, Maharashtra.

### **SMERA COMMENTS**

IRCED board has almost two decades of experience in field of social development with adequate understanding of microfinance ecosystem as a whole.

## **RATING RATIONALE**

SMERA has assigned a rating of **MF3** to INSTITUTE OF RURAL CREDIT AND ENTREPRENEURSHIP DEVELOPMENT (IRCED) The rating indicates that in SMERA's current opinion, the rated MFI's ability with regards to credit strength is above average.

**The rating assigned to IRCED reflects following strengths:**

### **Experienced and Qualified Management**

IRCED core committee and second line of management has an adequate understanding of MFI ecosystem with more than a decade of experience in field of microfinance and social development. The day to day operations are looked after by Mr. Pramood N Lad (Chairman) who has more than three decades of experience in social development & Mr. Kiran Kulkarni (CEO) a Science graduate and an Ashoka Fellow have almost two decades of experience in MFI sector.

### **Long Track Record in Micro credit**

IRCED a non-governmental organisation (NGO) - microfinance institution (MFI) was incorporated in 1994 to carry out social and developmental activities in different districts of Maharashtra. Later in the year 2005 .IRCED commenced its microfinance operations for extending micro credit services to the lower strata of populations.

### **Good Asset Quality**

IRCED has been able to maintain a good portfolio quality with on-time repayment for the past 3 years.

### **Internal Audit System**

IRCED have outsourced its internal audit operations to an external auditor; the audit team conducts assessment of deviations from documented policies on a monthly basis. The audit is conducted at branch level and head office.

**However the rating is constrained by following weakness:**

**Moderate Financial Profile**

Although, IRCED registered a growth in its loan portfolio and income from operations in FY 2016 over FY 2014 but the scale of operations is relatively moderate in comparison to other MFI players rated by SMERA.

The total outstanding AUM grew to Rs.13.23 crore as on March 31, 2016 from Rs. 4.56 crore as on March 31, 2013.

Income from operations for IRCED has increased during the period under study on account of increase in AUM supported by managed portfolio. PAT stands at Rs.5,131 (in thousands) on total income of Rs.19,684 (in thousands) in FY16 as compared to a PAT of Rs.1,165 (in thousands) on a total income of Rs.7,072 (in thousands) in FY14.

**Moderate Financial Flexibility**

The current constitution and its legal form prohibit raising equity and the same constraints the ability of IRCED to attract equity from investors for expanding its capital base. IRCED have limited funding profile with bank borrowings from three lenders i.e Corporation Bank, State Bank of India (SBI) and Indian Bank, although it is adequate as per AUM. Further Indian bank and SBI accounted for 41.00 per cent and 38 per cent of the outstanding bank borrowings as on March 31, 2016.

As informed by management, the company is in discussions with various banks and institutional lenders for fresh lines of credit (Documentary evidence are not available with SMERA). IRCED'S ability to raise adequate resources from diverse set of lenders will be monitored in future.

**Increase in client base**

| Particulars                           | 31/Mar/2014 | 31/Mar/2015 | 31/Mar/2016 | 30/Sep/2016 |
|---------------------------------------|-------------|-------------|-------------|-------------|
| No. of JLGs / SHGs formed             | 1,836       | 2,274       | 2,698       | 2,946       |
| No. of active borrowers (SHG and JLG) | 3,848       | 6,798       | 10,369      | 8,411       |



### **Moderate Systems**

The current systems and processes deployed in IRCED for loan appraisal, delinquency management, and data tracking software is moderate considering the current scale of operations. But however considering the projected growth plans, SMERA believes that existing systems and processes needs to be refined and made robust for operational effectiveness.

As observed by site visit team, in some instances the collection date was not pre-decided and the same was considered as a repayment due date in the loan passbook which makes it difficult to track on-time repayment status. Therefore the data provided by management regarding ageing schedule with complete on time repayment during the period under study may not be completely sound.

### **Sustainability**

IRCED have been able to maintain Operational Self Sufficiency (OSS level) above 100% for the last three years from 111.7% in FY14 to 130.6% in FY16, however sustenance of OSS is yet to be demonstrated.

### **Concentration of Operations**

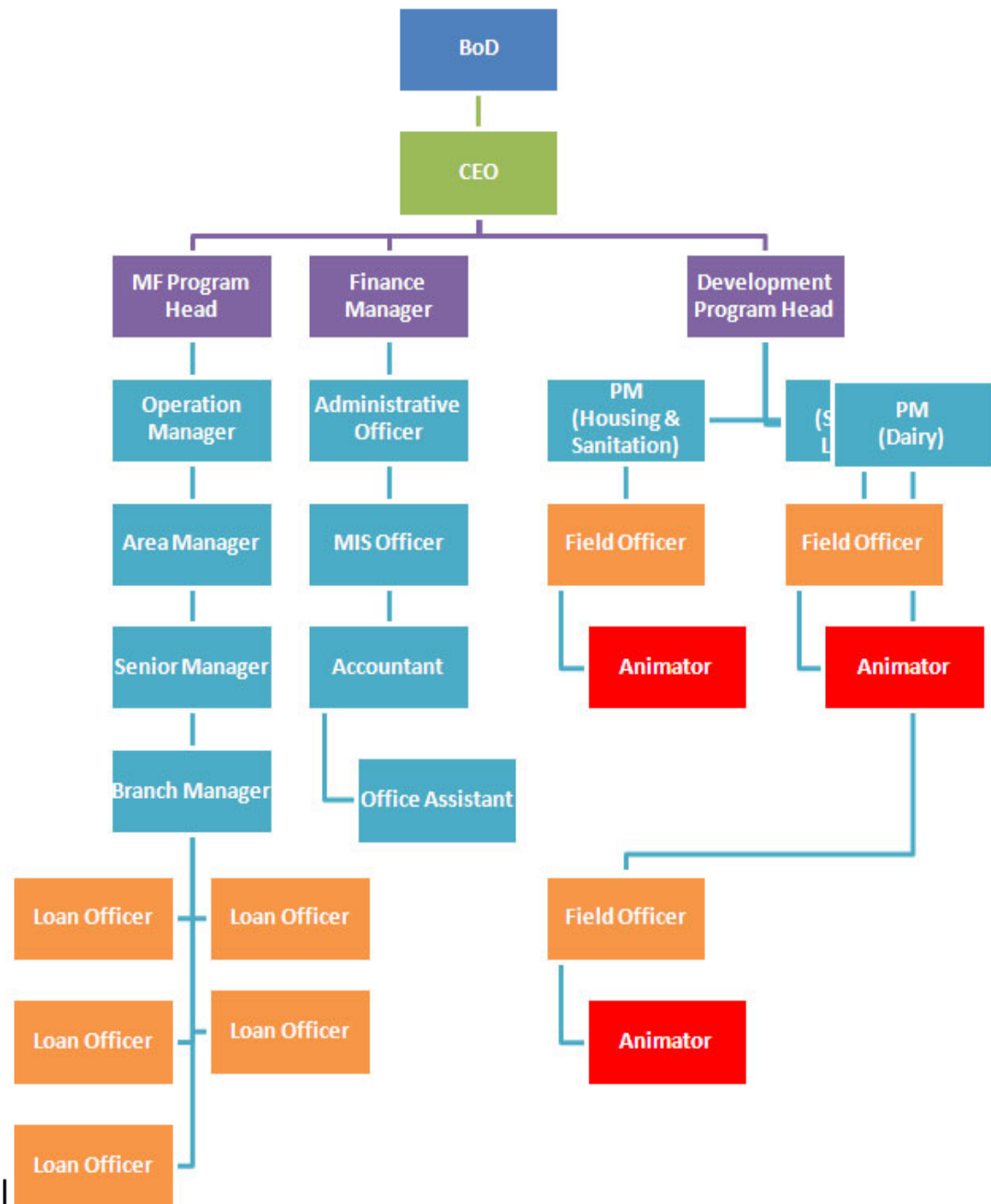
IRCED Portfolio is concentrated in 05 districts of Maharashtra and 01 district of Karnataka with 85% of total portfolio concentrated in state of Maharashtra. Hence; IRCED is susceptible to portfolio/geographical concentration risk coupled with sociopolitical risk.



**HIGHLIGHTS OF IRCED OPERATIONS**

| <b>Particulars</b>  | <b>31/Mar/2014</b> | <b>31/Mar/2015</b> | <b>31/Mar/2016</b> | <b>30/Sep/2016</b> |
|---|--------------------|--------------------|--------------------|--------------------|
| No. of states   | 2                  | 2                  | 2                  | 2                  |
| No. of districts Covered                                    | 5                  | 5                  | 5                  | 6                  |
| No. of branches   | 5                  | 7                  | 7                  | 9                  |
| No. of JLGs / SHGs formed                                   | 1,836              | 2,274              | 2,698              | 2,946              |
| No. of active borrowers (SHG and JLG)                       | 3,848              | 6,798              | 10,369             | 8,411              |
| No. of Loan Officers (LO)                                   | 8                  | 12                 | 22                 | 39                 |
| No. of employees  | 21                 | 25                 | 38                 | 56                 |
| Total loan disbursements during the period (₹ in thousands) | 51,337             | 121,974            | 130,657            | 62,272             |
| Net Portfolio outstanding (₹ in thousands)                  | 45,654             | 89,268             | 131,216            | 132,347            |

ORGANOGRAM



## **BUSINESS MODEL**

### **Loan Products**

IRCED follows group based lending approach with a joint liability within the center. The group consists of minimum five members. IRCED gives loans for income generation activities.

| <b>Type of loan</b>     | <b>Microcredit</b>  |
|-------------------------|---|
| Loan Term               | 12-24 months  |
| Repayment Frequency     | Weekly / Monthly  |
| Loan size               | Rs. 15,000 to Rs. 50,000  |
| Interest rate per annum | 25% p. a. on reducing balance basis   |
| Loan processing fees    | 1% of loan amount   |
| Insurance Fees          | 1.5% of the loan amount; the insurance gives life cover to the member and the nominee |
| Penalty                 | Nil   |

| <b>Type of loan</b>     | <b>Diwali Kit</b> | <b>Mobile Loan</b>     |
|-------------------------|-------------------|------------------------|
| Loan Term               | 20 Weeks          | 10 Weeks               |
| Repayment Frequency     | Weekly            | Weekly                 |
| Loan size               | Rs. 2,000         | Rs. 2,000 to Rs. 5,000 |
| Interest rate per annum | <b>Nil</b>        |                        |

IRCED also works as a business correspondent with few Banks & Financial Institutions and under the said model, the rate of interest charged and processing fee is as per partner bank or financial institutions. Under such portfolio IRCED provides housing loan, education loan etc.

**BRANCH-WISE DETAILS AS ON 30/SEP/2016 (AMOUNT IN ₹ THOUSANDS)**

| Name of Branch | No. of active borrowers | Loan Outstanding (in thousands) | Overdue Amount (in thousands) | PAR > 30 days (in thousands) |
|----------------|-------------------------|---------------------------------|-------------------------------|------------------------------|
| Miraj          | 2024                    | 36311                           | 0                             | 0                            |
| Palus          | 2710                    | 50014                           | 0                             | 0                            |
| Kavathemahakal | 834                     | 12356                           | 0                             | 0                            |
| Kolhapur       | 111                     | 1684                            | 0                             | 0                            |
| Karad          | 1153                    | 12512                           | 0                             | 0                            |
| Patan          | 1128                    | 15732                           | 0                             | 0                            |
| Pune           | 0                       | 0                               | 0                             | 0                            |
| Karjat         | 181                     | 2349                            | 0                             | 0                            |
| Kagwad         | 270                     | 1389                            | 0                             | 0                            |
| <b>Total</b>   | <b>8411</b>             | <b>132347</b>                   | <b>0</b>                      | <b>0</b>                     |

**SMERA COMMENTS**

IRCED Portfolio is concentrated in 05 districts of Maharashtra and 01 district of Karnataka with 85% of total portfolio concentrated in state of Maharashtra

**SECTOR WISE LOAN OUTSTANDING (AMOUNT IN INR THOUSANDS)**

| As on                           | 31/Mar/2014   |               | 31/Mar/2015   |               | 31/Mar/2016    |               | 30/Sep/2016    |               |
|---------------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|
|                                 | Amount        | %             | Amount        | %             | Amount         | %             | Amount         | %             |
| Animal Husbandry                | 0             | 0             | 0             | 0             | 0              | 0             | 0              | 0             |
| Non - Farm Enterprises          | 0             | 0             | 0             | 0             | 0              | 0             | 0              | 0             |
| Agriculture & Allied Activities | 28365         | 62.00         | 58,965        | 66.00         | 92,239         | 70.00         | 101,296        | 77.00         |
| Consumption                     | 0             | 0             | 0             | 0             | 0              | 0             | 0              | 0             |
| Services / Trade / Products     | 9102          | 20.00         | 15,311        | 17.00         | 19,721         | 15.00         | 15,834         | 12.00         |
| Others                          | 8187          | 18.00         | 14,992        | 16.00         | 19,256         | 15.00         | 15,217         | 11.00         |
| <b>TOTAL</b>                    | <b>45,654</b> | <b>100.00</b> | <b>89,268</b> | <b>100.00</b> | <b>131,216</b> | <b>100.00</b> | <b>132,347</b> | <b>100.00</b> |

**SMERA COMMENTS**

Almost 80% of loans are given for income generation activities

**AGEING SCHEDULE OF THE LOAN PORTFOLIO**

| Period       | FY 2014                | FY 2015                | FY 2016                | 30/Sep/2016            |
|--------------|------------------------|------------------------|------------------------|------------------------|
|              | Value of Portfolio o/s | Value of Portfolio o/s | Value of Portfolio o/s | Value of Portfolio o/s |
| On time      | 45,654                 | 89,268                 | 131,216                | 132,347                |
| 1-30 days    | 0                      | 0                      | 0                      | 0                      |
| 31-60 days   | 0                      | 0                      | 0                      | 0                      |
| 61-90 days   | 0                      | 0                      | 0                      | 0                      |
| 91-180 days  | 0                      | 0                      | 0                      | 0                      |
| 181-360 days | 0                      | 0                      | 0                      | 0                      |
| > 360 days   | 0                      | 0                      | 0                      | 0                      |
| <b>Total</b> | 45,654                 | 89,268                 | 131,216                | 132,347                |

**SMERA COMMENTS**

- As observed by site visit team, in some instances the collection date was not pre-decided and the same was considered as a repayment due date in the loan passbook which makes it difficult to track on-time repayment status. Therefore the data provided by management regarding ageing schedule with complete on time repayment during the period under study may not be completely sound.
- IRCED has been able to maintain a good portfolio quality with no overdues for the past 3 years
- The Ageing schedule factors owned and managed portfolio of IRCED during the period under study.



**BALANCE SHEET (IN INDIAN RUPEES THOUSANDS) OF MICROFINANCE UNIT**

| As on date                                     | 31/Mar/2014   | 31/Mar/2015   | 31/Mar/2016    |
|--|---------------|---------------|----------------|
| <b>SOURCES OF FUNDS</b>                        |               |               |                |
| Capital Grants                                 | 1,803         | 1,803         | 1,803          |
| Corpus   | 4,764         | 7,774         | 22,321         |
| <b>Retained earnings (excluding donations)</b> |               |               |                |
| Prior Years                                    | 1,160         | 2,325         | 4,226          |
| Current Year                                   | 1,164         | 1,901         | 5,130          |
| <b>TOTAL EQUITY (A)</b>                        | <b>8,891</b>  | <b>13,803</b> | <b>33,480</b>  |
| <b>DEPRECIATION RESERVE FUND (B)</b>           | <b>1,043</b>  | <b>1,213</b>  | <b>1,326</b>   |
| <b>Liabilities</b>                             |               |               |                |
| <b>Short-term liabilities</b>                  |               |               |                |
| Commercial Loans from banks/FI                 | 7,320         | 20,228        | 55,513         |
| Account payable & Other short-term liabilities | 2,563         | 5,144         | 6,369          |
| <b>Total (C)</b>                               | <b>9,883</b>  | <b>25,372</b> | <b>61,882</b>  |
| <b>Long-term liabilities</b>                   |               |               |                |
| Commercial Loans from banks/FI                 | 13,585        | 29,892        | 16,913         |
| Unsecured loans from promoters                 | 1,836         | 1,054         | 1,075          |
| Concessional Loan/Subordinated Debt            | 7,320         | 5,635         | 2,205          |
| <b>Total (D)</b>                               | <b>22,741</b> | <b>36,581</b> | <b>20,193</b>  |
| <b>TOTAL OTHER LIABILITIES (E)</b>             | <b>32,624</b> | <b>61,953</b> | <b>82,075</b>  |
| <b>PROVISION FOR LOAN LOSS (F)</b>             | <b>562</b>    | <b>723</b>    | <b>723</b>     |
| <b>TOTAL LIABILITIES (A+B+C+D+E+F)</b>         | <b>43,120</b> | <b>77,692</b> | <b>117,604</b> |



| <b>APPLICATION OF FUNDS</b>                     |               |               |                |
|---|---------------|---------------|----------------|
| <b>Fixed Assets</b>                             |               |               |                |
| Net Block                                       | 1,486         | 1,766         | 1794           |
| <b>Net Block (A)</b>                            | <b>1,486</b>  | <b>1,766</b>  | <b>1794</b>    |
| <b>Cash and Bank Balances (B)</b>               | <b>4,123</b>  | <b>12,554</b> | <b>7,928</b>   |
| <b>Investment in Fixed Deposit (C)</b>          | <b>6,037</b>  | <b>9,737</b>  | <b>17,287</b>  |
| <b>Loan Portfolio</b>                           |               |               |                |
| Microfinance Loan                               | 23,432        | 39,116        | 78,639         |
| Other Loans                                     | 5,132         | 10,891        | 6,191          |
| <b>Total Loan Portfolio (D)</b>                 | <b>28,564</b> | <b>50,007</b> | <b>84,830</b>  |
| <b>Accounts Receivable and Other Assets (E)</b> | <b>2,910</b>  | <b>3,628</b>  | <b>5765</b>    |
| <b>TOTAL ASSETS (A+B+C+D+E)</b>                 | <b>43,120</b> | <b>77,692</b> | <b>117,604</b> |



**INCOME AND EXPENDITURE ACCOUNT (FIGURES IN THOUSANDS OF INDIAN RUPEES) OF MICROFINANCE UNIT**

| <b>Financial Year</b>                                  | <b>FY 2014</b> | <b>FY 2015</b> | <b>FY 2016</b> |
|--|----------------|----------------|----------------|
| <b>Months</b>  | <b>12</b>      | <b>12</b>      | <b>12</b>      |
| <b>Financial revenue from operations</b>               |                |                |                |
| Interest and fee revenue from loans                    | 5,251          | 8,995          | 14,626         |
| Other Operating Revenue                                | 1,821          | 2,451          | 5,058          |
| <b>Total Financial Revenue (A)</b>                     | <b>7,072</b>   | <b>11,446</b>  | <b>19,684</b>  |
| <b>Financial expenses from operations</b>              |                |                |                |
| <u>Financial Expense on Funding Liabilities</u>        |                |                |                |
| Interest and Fee Expense on Borrowings                 | 2,864          | 4,934          | 7,436          |
| Other financial expenses related to financial services | 562            | 328            | 28             |
| <b>Total Financial Expenses (B)</b>                    | <b>3,426</b>   | <b>5,262</b>   | <b>7,464</b>   |
| <b>Gross financial margin (A-B)</b>                    | <b>3,646</b>   | <b>6,184</b>   | <b>12,220</b>  |
| Less: Provisions for Loan Impairment                   | 278            | 161            | 0              |
| <b>Net financial margin (D)</b>                        | <b>3,368</b>   | <b>6,023</b>   | <b>12,220</b>  |
| <b>Operating expenses</b>                              |                |                |                |
| Personnel Expense                                      | 1,898          | 3,506          | 5,289          |
| Depreciation and Amortization Expense                  | 100            | 170            | 113            |
| Other Administrative Expense                           | 632            | 1,266          | 2,210          |
| <b>Total Operating Expenses (E)</b>                    | <b>2,630</b>   | <b>4,942</b>   | <b>7,612</b>   |
| <b>Net Operating income (D-E)</b>                      | <b>738</b>     | <b>1,081</b>   | <b>4,608</b>   |
| Add: Non-Operating Revenue (h)                         | 427            | 821            | 523            |
| <b>Net income after Tax and before Donations</b>       | <b>1,165</b>   | <b>1,902</b>   | <b>5,131</b>   |

The above figures for three financial years are taken from audited accounts of the subject

**SMERA COMMENTS**

- Income from operations has increased during the period supported by increased asset base during the period under study.

## RATIOS

| Ratios  | 2014   | 2015   | 2016   |
|---|--------|--------|--------|
|   | 12     | 12     | 12     |
| <b>Capital Adequacy Ratio</b>                                     | 30.4%  | 25.0%  | 34.5%  |
| <b><u>Productivity / Efficiency Ratios</u></b>                    |        |        |        |
| No. of Active borrowers per credit officer                        | 481    | 567    | 471    |
| Average outstanding balance per client (in INR)                   | 7,423  | 7,356  | 8,181  |
| Cost per active client (in INR)                                   | 683    | 727    | 734    |
| Gross portfolio outstanding per credit Officer (in INR thousands) | 3,571  | 4,167  | 3,856  |
| <b><u>Asset / Liability Management</u></b>                        |        |        |        |
| Yield on Portfolio  | 18.5%  | 22.9%  | 21.7%  |
| <b><u>Profitability / Sustainability Ratios</u></b>               |        |        |        |
| Operational Self Sufficiency                                      | 111.7% | 110.4% | 130.6% |
| Operating Expense Ratio   | 09.0%  | 12.6%  | 11.3%  |

## AUDITOR

Pawar Kulkarni & Associates,  
 (Chartered Accountants),  
 Sangli,  
 Maharashtra  
 India

## SMERA COMMENTS

- Overall Productivity/efficiency ratios factors the total assets under management i.e owned and managed portfolio during the period under study.

**Information on BANK(S) / FINANCIAL INSTITUTION(S) as on 30/Sep/2016**

| Lender              | Facility    | Balance 30.06.16<br>(Rs) | Rate of Interest |
|---------------------|-------------|--------------------------|------------------|
| Corporation bank    | Term Loan   | 1,0715,359               | 12.35%           |
| State Bank of India | Term Loan   | 12,82,501                | 13.85%           |
| State Bank of India | Cash Credit | 23,050,382               | 12.30%           |
| Indian bank         | Cash Credit | 27,278,411               | 13.00%           |
|                     | Term Loan   | 1,50,00,000              | 12.95%           |
| SIDBI               | Sub Debt    | 75,00,000                | 8.00%            |

**EMPLOYEE(s) DETAILS FOR OPERATIONS)**

| Particulars                        | FY 2014   | FY 2015   | FY 2016   | 30/Sep/2016 |
|------------------------------------|-----------|-----------|-----------|-------------|
| No. of Field staff                 | 8         | 12        | 22        | 39          |
| No of Managerial/<br>Support Staff | 13        | 13        | 16        | 17          |
| <b>Total staff</b>                 | <b>21</b> | <b>25</b> | <b>38</b> | <b>56</b>   |

**SMERA COMMENTS**

Employee strength has increased to 56 employees as on Sept 30, 2016 from 21 employees as on Mar 31, 2014 to support the growth..

**EXPANSION PLANS**

| <b>Particulars</b>                     | <b>FY 2017</b> | <b>FY 2018</b> | <b>FY 2019</b> |
|--|----------------|----------------|----------------|
| No. of States                          | 2              | 2              | 2              |
| No. of Districts Covered               | 6              | 7              | 10             |
| No. of Branches                        | 30             | 40             | 50             |
| No. of Groups                          | 4,803          | 6,403          | 8,803          |
| No. of Active Borrowers                | 29,667         | 45,667         | 69,667         |
| No. of Credit Officers                 | 90             | 120            | 150            |
| Total No. of Employees                 | 135            | 180            | 225            |
| Portfolio outstanding (₹ in thousands) | 265,001        | 540,001        | 606,879        |

**SMERA COMMENTS**

Achievement of future targets will mainly depends on steady access to funds from banks/financial institutions



CURRENCY: All amounts in this report are in local currency unless otherwise stated.

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