Fusion Microfinance Private Limited

mfR4

Date Assigned
June 7, 2013

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MICROFINANCE INSTITUTION (MFI) GRADING

mfR1
mfR2
mfR3
mfR4
mfR5
mfR6
mfR7
mfR8

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 **CRISIL's MICROS** 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.

MFI Grading scale: mfR1 - highest; mfR8 – lowest

MFI GRADING HISTORY

MFI Grading	Assigned in
mfR4	February 10, 2012
mfR5	November 9, 2010

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FACT SHEET

Year of incorporation and legal history		▪ Incorporated in September as 1994 as Ambience Fincap Pvt Ltd ▪ Registered with the Reserve Bank of India (RBI) in 2003 ▪ Acquired by current promoters in November 2009 ▪ Microfinance programme commenced in January 2010 ▪ Renamed 'Fusion Microfinance Pvt Ltd' in April 2010
Legal status		Private limited company registered as a non-deposit–taking, non-banking financial company (NBFC-ND)
Promoters		Mr. Devesh Sachdev and Mr. Ashish Tewari
Chief executive	:	Mr. Devesh Sachdev, Chief Executive Officer
Corporate office & Contact Details		Mr. Devesh Sachdev, Chief Executive Officer C-3, Community Centre Naraina Vihar New Delhi – 110028 Tel : +91-11- 46243351 Email: devesh@fusionmicrofinance.com Web: www.fusionmicrofinance.com
Statutory Auditors		BSR & Company (a KPMG associate)

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ABOUT THE MFI

As on March 31, 2013

Lending model		Lends to women organised as joint-liability groups (JLGs)
Products		▪ **Microfinance loans:** FMPL offers loans of Rs.12,000–Rs.30,000 for income generation activities. The loans have tenure of 1½ to 2 years, and are payable fortnightly at a diminishing interest rate of up to 30.00 per cent. ▪ **Small-ticket vehicle loan (STVL):** FMPL offers loans of Rs.1 lakh to Rs.6 lakh to truck operators, for the purchase of used commercial vehicles. The loans are extended for tenure of two to three years, at diminishing interest rate of 25.00 per cent. ▪ **Processing fee:** 1.00 per cent of the loan disbursement ▪ **Life insurance:** In collaboration with Kotak Mahindra Old Mutual Life Insurance Company Limited.
Borrower base		66,992 borrowers (36,998 as on March 31, 2012)
Employees		172 (123 as on March 31, 2012)
Number of branches		22
Loan outstanding		▪ Microfinance: Rs.520.48 million (Rs.343.05 million as on March 31, 2012) ▪ STVL: Rs.47.62 million (Rs.29.39 million as on March 31, 2012)
Loans disbursed		▪ Rs.625.54 million in 2012-13 (refers to financial year, April 1 to March 31) ▪ Rs.483.71 million in 2011-12
Geographical reach		10 districts (Uttar Pradesh, Uttarakhand, Madhya Pradesh, and Delhi)

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SOCIAL AND TRANSPARENCY INDICATORS

As on March 31, 20123 in per cent

Average loan outstanding/per capita GNI (2011 figure)*	11.00
Women staff/total staff	8.00%
Women borrowers/total borrowers	99.99
Effective lending rate	30.00
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?	No
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 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

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OUTREACH SUMMARY

For the year ended/As on	Unit	Mar-13		Mar-12		Mar-11	Mar-10
		MFI	STVL	MFI	STVL	MFI	
Groups	No.	18,771	NA	9,933	NA	3,486	458
Members	No.	85,674	198	48,928	93	21,159	2,292
Loans disbursed in the year	No.	48,585	105	37,782	93	1,535	2,157
Borrowers	No.	66,806	186	36,905	93	21,488	2,157
Branches	No.	21	1	20	1	13	4
Villages covered	No.	2,101	-	1,200	-	359	25
Districts covered	No.	10	1	10	1	8	4
Women borrowers	%	100.00	1.08	100	-	100	100
Total disbursements	Rs.Mn	625.54		483.71		238.77	16.99
Loan outstanding (own)	Rs.Mn	377.64	38.82	198.78	19.13	100.22	16.6
Loan outstanding (managed)	Rs.Mn	142.88	8.74	144.26	10.26	22.03	-
Total loan outstanding	Rs.Mn	520.52	47.56	343.04	29.39	122.25	16.60
Loan outstanding/Branch	Rs.Mn	24.78	47.62	17.15	29.39	9.40	4.15

PRODUCTIVITY INDICATORS

As on/Period ended	Unit	Mar-13	Mar-12	Mar-11
Total employees	No.	172	123	95
Credit officers	No.	92	62	50
Loan outstanding/Credit officer	Rs.Mn	6.17	6.01	2.35
Loan outstanding/Borrower	Rs. Mn	8,480	10,066	5,689
Members/Credit officer	No.	931	789	426
Borrowers/Credit officer	No.	726	595	413
Borrowers/Branch	No.	3,045	1,762	1,653
Borrowers/Members	%	78	75	97

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MFI GRADING RATIONALE

CRISIL's microfinance institution (MFI) grading assigned to Fusion Microfinance Private Limited (FMPL) reflects the following strengths:

- Experienced board and senior management
- Above-average asset quality, supported by adequate risk management practices
- Comfortable capitalisation to meet near-term growth projections

The listed grading strengths are partially offset by the following weaknesses:

- High cost of borrowings and modest earnings profile
- Geographic concentration of portfolio
- Moderate human resource profile

Profile

FMPL entered microfinance business in January 2010 by acquiring the Rs.6.30 million loan portfolio of Aajeevika, an NGO operating in Delhi and Madhya Pradesh. FMPL follows the joint-liability-group (JLG) model of lending, wherein it extends loans to women organised in groups of five, and all members are jointly liable for repayment. In August 2011, FMPL began offering small-ticket vehicle loans (STVLs) to truck operators. As on March 31, 2013, it had assets under management of Rs.568.08 million (including STVL advances of Rs.47.56 million). The MFI had more than 66,000 borrowers across its 22 branches in Delhi, Madhya Pradesh, Uttarakhand, and Uttar Pradesh as on March 31, 2013.

FMPL's core promoters—Mr. Devesh Sachdev and Mr. Ashish Tewari—collectively hold an equity stake of 32.13 per cent in the company along with their families and employees. Two sector specific investors - Rural Impulse Fund-North II (a sector-specific private equity fund managed by Incofin Investment Management) and Norwegian Microfinance Initiative's Frontier Fund (NMI) hold a stake of 67.87 per cent in the MFI. FMPL has also issued compulsorily convertible debentures (CCDs) amounting to Rs.162.50 million to these investors during 2012-13 and the same are likely to be converted into equity by September 2014.

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Lending Methodology

FMPL selects an operational area based on its research findings, mainly a field survey assessing the area's socioeconomic profile and market potential, supported by secondary research based on government sources. Once the MFI selects an operational area, a relationship officer (RO) organises a general meeting of targeted members, and the branch manager (BM) presents details about the organisation and its microfinance programme. Those interested in membership are invited to the subsequent meeting, during which women from the same locality organise themselves into groups of five.

After group formation, the RO conducts a four-day compulsory group training (CGT), wherein each group is appraised of FMPL's policy, loan product, and repayment details. After the training, the BM conducts a credit check for each member, as well as a group recognition test (GRT) to ascertain the members' understanding of organisational policy. The loan application forms and KYC (know-your-customer) documents are emailed and also couriered to the head office (HO) for data entry and loan sanction. The HO assesses the loan applications and then makes the disbursement to the branch offices.

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MANAGEMENT

Standardised operational procedures		▪ Adherence to standardised procedures and policies across branches has enabled FMPL to enhance its credit culture and reduce its overall turnaround time (TAT). Maintenance of documentation and registers (attendance and movement registers, cash and outward registers, etc.) is also consistent with organisational policy. FMPL recently updated its operational manual to provide detailed instructions to staff.
Adequate credit approval mechanisms		▪ The credit-monitoring team at the HO screens the client data received from the branches, including KYC forms, members' residual income and repayment history, and other loan-related documentation. Applications falling short of the eligibility criteria in terms of indebtedness, household income, and credit history are rejected upfront. The HO team also screens for instances of multiple loans through credit bureau checks. ▪ FMPL has tied up with both the functional credit information companies (CICs) offering microfinance services. It shares data with both Equifax and Highmark, and conducts verification with the CIC that has maximum coverage in a given region. A copy of the CIC credit report is also sent to branches. ▪ However, CRISIL during its branch visits observed few instances of low awareness of credit terms among certain borrowers including rate of interest, processing fees, and insurance charges paid. CRISIL believes that the MFI has scope to strengthen borrowers' awareness on credit terms. Further, FMPL may be unable to detect intermediate lending by other MFIs and obtain full credit history of prospective clients, given the week-long time-lag between loan sanction and disbursement.

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Centralised data processing and back-office support		▪ FMPL has a dedicated back-office team to process the loan documentation received from branches. This enables the branches to focus on origination and collections instead of reporting. The back-office conducts data entry only after the credit department completes preliminary verification of client data. ▪ The HO ensures that all applications adhere to the CIC, KYC, and other credit norms. FMPL also has a two-member tele-calling team that makes random calls to verify client data. The team also conducts checks on the performance of field officers, as well as the loan utilisation checks conducted by the branch managers. ▪ CRISIL opines that the functional demarcation of credit appraisal and data processing has enhanced the MFI's data integrity and its control of the overall credit approval process.
IA is commensurate with current scale of operations		▪ Internal audit (IA) mechanisms are commensurate with the MFI's the current scale of operations and midterm growth projections. FMPL has a nine-member IA team that makes a comprehensive assessment of operations at the field and branch levels. The audit is conducted on a quarterly basis covering documentation and surprise visits to centre meetings. ▪ The IA report makes detailed observations on upkeep of registers, prevalence of high cash balances, and staff behaviour. Branches are graded on parameters such as policy deviation, maintenance of loan/client documentation, field-staff performance, loan recovery rates, errors in account-books, and efficacy of reporting systems. ▪ The IA team shares its observations with the branch and the area managers and seeks due compliance in the event of policy deviation. FMPL also issues pre-printed barcode receipts to borrowers so as to minimise the scope of error and fraud.
Adequate cash management practices		▪ The branches maintain separate bank accounts for collection (payments by borrowers) and disbursement (receipt of funds from HO for on-lending). The HO tracks daily cash/bank movements at the branches and has daily reconciliation systems in place. FMPL

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		has availed cash-in-transit and cash-in-safe insurance. ▪ The HO mandatorily requires the branches to seek approval for maintaining excess/overnight cash balances, and to state the reason for the same in the cash book and the email requesting approval.
MIS has scope for improvement		▪ The branches are able to self-generate reports on demand, collections, ageing, arrears, and outreach. Day-end portfolio and outreach reports are mailed to the HO, which conducts data consolidation on a daily basis. However, FMPL's current MIS has limitation in generating few consolidated reports; and the MFI's loan tracking software is also not integrated with its accounting and financial systems. ▪ FMPL's management has indicated its plans to migrate to a customised, web-based software in the near term to track receivables in real-time and to enable the branches to generate consolidated reports. The MFI's ability to make optimum utilisation of this software remains a key grading monitorable.
HR function needs to be streamlined		▪ FMPL has average HR practices compared to similar-sized MFI organisations graded by CRISIL. Employees are entitled to gratuity, provident fund, and accident insurance. ▪ Majority of FMPL's second tier-management (area manager and above levels) have been associated with FMPL for a longer tenure, however, it has been experiencing a high attrition rate of nearly 30 per cent majorly at the field level. CRISIL opines that FMPL's ability to achieve the projections depends on its ability to successfully attract and retain talent. To strengthen the HR function, the MFI recently appointed a dedicated HR head, but is still in the process of formalising its HR policies on recruitment and performance appraisal.

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INSTITUTIONAL ARRANGEMENT

Experienced board and senior management		▪ FMPL has an experienced and qualified board, comprising two promoter-directors, two nominee directors representing investors, and one independent director. The founder-directors have adequate experience in banking and finance, although their microfinance experience is somewhat limited. However, the non-executive directors have prior experience in the microfinance sector. ▪ The second line of management comprises experienced professionals across the banking, retail finance, and IT sectors. The senior management regularly meets various committees, including the audit, IT, business, and asset and liability management (ALM) teams, to discuss and resolve business issues. CRISIL opines that FMPL's management has significantly strengthened its systems, procedures, and backend operations.
Portfolio projections unmet despite support from sector-specific investors		▪ In the previous grading exercise, FMPL has projected a portfolio of Rs.976 million for March 31, 2013, against which its loan book stood at about Rs.568 million as on the same date. As resource mobilisation was lower than anticipated, the management pared its midterm growth projections to Rs.1,250 million for March 31, 2014 and Rs.2,400 million for March 31, 2015. ▪ In the last two financial years, FMPL has raised capital from two sector-specific investors, namely Norwegian Microfinance Initiative's Frontier Fund (NMI) and Incofin-Rural Impulse Fund II. Even though this fund infusion is expected to help raise its debt finance and scale up operations in the medium term, CRISIL believes FMPL may face constrain in achieving the projected growth in the portfolio.

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CAPITAL ADEQUACY AND ASSET QUALITY

Capitalisation can support near-term growth projections	▪ CRISIL expects the MFI's capitalisation to be adequate to meet short-term (1-2 yrs) growth projections. FMPL's net worth improved to Rs.376.51 million as on March 31, 2013 from Rs.73.64 million as on March 31, 2012 as CCPS (Compulsorily Convertible Preference Shares) worth Rs.50.00 million were converted to equity at a premium. Further, FMPL issued CCDs (Compulsory Convertible Debentures) of Rs.162.50 million to sector-specific investors during 2012-13 which are likely to be converted to equity by September 2014. For the purpose of grading, CRISIL has considered these CCDs as a part of net worth ▪ FMPL's debt-equity ratio was low at 1.44 times as on March 31, 2013 (factoring CCDs as a part of net worth and adjusting for assigned/securitised portfolio). Similarly, capital adequacy ratio (CAR) was comfortable at close to 50 per cent (Tier I capital/risk weighted assets adjusted for securitised portfolio). CAR is expected to remain above the regulatory stipulation of 15.00 per cent in the midterm. The debt-equity ratio would, however, increase to about 2.50 times in the near term if FMPL is able to grow its loan book more than twice as projected.
Good asset quality and adequate loan loss cover	▪ FMPL's portfolio has seasoned since the previous assessment to a healthy on-time repayment rate (OTRR) of 99.36 per cent and an above-average portfolio at risk (PAR)>30 days at 0.63 per cent as on March 31, 2013. Similar trend was observed as on March 31, 2012. Stringent monitoring systems and credit approval mechanisms have enabled FMPL to maintain good asset quality. ▪ FMPL has an adequate provision on standard and non-performing assets to PAR>90 days. While cumulative loan loss provisioning (LLP) was 0.74 per cent of average loan outstanding as on March 31, 2013, LLP/PAR>90 days was comfortable at about 84 per cent as on same date, thus shielding capitalisation against write-offs. ▪ Correspondingly, the asset quality of SVTL loan book has also

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	remained above average during 2012 and 2013. Given adequate risk management practices adopted by the management, FMPL is likely to maintain good asset quality in this segment too in the medium term. Currently, of the 22 operational branches, only one branch (Meerut – Urban) undertakes disbursement of SVTLs. Given its modest expansion strategy in this segment, the NBFC-MFI's qualifying assets are likely to remain at above 85.00 per cent of total assets in medium term.
Risk of geographic concentration	▪ Uttar Pradesh accounted for 56 per cent of FMPL's overall portfolio as on March 31, 2013, followed by Uttarakhand at 26 per cent. The adjoining districts of Saharanpur (Rs.173.96 million), Haridwar (Rs.100.93 million), and Bijnor (Rs.44.57 million) constituted about 85 per cent of FMPL's net worth (factoring compulsorily convertible debentures). Any adverse credit events in these areas and resultant contagion risks may thus materially affect the NBFC-MFI's capitalisation levels. To combat the associated risks, FMPL plans to expand its operations to other territories majorly Madhya Pradesh and central districts of Uttar Pradesh by July 2013.

RESOURCES AND ASSET LIABILITY MANAGEMENT

Average resource profile; but with high cost of funds	▪ FMPL's resource profile (considering outstanding against borrowed funds and managed portfolio and excluding CCDs) remains average in comparison to other mid-sized and large sized peer MFI entities. As on March 31, 2013 NBFCs and assignments/securitisations accounted for about 43 per cent and 28 per cent of its resource profile respectively. As on same date, loans from public sector and private sector banks contributed to about 19 per cent while sector-specific apex lenders accounted for the remaining 10 per cent of resources. Additionally, net worth entirely comprises contributed equity; and contribution from accruals continues to remain negligible. ▪ With equity support from its investors and enhanced clarity on the

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	regulatory front leading to improved lender confidence, the NBFC-MFI was able to raise Rs.603.25 million in 2012-13 as against a funding mobilisation of Rs.270.00 million in 2011-12. The funds mobilised during 2012-13 include Rs.95 million from three banks at interest rate of 13.00–15.00 per cent. However, FMPL's average cost of borrowings has remained high due to its dependence on two NBFCs charging a relatively high interest of 15.00–16.00 per cent. IFMR Capital and MAS Financial accounted for about 37 per cent and 30 per cent of FMPL's overall debt profile in 2012-13. Thus, resource mobilisation at competitive rates remains a key grading monitorable for FMPL. ▪ The NBFC-MFI's management is currently in talks with sector-specific lenders as well as public- and private-sector banks for raising Rs.1,000 million in the near term. Active proposals include Rs.75 million each from BNP Paribas Limited and Maanveeya Holdings & Investments Private Limited, as well as Rs.30 million from IDBI Bank Limited and Rs.20 million from Dena Bank.
Comfortable asset-liability maturing profile	▪ As on March 31, 2013, FMPL had cash and cash equivalents of about Rs.162 million. On a standalone basis, overall collections from JLGs were sufficient to meet lenders' dues and operational expenses. FMPL maintains an average surplus ranging between Rs.20 million to Rs.40 million (without factoring disbursement from lenders and further on-lending to members). Average monthly disbursements to groups amounted to Rs.50 million during 2012-13. ▪ A major portion of FMPL's bank borrowings have tenure of 18–24 months, while its loans have an average maturity of 12–24 months. Thus, the NBFC-MFI is not susceptible to an immediate negative asset-liability mismatch, and its midterm liquidity position is adequate to service its debt obligations in a timely manner.

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OPERATIONAL EFFECTIVENESS

Field productivity has improved but profitability is likely to remain modest	▪ FMPL improved its asset size and field performance in 2012-13, choosing to further penetrate its existing areas of operation over pursuing branch expansion. Branch productivity improved to 3,045 borrowers and loans outstanding to Rs.25.82 million per branch as on March 31, 2013 from 1,762 borrowers and loans outstanding of Rs.17.73 million per branch in March 2012. Borrowers/credit officer witnessed an improvement to 726 as against 595 during same period. FMPL's operating expense (opex) ratio has also eased to about 9 per cent in 2012-13 from 17 per cent in 2011-12. ▪ However, FMPL's high cost of borrowings has limited its spreads on lending; the interest paid/average borrowings increased to 17.39 per cent in 2012-13 from 13.89 per cent in 2011-12 and interest spread remained negligible at 0.52 per cent in 2012-13. The year's net earnings were small at Rs.2.29 million and OSS was also modest at 102.53 per cent. ▪ Following RBI guidelines issued in August 2012, FMPL progressively increased its lending rates to up to 30 per cent during May 2013. This is likely to ease its earnings profile in the near term. Further improvement in earnings profile would be contingent upon increase in asset size and resultant operational synergies. CRISIL expects FMPL's OSS levels to remain over 100 per cent in the near to medium term.

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SCALABILITY AND SUSTAINABILITY

- Regulatory guidelines issued in August 2012 allowed MFIs to transmit incremental cost of borrowings through a corresponding increase in lending rates. The recent notification issued in May 2013 allowing MFIs to continue with a margin cap of 12.00 per cent upto March 31, 2014 would not only enhance operational sustainability of players but also strengthen lender confidence.
- FMPL has significantly improved its ALM profile over the last financial year and has also been able to reduce opex by improving branch productivity. Support from sector-specific investors has enabled the NBFC-MFI to shore up its capitalisation levels; and its capital adequacy is also likely to remain above the stipulated norm of 15 per cent if the management can achieve its midterm projections for portfolio growth. The NBFC-MFI has adequate credit approval mechanisms and risk management systems in place, and also benefits from its qualified and experienced management profile. These factors are expected to enable the MFI to scale up its operations over the medium term.
- The NBFC-MFI registered profitable operations during 2011-12; its net profit and accretion to reserves are expected to remain modest in near term due to its relatively small asset size compared to large-sized MFIs. CRISIL expects the NBFC-MFI's sustainability to depend on its ability to raise adequate and timely resources at competitive rates, while also improving its MIS and reducing its geographic concentration.

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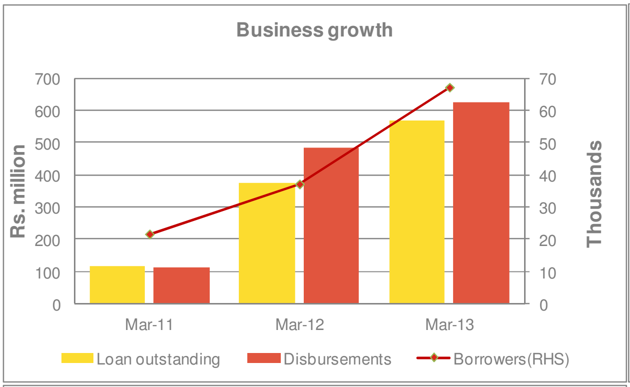
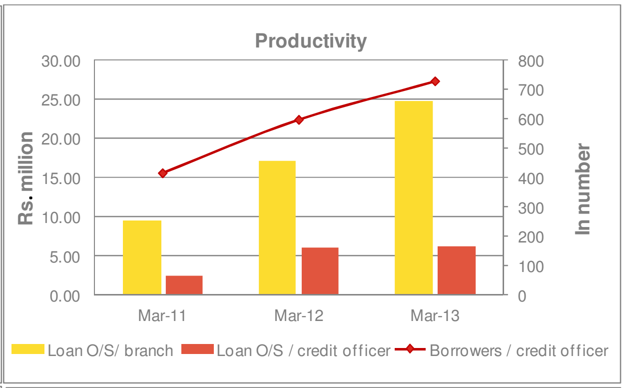
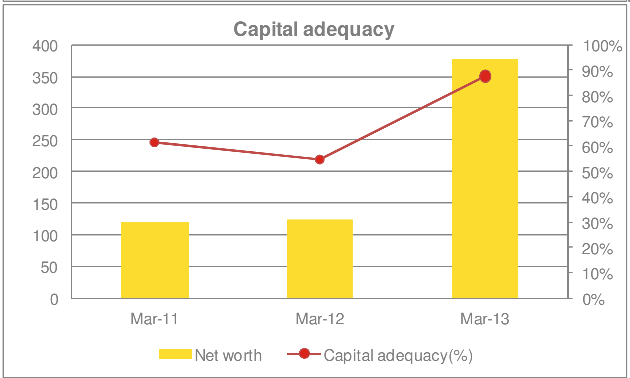
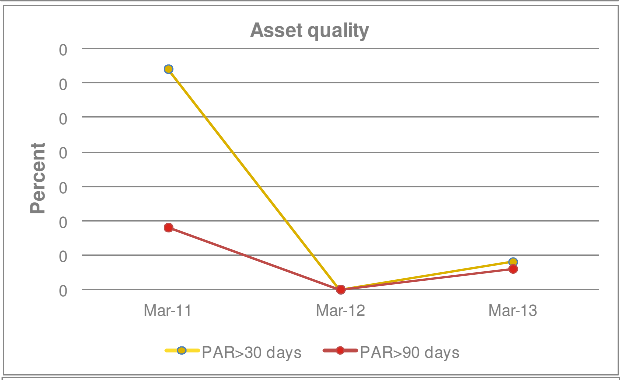
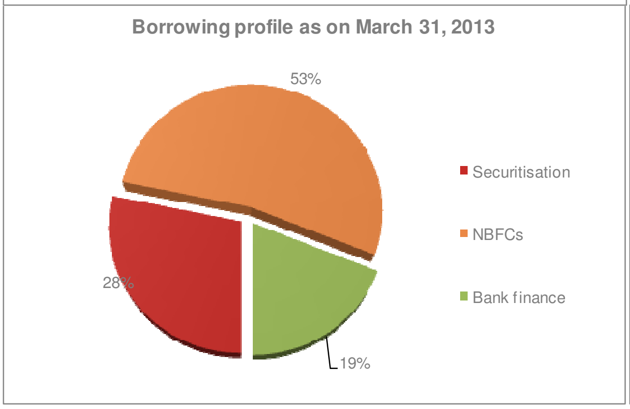
BUSINESS INDICATORS

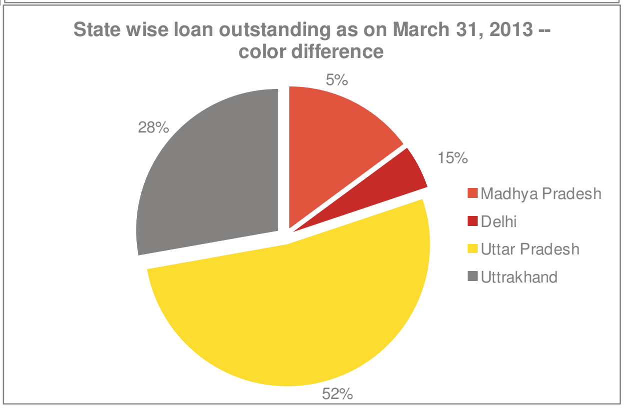












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FINANCIAL INDICATORS

Income and expenditure statement

Rs. million

For the year ended March 31,	2015	2014	2013	2012	2011	2010
	Mgmt. proj.		Prov.	Audited		
Interest income from loans	468.20	239.63	88.07	46.96	23.21	0.82
Gain on assignment	-	-	7.70	4.39	1.32	-
Income from investments/bank deposits	-	-	2.84	13.04	0.93	0.05
Other income	-	-	-	-	1.56	0.04
Total fund-based income	**468.20**	**239.63**	**98.60**	**64.40**	**27.01**	**0.91**
Interest and finance charges						
On borrowings	223.45	121.12	50.61	19.21	5.98	0.14
Total interest and finance charges paid	**223.45**	**121.12**	**50.61**	**19.21**	**5.98**	**0.14**
Gross spread	**244.75**	**118.50**	**47.99**	**45.18**	**21.03**	**0.77**
Fee-based income	**19.62**	**9.87**	**5.04**	**4.14**	**4.45**	**0.08**
Total income	**487.82**	**249.50**	**103.65**	**68.54**	**31.46**	**0.99**
Gross surplus	**264.37**	**128.37**	**53.03**	**49.33**	**25.48**	**0.85**
Expenses						
Personnel expenses	165.85	93.96	30.53	27.36	17.52	2.22
Administrative expenses			16.81	14.92	7.55	1.65
Total expenses	**165.85**	**93.96**	**47.35**	**42.28**	**25.06**	**3.87**
Write-offs and provisions						
Write-off of bad debts	-	-	-	2.28	-	0.30
Provision for loan loss	13.23	7.78	1.10	1.18	0.60	0.08
Total	**13.23**	**7.78**	**1.10**	**3.46**	**0.60**	**0.39**
Depreciation	-	-	2.02	2.23	1.88	0.10
Profit before tax	**85.29**	**26.64**	**2.56**	**1.35**	**-2.06**	**-3.50**
Tax	28.99	9.05	-0.31	-0.16	-0.19	0.02
Profit after tax	**56.30**	**17.58**	**2.87**	**1.51**	**-1.88**	**-3.52**

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Balance sheet

Rs. million

As at March 31,	2015	2014	2013	2012	2011	2010
Liabilities	**Mgmt. proj.**		**Prov.**	**Audited**		
Share capital	977.91	377.91	107.03	56.77	54.77	16.60
Share premium	-	-	108.38	21.14	21.20	-
Reserves and surplus	71.28	14.98	-1.40	-4.27	-5.78	-3.91
Net worth	**1,049.19**	**392.89**	**214.01**	**73.64**	**70.18**	**12.69**
Borrowings from banks/FIs	1,902.00	981.25	389.42	192.85	83.76	3.93
Preference shares	-	-	-	50.00	50.00	-
Debentures	-	-	162.50	-	-	-
Total borrowings	**1,902.00**	**981.25**	**551.92**	**242.85**	**133.76**	**3.93**
Loan loss reserve	27.60	14.38	2.97	1.86	0.81	0.11
Other current liabilities	27.64	15.66	40.38	10.04	6.52	3.87
Total current liabilities	**55.24**	**30.03**	**43.35**	**11.90**	**7.33**	**3.97**
Total liabilities	**3,006.43**	**1,404.17**	**809.27**	**328.40**	**211.27**	**20.60**
Assets						
Total loans under management	**2,400.00**	**1,250.00**	**568.08**	**372.43**	**115.23**	**16.61**
Less: Managed portfolio	-	-	153.21	154.52	-	-
Net loans under management (owned portfolio)	**2,400.00**	**1,250.00**	**414.87**	**217.91**	**115.23**	**16.61**
Investments/fixed deposits with banks	1.66	0.89	349.87	76.51	74.37	-
Cash & bank balances	564.41	132.37	20.09	22.39	6.09	2.37
Total funds deployed	**2,966.07**	**1,383.26**	**784.84**	**316.81**	**205.43**	**19.20**
Other current assets	19.57	10.01	19.99	8.04	17.90	2.89
Net fixed assets	20.80	10.90	4.45	3.55	3.78	1.09
Total assets	**3,006.43**	**1,404.17**	**809.27**	**328.40**	**211.27**	**20.60**

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Key Financial Ratios**

in per cent

Year ended March 31,	2015	2014	2013	2012	2011	2010
	Mgmt. proj.		Prov.	Audited		
Yield						
Fund-based yield (A)	21.53	22.10	17.90	24.66	24.05	4.74
Portfolio yield	25.66	28.79	27.83	28.19	35.21	4.94
Fee-based income/Avg. funds deployed	0.90	0.91	0.92	1.59	3.96	0.41
Total income/Avg. funds deployed	22.43	23.02	18.82	26.25	28.01	5.15
Cost of funds						
Interest paid/Avg. funds deployed (B)	10.28	11.17	9.19	7.36	5.33	0.70
Interest paid/Avg. borrowings (C)	16.43	17.67	17.39	13.89	13.65	3.44
Interest spread						
Gross spread/Avg. funds deployed (A) - (B)	11.25	10.93	8.71	17.30	18.72	4.03
Spreads on lending (A) - (C)	5.10	4.43	0.52	10.77	10.40	1.30
Overheads						
Operating expense ratio	7.63	8.67	8.96	17.05	23.99	20.65
Personnel expense ratio	-	-	5.54	10.48	15.60	11.58
Administrative expense ratio	-	-	3.05	5.71	6.72	8.57
Profitability						
Net profit/(deficit) on net worth	7.81	4.57	1.15	1.24	-2.83	-27.72
Net profit/(deficit) on funds deployed	2.59	1.62	0.52	0.58	-1.67	-18.32
Operational self-sufficiency	121.19	111.95	102.53	102.01	93.84	22.01
Asset quality						
Provisioning/avg. loan outstanding	1.54	1.64	0.74	0.97	1.99	3.70
Capitalisation						
Debt/net worth (times)*^	1.81	2.50	1.03	1.56	0.70	0.31
Capital adequacy**^	42.99	30.91	87.68	54.65	61.38	85.97

*Not adjusted for off-balance sheet liabilities
**Reported for March 31, 2011 and 2010
^ CCPS and convertible debentures have been considered as part of net worth

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