Microfinance Institution Gradings

Swadhaar FinServe Private Limited (Swadhaar)

mfR5

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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 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

FACT SHEET

Name of the MFI		Swadhaar FinServe Private Limited (Swadhaar)
Year of Incorporation	:	2008
Commencement of MF operation		2006
Legal Status	:	Private Limited Company registered as Non Banking Financial Companies (without accepting public deposits)
Chief Executive		Ms. Veena Mankar, Managing Director
Contact details of registered office	:	Mr. Abhishek Agrawal Chief Financial Officer Swadhaar FinServe Private Limited 5/39, Shree Om Co-operative Housing Society Anand Nagar LIG, Nehru Road, Santacruz (East) Mumbai - 400055 Tel: +91-22-61378700 Fax: +91-22-26138797/98 Email: aagrawal@swadhaar.com Website: www.swadhaar.com

Social Indicators and Transparency Indicators

Social and Transparency Indicators (as on February 28, 2011)

in per cent

Average loan outstanding/per capita GNI (2010 figure)* (in%)	**17.9**
Women staff/total staff (in %)	**20.0**
Women borrowers/total borrowers (in %)	**87**
Effective IRR (including interest rates, processing fees, security deposit & any other fees charged by the organisation)? (in %)	**29.23-42.17**
Client drop out rate	**47.6**
Are interest rate (on declining basis) communicated to clients in writing?	**Yes**
Are processing charges communicated to clients in writing?	**Yes**
Is an official receipt provided by the MFI to clients after repayment collections?	**Yes**
Is access to loan of other MFIs one of the parameters to select/screen clients?	**Yes**
Is access to loan of other MFIs/residual income one of the factors to appraise repayment paying capacity of clients?	**Yes**
Does the MFI appraise the client's income/poverty/asset level and use it to target low income clients?	**Yes**
Does the MFI capture and analyse reasons for client drop out rate?	**No**
Is any head office designated contact details provided to clients as part of grievance redressal mechanism offered to clients?	**Yes**

*Source: CCER computations based on Central Statistical Organisation data. Per capita GNI is in current prices.

GRADING RATIONALE

The microfinance institution (MFI) grading of Swadhaar Finserve Pvt Ltd (Swadhaar) reflects the MFI's following strengths:

- Experienced board and senior management
- Adequate capitalisation and shareholder support
- Technical and managerial support from ACCION Gateway Fund (ACCION) and adequate operational process and control systems

However, the above-mentioned strengths are offset by the following weaknesses:

- Weak earning profile due to expected decline in interest spread
- Constrained fund flow because of regulatory issues
- Deterioration in asset quality
- Geographical concentration in operations

PROFILE

Swadhaar is a non-banking financial company (NBFC), targeting the urban poor in Mumbai (Maharashtra) and Vadodara (Gujarat). It was registered with the Reserve Bank of India in May 2008 and started operations in July 2008. The company's promoters commenced microcredit activity in March 2006 with the inception of a Section 25 company, Swadhaar FinAccess (SFA), which was incorporated in March 2005. In September 2008, Swadhaar took over the entire microcredit portfolio of SFA. SFA continues to engage in social initiatives such as savings, financial literacy, and livelihood programmes aimed at reducing vulnerability and increasing income-generating capacity of the poor.

Swadhaar was one of the first MFIs to start operations in Mumbai. Swadhaar partnered with ACCION Gateway Fund (ACCION), an internationally known technical and financial partner, to create products relevant to large metros such as Mumbai. In addition to group loans, Swadhaar launched individual loans to cater to the not-so-poor category. Since inception, the MFI has placed equal thrust on both the loan product categories. The MFI has clearly demarcated the two loan products and has laid down separate branch infrastructure with field personnel trained for the respective loan products and has distinct client targeting practices. Unlike most start-up NBFC-MFIs who commence operations with Grameen product, Swadhaar had launched the individual loans product along with joint liability group loans product at the early stage of operations. In keeping with its business strategy, Swadhaar plans to increase the proportion of individual loans to around 40 per cent of its total portfolio over the next two years.

Swadhaar aims to make the urban poor self reliant, and help them engage in activities leading to income generation. Swadhaar offers two loan products – a joint liability group (JLG) loan product (branded SWAHIT) for women only and an individual loan product (branded SWAYOG) for micro enterprises managed by men and women. The target segment for the individual loans is small entrepreneurs, who do not have bank accounts, or those with inactive banking relationships.

For group loans, Swadhaar charges interest in the range of 26.50 to 31.70 per cent per annum (declining basis) depending on the location of the borrower (inside/outside Mumbai), for tenor ranging from 12 to 24 months, with monthly repayment. For individual loans, the NBFC charges interest of 36 per cent (on declining basis) for tenure of 3 to 12 months, with monthly repayment.

As on March 31, 2011, Swadhaar had loans outstanding of Rs.504 million to 56,727 borrowers spread across 38 branches across Maharashtra and Gujarat.

MANAGEMENT

Adequate credit-approval mechanism but insufficient loan utilisation checks	• Swadhaar has an adequate credit-approval and loan-documentation mechanism. The MFI collects adequate economic details and the relevant know-your-customer documents of borrowers. It uses credit scoring of individual borrowers to sanction loans, considering the borrower's residual cash flow and previous credit history. However, the MFI's post disbursement checks and end-use verification are insufficient. • The MFI follows decentralised loan-approval process and the field level staff has adequate understanding of the loan and other processes.
Adequate loan tracking system and management information system (MIS)	• Swadhaar has adequate MIS. The MIS software enables the MFI's branches to obtain access to updated information within two to three days post data transfer to the external data entry agency. The MIS enables the generation of branch level demand and portfolio at risk (PAR) statements. CRISIL, however, believes that Swadhaar's MIS has scope for improvement in terms of tracking the PAR amount for group loans and the branch level audit and compliance reporting. • The MFI has outsourced data entry to an external agency (hub). The loan documents are processed centrally, which saves the field staff's time and reduces scope of error. The repayment collection, cash vouchers, and overdue details are updated at the central agency.
Adequate cash management	• Swadhaar follows adequate cash management practices. Branches usually maintain minimal cash balance, except for the repayment collection week where relatively large cash balances are maintained to meet impending disbursements. Branches are covered under cash-in-safe insurance. The cash is reconciled on daily basis, based on the demand and collection made by the loan officers. Branches report the daily cash balance to the hub at the end of the day.

Adequate internal audit (IA)	• Swadhaar has a dual structure (internal and outsourced) for achieving unbiased and frequent reporting of IA findings. The MFI has outsourced its IA to a chartered accountancy firm, which does the IA of the branches every two to three months. Along with this, Swadhaar recently introduced concurrent audit to be conducted by its own IA team. The MFI recently entered new geographies and plans to increase the proportion of individual loans portfolio over the medium term. CRISIL believes, based on its observations, that the IA process has scope for improvement in terms of the regularity and compliance reporting of both the outsourced and concurrent IA.
Relatively high attrition levels	• Swadhaar's present human resource practices are adequate for its scale of operations. The MFI is putting systematic performance appraisal and staff skill development programmes in place. • Swadhaar's staff attrition rate was high, at about 30 per cent, for 2009-10 (refers to financial year, April 1 to March 1) and at 19.81 per cent (annualised) for the period ended March 31, 2011. The attrition levels in most Indian MFIs are mostly high during the first few months of training. Though most of Swadhaar's attrition happens during the induction period, it is relatively high and could put considerable strain on the management's time and resources.
Aim to improve credit to underserved urban markets in western India	• Swadhaar's vision is 'to be the preferred provider of financial services to economically vulnerable urban households in India'. The MFI's management has been committed to the cause of development and providing financial services to the economically active urban poor. Swadhaar's clear vision and its loan product mix differentiate it from other NBFC-MFIs operating in urban markets of southern and eastern states. • Swadhaar maintains adequate transparency by communicating to its borrowers, both orally and in print,

various loan related details, including interest rate, fees, and charges at the time of loan disbursement. The MFI provides an official receipt to every borrower post repayment of every installment.

- However, Swadhaar charges an effective interest rate, ranging from 29.23 to 42.17 per cent (including interest rates, processing fees, security deposit and other fees charged), across the group loans and individual loans categories. As per the MFI, the lending rates factor in the risks associated with the type of market the MFI operates in and its nascent stage of operations.

INSTITUTIONAL ARRANGEMENT

Experienced board and senior management

- Swadhaar has an experienced governing board that consists of professional members from diverse fields. The board includes representatives from three international microfinance investment funds.
- Ms. Veena Mankar, the managing director, has experience of three decades in the development and banking space. She was the founding managing director of Global Trade Finance Pvt Ltd (merged with SBI Factors and Commercial Services) and serves as a nominee director on the boards of few factoring companies overseas.
- The board is supported by an experienced senior management with clearly defined job roles. The management follows a cautious growth policy, with emphasis on head office control by creating a strong second line of management and technological innovation in asset management.

Enhanced support from technical partner

- Swadhaar received technical, managerial and financial support from its existing partner ACCION, during 2010-11.
- ACCION has increased the number of employees deputed to Swadhaar to four from two, covering the key functions of finance,

	strategy, credit, and risk and overall operations. ACCION has also placed an additional shareholder representative as a nominee director on Swadhaar's board. In February 2011, ACCION issued a USD1 million standby letter of credit (SBLC) for Swadhaar to secure a 24 month loan facility of Rs.50 million from a private sector bank. Furthermore, ACCION infused share capital of Rs.96.53 million into Swadhaar during 2010-11, becoming the majority shareholder in Swadhaar with stake of 35 per cent as of March 2011.
Ability to achieve projected growth	• Swadhaar's growth is almost in line with its projections shared with CRISIL during the previous grading exercise in January 2010. The company has projected to grow its loan portfolio to Rs.745.82 million by March 31, 2012, from Rs.504 million as on March 31, 2011. CRISIL believes that with adequate investors and fund support, Swadhaar will be able to achieve its targeted growth over the medium term.

CAPITAL ADEQUACY AND ASSET QUALITY

Adequate capitalisation over the short-term	• Swadhaar has adequate capitalisation for the medium term. The capital infusion of Rs.203.50 million in July 2010 enabled the company to shore up its share capital to Rs.370 million as on March 31, 2011, from Rs.119.82 million as on March 31, 2009. With accumulated losses of Rs.76.28 million, the MFI's net worth as on March 31, 2011, stood at Rs.293.72 million. The company has capital adequacy of more than 50 per cent. As per the projected plan, it expects its loan portfolio to grow by around Rs.250 million to Rs.745.82 million as on March 31, 2012. CRISIL believes that Swadhaar's capital adequacy will be sufficient to support the MFI's growth plans during 2011-12, although internal accretions to reserves are expected to be limited during the period on account of moderate asset growth and increasing credit costs. • Swadhaar achieved break-even in February 2011 (as per provisional

	financial statements) but expects to report accumulated losses of around Rs.90 million for the year ending March 2012. The MFI's repayment collection efficiency, at 90 to 93 per cent, and present capitalisation will be adequate to support its growth during 2011-12. *For more details on earnings, refer to operational effectiveness section.*
Deterioration in asset quality	• Swadhaar's asset quality has deteriorated marginally, with PAR>90 days (post write off basis) declining to 0.55 per cent as on March 31, 2011, from 0.43 per cent as on March 31, 2010, mainly because of weakening in the individual loans portfolio. • For individual loans, the PAR>30 days** (post-write-off) declined to 2.56 per cent as on March 31, 2011, from 1.75 per cent as on March 31, 2010. However, the group loans portfolio witnessed a marginal improvement with PAR>90 days (post-write-off) improving to 0.27 per cent as on March 31, 2011, from 0.33 per cent as on March 31, 2010. • Swadhaar expects to have a reasonably high exposure to individual loans. The individual loans category is more risky than the group loans category and any significant increase in exposure could have a bearing on the MFI's asset quality. Additionally, lack of adequate measures to address operational and employee related risks could increase the likelihood of delinquencies. CRISIL expects Swadhaar's overall delinquency levels to be well above 1.5 per cent level over the medium term.
Concentration of operations	• Swadhaar operates in urban markets and during the past year has taken measures to mitigate geographical concentration risks. Nevertheless, Mumbai and its suburbs constitute about 48 per cent of the MFI's portfolio. The Mumbai portfolio as a percentage of the MFI's net worth was around 55 per cent as on March 31, 2011. PAR>30 days for Mumbai stood at 0.58 per cent as on February 28, 2011. CRISIL believes that Swadhaar's operations will remain geographically concentrated over the medium term.
	• Swadhaar follows a conservative provisioning and write-off policy. The MFI writes off the overdue debt beyond 180 days on quarterly

basis. For the period ended March 31, 2011, the company wrote off bad debt amounting to Rs.3.25 million.

***Loan tenor for individual loans ranges from 3 months (minimum) to 12 months (maximum) for all cycles. Hence, CRISIL feels that PAR>30 days is an appropriate portfolio at risk parameter to gauge the asset quality in the individual loan category.*

RESOURCES AND ASSET LIABILITY MANAGEMENT

Adequacy of resources to be key challenge for Indian MFIs.

- Swadhaar had raised resources from nine lenders in the past; however, CRISIL expects adequacy of resources to be a key challenge for Indian MFIs over the medium term. The recent Andhra Pradesh Micro Finance Institutions (Regulation and Money Lending) Act 2010 is expected to constrain the flow of funding to the entire sector from the banking system. Consequently, liquidity and growth prospects of many MFIs, including those operating outside Andhra Pradesh, are expected to be affected. Bank finance constituted 48.06 per cent of Swadhaar's outstanding borrowing as on March 31, 2011. Although Swadhaar's business plan projects relatively less aggressive growth in assets, CRISIL expects the reduced access to funding from the banking sector to limit fresh disbursements in the near term.
- Swadhaar raised Rs.198.70 million over the period ended March 31, 2011; Rs.160 million was raised post October 2010. Of the amount raised, the MFI raised Rs.50 million from a private bank based on a SBLC of USD1 million from ACCION. Until bank lending commences, Swadhaar plans to raise funds through the assignment route and debt issuances.

No immediate perceptible liquidity pressures

- The MFI had cash and cash equivalent of Rs.108 million as on March 31, 2011. There are no perceptible liquidity pressures on the MFI's ability to repay its debt obligations on-time in the near term, assuming that the collection efficiency will continue at the present level of 90 to 93 per cent. However, in case of any event-related risks, Swadhaar's financial flexibility to meet any operational and debt-repayment-related short-term exigency will be constrained.

OPERATIONAL EFFECTIVENESS

Weak earnings profile	• Swadhaar has not registered profit in the past three years. As per the projections, the company is likely to register a small profit in 2011-12. Swadhaar reported accumulated losses of Rs.65.2 million in 2009-10 and Rs.76.3 million for the period ended March 31, 2011. • Swadhaar started operations in September 2008 and has grown more than 100 per cent on a year-on-year basis. Its operating expenses are high, resulting in operational losses. The MFI's operating expenses ratio was 25.16 per cent for the period ended March 31, 2011, though the ratio declined from 39.47 per cent for 2009-10. The company added 11 branches during 2010-11. Its operating expenses will remain above 20 per cent over the medium term on account of the expected increase in administrative expenses and moderate portfolio growth.
Profitability expected to remain low during 2011-12	• For the period ended March 31, 2011, the portfolio yield was 30.03 per cent. The company's lending rate is expected to decline sharply from the present level. The implementation of the Malegam committee recommendations will constrain the growth prospects of the MFI sector, because of restrictions on multiple lending, loan size, and end-usage of loans. Swadhaar's operating expense level will remain high over the medium term, with limited portfolio growth, which, coupled with further write-off of portfolio and proposed interest rate cap on individual loans and margin cap on an overall basis, could keep Swadhaar's profitability at modest levels during 2011-12.

SCALABILITY AND SUSTAINABILITY

Improving operational and financial sustainability are key challenges	• Swadhaar receives continuous support from its partner, ACCION, in the form of deputation of senior staff, capacity building in strengthening of different supporting verticals and capital. The MFI has adequate capitalisation for the short term, which will support its moderate growth and diversification plans. The existing shareholders have pledged further capital support if required. • Structurally, the regulatory jurisdiction and framework for MFIs remains unclear, with actions by multiple authorities increasing the challenges for the industry. Unless urgent steps, including regulatory intervention, are taken to address these issues, these developments have the potential to materially weaken the business and financial risk profiles of MFIs. The flow of funding to the entire sector from the banking system is expected to remain severely constrained over the medium term, unless the above issues are addressed. Consequently, CRISIL expects liquidity and growth prospects of many MFIs, including Swadhaar, to be impacted over the medium term. • With its relatively small scale of operations, Swadhaar's operating expenses remain high. Swadhaar faces intense competition from other pan-India players in its area of operations. The MFI's sustenance of asset quality will continue to be a key sensitivity factor considering its exposure to high-risk factors. The MFI's growth, thus, depends upon the addressing of the above- mentioned issues.

Operational Indicators

Outreach

Indicator	Mar-11			Mar-10			Mar-09		
	GL	IL	Total	GL	IL	Total	GL	IL	Total
No. of members	47,351	9,376	56,727	23,585	3,806	27,391	7,097	1,137	8,234
No. of borrowers	47,351	9,376	56,727	23,585	3,806	27,391	7,097	1,137	8,234
No. of groups	12,830	-	12,830	5,937	-	5,937	862	-	862
No. of districts covered			10			6			2
No. of branches	23	15	38	16	11	27	7	5	12
Loans disbursed (Rs.million)	490.81	204.73	695.54	200.66	76.05	276.71	59.01	27.37	86.37
Loan outstanding (Rs.million)	368.06	135.93	503.99	144.86	50.78	195.64	40.11	16.53	56.64
Women clients to total clients (%)	100	28.51		100	17.71		100	16.09	

Productivity and efficiency

	Mar -11			Mar-10		
	GL	IL	Total	GL	IL	Total
Borrowers/branch (No.)	2,059	625	1,493	1,474	346	1,014
Borrowers/loan officer (No.)	346	80	223	262	70	190
Loan Outstanding/branch (Rs.million)	16.00	9.06	13.26	9.05	4.62	7.25
Loan Outstanding/loan officer (Rs.million)	2.69	1.16	1.98	1.61	0.94	1.36
Loan Outstanding/borrower (Rs.million)	7,773	14,498	8,884	6,142	13,342	7,143

Aging Schedule of loan portfolio (Post write-off basis)

Rs. million

Particulars	Mar'11				Mar 10				Mar 09			
	GL	IL	Total		GL	IL	Total		GL	IL	Total	
	Amt	Amt	Amt	PAR %	Amt	Amt	Amt	PAR %	Amt	Amt	Amt	PAR %
Total outstanding balance associated with loans that are:												
On time (and never refinanced)	364.88	130.74	495.62	97.58	143.48	49.53	193.0	98.66	39.48	15.19	54.67	96.53
Late (at least 1 payment)												
1–30 days	1.14	1.72	2.86	0.79	0.49	0.36	0.84	0.43	0.47	0.89	1.36	2.40
31–90 days	1.03	1.73	2.76	0.82	0.42	0.52	0.94	0.48	0.09	0.20	0.29	0.52
91–180 days	0.99	1.73	2.73	0.57	0.48	0.37	0.84	0.43	0.07	0.25	0.32	0.56
181–360 days	0.02	0.01	0.02	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1 year or more	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net portfolio	**368.06**	**135.93**	**503.99**	**100**	**144.86**	**50.78**	**195.6**	**100**	**40.11**	**16.53**	**56.64**	**100**
Write-off (From April till end of the period)	1.23	2.02	3.25		0.90	1.48	2.38		0.01	0.21	0.23	
Gross portfolio	**369.29**	**137.95**	**507.24**		**145.76**	**52.26**	**198.0**		**40.12**	**16.74**	**56.86**	
PAR>30(%)	**0.55**	**2.56**	**1.09**		**0.62**	**1.75**	**0.91**		**0.39**	**2.75**	**1.08**	
PAR>90(%)	**0.27**	**1.28**	**0.55**		**0.33**	**0.72**	**0.43**		**0.16**	**1.51**	**0.56**	

FINANCIAL INDICATORS

Income and expenditure statement

Rs. million

For the year ended March 31,	2013	2012	2011	2010	2009
	Management projections		Provisional	Actuals	
Fund based income	334.37	208.14	110.92	29.28	8.83
Interest and finance charges paid	103.73	56.15	25.33	7.16	0.06
Gross spread	**230.64**	**151.99**	**85.59**	**22.12**	**8.77**
Fee based income	-	-	-	9.98	2.71
Total income	**334.37**	**208.14**	**117.01**	**39.26**	**11.54**
Gross surplus	**230.64**	**151.99**	**91.69**	**32.10**	**11.48**
Expenses					
Personnel expenses	-	-	69.43	43.28	12.46
Administrative expenses	-	-	39.37	25.14	19.31
Operating expenses	**196.02**	**139.13**	**108.80**	**68.43**	**31.77**
Write-offs and provisions					
Provision for loan loss	24.18	8.05	2.93	0.17	0.35
Bad debts written off	-	-	3.25	2.38	0.23
Total	**24.18**	**8.05**	**6.18**	**2.56**	**0.58**
Depreciation	-	-	4.10	2.55	1.73
Exceptional items	-	-	-	-	3.34
Profit before tax	**10.44**	**4.81**	**-27.39**	**-41.43**	**-25.95**
Tax	-	-	-	-0.37	0.40
Net Profit/loss	**10.44**	**4.81**	**-27.39**	**-41.06**	**-26.35**

CRISIL RATINGS

Balance sheet

Rs.million

Balance sheet as on March 31,	2013	2012	2011	2010	2009
	Management projections		Provisional	Actuals	
Share Capital	360.00	360.00	370.00	185.00	120.00
Reserves and surplus	-83.21	-93.65	-76.28	-65.18	-27.27
Net worth	**276.79**	**266.35**	**293.72**	**119.82**	**92.73**
Borrowings	1049.28	518.74	316.96	134.03	2.50
Security deposit	-	-	-	20.98	5.26
Provision for loan loss	-	-	-	0.52	0.35
Other liabilities	11.25	11.25	68.05	7.96	5.95
Total current liabilities	**11.25**	**11.25**	**68.05**	**29.46**	**11.55**
Total liabilities	**1337.32**	**796.33**	**678.73**	**283.31**	**106.78**
Assets	**2013**	**2012**	**2011**	**2010**	**2009**
Loans and advances	1283.55	745.82	503.00	195.64	56.64
Investments	-	-	-	0.01	-
Cash & bank balances	11.45	6.03	84.76	8.91	2.44
Fixed deposits	-	-	24.06	48.56	33.85
Deferred tax asset	-	-	-	0.51	0.14
Total current assets	**11.45**	**6.03**	**108.81**	**57.97**	**36.43**
Total funds deployed	**1294.99**	**751.85**	**611.81**	**253.62**	**93.07**
Net fixed assets	32.46	34.61	12.50	8.85	7.59
Other current assets	9.87	9.87	54.43	20.84	6.12
Total assets	**1337.32**	**796.33**	**678.73**	**283.31**	**106.78**

Key Financial Ratios

In per cent

Year ended March 31,	2013	2012	2011	2010	2009
	Management projections		Provisional	Actuals	
Yield					
Operating income / Avg. funds deployed	32.67	32.86	27.06	22.69	19.84
Cost of funds					
Interest paid/Avg. borrowings	13.23	13.67	11.23	10.49	4.54
Interest spread					
Interest spread	22.54	23.99	19.79	12.79	15.08
Overheads					
Operating expense ratio	19.15	21.96	25.16	39.55	54.63
Profitability					
Return on net worth	3.85	1.82	NM	NM	NM
Return on funds deployed	1.02	0.76	NM	NM	NM
Operational self sufficiency	103.22	102.37	81.03	48.65	33.79
Asset quality					
Loan loss provisions/Avg. loan outstanding	2.38	1.30	1.77	0.14	1.24
Capitalisation					
Total debt/net worth (times)	3.79	1.95	1.08	1.12	0.03
Capital adequacy	21.03	33.70	51.54	53.05	131.55

Notes:

The company has provided revised projections for 2011-12. The company has made the following assumptions -

- Reduction in interest rate to 24 per cent p.a (declining basis) from the current rate of 26.5 per cent – 31.70 per cent (declining basis), for the group loan product.
- Reduction in processing fee to 1 per cent from the current rate of 2.5 per cent, for the group loan product.
- Removal of the group security margin of 10 per cent of loan amount, for the group loan product.