CFS
Centbank Financial Services Limited
Wholly owned subsidiary of Central Bank of India

CENTFIN:2016:672 11 November 2016

CERTIFICATE FOR RECEIPT AND NOTING OF INFORMATION

[Pursuant to Regulation 52(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Debenture Trustees, hereby confirm that we have received and noted the information, as specified under regulation 52(4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('Regulations'), provided to us by **Maanaveeya Development & Finance Private Ltd** ('the Company') for the Half year ended 30 September 2016.

This Certificate is being issued pursuant to the requirements of regulation 52(5) of the aforesaid Regulations, for onward submission to Stock Exchange(s) by the Company.

For CENTBANK FINANCIAL SERVICES LTD

Yashoda

Yashoda A Waghmare
MANAGER

OIKO

investing in people

Maanaveeya Development & Finance Private Limited

9th November 2016

M/s. Cent bank Financial Services Limited
3rd Floor (East Wing),
Central Bank of India MMO Building,
55 M G Road, Fort, Mumbai, 400 001
Tel: 022-22616217

Kind Attention: Ms. Yashda Waghmare, Manager & Mr.H.V. Kamdar, Company Secretary & Asst Vice-President

Dear Sirs,

Sub: Submission of Un-Audited Financial Results for the half year ended 30th September 2016 under Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Reference: ISINs- **INE076P07017** and **INE076P07025-** 10% Secured Redeemable Non-Convertible Debentures.
Scrip Codes No with BSE. 949604 & 949285

Pursuant to Regulation 52 and other applicable Regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Board of Directors of the Company at their meeting held on 9th November 2016 considered and approved Un-Audited financial Results along with Limited Review Report issued by Statutory Auditors for the half year ended 30th September 2016 duly reviewed by the Audit Committee.

This is for your perusal & records and also issuing us the certificate of taking note of the contents of the financial results which has to be submitted to BSE under Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly acknowledge receipt of the same.

Yours faithfully
For Maanaveeya Development & Finance Private Limited

B. Rambabu
Chief Financial Officer
Encl. as above

D.No.8-2-293/82/2/208/A & 208/A/1, M.L.A's Colony, Road No.12, Banjara Hills, Hyderabad - 500 034,Telangana, INDIA
Phone : +91 40 23554729; Telefax : +91 40 23555157 Email : office.in@oikocredit.org
Website: www.maanaveeya.org CIN : U65999TG2004PTC043839

Deloitte
Haskins & Sells

Chartered Accountants
1-8-384 & 385
3rd Floor, Gowra Grand
S. P. Road, Begumpet
Secunderabad - 500 003
Telangana, India

Tel: +91 (040) 6603 2600
Fax: +91 (040) 6603 2714

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
MAANAVEEYA DEVELOPMENT & FINANCE PRIVATE LIMITED

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **MAANAVEEYA DEVELOPMENT & FINANCE PRIVATE LIMITED** ("the Company") for the half-year ended September 30, 2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Sumit Trivedi

Sumit Trivedi
Partner
(Membership No. 209354)

Secunderabad, November 9, 2016.

Notes:

(1) These Un-Audited Financial Results for the Half-Year Ended September 30, 2016 have been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on November 8, 2016. The Statutory Auditors have carried out a limited review of the Unaudited Financial Results for the half-year ended September 30, 2016.

(2) The policy for provisioning against non-performing loans and advances has been decided by the Management considering norms prescribed by the RBI under "Master Direction - Non Banking Financial Company, Non-Systemically Important, Non-Deposit taking company (Reserve Bank) Directions, 2016". As per the policy adopted, the provision against sub-standard assets are created on a conservative basis, taking into account Management's perception of the higher risk associated with the business of the Company. Certain non-performing loans and advances are considered as loss assets and full provision / write off has been made against such assets.

During the current half-year, the Company has classified certain restructured advances as Doubtful Assets and accordingly, has made an additional provision of ₹1,008.27 lakhs.

(3) The other operating expenses include:

₹ lakhs

Particulars	Half-Year Ended September 30.2016	Half-Year Ended September 30.2015	Previous Accounting Year Ended March 31, 2016
Non-Performing Assets (NPAs) written off (net)	-	-	967.62
Provision in diminution in value of Assets held for sale	-	-	560.31

(4) Return (Profit after tax) on Assets has been calculated on average assets. Average Asset is average of the opening and closing total assets for the respective corresponding periods/year.

(5) Additional information as on September 30, 2016 pursuant to Regulation 52(4) of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR):

(a) Credit Rating for outstanding non-convertible debentures assigned by Credit Analysis & Research Ltd (CARE Ratings) for financial year (FY) 2016 is CARE BBB. There is no change in the ratings since the previous assessment/review.

(b) Formula used for the computation of Debt - Equity Ratio is Debt / Equity - Debt: Long Term Borrowings, Short Term Borrowings and Current Maturity of Borrowings, Equity: Issued and Paid up Equity Share Capital + Reserves & Surplus

(c) Net Worth has been calculated as per definition given in Section 2(57) of the Companies Act, 2013.

(d) Previous due date for the payment of interest, repayment of principal of non-convertible debt securities and whether the same has been paid or not:

Instrument Name	ISIN No	Previous due date for Payment of Interest	Previous due date for Payment of Principal	Whether the previous interest Payment has been Paid or Not	Whether the previous principal Payment has been Paid or Not
Secured 10% Redeemable Non-Convertible Debentures	INE076P07017	30-Sep-16	12-Jun-16	Paid	Paid
Secured 10% Redeemable Non-Convertible Debentures	INE076P07025	30-Jun-16	Not due	Paid	Not Applicable

(e) Next due date for the payment of interest, principal along with the amount of interest of non-convertible debt securities payable and the redemption amount:

Instrument Name	ISIN No	Next due date for Payment of Interest	Next due date for Payment of Principal	Amount of Interest Payable ₹ Lakhs	Redemption Amount ₹ Lakhs
Secured 10% Redeemable Non-Convertible Debentures	INE076P07017	31-Mar-17	12-Jun-17	174.26	1,500.00
Secured 10% Redeemable Non-Convertible Debentures	INE076P07025	31-Dec-16	1-Dec-16	230.06	1,500.00

(6) The main business of the Company is lending loans. All other activities of the Company are incidental to the main business. The Company is operating mainly in India and hence no separate geographical segment information is applicable, in terms of Accounting Standard 17 - "Segment Reporting".

(7) Figures of the previous period/year have been regrouped/reclassified to correspond with the current period groupings wherever necessary.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

Hyderabad
Ph: 040
23554720

By order of the Board

Managing Director

Place: Amersfoort, The Netherlands
Date: November 09, 2016

Maanaveeya Development & Finance Private Limited

Regd.Office: D.No: 8-2-293/82/2/208/A & 208/A/1, M.L.A's Colony, Road No 12, Banjara Hills, Hyderabad- 500 034

CIN : U65999TG2004PTC043839

Un-Audited Financial Results for the Half-Year Ended September 30, 2016

(₹ in Lakhs)

Particulars	Half-Year Ended September 30,2016	Half-Year Ended September 30,2015	Previous Accounting Year Ended March 31, 2016
	Un-Audited	Un-Audited	Audited
1.Interest Earned(a)+(b)+(c)+(d)	2,822.29	2,636.66	5,288.80
(a)Interest on Loans	2,581.62	2,393.37	4,805.52
(b) Income on Investments	240.67	243.29	483.28
(c) Interest on Balances with RBI & Other Inter Bank Funds	-	-	-
(d) Others	-	-	-
2.Other Income	330.08	225.97	479.92
3.Total Income(1+2)	**3,152.37**	**2,862.63**	**5,768.72**
4.Interest Expended	832.93	920.46	1,720.52
5.Operating Expenses (i)+(ii)	**212.89**	226.50	2,051.83
(i) Employee Cost	151.22	146.77	310.85
(ii) Other Operating Expenses	61.67	79.73	1,740.98
6.Total Expenditure (4+5) excluding provisions and contingencies	**1,045.82**	**1,146.96**	**3,772.35**
7.Operating Profit before provisions and Contingencies(3-6)	**2,106.55**	**1,715.67**	**1,996.37**
8.Provisions (Other than Tax) and Contingencies(Refer Note-2)	1,009.04	65.07	(32.65)
9.Exceptional Items	-	-	-
10.Profit(+)/Loss(-) from Ordinary activities before tax(7-8-9)	**1,097.51**	**1,650.60**	**2,029.02**
11.Tax Expense	112.32	364.97	220.04
12. Net Profit(+)/Loss(-) from Ordinary Activities after tax(10-11)	985.19	1,285.63	1,808.98
13 Extra-Ordinary Items (Net of Tax Expense)	-	-	-
14.Net Profit(+)/Loss(-) for the period(12-13)	985.19	1,285.63	1,808.98
15. Paid up Equity Share Capital (Face Value of `10/- each)	22,865.27	22,865.27	22,865.27
16. Reserves excluding Revaluation Reserve (as per Balance Sheet of Previous accounting year)	-	-	2,882.74
17. Analytical Ratios			
(i) Capital Adequacy Ratio	62.54%	66.39%	61.58%
(ii) Earnings Per Share(of `10/-each) (not annualised)			
a) Basic (₹)	0.43	0.56	0.79
b) Diluted (₹)	0.43	0.56	0.79
(iii)NPA Ratios			
a) Amount of Gross NPA	1,265.75	2,465.78	1,270.75
b) Amount of Net NPA	130.90	1,997.57	1,143.67
c) % of Gross NPA to Gross Advances	3.47%	7.42%	3.53%
d) % of Net NPA to Net Advances	0.37%	6.10%	3.20%
iv) Return on Assets(Net Profit/Average of Assets) (not annualised)	2.20%	3.06%	4.22%
18. Additional information under Regulation 52(4) (also refer Note 5)			
(i) Debt Equity Ratio	0.67	0.62	0.67
(ii) Net-worth	26,733.20	25,224.66	25,748.01
(iii) Debenture Redemption Reserve *	-	-	-

* For NBFCs registered with the RBI under section 45-IA of the RBI (Amendment) Act, 1997, no Debenture Redemption Reserve is required to be created in the case of privately placed debentures.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

Hyderabad
Ph: 040 23554729

P. KRISHNA & CO

Chartered Accountants
H.No. 7-1-2012, # 404,
Bhavya's Srisailam Arcade,
Dharam Karam Road,
Ameerpet, Hyderabad - 500 016

Phone : +91 40 23734226
+91 40 23734027
+91 40 23734028
Email : pkrishnaandco@gmail.com

CERTIFICATE

This is to certify that M/s. MAANAVEEYA DEVELOPMENT & FINANCE PRIVATE LIMITED a company registered under the Indian Companies Act, 1956 (CIN U65999TG2004PTC043839) having it's registered office at House no: 8-2-293/82/2/208/a and 208/a/1, M.L.A's colony, Banjara hills, Road no: 12, Hyderabad- 500 034,the Debt Equity Ratio and the Asset Coverage Ratio based on the Un-audited Financials as at September 30th, 2016 of the company are given below as per the Calculations shown in the Annexure.

Debt Equity Ratio	0.67:1
Asset Coverage Ratio	2.51 times

This certificate is issued at the specific request of the client to submit to their Debenture Trustees and this is based on the documentary evidence produced before us for our verification/scrutiny.

For P.Krishna & Co.,
Chartered Accountants
FRN: 005473S

A.Sreenivasa Rao
Partner
M.No.208867

Place: Hyderabad
Date: November 09, 2016

Annexure:

Calculation of Debt Equity Ratio:

Debt Equity Ratio = (Long Term Debt+ Short Term Debt)/Share Holders Funds

Whereas

Long Term Debt = 1,31,50,00,000

Short Term Debt = 47, 00, 05,782

Share Holders Funds = 2,67,33,20,197 (Refer Note below)

Therefore

$$\text{Debt Equity Ratio} = \frac{1,31,50,00,000+47,00,05,782}{2,67,33,20,197} = 0.67$$

Note: Share Holders Funds includes Equity Share Capital and Reserves & Surplus.

Calculation of Asset Coverage Ratio:

$$\text{Asset Coverage Ratio} = \frac{\text{(Book Value of Assets-Intangible Assets)- (Current Liabilities- Short Term Debt Obligations)}}{\text{Total Debt Outstanding}}$$

Whereas

Total Book Value of the Assets	= Rs.4, 60, 15, 13,849
Intangible Assets	= Rs.83, 055
Current Liabilities	= Rs. 59, 15, 91,519
Short Term Debt Obligations	= Rs. 47, 00, 05,782
Total Debt Outstanding	= Rs. 1,78,50,05,782

Therefore

$$\text{Asset Coverage Ratio} = \frac{(4,60,15,13,849-83,055)-(59,15,91,519-47,00,05,782)}{1,78,50,05,782} = 2.51\text{times}$$

As per Un-audited Financial Results of the Company for the period ended September 30, 2016

1. Debt Equity Ratio = (Long Term Debt+Short Term Debt)/Share Holders Funds

-Long Term Debt	
Non Convertible Debentures	55,00,00,000
Rabobank Term Loan	30,00,00,000
ING Term Loan	2,50,00,000
RIFL Term Loan	44,00,00,000
Sub Total (a)	**1,31,50,00,000**
-Short Term Debt	
ING Term Loan	5,00,00,000
Rabo India Finance Term Loan	12,00,00,000
Non Convertiable Debentures	30,00,00,000
Rabo OD	5,782
Sub Total (b)	**47,00,05,782**
Total Debt (a+b)	**1,78,50,05,782**

Share Holders Funds	
Equity Share Capital	2,28,65,27,120
Reserves & Surplus	38,67,93,077
Total Share Holders Funds	**2,67,33,20,197**
Debt Equity Ratio	0.67

2. **Asset Coverage Ratio** = (Book Value of Total Assets-Intangible Assets)-(Current Liabilities-Short Term Debt Obligations)/Total Debt Outstanding

Book Value Of Total Assets	4,60,15,13,849
Less: Intangible Assets	(83,055)
Net Assets for Asset Coverage Ratio	**4,60,14,30,794**
Total Current Liabilities	59,15,91,519
Less: Short Term Debt & Current maturities of long term debt	(47,00,05,782)
Net Current Liabilities for Asset Coverage Ratio	**12,15,85,737**
Total Debt Outstanding	**1,78,50,05,782**
Asset Coverage Ratio	2.51

CARE Ratings
Professional Risk Opinion

CARE/HRO/RR/2016-17/1069

Dr. G. Gouri Sankar
Managing Director
Maanaveeya Development & Finance Pvt. Ltd
Door No. 8-2-293/82/2/208/A and 208/A/1
M.L.A's Colony,
Banjara Hills, Road No-12,
Hyderabad – 500 034

July 14, 2016

Dear Sir,

Credit Rating of Bank Facilities of Rs.145.00 crore

Please refer to our letter dated July 14, 2016 on the above subject.

1. The rationale for the rating is attached as an **Annexure - I**. Kindly note that the rationale would be published in the forthcoming issue of our monthly journal, 'CAREVIEW'.
2. A write-up (brief rationale) on the above rating is proposed to be issued to the press shortly. A draft of this is enclosed for your perusal as **Annexure - II**.
3. We request you to peruse the annexed documents and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by July 14, 2016 we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

(D Naveen Kumar)
Manager

401, Ashoka Scintilla, 3-6-520
Himayat Nagar, Hyderabad 500 029

Annexure - I

Rating Rationale

Maanaveeya Development & Finance Private Limited

Ratings

Instrument/Bank Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facility	60.00	CARE BBB (Triple B)	Assigned
Total facilities	**60.00 (Rupees Sixty crore only)**		
Non-Convertible Debentures (NCD)	85 (reduced from 100)	CARE BBB (Triple B)	Reaffirmed

Rating Rationale

The rating assigned to instruments and bank facility of Maanaveeya Development & Finance Private Limited (MDFPL) continues to derive strengths from its being a wholly-owned subsidiary of Oikocredit Ecumenical Development Cooperative Society U.A. (Oikocredit) with high degree of brand linkage, operational integration, demonstrated and expected funding and managerial support that MDFPL receives from Oikocredit. The rating also takes into consideration strong capital adequacy level, comfortable gearing and liquidity profile, improved asset quality and experienced management team.

The rating, however is constrained by almost stable total operating income, stable portfolio size, obligor concentration risk and high exposure towards the microfinance industry.

The continued support from Oikocredit to MDFPL, ability to improve asset quality, profitability, and maintaining healthy capital adequacy are the key rating sensitivities.

Background

Incorporated in 2004, Maanaveeya Development & Finance Pvt. Ltd. (MDFPL) is registered as an NBFC and is the wholly-owned Indian Subsidiary of Oikocredit, Netherlands, which is around 41 year old Europe-based development finance institution.

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Oikocredit Ecumenical Development Cooperative Society U.A. also known as Oikocredit was established in 1975 in Rotterdam, Netherlands, and possesses corporate status under the laws of the Kingdom of the Netherlands. The society is owned by its members throughout the world: churches, sub-division of churches, council of churches, church related organizations, project members and support associations. Oikocredit is one of the world's largest sources of private funding to the microfinance sector. The main objective of Oikocredit is to mobilize resources from members as well as third parties, mainly in developed countries, and to channel the proceeds thereof to development projects in order to raise standards of living in developing countries.

Total assets under management of Oikocredit has grown by about 13% from Euro 907 million as on December 31, 2014 to Euro 1,026 million as on December 31, 2015. Oikocredit has its international office in Amersfoot, the Netherlands. Oikocredit has presence in close to 70 countries in Central & Latin America, Africa, Asia and Central & Eastern Europe. Geographically Latin America (45%), Asia (27%) and Africa (18%) account for majority of their funding deployment followed by Eastern Europe and Central Asia (5%) and other region (5%) as on December 31, 2015.

MDFPL is a 100% subsidiary of Oikocredit and operates as regional office of Oikocredit in India. MDFPL lends to Microfinance Institutions (MFIs) in India that are approved by as per the global standards of Oikocredit. MDFPL is registered with RBI as a NBFC Loan company in India. Total loan portfolio of MDFPL stood at Rs.360 crore with lending to 86 entities as on March 31, 2016. MDFPL has also diversified into investing in other social sector projects in line with Oikocredit's global objectives.

Credit Risk Assessment

Parent support (Oikocredit) and high degree of linkage with the parent

Oikocredit is a global fund focused on the social sector (especially microfinance sector) and has diversified funding sources. MDFPL is a 100% subsidiary of Oikocredit and operates as regional center of Oikocredit in India. MDFPL has strong operational and brand linkages with Oikocredit as its credit and risk management processes are highly integrated with the parent. The credit facilities of MDFPL take into account Oikocredit's relationship with the lender at a global level.

Experienced management team

Management team of MDFPL has several years of experience in the social and financial sector. The senior management comprises of people from development financing institutions and banks. Dr. Gouri Sankar has over 19 years development finance experience across various national and international institutions. Also, the board of directors of the company is represented by senior management of Oikocredit.

Comfortable liquidity position

ALM profile is comfortable with no cumulative negative mismatch in any of the time- buckets as on March 31, 2016. ALM is comfortable as resource profile mainly comprises of own resources.

Strong capital adequacy position and low gearing

Reported total CAR improved to 61.58% with Tier 1 at 61.37% as on March 31 2016 from total CAR 59.78% with Tier-1 CAR at 59.78% as on March 31, 2015. The overall gearing of the company continues to be comfortable and has improved from 0.75x as on March 31, 2015 to 0.67x as on March 31, 2016 due to decline in total debt coupled with accretion of PAT into Net Worth.

Improvement in asset quality

The company has been taking various measures in order to improve its asset quality while strengthening its credit assessment procedures and choosing the selective proposals. The aforementioned measures have helped the company in improving its operational efficiency and standards leading to improvement in Gross NPA and Net NPA from 8.27% and 7.20% as on March 31, 2015 to 3.53% and 3.20% as on March 31, 2016.

Moderate improvement in operational performance

The Interest income of the company has increased by about 6% to Rs.54.41 crore during FY16 from Rs.51.47 crore during FY15. However, the total income has almost remained stable at about Rs.60.91 crore during FY16 (Rs.61.93 crore during FY15) on account of lower income derived from write backs. The PAT level of the company has also remained stable at about Rs. 18.09 crore during FY16 compared Rs.17.81 crore during FY15. The net interest margin and ROTA has remained at the same level at about 8.67% in FY16 (8.63% in FY15) and 4.22% in FY16

(4.39% in FY15). The provisions and write off also have remained at the same level at Rs.17.62 crore in FY16 (Rs.17.16 crore during FY15).

High portfolio concentration risk

Top 10 loans account form 51.20% of the gross loan portfolio and 71.49% of net worth as on March 31, 2016 compared to 50.5% of the gross loan portfolio and 74.34% of net-worth as on March 31, 2015 indicating high portfolio concentration risk. The loan portfolio concentration risk geographically has moderately reduced with the top 3 states accounting for around 46.05% of the gross loan portfolio as on March 31, 2016 as against 49% of loan portfolio as on March 31, 2015.

Concentration in single industry and risks pertaining to the microfinance industry

MDFPL is lending to MFIs through equity and loans. Furthermore, portfolio of MDFPL is concentrated in the microfinance industry. It is also exposed to risks pertaining to the microfinance sector including socio political risks and operational risks. MFIs have adapted to the new business environment more than three years post the Andhra Pradesh (AP) crisis with more stable regulatory environment, steady availability of funds, improving profitability with comfortable asset quality & capital adequacy.

Positive industry prospects

Post the Andhra Pradesh (AP) crisis and regulatory intervention by RBI, the microfinance sector has seen strong growth in the loan portfolio on account of improving funding profile, control over operating expenses, improving margins and moderate leverage levels. RBI has revised the lending norms for the MFI sector, post AP crisis in 2010 and Malegam Committee Report on NBFC-MFI in 2011. The sector has evolved with the advent of credit bureaus in the sector and subsequent control over asset quality. MFI sector saw 30+ days past due (DPD) of around 0.33% as on March 31, 2016. As on the same date, aggregate gross loan outstanding for the sector was Rs.53,233 crore, registering 84% Y-o-Y growth from Rs.28,940 crore as on March 31, 2015. (Source: MFIN) The stabilization of the regulatory regime has led to a renewed interest from both domestic and foreign funds in the sector. In the recent past, the sector has witnessed strong capital inflows.

Also post upward revision in loan ticket-size (from Rs.35,000 to Rs.60,000 for 1st cycle and from Rs.50,000 to Rs.100,000 for subsequent cycle), household income (from Rs. 60,000 to Rs. 100,000 for rural region and from Rs.120,000 to Rs.160,000 for urban & semi-urban region) and borrowing limit for individual borrower (from Rs.50,000 to Rs.100,000) by RBI would aid in the growth of the loan portfolio of MFIs as it widens the base of borrowers and significantly increases the addressable market size. Furthermore, resources are not seen as a major constraint given the significant capital infusion in recent times. If MFIs manage to control the asset quality of their portfolio while adhering to new guidelines, the profitability of the sector is expected to improve with the benefits of operating leverage. Credit view will continue to factor in risks associated with unsecured lending, socio-political intervention, geographic concentration and operational risks related to cash based transaction.

The continued support from Oikocredit to MDFPL, asset quality, profitability, and capital adequacy are the key rating sensitivities.

Financial Performance

(Rs.Cr)

	FY14 (A)	FY15 (A)	FY16 (A)
P&L A/c			
Interest Income	43.96	51.47	54.41
Total Income	71.62	61.93	60.91
Interest Expense	16.04	16.45	17.21
Employee Costs	2.53	2.94	3.58
Other operating expenses	2.40	1.74	1.63
Depreciation & amortization	0.03	0.05	0.60
Provisions & Write offs	45.01	17.16	17.62
PBT	5.61	23.59	20.27
PAT	3.21	17.81	18.09
Balance Sheet			
Tangible Networth	221.60	239.38	257.47
Total Debt	154.98	179.20	172.48
Investments	3.00	33.00	42.50
Gross Loan Portfolio	336.60	352.12	359.50
Total Assets	387.34	424.50	433.49
Ratios			
Solvency Ratios			
Overall Gearing (times)	0.70	0.75	0.67
Interest coverage before provisions, write offs and depreciation (times)	4.16	3.48	3.24

	FY14	FY15	FY16
	(A)	(A)	(A)
Total CAR %	64.09	59.78	61.58
Tier-I CAR %	65.07	59.78	61.37
Profitability & Operating Efficiency Ratios (%)			
Interest Income/ Avg. Interest earning assets (A)	14.12	14.48	15.13
Interest / Avg. Borrowed Funds (B)	9.48	9.94	9.85
Interest spread (A-B)	4.64	4.54	5.28
Net Interest Margin	8.04	8.63	8.67
Operating Expenses/Average Total Assets	1.43	1.17	1.35
Loan loss provision and w-offs/ Average total assets	12.96	4.23	4.11
ROTA (PAT / Average Total Assets)	0.92	4.39	4.22
RONW	1.88	7.73	7.28
Asset Quality Ratios (%)			
Gross NPA Ratio	12.49	8.27	3.53
Net NPA Ratio	10.00	7.20	3.20
Net NPA to Net worth	14.76	10.50	4.44

Annexure 1

Details of Rated Facilities

1. Long-term facilities

1. A. Rupee Term Loan Rs (Crore)

Sr. No.	Lender	Rated Amount	Debt Repayment Terms
1	Proposed loan	60.00	-
	Total	**60.00**	

Total Bank Facilities (1): Rs.60.00 crore

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors

Annexure II

Brief Rationale

CARE reaffirms the rating of Non-Convertible Debentures and assigns the rating of 'CARE BBB' to the bank facilities of

Maanaveeya Development & Finance Private Limited

Ratings

Instrument/Bank Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term Bank Facility	60.00	CARE BBB (Triple B)	Assigned
Total facilities	**60.00 (Rupees Sixty crore only)**		
Non-Convertible Debentures (NCD)	85 (reduced from 100)	CARE BBB (Triple B)	Reaffirmed

Rating Rationale

The rating assigned to instruments and bank facility of Maanaveeya Development & Finance Private Limited (MDFPL) continues to derive strengths from its being a wholly-owned subsidiary of Oikocredit Ecumenical Development Cooperative Society U.A. (Oikocredit) with high degree of brand linkage, operational integration, demonstrated and expected funding and managerial support that MDFPL receives from Oikocredit. The rating also takes into consideration strong capital adequacy level, comfortable gearing and liquidity profile, improved asset quality and experienced management team.

The rating, however is constrained by almost stable total operating income, stable portfolio size, obligor concentration risk and high exposure towards the microfinance industry.

The continued support from Oikocredit to MDFPL, ability to improve asset quality, profitability, and maintaining healthy capital adequacy are the key rating sensitivities.

[1]*Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Background

Incorporated in 2004, Maanaveeya Development & Finance Pvt. Ltd. (MDFPL) is registered as an NBFC and is the wholly-owned Indian Subsidiary of Oikocredit, Netherlands, which is around 41 year old Europe-based development finance institution.

Oikocredit Ecumenical Development Cooperative Society U.A. also known as Oikocredit was established in 1975 in Rotterdam, Netherlands, and possesses corporate status under the laws of the Kingdom of the Netherlands. The society is owned by its members throughout the world: churches, sub-division of churches, council of churches, church related organizations, project members and support associations. Oikocredit is one of the world's largest sources of private funding to the microfinance sector. The main objective of Oikocredit is to mobilize resources from members as well as third parties, mainly in developed countries, and to channel the proceeds thereof to development projects in order to raise standards of living in developing countries.

Total assets under management of Oikocredit has grown by about 13% from Euro 907 million as on December 31, 2014 to Euro 1,026 million as on December 31, 2015. Oikocredit has its international office in Amersfoot, the Netherlands. Oikocredit has presence in close to 70 countries in Central & Latin America, Africa, Asia and Central & Eastern Europe. Geographically Latin America (45%), Asia (27%) and Africa (18%) account for majority of their funding deployment followed by Eastern Europe and Central Asia (5%) and other region (5%) as on December 31, 2015.

MDFPL is a 100% subsidiary of Oikocredit and operates as regional office of Oikocredit in India. MDFPL lends to Microfinance Institutions (MFIs) in India that are approved by as per the global standards of Oikocredit. MDFPL is registered with RBI as a NBFC Loan company in India. Total loan portfolio of MDFPL stood at Rs.360 crore with lending to 86 entities as on March 31, 2016. MDFPL has also diversified into investing in other social sector projects in line with Oikocredit's global objectives.

During FY16 (refers to the period April 1 to March 31), MDFPL reported a profit after tax Rs.18.09 crore (FY15: Rs.17.81 crore) on a total income of Rs.60.91 crore (FY15: Rs.61.93 crore). Total loan portfolio of MDFPL stood at Rs.359.50 crore as on March 31, 2016 (Rs.352.12 crore as on March 31, 2015). The total CAR and Tier I CAR stood at 61.58% and 61.37% as on March 31, 2016 respectively (Total CAR: 59.78%; Tier-I CAR: 59.78% as on March 31, 2015).

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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