

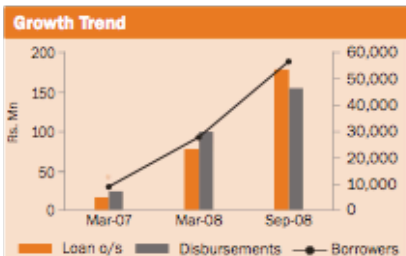
## Initiatives for Development Foundation

<b>Year of Incorporation:</b>	2001
<b>Year of commencement of microfinance operations:</b>	2005
<b>Legal status:</b>	Trust
<b>Lending model:</b>	SHG
<b>Chief Executive:</b>	Mr. Vivekanand N Salimath, Managing Trustee
<b>Auditor:</b>	Sahadev & Associates, Bangalore

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**Grading by CRISIL:** Yes

Operational Highlights	Unit	2008		2007
		Sept.	Mar.	Mar.
Branches	No.	11	9	5
Employees	No.	221	55	22
Members	No.	88,959	48,161	16,642
Borrowers	No.	56,315	27,863	9064
Disbursements	Rs. Mn	155	100	25
Loan O/S	Rs. Mn	178	78	18



Key Financial Highlights	Unit	Sept-08	Mar-08	Mar-07
Net surplus	Rs. Mn	1.96	0.85	0.17
Net worth	Rs. Mn	6.82	4.86	1.90
Portfolio yield*	%	17.34	14.70	13.81
Fund-based yield*	%	16.48	14.31	13.18
Cost of borrowings	%	9.21	8.63	5.80
Operating expense ratio*	%	4.30	4.90	6.67
Return on net worth*	%	2.13	3.70	12.94
Return on assets*	%	2.90	1.69	1.57
Operational self-sufficiency	%	121.30	102.31	113.39
Current portfolio	%	99.21	99.51	99.70
PAR > 90 days	%	0.14	0.15	-
Debt/Net worth	Times	26.18	15.67	8.86

\*Ratios are annualised

### About the MFI

Initiatives for Development Foundation (IDF) is a Bangalore-based NGO-MFI, registered as a trust in 2001. IDF is engaged in many social development programmes, such as entrepreneurship development, agricultural development, and watershed programmes. IDF started microfinance with its own funds in 2004-05 (refers to financial year, April 1 to March 31), and currently lends to self-help groups (SHGs) and to other NGO-MFIs. The organisation received its first external funding for microfinance, from Canara Bank, in 2005-06 (refers to financial year, April 1 to March 31).

IDF offers loans for 12 to 36 months to SHGs, and for 12 to 24 months to other NGO-MFIs. Interest is charged at 15 per cent per annum on reducing balance basis. SHGs have to pay 2.25 per cent of the loan amount as upfront charges, while NGOs have to pay 2 per cent. As on September 30, 2008, IDF had a loan portfolio of Rs.178 million, and a borrower base of 56,315, across nine districts of Karnataka.

### CRISIL's analysis on key parameters

- IDF has reported a significant growth between 2005-06 and 2007-08: its member base increased at a compound annual growth rate of 179 per cent, its disbursements at 474 per cent, and its loan outstanding at 518 per cent. During 2008-09, the MFI expanded its operations to semi-urban and urban areas in Karnataka, which is expected to significantly increase its borrower base and loan portfolio.
- IDF has good asset quality, reflected in 99.21 per cent of the portfolio being current (collections on time) as on September 30, 2008.
- IDF's gearing at 26.18 times as on September 30, 2008 is high, and could constrain its resource-raising ability in the medium term. To be able to raise capital, the MFI plans to transfer its microfinance business in 2009-10 to a recently-acquired NBFC: in its current status as a trust, it has significant limitations in being able to raise equity from external sources.
- With the increase in scale, the MFI has reported a consistent improvement in its operational self-sufficiency (OSS) ratio to 121.30 per cent during the six months ended September 30, 2008. CRISIL expects the MFI's profitability to improve marginally in medium term due to increase in lending rates and increase in business volumes during the second half of 2008-09.