

## CASE STUDY: KINARA CAPITAL

Kinara Capital, a Bangalore based non-bank financial institution (NBFI), lends to microenterprises in southern and western India. Kinara was founded by Hardika Shah in 2011. During her work as a consultant, Shah realized that access to capital was a major barrier to growth for small businesses and entrepreneurs in India. In response, she founded Kinara to address the credit challenges of microentrepreneurs.

Today, Kinara manages a \$35 million loan portfolio, reaching over 6,500 clients across 40 branches. The typical borrower generates approximately \$1,500 in revenue and employs 2-10 individuals. In January 2017, MicroVest provided a \$3 million loan to Kinara, becoming its first international lender. Since then, Kinara onboarded another international lender and raised nearly \$15 million of equity. By the end of FY2018, its loan book is projected to grow to \$50 million. Kinara is well positioned to make a direct impact on the livelihoods of small entrepreneurs.



### INDIA OVERVIEW

REGION: SOUTH ASIA

POPULATION: 1.3 BILLION PEOPLE

GDP PER CAPITA: \$1,709

The financing need amongst micro, small, and medium enterprises in India is nearly \$650 billion.



Annamalai has over 25 years of experience in the auto-part manufacturing industry. In 2011, Annamalai founded Manjuantha Hydroflexibles—an auto parts manufacturing company for trucks and lorries. To launch the business, Annamalai sold part of his property to purchase a computer numerical control (CNC) machine that automated his manufacturing process. Almost immediately the business took off.

Any examples of specific investments discussed herein are included merely to illustrate the investment process and strategies which previously have been utilized by MicroVest. The investments discussed herein do not represent all of MicroVest's investments as of any particular date. A MicroVest portfolio will typically contain a larger number of investments than the examples set forth and accordingly, the examples are not meant to represent or be construed as indicative of the overall composition, number of investments or diversification of a MicroVest portfolio. There is no guarantee that similar investment opportunities will be available in the future or that any such investments will be profitable. A complete overview of MicroVest's portfolio can be obtained via email at [investor@microvestfund.com](mailto:investor@microvestfund.com). Information (specifically MFI profiles and aggregate social metrics) included in this report is based on materials that are privately conveyed to MicroVest and have not been independently verified.

## END-BORROWER IMPACT

Annamalai approached his bank for a business loan to keep up with growth, but was denied because Manjuantha Hydroflexibles had only been operating for eight months. Even when he offered his house for collateral, the bank refused. Before learning about Kinara, Annamalai's only option was a moneylender with a 60% interest per annum.

Kinara solved Annamalai's credit problem. In March 2012, Kinara gave him a loan of \$6,700 to buy a used CNC machine. With this loan, Annamalai increased his staff from four to seven employees and grew monthly revenue from \$2,500 to \$3,300. Since then, Annamalai has completed multiple loan cycles with Kinara. He has also taken advantage of Kinara's receivables financing product, enabling him to access short term working capital. Annamalai plans to continue growing his company—he recently purchased and in a nearby town to use for a new manufacturing unit.

For more information about MicroVest, contact [investor@microvestfund.com](mailto:investor@microvestfund.com).