

CASE: Matching the Company Profiles

Review the company profiles detailed below, alongside the annexed Excel document which provides the balance sheet (in the Common Size form) of fifteen different companies, numbered 1–15. The company profiles mentioned here will help you get an idea of characteristics of the specific company in question, drawn from different industries/sectors that Caspian Debt operates in. Each of these companies has different financial structures broadly typical of their business model, a snapshot of which is shown in the Excel (in random order).

Case Objective:

- A. Match the 15 companies described below with the 15 sets of financial data provided in the Excel, highlighting your rationale at arriving at the classification.
- B. For each of the classifications, identify one financial metric to track over the loan tenure, for Caspian Debt to derive a good sense of the risk profile movement of the underlying company.

1. **Affordable Housing (Real Estate) Company** — The company provides affordable housing in the price range of ₹15-35 lakh to low-income households in urban areas. It is focused on building high quality housing stock at an affordable price point, on a large scale, deploying SPVs as separate legal entities for running each project (where bank borrowings are also raised). However, owing to the down-turn in the real estate market, it presently has a significant amount of un-sold apartment units held in its own books.
2. **Agriculture (Trading) Company** — A company that is into B2B supply chain of non-branded, non-perishable food commodities. The supply chain of food commodities sold by the company is usually very fragmented with each commodity having 5-10 middlemen between the farmers and the consumers. The company procures from preliminary processors and FPOs and supplies to four types of clients – Modern Retail, General Trade, Processors and the HoReCa segment.
3. **Agriculture-Technology (Automation Solutions for Agri and Dairy Farms) Company** — The company provides dairy supply-chain related monitoring, meter and control devices which permit remote monitoring and web/app-based tracking using mobile technology and Cloud services. The company places orders for local components with vendors based on purchase orders but maintains enough stock of imported components to avoid delays. The company earns revenues on milestone-basis but receives a considerable portion of the payment after the installation of the device and its performance being found fit. Payments generally take another month or two from the larger buyers. Larger buyers also frequently insist on a bank guarantee backing the performance of the system, which presently is being facilitated by the company's banker against a 100% cash collateral.
4. **Assisted Commerce Company** — The company is a rural-focused E-commerce company that sells consumer goods products like TV, refrigerator, solar lamps and kitchen appliances in the Indian hinterlands. This is done through partnership with MFIs and NGOs, employing distributors or sales agents.
5. **Clean Energy (Solar DC solutions) Company** — The company is engaged in producing inverter-less controllers for DC solar power systems. The company's revenues are majorly contributed by government-funded rural electrification projects, many of which include a performance guarantee component. It also complements the conversion efficiency with the use of energy efficient products (LED lights, BLDC fans) in its project sites, to reduce the power demand further.
6. **Education (Edu-tech) Company** — The company is an independent children's publishing house, focusing on picture books and audiobooks. It has developed a pedagogy for students learning language, based on streamlined vocal, facial, actioned and object-based modules – each facilitated by soft infrastructure and offered to government and private schools (about a third of their revenues comes from the former category).
7. **Financial Inclusion (BC Partner) Company** — The company is a Business Correspondent to multiple banks and NBFCs. It assists these institutions in sourcing micro-loans under the SHG/JLG models, and also facilitates credit-linked insurance, group-based savings accounts, etc. to such customers in geographies distant from conventional bank branches, often earning a fee / commission for this.

8. **Financial Institution (Co-operative Credit Society)** — The organisation is a multi-state cooperative with a micro-credit and micro-savings programme aimed at self-employed people with low incomes. It also provides loans through the JLG framework where ticket sizes range from ₹20,000 to ₹2,00,000 to each individual in the group. Majority of the loans are given for business, housing repairs or educational purposes, typically for tenures more than a year.
9. **Financial Institution (Fintech)** — The company is an NBFC that provides loans to small and medium enterprises through a digital platform. The products typically include term-loans through their own portal, supply chain finance, loan against POS transactions and term-loans to distributors and vendors of E-commerce anchors, all of these being centrally decided.
10. **Financial Institution (HFC)** — The company is a Housing Finance Company that facilitates families in mostly semi-urban areas in realising their dream of having their first home, by connecting affordable realty with the financial means to own them over time. The company provides financial assistance for home buying, improvement, extension and construction, to families from semi-formal and informal sectors. In all the borrowers, the first applicant to the loan is a woman and the focus of the company is currently in Tier-2 & Tier-3 towns.
11. **Financial Institution (MFI)** — Microfinance Institutions (MFIs) are financial companies that typically provide short-term, micro-loans to people who do not have access to conventional banking facilities. The definition of 'micro-loans' varies between countries. In India, all loans that are below ₹1 lakh and usually extended in the JLG format to women can be considered as micro-loans. The company in question is a relatively new MFI which is still not leveraged.
12. **Financial Institution (Small Business Finance)** — The company is registered with the RBI as an NBFC that offers secured/unsecured loans to small and growing businesses to fund working capital or other business purposes. Loans typically range from ₹5-50 lakh with tenures ranging between 120 days-84 months. The company operates with an extensive branch network set up along business clusters where their target market exists.
13. **Healthcare (Infrastructure) Company** — The company operates a chain of hospitals and tele-medicine infrastructure in medically under-served areas of India, offering affordable and wide-ranging primary, secondary and emergency healthcare services. The company designs and constructs modular 100-bed hospitals based on a lean and agile system, which helps in efficient handling of patients.
14. **Healthcare (Medical Devices Marketing and Distribution) Company** — The company is involved in purchasing, storing and trading medical devices. It acts as a super-stockist (or distributor) and sells the medical equipment and consumables either directly to end customers (clinics, hospitals and corporates) or to resellers.
15. **WASH Company** — Operating in the Water, Sanitation and Hygiene (WASH) space, the company works to provide access to clean drinking water to all. It has developed next-gen water purification machines that are IoT enabled and solar-ready. The smart water systems rely on predictive data analysis to maintain the quality of water and anticipate maintenance requirement. More than 90% of revenues come from private bodies or CSR funds who usually are prompt in their payments, contributing to low working capital requirements for the company.

Annexure: MS Excel with Common Size balance sheet for these companies.