

CREATING JOBS

AU FINANCIERS, INDIA



➔ **FARMER LALU
RAM JAT WITH
HIS FAMILY**

“ Our income has increased because of the tractor. The farm has also become bigger. We’re able to fulfil our needs and our income has increased. ”

EXPANDING BUSINESSES, INCREASING INCOMES

It is a hot humid day during the monsoons in India. There is a break from the heavy rains and Lalu Ram is on his tractor, checking his wheat crop.

He bought the tractor for US \$8000 with a loan from Au Financiers, a non-banking finance company based locally in Jaipur. Farmers like Lalu Ram would find it almost impossible to obtain a loan from a 'traditional' bank as they often do not have the proper documentation.

With the use of a tractor, Lalu Ram is able to produce three times more wheat than before – and with the increased income earned through selling the wheat, he can now build a bigger house and send his children to good schools. His daughter, Sunita, attends an international girls' school nearby. Her ambition is to open her own school.

India's economy is growing at a rapid pace and foreign investment has been steadily flowing into areas such as Mumbai and Bangalore. But its low income states such as Rajasthan, where farmer Lalu Ram lives, have not been touched by such rapid growth. Domestic and foreign investors face particular challenges in these parts of India including red tape, weak infrastructure and governance issues.



With a loan from Au Financiers, farmer Lalu Ram is able to buy a tractor, expand his wheat production and earn more income.



2013

2000 employees

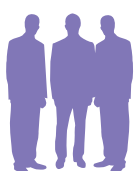


2016 aim

5000 employees



200,000



customers
in **2013**

CDC'S INVESTMENT IN AU FINANCIERS

CDC invested US \$20 million in Au Financiers in 2013. Au Financiers lends to the low income section of the population – farmers and small businessmen who otherwise would find it almost impossible to obtain a loan from 'standard' banks as they do not have proper documentation.

Although Au Financiers has been successful, many businesses in India's low income states struggle to find the investment they need to grow. CDC is the UK's development finance institution and it supports the building of businesses throughout South Asia and Africa creating jobs and making a lasting difference to people's lives in some of the world's poorest places.

"In India there is quite a robust banking sector but the banks are primarily in the large cities. You have a whole segment living in rural areas, or people that are at the bottom of the pyramid, that aren't able to access that traditional banking sector. That's where finance companies like Au Financiers are able to step in. It was really an ideal partner for us and dead centre in our strategy for India."

Geoffrey Manley, Investment Director, Debt and Structured Finance, CDC Group

BUSINESS EXPANSION CREATES MORE JOBS AND HELPS BUILD BUSINESSES

Au Financiers was founded by entrepreneur Sanjay Agarwal in 1996 and since then he has seen it expand enormously, particularly over the last five years. It started with one branch in Jaipur but today it has around 200 branches across the country.

Its annual turnover has grown fast, from US \$200,000 in the 1990's to US \$20m today. It provides 2000 jobs today and helps 200,000 customers, such as farmer Lalu Jat, increase their income and expand their businesses and farms. But it has not been without its challenges.

“The foremost challenge was that initially capital was not available. It came very late, after 12 years of running Au Financiers. The next challenge is how we can manage our human resource, because this a very people managed industry, and you need to have good people around you to understand the customer.”

Sanjay Agarwal, CEO, Au Financiers



Rachana Anand, Marketing Manager, Au Financiers. The job gives her more confidence.

DEVELOPMENT IMPACT AND FINANCIAL RETURN

Au Financiers reflects business success and development impact. It creates jobs for thousands of people as well as the opportunity to expand businesses and income for hundreds of thousands of customers throughout India.

An expanding business means more income for farmers like Lalu Ram who can save up for his children's education and allow them to fulfil their dreams.



Daughter Sunita dreams of opening her own school. “I want to do my own business....I want to be in the private sector.”

“ A lot of customers graduated from one vehicle to four vehicles, five vehicles. They own a house now, got children going to schools.... it's a commercial world, but still, there's an impact of our financing into their lives. Their livelihoods are improving. ”

Uttam Tibrewal

Executive Director, Au Financiers

Building businesses and creating jobs are essential to development and, according to a recent World Bank report, nearly 90 per cent of jobs are created in the private sector.



CDC is the UK's development finance institution. Our mission is to support the building of businesses throughout Africa and South Asia, creating jobs and making a lasting difference to people's lives in some of the world's poorest places.

Many businesses in poorer countries struggle to get the finance they need to grow and expand. CDC helps meet that need by providing patient, long-term risk capital in all its forms. Working through local experienced fund managers and directly by providing equity investment and debt, CDC is making a vital contribution to private sector development in the poorest places.

Responsible investing is also important to CDC. Improving environmental, social and governance standards is a vital part of managing a sustainable business and goes hand-in-hand with being profitable.

Although owned by the UK government's Department for International Development, CDC is self-financing. The profits made from successful long-term investing are recycled to finance further investments. In this way CDC is able to help businesses grow and provide jobs.

CDC is a pioneering institution that has been operating in South Asia for over 60 years. It has more than 1,100 investments in businesses across the developing world, with over 320 investments in South Asia.

Find out more about our work at www.cdcgroup.com

INVESTMENT INFO

Investee Company
Au Financiers

Location
Rajasthan, India

CDC commitment
US \$20m

Date of commitment
2013