



SMERA MFI Grading

M2

*(High capacity of the
MFI to manage its
operations in a
sustainable manner)*

SMERA MFI Grading

**New Opportunity Consultancy Private
Limited**



To verify the grading, please scan the QR Code

Date of Report:

31st August, 2023

Valid till:

29th August, 2024

Conflict of Interest Declaration

SMERA (including its holding company and wholly owned subsidiaries) has not been involved in any assignment of advisory nature for a period of 12 months preceding the date of the MFI grading. None of the employees or the Board members of the SMERA have been a member of the Board of Directors of the MFI for a period of 12 months preceding the date of the comprehensive grading.

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Historical Rating Grades

Date	Rating Agency	Rating/Grading
13-Sept-2022	SMERA	M2C2
17-Sept-2021	SMERA	M2
12-Jul-2019	ICRA	M2

SMERA's MFI Grading Scale

Grading Scale	Definitions
M1	Highest capacity of the MFI to manage its operations in a sustainable manner.
M2	High capacity of the MFI to manage its operations in a sustainable manner.
M3	Above average capacity of the MFI to manage its operations in a sustainable manner
M4	Average capacity of the MFI to manage its operations in a sustainable manner
M5	Inadequate capacity of the MFI to manage its operations in a sustainable manner
M6	Low capacity of the MFI to manage its operations in a sustainable manner.
M7	Very low capacity of the MFI to manage its operations in a sustainable manner
M8	Lowest capacity of the MFI to manage its operations in a sustainable manner

Disclaimer: MFI Grading is not a comment on debt servicing ability, not a buy-sell recommendation and must not be used for raising fund.



To verify the grading, please scan the QR Code

Company Fact Sheet

Name of the MFI	:	New Opportunity Consultancy Private Limited	
Operational Head – Microfinance Business	:	Name	Mr. Loganathan R/Mr. Chandra Mohan. V
	:	Designation	Chief Financial Officer/ Chief - Operations
	:	Mobile No.	(91) – (9843022007)/(9626212220)
	:	Email ID	chandramohan.v@nocpl.in loganathan.r@nocpl.in
	:	Date of Joining	1 st February, 2016
Date of Incorporation/Establishment	:	15 th January, 2014	
Date of commencement of microfinance business	:	June, 2014	
Legal Status	:	Private Limited Company	
Business of the company	:	Microfinance services under Banking Correspondent Model	
Correspondence Address	:	7th floor, No.707/708, Cyber One, Plot No 4 & 6, Sector No. 30A, Vashi, Navi Mumbai Thane 400703 India	
Geographical Reach (As on 31/Jul/2023)	:	No. of States	17
	:	No. of Districts	250
	:	No. of Branches	735
	:	No. of Active Borrowers	11,43,000
	:	No. of Total Employees	5,698
	:	No. of Field/Credit Officers	4,169
No. of Lenders	:	5 (including group companies and institutional lenders)	
Statutory Auditors	:	Haribhakti & Co LLP	

Background:

- New Opportunity Consultancy Private Limited herein referred, as NOCPL is a Business Correspondent (BC) to multiple Banks/Financial Institutions. NOCPL was founded by the promoters of Suryoday Small Finance Bank, Mr. Ganesh Rao and Mrs. Meenakshi Rao, on January 2014. It acquired a section 8 company, Indian Association for Savings and Credit (IASC), which was promoted by HDFC Ltd. and PWDS (NGO) in 1998 and was engaged in Microfinance and Business Correspondent business.

Product Profile

Products	Description	Loan Size (Rs)	Interest Rate (A) (In %)	Processing Fee (B) (In %)	APR (Interest Rate and Processing fees) (In %) (C=A+B)
Group Loan	Business Correspondent Loan	10,000 – 50,000	23.00 – 27.00	1.00	24.00 – 28.00

Capital Structure as of 31/Mar/2023

Authorized Capital	Rs. 6.60 crore
Paid Up Capital	Rs. 5.35 crore

Shareholding Pattern (as on March 31, 2023)

Equity Shares	
Shareholders	% Holding
Mr. Ganesh Rao	49.93
Mrs. Meenakshi Rao	43.40
Mr. Jasbinder Singh Toor	6.67
Total	100.00

Promoters/Directors Profile

Director Details		Profile
Name:	Shri Ganesh Ramanand Rao	He has more than two decades of experience in the banking and financial sector. He has worked with Cholamandalam, GE Capital and DCB Bank in the past. In 2009, he co-founded Suryoday Microfinance, a leading MFI institute in India. Post his successful exit from his first entrepreneurial venture, he has ventured into a credit driven Business Correspondent company with primary focus on financial inclusion.
Designation:	Managing Director and CEO	
Qualification:	BCOM,MEP(IIM Calcutta)	
Name:	Mrs. Meenakshi Ganesh Rao	She is a certified yoga coach. Her keen interest in human development for an inclusive society has motivated her to co found this venture.
Designation:	Executive Director and Head- HR	
Qualification:	Graduate (Management)	
Name:	Dr Ambadas Mukundrao Pedgaonkar	He is retired as Principal Adviser of Reserve Bank of India and has served as the Chief Advisor in Indian Banks' Association in the past. He has extensive experience in the Banking and financial services sector, having worked with Reserve Bank of India for over three decades. His speciality is in Project Management, Setting-up Data Centre, Payment and Settlement Systems, Real-Time Gross Settlement (RTGS) Systems, Cheque Truncation System, Information and Communications Technology, Information Security, Payment Systems Infrastructure.
Designation:	Independent Director	
Qualification:	Post Graduate	
Name:	Mohan Vasant Tanksale	He is a Fellow member of the Institute of Cost & Management Accountants of India (FCMA), Company Secretary (Inter) of the Institute of Company Secretaries of India, CAIIB and also holds Bachelor degree of Science and a Master degree in English Literature. He has been conferred with several awards like "GOLDEN PEACOCK HR EXCELLENCE AWARD 2012", "PERSON OF THE YEAR" for his contribution to Financial
Designation:	Independent Director	
Qualification:	CMA, B. Sc., PG (English Literature)	

		Inclusion by 'SKOCH Foundation'. As a Chief Executive of IBA, he is on several Committees and Governing Councils like Member on the Board of International Banking Federation (IBFed), Member of the Governing Council of Institute of Banking & Personnel Selection Member, RBI Standing Advisory Committee for Urban Co-op Banks. He has also served as a director on the boards of Life Insurance Corporation of India, Indo Zambia Bank Ltd., Zambia, Africa and Subsidiaries of Punjab National Bank of India and Central Bank of India.
Name:	Ramachandra Kasargod Kamath	He has been a chairman of Indian Banks' Association, Institute of Banking Personnel Selection and PNB Housing Finance Limited and has also served as a Managing director on the boards of Punjab National Bank and Allahabad Bank. He has been conferred with Lifetime Achievement Award under India Pride Awards. He has 38 years of vast experience in banking sector facilitating development of sound and progressive banking policies, broad based exposure to other areas of financial sector through Board positions. He is consistently figured in the Top 100 India Inc's as a CMD of PNB and has been a most powerful CEOs as per the survey by Economic Times since 2010.
Designation:	Chairman & Non- Executive Director	
Qualification:	Graduate (B.com)	

SMERA Observations:

- NOCPL has five-member board. Board members have extensive experience in microfinance, Banking and development sectors.
- SMERA believes that a well-diversified board, including a proportionate composition of independent directors, augurs well from a strategic perspective.
- NOCPL has one-third of its board members as Independent directors.
- The board of NOCPL has remained unchanged since the last financial year.

Management's Profile

Management Details		Profile
Name:	Mr. Ganesh Rao	He has more than two decades of experience in the banking and financial sector. He has worked with Cholamandalam, GE Capital and DCB Bank in the past. In 2009, he co-founded Suryoday Small Finance Bank. Post his successful exit from his first entrepreneurial venture, he has ventured into a credit driven Business Correspondent company with primary focus on financial inclusion.
Designation:	Managing Director and CEO	
Qualification:	BCOM,MEP(IIM Calcutta)	
Name:	Mr. Sivakumar J.R	He has more than 15 years of experience in the Financial Sector. Prior to joining NOCPL, he was the Business Head – BC operations in Indian Association for Savings and Credit (IASC), a fully owned subsidiary of New Opportunity and a not for profit company.
Designation:	Chief Operating Officer – South	
Qualification:	Post Graduate (Economics)	
Name:	Mr. Pradeepta Kishore Dash	He is a Banking and finance professional with 20 years of exceptional Technical, Managerial and Administrative abilities in Asset department. Prior to joining NOCPL, he has worked with reputed organizations like, TATA Finance Ltd., ICICI Bank, HDFC Bank and Suryoday Small Finance Bank Limited at leadership positions.
Designation:	Chief Operating Officer – East	
Qualification:	Post Graduate (MBA)	
Name:	Mr. Manish Sharma	He has 15 years of experience in the Microfinance Industry starting with SKS and working with Svatantra, Spandana and Satin in different geographies spread across Northern and Central India.
Designation:	Chief Operating Officer – North	
Qualification:	Engineering degree, MBA (IIFM Bhopal)	
Name:	Mr. R. Loganathan	He has more than 15 years of experience in the Financial Sector. Prior to joining
Designation:	Chief Financial Officer	

Qualification:	M.Sc.-IT	NOPCL, he was the CFO in Indian Association for Savings and Credit (IASC), a fully owned subsidiary of NOCPL and a not for profit company.
Name:	Mr. Ravi K. Tuli	He has 22 years of experience in Automobile, Insurance and Financial Sector. Prior to joining New Opportunity, he has worked with Cholamandalam, DCB Bank, Bharti Axa & Suryoday SFB.
Designation:	Chief Audit Head	
Qualification:	Management Graduate (Marketing)	
Name:	Mr. Payodhi Mishra	Prior to joining NOCPL, she has worked with Larsen & Toubro Limited(EBG) and FINO Paytech Ltd and he has more than 15 years of experience in project life cycle from successful initiation, planning, execution as well as delivery of projects in diverse range of technologies. He is skilled with Agile software development methodologies like scrum iterative process and ITIL.
Designation:	Chief Technology Officer	
Qualification:	MBA -IT & Systems (ICFAI), B.E. - Electronics and Instrumentation (University of Burdwan)	
Name:	Mrs. Meenakshi Rao	She is a certified yoga coach. Her keen interest in human development for an inclusive society has motivated her to co found this venture.
Designation:	Executive Director and Head- HR	
Qualification:	Graduate (Management)	
Name:	Mr. Chandra Mohan V.	She has 15 Years of experience in NBFCs. Prior to joining NOCPL he has worked with Bajaj Auto Finance Ltd. and Fullerton India Ltd. in various departments.
Designation:	Head - Quality & Operations	
Qualification:	Graduate (Science)	
Name:	Mrs. Suvarnalata Gurav	She has over 8 years of experience in corporate law, governance and contract management related matters. Prior to joining New Opportunity Consultancy Private Limited, she was Company Secretary & Legal Head with SMS Integrated Facility Private Limited for 2 years. She also worked as the Company Secretary and Compliance Officer of NHC Foods Limited (BSE Listed) for 6 years.
Designation:	Company Secretary	
Qualification:	CS and LLB	
Name:	Mr. Pradip Kundu	He has an experience of around 36 years
Designation:	Head - Risk & Policy	

Qualification:	Honors Graduate (Economics)	with Industrial Development Bank of India (IDBI) and IDBI Bank Ltd. in various capacities. In his last 10 years of service in IDBI, he was involved in servicing and handling customer grievances, Bond Issuances and also instrumental in implementing BC/BF Model for augmenting Bank's Priority Sector business.
Name:	Mr. Nikhil Pai	He has more than 14 years of experience in the financial services Industry. Prior to joining NOCPL, he has worked with various financial institutions like ICICI Bank, Shriram City Union in various business functions.
Designation:	Head - Product & Business Relations	
Qualification:	Graduate	
Name:	Mr. Sunil Chavan	He is a Certified Associate of Indian Institute of Banking & Finance (IIBF). He also holds a Certificate in Financing to MSMEs from IIBF. With 37 years of experience in Banking Sector at various levels including branch Banking and internal audit, he worked as General Manager in MSME Vertical and Fintech Division of Central Bank of India.
Designation:	Head - Liabilities	
Qualification:	Graduate (B.Com)	

SMERA Observations:

- NOCPL senior management has extensive senior management team has extensive experience across sectors such as microfinance, Banking, finance, audit, risk and development sector.
- A majority of the senior management members have been associated with it for long tenure and have risen from ranks.
- NOCPL has dedicated department wise / function wise heads and no major functional overlaps have been observed.
- The senior management reports to the CEO & MD, except in areas of internal audit, in which they report directly to the board of directors.

Financial Snapshot (In Rs. Crores)

Particulars	31/03/2021	31/03/2022	31/03/2023
Total AUM (in Crores)	2,196.96	2,213.42	2,478.13
On Balance Sheet Portfolio Outstanding (in Crores)	0.00	0.00	0.00
Off Balance Sheet (in Crores)	2,196.96	2,213.42	2,478.13
Total Net Worth (in Crores)	77.45	48.63	50.14
Total External Borrowings (in Crores)	29.99	31.88	46.60

Particulars	31/03/2021	31/03/2022	31/03/2023
Financial Revenue from Operations (in Crores)	177.83	200.83	225.26
Finance Expenses (in Crores)	4.89	7.41	10.18
Operating Expenses (in Crores)	135.26	200.76	198.83
Operating Income (in Crores)	(14.32)	(36.01)	3.05
Net Operating Income (in Crores)	(15.43)	(28.82)	1.21

Particulars	31/03/2021	31/03/2022	31/03/2023
Operational Self Sufficiency (%)	92.55	84.80	101.37
Operating Expense Ratio (OER) (%)	6.16	9.07	7.07
Portfolio at Risk (>30 days) (%)	6.10	8.26	0.61
Debt to Equity ratio (in times)	0.54	1.01	1.24

Highlights of Microfinance Operations

Particulars	31/03/2021	31/03/2022	31/03/2023	31/Jul/2023
No. of States	13	13	15	17
No. of Districts	200	220	245	250
No. of Branches	566	604	731	735
No. of Active Members	10,79,415	11,82,611	9,96,115	11,43,822
No. of Total Employees	4,614	4,641	5,427	5,698
No. of Field/Credit Officers	3,005	3,428	3,926	4,169
No. of Individual Loans	0	0	0	0
Managed/BC Portfolio				
Particulars	31/03/2021	31/03/2022	31/03/2023	31/Jul/2023
Total portfolio outstanding (in crore)	2,196.96	2,213.42	2,478.13	2,812.29

Microfinance Capacity Assessment Grading Rationale

Operating Environment

- The outbreak of COVID-19 had significantly impacted the operations of Micro Finance Institutions (MFIs). The MFI sector which has registered the CAGR growth of over 35% in last five years, amidst this pandemic crisis, faces serious challenges on collections, asset quality and cash flow management. Due to the moratorium, the collection level has been severely impacted in turn affecting cash flow and ALM.
- The industry started to gain momentum in Q2-FY2021 with the ease of nationwide lockdown. Broadly, the disbursement was back to pre-covid level as on December, 2020. Disbursements have partly picked up since many players are resorting to lending to existing borrowers so as to help them repay and tide over the stress.
- In the context of the re-emergence of asset quality stress in the second wave of COVID 19, RBI's measures to provide better funding access to the sector came in a timely manner. RBI has announced in its latest relief package on May 5, 2021 that SFBs can tap a Rs 10,000 Cr special long term repo operations (SLTRO) funding programme which can provide funds at the repo rate of 4.0% for a tenor upto 3 years.
- The sector started show improvements right from the Q1 of FY 2023 as Y-O-Y growth was almost close to the pre-pandemic level and overall on-time repayment rate surpassed than 95% backed by the revival of demand and improvement in overall business environment. By the end of Q3 of FY 2023 PAR> 30 days and PAR> 60 days improved to 3.43% and 2.60% whereas overall NPA of the sector also improved to 1.76% by the same period of time. Total AUM of the sector stood at Rs. 3.24 Lakh Crore by the end of Q3 of FY 2023 registering a growth of 26.19% on Y-O-Y basis.
- SMERA estimates the PAR>30 days and PAR>90 days to be less than 3% and 1.50% respectively by the end of FY 2023. Further, the asset quality is expected to stabilise in FY2024 and on-time repayment rate expected to be close to the pre-covid level.

Long track record of operations and adequate industry experience of promoters

- New Opportunity Consultancy Private Limited herein referred as NOCPL is a Business Correspondent (BC) to multiple Banks/Financial Institutions. NOCPL was founded by the promoters of Suryoday Small Finance Bank, Mr. Ganesh Rao and Mrs. Meenakshi Rao, on January 2014. It acquired a section 8 company, Indian Association for Savings and Credit (IASC), which was promoted by HDFC Ltd. and PWDS (NGO) in 1998 and was engaged in Microfinance and Business Correspondent business.
- On June, 2014 NOCPL entered into its first BC agreement with RBL Bank Ltd. Currently NOCPL is engaged as a Business Correspondent partner to 15 Banks/NBFCs managing a total AUM of Rs. 2,812.29 crore as on July, 2023.
- NOCPL is currently governed by five board members. The board members and topline management of NOCPL have extensive experience in the financial services industry. Mr. Ganesh Rao, MD and CEO of NOCPL has more than two decades of experience in the banking and financial sector. He has worked with Cholamandalam, GE Capital and DCB Bank in the past. In 2009, he co-founded Suryoday Small Finance Bank. Post his successful exit from his first entrepreneurial venture, he has ventured into a credit driven Business Correspondent company with primary focus on financial inclusion.

Diversified resource profile

- As on July 31, 2021 the company has been working as Banking Correspondent for 15 Banks and NBFCs. The company is earning commission in a range of 7.00% - 11.00% from interest income on total outstanding loan portfolio.
- The details of BC partners in mentioned in the following table:

Serial No.	BC Partner	Credit Limit	No. of Branches	AUM (in Rs. Cr.)	Model
1.	RBL Bank	1000	126	489.47	Non FLDG
2.	YBL	750	140	464.32	Non FLDG
3.	DCB	400	64	283.97	FLDG
4.	IDBI	200	27	147.11	FLDG
5.	IDFC	200	39	110.06	FLDG
6.	Equitas SFB	350	70	288.08	FLDG
7.	Piramal Capital & Housing Finance Ltd	500	89	329.4	Non FLDG
8.	Fincare SFB	200	26	98.07	FLDG
9.	Axis Bank	100	13	49.53	FLDG
10.	Utkarsh SFB	100	29	60.97	FLDG
11.	Kotak Mahindra Bank Ltd	110	14	89.15	FLDG

12.	South Indian Bank Ltd	100	20	73.37	FLDG
13.	KVB Bank Ltd	100	26	66.21	Non FLDG
14.	Shivalik SFB	200	46	156.67	Non FLDG
15.	Northern Arc	150	29	105.92	Non FLDG

- As on July, 2023 NOCPL has built lending relationship with 5 lenders (Including Banks and NBFCs). Total outstanding debt stood at Rs. 46.60 crore as on 31st March, 2023. The debt is secured by the commission receivables by the company.
- NOCPL has also raised subordinate debt from its subsidiary company IISC on which it pays annual interest 10.00%. Total outstanding sub-debt stood at Rs. 15.53 crore as on 31st March, 2023.
- Feedback of Lender:

Serial No.	Name of Lender	Exposure (in Rs. Cr.)	Name of Banker	Feedback
1.	RBL Bank	1,000	Satish Singh	Satisfactory
2.	YBL	750	Parth Mishra	Satisfactory

Income and Profitability

Particulars	FY 2021	FY 2022	FY 2023
Net financial margin (In thousands)	12,09,388	20,08,261	20,18,749
Operating expenses	13,52,557	(2,88,196)	19,88,266
Operational Self Sufficiency (%)	92.55	84.80	101.37
Operating Expense Ratio (OER) (%)	6.16	9.07	7.07

- NOCPL has reported net profit of Rs. 1.21 crore on operating income of Rs. 225.26 crore in FY2023. In FY2022, NOCPL had reported net loss of Rs. 28.82 crore on operating income of Rs. 200.83 crore on account of provisions created due to COVID 19.
- As on 30th June, 2023 NOCPL has recorded net profit of Rs. 7.63 crore on operating income of Rs. 64.89 crore.
- As on Mar 31, 2023, the company's outstanding loan portfolio has increased to Rs. 2478.13 crore as compared to Rs. 2,213.42 crore in the previous year.
- The operational self-sufficiency (OSS) of the company has increased to 101.37 % in FY2023 as compared to 84.80% in the previous year. The company's operating expense has improved to 7.07% in FY2023 as compared to 9.07% in the previous year.

Diversified geographical reach

Particulars	31/03/2021	31/03/2022	31/03/2023	31/Jul/2023
No. of States	13	13	15	17
No. of Districts	200	220	245	250
No. of Branches	566	604	731	735

- NOCPL has moved its operations to 17 states over the years and has increased no. of branches to 735 in 250 districts of 17 different states as on 31st July, 2023.
- However, single state and two-state concentration remained comfortable at ~24% and 39% as on 31st July, 2023.
- In order to mitigate any potential risk arising out of geographical concentration, NOCPL has been diversifying its presence across states.

Name of the State	No. of Branches	No. of Borrowers	Portfolio o/s (in crore)	% of Total Portfolio o/s
Assam	14	19,525	42.07	1.50
Bihar	56	89,012	221.44	7.87
Chhattisgarh	18	14,697	34.17	1.22
Gujarat	33	31,032	82.24	2.92
Haryana	14	6,990	23.39	0.83
Karnataka	113	1,61,376	411.84	14.64
Kerala	76	72,798	235.92	8.39
Madhya Pradesh	68	59,607	143.55	5.10
Maharashtra	53	86,560	168.07	5.98
Odisha	76	1,24,748	254.77	9.06
Pondicherry	3	3,753	11.18	0.40
Rajasthan	41	36,851	100.76	3.58
Tamil Nadu	187	2,73,858	687.11	24.43
Tripura	14	5,312	16.77	0.60
Uttar Pradesh	84	1,57,703	378.99	13.48
Total	850	11,43,822	2,812.27	100.00

Note: The above mentioned branch details consist of 735 active branches and 115 closed branches details.

- It would also be key grading sensitivity factor for the company to replicate its systems, processes and sound asset quality in the newer geographies while improving portfolio diversity.

Productivity and efficiency of employees

Particulars	31/03/2021	31/03/2022	31/03/2023	31/Jul/2023
No. of States	13	13	15	17
No. of Districts	200	220	245	250
No. of Branches	566	604	731	735
No. of Active Members	10,79,415	11,82,611	9,96,115	11,43,822
No. of Total Employees	4,614	4,641	5,427	5,698
No. of Field/Credit Officers	3,005	3,428	3,926	4,169
No. of Individual Loans	0	0	0	0

Financial Ratios	31/Mar/2021	31/Mar/2022	31/Mar/2023
No. of Active Borrowers Per Staff Member	234	254	201
No. of Active Borrowers per field executives	359	345	274
No. of members per Branch	1,907	1,958	1,556
Gross Portfolio o/s per field executive (in thousands)	7,311	6,456	6,746
Average Outstanding Balance per client (in Rs)	20,353	18,716	24,588

- The entity's branch network has increased from 566 branches as on 31st March, 2020 to 731 branches as on 31st March, 2023 serving more than 11.44 lakh borrowers.
- NOCPL's field productivity remains above average in comparison to its peers; field outreach and asset productivity indicators of the company have been stable over the years.
- The company would be required to register a consistent improvement in productivity whilst diversifying its operations.

Sound asset quality

- NOCPL has maintained sound asset quality with on-time repayment rate of 99.28% as on March 31, 2023. On-time repayment rate of NOCPL has significantly improved from 86.90% as recorded on 31st March, 2022.

Period	FY 2021	FY 2022	FY 2023	31-Jul-2023
	Portfolio o/s	Portfolio o/s	Portfolio o/s	Portfolio o/s
On-time (in crore)	2,017.44	1,923.37	2,460.37	2,782.05
1-30 days (in crore)	45.40	107.23	2.68	5.8
31-60 days (in crore)	37.62	51.01	2.41	3.91
61-90 days (in crore)	21.90	45.09	2.08	2.68
91-180 days (in crore)	48.32	35.39	5.22	6.05

181-360 days (in crore)	24.68	34.44	4.82	9.19
> 360 days (in crore)	1.60	16.87	0.54	2.61
Write-off (in crore)	0.00	0.00	0	0
Total	2,196.96	2,213.42	2478.13	2812.29
On-time (in %)	91.83	86.90	99.28	98.92
PAR 0-30 days (in %)	2.07	4.84	0.11	0.21
PAR >30 days (in %)	6.10	8.26	0.61	0.87
PAR >90 days (in %)	3.40	3.92	0.43	0.63

- The PAR 0-30 days has improved to 0.11% as on March 31, 2023 as compared to 4.84% as on March 31, 2022. The PAR >30 days has improved to 0.61% as on March 31, 2023 as compared to 8.26% as on March 31, 2022 on account of impact of COVID 19.
- Adequate credit appraisal processes, monitoring and risk management mechanisms would be critical for the company to keep asset quality indicators under control.

Adequate IT Systems Audit Mechanism

- NOCPL has robust MIS and IT infrastructure to cater to the current and future needs of the Company. The company has recently migrated to new software, i.e. BR.NET which has specifically designed to enhance the productivity, business intelligence and to get complete solutions for its processes and risk management. This software is a complete ERP based Core Micro finance solution with automated Credit Bureau Check, Automated Credit and Risk Check, De-Duplication Check, Matrix Based Loan Sanction, Strong BRS System, Hierarchy wise Dashboard; Event based SMS and Email Alerts and other functionalities which would ease down operational processes to large extent.
- **Credit Bureau Checks**
The entity conducts compulsory credit bureau check of its borrowers from Equifax and High Mark.
- **Helpline Number**
The company has a dedicated helpline number, where calls are recorded automatically and addressed within 7 working days.
- **Internal Audit Process**
The company has a dedicated team of internal auditors who undertakes compulsory branch and borrower audit on quarterly basis. All audits are surprise audits.

Inherent risk prevalent in the microfinance sector

- NOCPL's business risk profile remains susceptible to socio-political risk, regulatory and legislative risks, along with the inherent risks existing such as unsecured nature of lending, vulnerable customer profile and exposure to vagaries of political situation in the area of operation.

Financials

Profit & Loss Account (Rs. In Thousands)

Period	FY 2021	FY 2022	FY 2023
Months	12	12	12
Financial revenue from operations	17,78,286	20,08,261	22,52,629
Less - Financial expenses from operations	48,898	74,069	1,01,813
Gross financial margin	17,29,388	19,34,192	21,50,816
Provision for Loan Loss	5,20,000	2,86,700	1,32,067
Net financial margin	12,09,388	16,47,492	20,18,749
<u>Less - Operating Expenses</u>			
Personnel Expense	10,78,961	12,95,245	14,48,746
Depreciation and Amortization Expense	17,544	23,845	31,059
Other Administrative Expense	2,56,052	6,88,491	5,08,461
Net Operating Income	(1,43,169)	(3,60,089)	30,483
Deffered Tax charge	11,089	(75,945)	27,917
Taxation for Previous Years	0	0	(9,487)
Other Comprehensive Expense	0	(4,052)	0
Net Income	(1,54,258)	(2,84,144)	12,053

Note: Above financials are audited.

Balance Sheet (Rs. in Thousands)

As on date	31/Mar/2021	31/Mar/2022	31/Mar/2023
SOURCES OF FUNDS			
Capital			
Share Capital	53,575	53,575	53,575
Reserve & Surplus	7,20,902	4,32,705	4,47,794
Total Capital	7,74,477	4,86,280	5,01,369
Liabilities			
Short-Term Liabilities			
Commercial Loans from banks/FI	2,30,083	0	2,64,798
Account payable & Other short-term liabilities	4,59,142	2,81,520	2,52,148
Total Short-Term Liabilities	6,89,225	2,81,520	5,16,946
Long-Term Liabilities			
Long-Term Borrowings			
Commercial Loans from banks/FI	69,863	3,18,838	2,01,190
Unsecured Loans from subsidiary company	1,14,908	1,69,897	1,55,344
Total Long-Term Borrowings	1,84,771	4,88,735	3,56,534
Total Other Liabilities	8,73,996	7,70,255	8,73,480
Provision for Standard Assets	1,59,961	2,86,700	1,25,018
Other Provisions	13,171	33,796	34,059
TOTAL LIABILITIES	18,21,605	15,77,031	15,33,926

As on date	31/Mar/2021	31/Mar/2022	31/Mar/2023
APPLICATION OF FUNDS			
Fixed Assets			
Net Block	68,268	61,200	70,564
Investment	18,050	18,050	18,050
Cash and Bank Balances	2,25,220	1,12,630	73,345
Cash Collateral (Margin Money)	11,65,248	8,39,400	9,04,422
Loans & Advances to Related Parties	1,473	1,329	1,495
Accounts Receivable And Other Assets	3,42,493	4,51,362	4,07,832
Intangible Assets	853	15,553	9,649
Deferred Tax Asset	0	77,507	48,569
TOTAL ASSETS	18,21,605	15,77,031	15,33,926

Financial Ratios

Financial Ratios	31/Mar/2021	31/Mar/2022	31/Mar/2023
	12	12	12
<u>Productivity/Efficiency Ratios</u>			
No. of Active Borrowers Per Staff Member	234	254	201
No. of Active Borrowers per field executives	359	345	274
No. of members per Branch	1,907	1,958	1,556
Gross Portfolio o/s per field executive (in thousands)	7,311	6,456	6,746
Average Outstanding Balance per client (in Rs)	20,353	18,716	24,588
<u>Profitability / Sustainability Ratios</u>			
Operational Self Sufficiency (%)	92.55	84.80	101.37
Operating Expense Ratio (OER) (%)	6.16	9.07	7.07
Portfolio at Risk (>30 days) (%)	6.10	8.26	0.61
<u>Leverage Ratios</u>			
Total Outside Liabilities to Tangible Networth Ratio (Times)	1.13	1.58	1.74
Debt/Equity Ratio (Times)	0.54	1.01	1.24

Grading Methodology

A) Operational Track Record

Business Orientation and Outreach of the MFI is an important parameter to gauge the growth strategies of the MFI and to assess its strategies for development. This parameter is analysed using the following sub-parameters.

- Direction & Clarity
- Ability to raise funds
- Degree of association with promoter institution
- Alternate avenues for funds
- Outreach (No. of offices, No. of clients, No. of employees, Portfolio diversification)

B) Promoters & Management Profile

The elements in this parameter helps in assessing the Promoter & management quality evaluated on the basis of the basic educational qualification, professional experience of the entrepreneur; and business attitude that is related to the motivation of carrying out the business and pursuing business strategies. This parameter is analysed using the following sub-parameters.

- Past experience of the management
- Vision and mission of the management
- Profile of the Board Members
- Policies and Processes
- Transparency and corporate governance

C) Financial Performance

SMERA analyses the credit worthiness of the organization through the following financial parameters. Various financial adjustments are done to get more accurate ratios for comparison. Financial analysis helps the MFI to know its financial sustainability. This parameter is analysed using the following sub-parameters.

- Capital adequacy
- Profitability/Sustainability ratios
- Productivity and efficiency ratios
- Gearing and Liquidity ratios

D) Asset Quality

The loan portfolio is the most important asset for any MFI. SMERA analyses the portfolio quality of the MFIs by doing ageing analysis, sectoral analysis, product wise analysis etc. SMERA compares the portfolio management system with organizational guidelines and generally accepted best practices. This parameter is analysed using the following sub-parameters.

- Ageing schedule
- Arrears Rate / Past Due Rate
- Repayment Rate
- Annual Loan Loss Rate

E) System & Processes

SMERA analyses the policies and processes followed by the MFIs, their ability to handle volume of financial transactions, legal issue and disputes, attrition among the employees and client drop out which impact the productivity of the organization. SMERA also analyses asset liability maturity profile of the MFI, liquidity risk and interest rate risk. This parameter is analysed using the following sub-parameters.

- Operational Control
- Management Information System
- Planning & Budgeting
- Asset Liability Mismatch

About SMERA Gradings & Ratings

SMERA, widely known as 'The SME Rating Agency', was conceptualised by Ministry of Finance, Govt. of India and the Reserve Bank of India to help Indian MSMEs grow and get access to credit through independent and unbiased credit opinion that banks can rely on. Thus, SMERA became world's first MSME focused rating agency and introduced the concept of SME Ratings in India. SMERA offers SME Ratings, New Enterprise Credibility Scores, SME Credit Due Diligence and SME Trust Seal to Indian MSMEs to help lenders take informed decisions.

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