



SMERA Comprehensive Grading

M2C2

*(High capacity of the
MFI to manage its
operations in a
sustainable manner and
good performance on
code of conduct
dimensions*

SMERA Comprehensive Grading

New Opportunity Consultancy Private
Limited



To verify the grading, please scan the QR code

Date of Report:

13th September, 2022

Valid Till:

12th September, 2023

SMERA's MFI Comprehensive Grading Scale

The grading is done on 8 x 5 matrix. The matrix assesses the entity on two broad parameters:

- Capacity to manage their microfinance operations in a sustainable manner
- Performance on COCA dimensions

Scale	C1	C2	C3	C4	C5
M1					
M2		M2C2			
M3					
M4					
M5					
M6					
M7					
M8					

The MFI obtains comprehensive MFI grading of “M2C2”. It signifies **high** capacity of the MFI to manage its operations in a sustainable manner and **good** performance on code of conduct dimensions.



To verify the grading, please scan the QR code

Grading Rationale

Microfinance Capacity Assessment Grade	New Opportunity Consultancy Private Limited obtains “ M2 ” as its performance grade which signifies “high capacity of the organization to carry out its activities in a sustainable manner”.
Code of Conduct Assessment Grade	New Opportunity Consultancy Private Limited obtains “ C2 ” as its Code of Conduct Assessment Grade which signifies “good performance on COCA dimensions”.

*Comprehensive MFI Grading provides opinion of the Rating Agency on MFI’s capacity to carry out its microfinance operations in a sustainable manner and its adherence to Industry code of conduct. MFI Capacity Assessment Grading has been done on the dimensions of **Capital Adequacy, Governance, Management Quality and Risk Management Systems**. Assessment on Code of Conduct has been done on the indicators pertaining to **Transparency, Client Protection, Governance, Recruitment, Client Education, Feedback & Grievance Redressal and Data Sharing**. Some of these indicators have been categorized as Higher Order indicators consisting of indicators on **Integrity and Ethical Behaviour and Sensitive Indicators**.*

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

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 comprehensive 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.

Disclaimer

SMERA's Ratings / Gradings / Due Diligence and other credit assessment related services do not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a buyer's or lender's independent assessment. Rating / Grading / Due Diligence are based on the information provided by the rated entity and obtained by SMERA from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true and correct, SMERA makes no representation or warranty, expressed or implied with respect to the accuracy, adequacy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability, whatsoever, for any direct, indirect or consequential loss of any kind arising from the use of its Ratings / Gradings / Assessments.

Historical Rating Grades

Date	Rating Agency	Rating/Grading
07-Sept-2021	SMERA	M2
12-Jul-2019	ICRA	M2
12-Jul-2019	ICRA	BB (Stable)
18-Jun-2018	ICRA	M3+
Aug-2018	ICRA	BB

Microfinance Capacity Assessment Grading Symbols and Definitions

Grading Scale	Definitions
M1	Highest capacity of the MFI to manage its operations in a sustainable manner.
M2	High capacity of 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

Code of Conduct Assessment Scale and Definitions

Grading Scale	Definitions
C1	Excellent performance of the MFI on Code of Conduct dimensions
C2	Good performance of the MFI on Code of Conduct dimensions
C3	Average performance of the MFI on Code of Conduct dimensions
C4	Weak performance of the MFI on Code of Conduct dimensions
C5	Weakest performance of the MFI on Code of Conduct dimensions

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	Vice President
	:	Mobile No.	(91) – (9843022007)/(9626212220)
	:	Email ID	chandramohan.v@nocpl.in loganathan.r@nocpl.in
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 30/Jun/2022)	:	No. of States	13
	:	No. of Districts	230
	:	No. of Branches	622
	:	No. of Active Borrowers	11,66,920
	:	No. of Total Employees	4,747
	:	No. of Field/Credit Officers	3,503
No. of Lenders	:	4 lenders (including Bank and institutional lenders)	
Feedback from Lenders	:	Positive	
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	6,000 – 60,000	23.00 – 27.00	1.00	24.00 - 28.00

Capital Structure as of 30/Jun/2022

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

Shareholding Pattern (as on June 30, 2022)

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 Inclusion by 'SKOCH Foundation'. As a Chief
Designation:	Independent Director	
Qualification:	CMA, B. Sc., PG (English Literature)	

		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.
- The board has remained unchanged since the last financial year.
- NOCPL has one-third of its board members as Independent directors.

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:	B.Com,MEP(IIM Calcutta)	
Name:	Mr. Sivakumar J.R	He has more than 16 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 21 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. Bhuvnesh Kumar Tiwari	He has completed executive program in sales and marketing from IIM Calcutta. Prior to joining NOCPL, he has worked with Fino Microfinance, HDFC bank and in BFIL. He has 12 years of work experience in the microfinance and Banking Industry.
Designation:	Chief Operating Officer – North	
Qualification:	PGDBM (IRM Jaipur)	
Name:	Mr. R. Loganathan	He has more than 16 years of experience in the Financial Sector. Prior to joining 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.
Designation:	Chief Financial Officer	
Qualification:	M.Sc.-IT	

Name:	Mr. Ravi K. Tuli	He has 23 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 16 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 16 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:	Ms. Mona Thakkar	She has over 6 years in various organizations. She is a specialist in Company Law and holds a position of Key Managerial Personnel in the company.
Designation:	Company Secretary	
Qualification:	Professional – CS	
Name:	Mr. Pradip Kundu	He has an experience of around 36 years with Industrial Development Bank of India (IDBI) and IDBI Bank Ltd. in various capacities. In his last 11 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.
Designation:	Head - Risk & Policy	
Qualification:	Honors Graduate (Economics)	
Name:	Mr. Nikhil Pai	He has more than 15 years of experience in the financial services Industry. Prior to joining NOCPL, he has worked with various
Designation:	Head - Product & Business Relations	
Qualification:	Graduate	

		financial institutions like ICICI Bank, Shriram City Union in various business functions.
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 38 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	31/03/2020	31/03/2021	31/03/2022
Total AUM (in Crores)	1,926.15	2,196.96	2,213.42
On Balance Sheet Portfolio Outstanding (in Crores)	0.00	0.00	0.00
Off Balance Sheet (in Crores)	1,926.15	2,196.96	2,213.42
Total Net Worth (in Crores)	92.52	77.45	48.63
Total External Borrowings (in Crores)	15.09	29.99	31.88

Particulars	31/03/2020	31/03/2021	31/03/2022
Financial Revenue from Operations (in Crores)	172.56	177.83	200.83
Finance Expenses (in Crores)	5.27	4.89	7.41
Operating Expenses (in Crores)	115.38	135.26	200.76
Operating Income (in Crores)	48.50	(14.32)	(36.01)
Net Operating Income (in Crores)	36.06	(15.43)	(28.82)

Particulars	31/03/2020	31/03/2021	31/03/2022
Cost of funds ratios (%)	NA	NA	NA
Capital Adequacy Ratio (%)	NA	NA	NA
Operational Self Sufficiency (%)	139.09	92.55	84.80
Operating Expense Ratio (OER) (%)	5.99	6.16	9.07
Portfolio at Risk (>30 days) (%)	0.26	6.10	8.26
Debt to Equity ratio (in times)	0.34	0.54	1.01

HIGHLIGHTS OF MICROFINANCE OPERATIONS

Particulars	31/Mar/2020	31/Mar/2021	31/Mar/2022	30/Jun/2022
No. of States/UTs	12	13	13	13
No. of Districts	165	200	220	230
No. of Branches	446	566	604	622
No. of Active Members	9,37,123	10,79,415	11,82,611	11,66,920
No. of Active Borrowers	9,37,123	10,79,415	11,82,611	11,66,920
No. of Total Employees	3,305	4,614	4,641	4,747
No. of Field/Credit Officers	2,176	3,005	3,428	3,503
No. of SHGs	12,020	11,045	89,233	72,698
No. of JLGs	1,01,982	1,42,166	10,93,378	10,94,222
No. of Individual Loans	0	0	0	0
BC/Managed Portfolio				
Particulars	31/Mar/2020	31/Mar/2021	31/Mar/2022	30/Jun/2022
Total loan disbursements during the year (in crore)	1,936.09	1,340.60	1,691.05	290.33
Total portfolio outstanding (in crore)	1,926.15	2,196.96	2,213.42	2,057.18

Loan utilisation schedule:

Loan Utilisation	31/Mar/2020 (%)	31/Mar/2021 (%)	31/Mar/2022 (%)	30/Jun/2022 (%)
Agriculture	78	76	74	73
Cattle	0	0	0	0
Business	22	24	26	27
Consumption	0	0	0	0
Total	100.00	100.00	100.00	100.00

SMERA Observations:

- More than 99% of the loan has been disbursed for income generating purpose only.

Section 1: Microfinance Capacity Assessment Grading

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 industry has shown signs of recovery in the last Quarter of FY 2022, while the overall AUM of the sector has registered a growth of 13.13% over the previous Quarter of the same financial year. Overall AUM of the sector has grown to Rs. 2.6 lakh crore registering Y-O-Y growth 4.69% in FY 2022. Improvement in asset quality across all time buckets was observed during Q4FY22 on account of improvement in overall livelihood activities of the borrowers. Overall PAR>30 and PAR>90 stood at 5.27% and 2.43% accordingly as on March 2022.
- Going forward, it is expected that the revival of overall industry scenario would gradually start putting MFI back to the track. Further, high degree of self-regulations through enhanced process and controls, strong technological adoption and continuous innovation in the industry are the strong pillars which might help the industry to overcome the tough times. However, SMERA would keep close watch on the developments and reforms measures pertaining to the industry.

Moderate 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 11 Banks/NBFCs managing a total AUM of Rs. 2,057.18 crore as on June, 2022.

- 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 June 30, 2022 the company has been working as Banking Correspondent for 13 Banks and NBFCs. The company is earning commission in a range of 9.25% - 11.00% from interest income on total outstanding loan portfolio.
- As on June, 2022 NOCPL has built lending relationship with 4 lenders (Including Banks and NBFCs). Total outstanding debt stood at Rs. 31.88 crore as on 31st March, 2022. The debt is being used as working capital in its day-to-day operation.
- NOCPL has also raised subordinate debt from its subsidiary company IASC on which it pays annual interest 10.00%. Total outstanding sub-debt stood at Rs. 12.35 crore as on 31st March, 2022.

Income and Profitability

Particulars	FY 2020	FY 2021	FY 2022
Net financial margin (In thousands)	16,38,838	12,09,388	20,08,261
Operating expenses	11,53,846	13,52,557	(2,88,196)
Operational Self Sufficiency (%)	139.09	92.55	84.80
Operating Expense Ratio (OER) (%)	5.99	6.16	9.07

- NOCPL has reported net loss of Rs. 28.82 crore on operating income of Rs. 200.83 crore in FY2022 on account of provisions created due to COVID 19. In FY2021, NOCPL had reported net loss of Rs. 15.43 crore on operating income of Rs. 177.83 crore; however, Provision of the MFI has decreased to Rs. 28.67 crore as compared to Rs. 52.00 crore in the previous year due to impact of COVID 19.
- As informed by the management, the company has paid all its FLDG obligations on time to all partners through its internal accruals.
- As on 30th June, 2022 NOCPL has recorded Rs. 13.77 crore on operating income of Rs. 58.35 crore.
- As on Mar 31, 2022, the company's outstanding loan portfolio stood at Rs. 2,213.42 crore as compared to Rs. 2,196.96 crore in the previous year.
- The operational self-sufficiency (OSS) of the company has decreased to 84.80% in FY2022 as compared to 92.55% in the previous year. The company's operating expense has increased to 9.07% in FY2022 as compared to 6.16% in the previous year.

Diversified geographical reach

Particulars	31/Mar/2020	31/Mar/2021	31/Mar/2022	30/Jun/2022
No. of States	12	13	13	13
No. of Districts	165	200	220	230
No. of Branches	446	566	604	622

- NOCPL has moved its operations to 13 states over the years and has increased no. of branches to 622 in 230 districts of 13 different states as on 30th June, 2022.
- Single state and two-state concentration remained comfortable at ~36% and 50% as on 30th June, 2022. Moreover, no district has accounted for greater than 5% of the company's total loan book.
- 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)	PAR % (>30 days)	% of Total Portfolio o/s
Tamil Nadu	179	4,66,965	750.93	15.29	36.50
Karnataka	74	1,49,818	280.61	6.19	13.64
Odisha	66	1,21,957	235.62	0.95	11.45
Uttar Pradesh	72	98,705	206.41	0.84	10.03
Maharashtra	50	95,460	197.24	5.83	9.59
Madhya Pradesh	44	60,571	106.30	7.79	5.17
Kerala	37	64,681	102.93	10.49	5.00
Gujarat	18	30,628	53.32	12.05	2.59
Rajasthan	30	25,242	44.09	1.30	2.14
Bihar	15	10,267	24.23	0.00	1.18
Chhattisgarh	16	20,734	22.16	17.77	1.08
Assam	18	10,578	19.80	14.69	0.96
Pondicherry	3	11,314	13.56	28.87	0.66
TOTAL	622	11,66,920	2,057.18	8.98	100.00

- 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/Mar/2020	31/Mar/2021	31/Mar/2022	30/Jun/2022
No. of States	12	13	13	13
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No. of Branches	446	566	604	622
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No. of Active Borrowers	9,37,123	10,79,415	11,82,611	11,66,920
No. of Total Employees	3,305	4,614	4,641	4,747
No. of Field/Credit Officers	2,176	3,005	3,428	3,503
No. of SHGS	12,020	11,045	89,233	72,698
No. of JLGS	1,01,982	1,42,166	10,93,378	10,94,222
No. of Individual Loans	0	0	0	0

Financial Ratios	31/Mar/2020	31/Mar/2021	31/Mar/2022
No. of Active Borrowers Per Staff Member	284	234	254
No. of Active Borrowers per field executives	431	359	345
No. of members per Branch	2,101	1,907	1,958
Gross Portfolio o/s per field executive (in thousands)	8,852	7,311	6,456
Average Outstanding Balance per client (in Rs)	20,554	20,353	18,716

- The entity's branch network has increased from 446 branches as on 31st March, 2020 to 622 branches as on 30th June, 2022 serving more than 10.94 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.

Moderate asset quality

- NOCPL has maintained moderate asset quality with on-time repayment rate of 87.64% as on June 30, 2022; however, it has marginally improved from 86.90% as on 31st March, 2022.

Period	FY 2020	FY 2021	FY 2022	30-Jun-2022
	Portfolio o/s	Portfolio o/s	Portfolio o/s	Portfolio o/s
On-time (in crore)	1,921.1	2,017.44	1,923.37	1,803.00
1-30 days (in crore)	0.00	45.40	107.23	69.73
31-60 days (in crore)	1.27	37.62	51.01	29.29
61-90 days (in crore)	1.16	21.90	45.09	26.71
91-180 days (in crore)	1.67	48.32	35.39	64.64

181-360 days (in crore)	0.90	24.68	34.44	39.10
> 360 days (in crore)	0.05	1.60	16.87	24.71
Write-off (in crore)	0.00	0.00	0.00	0.00
Total	1,926.15	2,196.96	2,213.42	2,057.18
On-time (in %)	99.74	91.83	86.90	87.64
PAR 0-30 days (in %)	0.00	2.07	4.84	3.39
PAR >30 days (in %)	0.26	6.10	8.26	8.97
PAR >90 days (in %)	0.14	3.40	3.92	6.24

- The PAR 0-30 days has increased to 3.39% as on June 30, 2022 as compared to 2.07% as on March 31, 2021. The PAR >30 days has increased to 8.97% as on June 30, 2022 as compared to 6.10% as on March 31, 2021 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

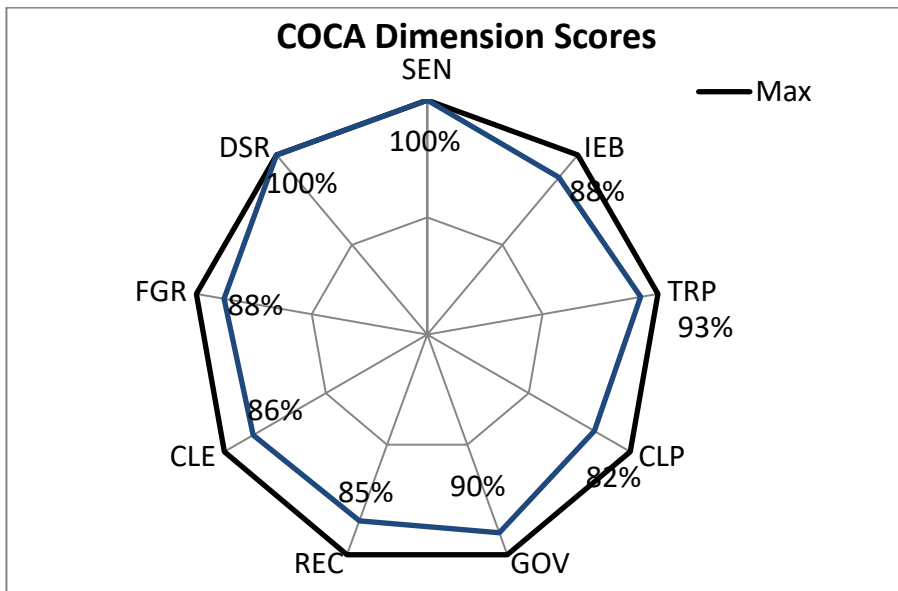
- NOCPL has robust MIS and IT infrastructure to cater to the current and future needs of the Company. The company has recently migrated to new software, i.e. BR.NET which has specifically designed to enhance the productivity, business intelligence and to get complete solutions for its processes and risk 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 Dash-board; Event based SMS and Email Alerts and other functionalities which would ease down operational processes to large extent.
- NOCPL has started conducting PD for loan disbursement in digital mode where the entire process is carried out from central office in digital mode.
- **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.
-

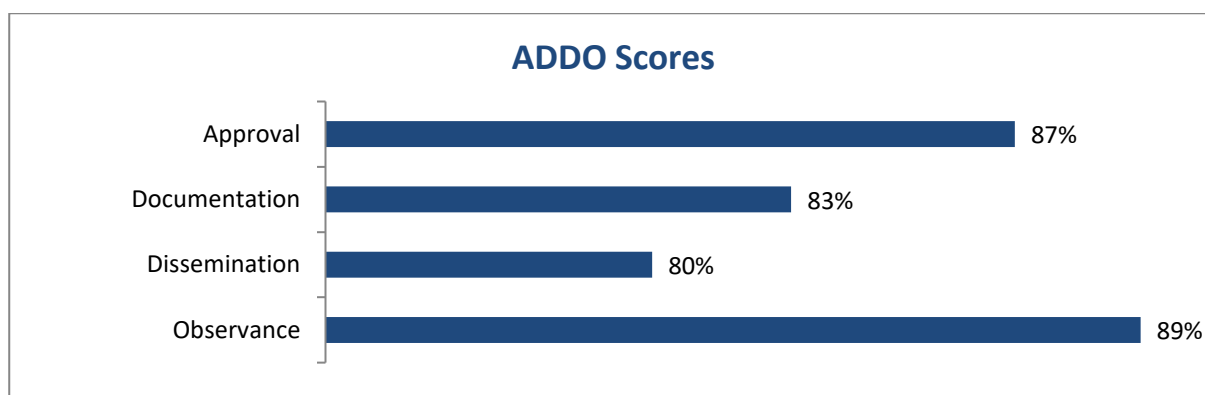
Section 2: Code of Conduct Assessment

COCA Grading – C2 (Good Performance on Code of Conduct dimensions)



SCORES ON PARAMETERS

Code of Conduct Parameters	Code	% Performance
Sensitive	SEN	100%
Integrity and Ethical Behavior	IEB	88%
Transparency	TRP	93%
Client Protection	CLP	82%
Governance	GOV	90%
Recruitment	REC	85%
Client Education	CLE	86%
Feedback & Grievance Redressal	FGR	88%
Data Sharing	DSR	100%



NOCPL with an overall grade of “C2”, indicate **Good** Performance on Code of Conduct dimensions.

Code of Conduct Assessment Summary

The Code of Conduct report for New Opportunity Consultancy Private Limited (NOCPL) evaluates the company's adherence to various code of conduct parameters. The study examines and comments upon the common minimum indicators such as:

- Sensitive Indicators
- Integrity and Ethical Behaviour
- Transparency
- Client Protection
- Governance
- Recruitment
- Client Education
- Feedback and Grievance Redressal
- Data Sharing

SMERA believes that NOCPL exhibits **good** performance on COCA dimensions. This document details SMERA's approach and methodology for this study and gives observations of its assessment team while conducting the evaluation. The Approval; Documentation; Dissemination and Observance (ADDO) framework has been used for assessment and measuring NOCPL's adherence towards ethical operational practices.

Strengths and weaknesses pertaining to Code of Conduct

Strengths	Weaknesses
<ul style="list-style-type: none"> • Board approved policies, compliant with the RBI guidelines. • Code of Conduct framed as per the NOCPL mission, vision, values and displayed in all branch offices & HO. • Membership with MFIN and Sa-Dhan. • Board with rich experience from Banking and finance background. • Experienced and qualified management with more than a decade of experience in MFI industry. • Credit policies are well established documented and communicated. • Adequate loan appraisal & monitoring systems. • High standard of governance and integrity by inducting persons with good and sound reputation in the industry and understanding of microfinance industry. • Compulsory training on products terms and conditions to client prior to every loan. • Compulsory check on over indebtedness of every borrower. • Efficient systems and strong internal audit team to check misappropriations and regular monitoring of compliance. • Toll Free helpline number for client feedback/grievance. • Data sharing with credit bureau (Equifax, CIBIL, Experian and High Mark). 	<ul style="list-style-type: none"> • It has an effective system to record complaints received at the toll free number. However, very limited entries were observed in complaint registers maintained at the branch level.

Significant Observations

HIGHER ORDER INDICATORS	
Integrity and Ethical Behaviour	<ul style="list-style-type: none"> • The company has the policy to place reports on COC compliance before the board at the end of every financial year. • The audit committee of the Board reviews the adequacy of audit staff strength and scope of Internal Audit, further NOCPL regularly updates the board on the extent of compliance with client protection of code of conduct. • Board has approved a policy of recovering delinquent loans. Operational staffs are aware of process to be followed with delinquent clients. • The board reviews internal audits reports, specifically regarding behavior by staff towards clients including abusive language or threats, visiting borrowers at odd hours and forcible entry into dwelling and forced seizure of property without the legal orders. • MFI prepares monthly reports about the number, nature and resolution of grievances received at the toll free number and feedback received for management review and same is presented to audit committee set up at board level. • NOCPL provides training to its field staff on conduct relating to conducting client meetings, collecting repayments and recovering overdue loans. • The MFI has a practice that when it recruits staff from another MFI, the said staff will not be assigned to the same area he/she was serving at the previous employer for a period of one year and the same is documented in HR manual. • In all the branches visited, the contact number and address of Grievance Redressal officer was properly displayed. • Staff satisfaction related to compensation and incentive is not covered under scope of Internal Audit; however same has been mentioned in the HR manual. • Awareness among client on the company's Grievance Redressal mechanism was found to be moderate; however the negligence from the borrower's side. • Fixed Component compensation of staff is not impacted in event of overdue. NOCPL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients. • NOCPL has a very robust grievance redressal mechanism most of the grievance received are handled and resolved within 24 hours.
Sensitive Indicators	<ul style="list-style-type: none"> • No instance of fine or penalty being levied or collected from the borrowers.

	<ul style="list-style-type: none"> • No instance was observed of borrowers being charged processing fee in excess of 1%. • No instance was found of a loan classified as qualifying microfinance loan, where the size and loan tenure were in excess of the limits defined by RBI. • There had been no instances of a loan classified as qualifying microfinance loan, where the identity proof had not been obtained. • There was no instance of a client being charged additionally for insurance beyond the premium payable to an IRDA approved insurer. • A review of loan files indicates that CB checks were made not more than 14 days prior to disbursement in all cases. NOCPL's manual mandates CB checks for capturing overall indebtedness. The checks are automated and conducted centrally. • No instance was observed of borrower indebtedness being more than that stipulated by the RBI. • All borrowers interacted with confirmed the professional behavior of NOCPL's staff without any instances of use of abusive language or threats, visiting borrowers at odd hours or forcibly entering into dwellings or seizing property without legal orders. • NOCPL shares Clients data in detailed format with all four credit bureaus (CBs) namely Equifax, High Mark, Experian and CIBIL on fortnightly and monthly basis. • Clients interviewed were aware of the charges and price for all services availed. • Awareness among the staff on RBI guidelines was found to be moderate to high. • There is no adverse observation in the Auditor's report regarding accounting standards followed by the MFI. • NOCPL does not charge any extra fees from client apart from processing fee and insurance premium. The loans are issued to the clients without any collateral and no security deposit is accepted. Further no penalty is charged for overdue and pre-closure of loans. NOCPL has well documented policy on pre-payments.
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BUILDING BLOCKS	
Transparency	<ul style="list-style-type: none"> • Awareness among the staff on RBI guidelines was found to be moderate to high.

	<ul style="list-style-type: none"> • NOCPL has documented the pricing of its loan products in its operational manual. In the branches visited loan documents had been maintained in local languages. • NOCPL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients. • The loan interest rate and processing fees is mentioned on the loan passbook and sanction letters provided to the client. • The loan card provides complete repayment schedule with interest and principal separately mentioned. • Clients interviewed were aware of the charges and price for all services availed. • In each of the branches visited, loan documents were maintained in the local language. • NOCPL displays the effective rate of interest on its products, at all its branches. • Audit committee verifies through the audit reports whether all clients have received the necessary loan documents. • Pricing policy of loans is displayed in branches assessed. • NOCPL does not charge any extra fees from client apart from processing fee and insurance premium. The loans are issued to the clients without any collateral and no security deposit is accepted. Further no penalty is charged for overdue and pre-closure of loans.
<p>Client Protection</p>	<ul style="list-style-type: none"> • NOCPL has a board-approved policy regarding client data security. • NOCPL has documented policy on client data security which forms part of its fair practice code. • Employees are trained on aspects of appropriate behavior with the clients. • NOCPL has framed a Fair Practice Code and has also adopted the RBI fair practices code, which includes policies on the expected staff conduct with clients. • No instance of fine or penalty being levied or collected from the borrowers. • No instance was observed of borrowers being charged processing fee in excess of 1%. • There had been no instances of a loan classified as qualifying microfinance loan, where the identity proof had not been obtained. • There was no instance of a client being charged additionally for insurance beyond the premium payable to an IRDA approved insurer. • A review of loan files indicates that CB checks were made not more than 14 days prior to disbursement in all cases. NOCPL's

	<p>manual mandates CB checks for capturing overall indebtedness. The checks are automated and conducted centrally.</p> <ul style="list-style-type: none"> • No instance was observed of borrower indebtedness being more than that stipulated by the RBI. • Staffs were found to be aware of the need to have professional conduct with the clients. • Staff members are aware of the importance of maintaining client data confidentiality. The company’s manuals also state that the data collected would be utilised only for the purposes specified. • There is a board approved policy for recovering delinquent loans. The operational staff is aware of the guidelines to be followed with delinquent clients. • Borrowers also confirmed that they receive accurate digital receipts for all payments made to NOCPL. No instance was observed where clients paid commissions to informal agents or bribes to the MFI staff. • No incidence of unauthorized sharing of client data by NOCPL has been observed during the assessment.
<p>Governance</p>	<ul style="list-style-type: none"> • NOCPL’s board comprises eight directors with diverse experience including financial services, academics, investing and corporate. NOCPL inducts members of good and sound reputation which provides positive direction to the MFI. • MFIs maintain high standards of governance by inducting persons with good and sound reputation as members of Board of Directors/Governing body. • NOCPL have more than 1/3rd of independent persons in its Governing Board. • As on 30th June 2022, the board comprised of 5 directors, out of which 2 are independent directors. • NOCPL discloses its MD’s & CFO’s compensation in its audited reports (Ref. Audit Report 2022). • All policies and procedure of the MFI and any subsequent changes to the same are approved by the board. The meeting agenda contains the key operational and financial information of the MFI. • The board meets at least once every quarter and the minutes of the meetings are maintained by the MFI. • NOCPL has a dedicated internal audit team. The internal audit head directly reports to the audit committee. • An audit committee of the Board with an independent director as chairperson. • The MFI has got its accounts audited in a timely manner after the end of the most relevant financial year.

	<ul style="list-style-type: none"> • No adverse observations in the Auditor's report regarding accounting standards followed by the MFI. • Staff satisfaction related to compensation and incentive is not covered under scope of Internal Audit.
<p>Recruitment</p>	<ul style="list-style-type: none"> • NOCPL's Board has reviewed its recruitment policies at least once annually. • NOCPL has a documented system of reference checks and documentary evidence suggested that the company has performed reference checks. • NOCPL has honored the notice period for employees who have left the organization. • NOCPL obtains NOC or relieving letter from the previous employee, in case employees are recruited from other MFIs. • The MFI has a defined and documented process for responding to reference check requests. • The entity has received reference check requests from other organisations and it has responded to them in a timely manner. • NOCPL has a defined and documented process for responding to reference check requests. • NOCPL has a practice that when it recruits staff from another MFI, the said staff will not be assigned to the same area he/she was serving at the previous employer for a period of one year and the same have not been documented in HR manual.
<p>Client Education</p>	<ul style="list-style-type: none"> • NOCPL in its fair practices code provides importance for raising clients' awareness of the options, choices and responsibilities regarding financial products and services. • NOCPL does not charge clients for the trainings provided to clients, itself or through a related party. • Staff members are trained by senior branch staff on the various client processes to be followed including MGT's the disclosures to be made to borrowers. • Internal audit checklist includes assessment of clients' awareness and understanding. • Borrowers were aware of loan tenures and products and services offered. • Awareness among client on annualized Interest rate & Insurance claim settlement process was found to be moderate to high.
<p>Feedback and Grievance Redressal</p>	<ul style="list-style-type: none"> • NOCPL's operational manual has details of the grievance redressal mechanism along with the specified time frame. • The members of staff confirmed receiving training from seniors on the grievance redressal mechanism. • The grievance redressal system set up by the MFI is displayed prominently in all the branches visited.

	<ul style="list-style-type: none"> • In its pass book the MFI makes a declaration that it is responsible for the behavior of its staff. • NOCPL displays the central toll free number, nodal officer's number, Grievance Redressal Officer's toll free number and the MFIN toll free number in all the branches visited. • The MFI has a dedicated grievance redressal official whose toll free number is provided on the passbook. • NOCPL has a strong internal grievance redressal system with a dedicated in-house call centre. Customer can give a call on Customer Helpline number mentioned on the back side of passbook. Customer also has right to raise a written complaint in the complaint box at branch office / head office. • All complaints and feedback received by NOCPL are recorded diligently. • A summary report on grievance redressal is presented to the board for its review. • The Board has approved a policy for redressal of its clients' grievances, which requires board to be updated on the functioning of grievance redressal mechanism. • MFI prepares monthly reports about the number, nature and resolution of grievances and feedback received for management review and same is presented to audit committee set up at board level. • Clients were found to be aware of the helpline number. • Feedback mechanisms are tracked and monitored. Dedicated team at HO level to document and follow up on the client complaints. • Awareness among client on Grievance Redressal mechanism was found to be moderate.
<p>Data Sharing</p>	<ul style="list-style-type: none"> • Operational and financial data for FY2022 is available on the website of NOCPL. • MFI has a well-defined process for sharing data with the credit bureaus. • MFI has provided data called for by SRO and RBI as and when required as per compliance. • NOCPL shares accurate data with all credit bureaus on a frequency prescribed by SRO. • NOCPL performs compulsory credit bureau checks for all its clients.

ANNEXURES

Microfinance 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

F) 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

Thus an evaluation of MFI would be comprehensive assessment based on the financial and non-financial parameters of any MFI.

COCA Methodology

The Code of Conduct Assessment (COCA) tool was developed as a response to the need expressed in a meeting of stakeholders in Indian microfinance by the Small Industries Development Bank of India (SIDBI) and the World Bank in December 2009. The code of conduct dimensions were identified by reviewing the various norms for ethical finance. These included RBI’s fair practices guidelines for Non-Banking Financial Companies, industry code of conduct (Sadhan-MFIN) and Smart Campaign’s Client Protection Principles (CPP).

In 2016, need was felt to harmonize COCA to the most recent industry code of conduct and to standardize COCA tools of different rating/assessment agencies. This grading is based on the harmonized COCA tool. In the harmonized COCA tool, the dimensions were classified in three categories – highest order, higher order and building blocks. This grading is based on the harmonized COCA tool.

Highest Order	
Sensitive Indicators	
Higher Order	
Integrity & Ethical Behaviour	
Building Blocks	
Governance	Client Protection, Recruitment
Transparency	Feedback/Grievance Redressal
Client Education	Data Sharing

Chart: COCA Indicators Framework

Number of indicators in each category is presented below

Higher Order Indicators	Number of Indicators
Integrity and Ethical Behaviour	32
Sensitive indicators	26
Building Blocks	Number of Indicators
Transparency	40
Client Protection	122
Governance	30
Recruitment	13
Client Education	14
Feedback & Grievance Redressal	25
Data Sharing	6
Total	250

Methodology

The Code of Conduct exercise is spread over four to eight days. The first day is spent at the head office. The assessment team visits the branches over the next three to eight days. Depending upon the size and the operational area of the MFI, eight to fifteen branches and between 120 and 300 clients are sampled for primary survey (except in cases where number of branches in an MFI is less than eight).

Sampling guidelines

The following is taken as the guideline to determine the sample size for a COCA exercise.

MFI Size	No. of branches to be visited	No. of borrowers to be visited
Small MFI (Less than 8 branches)	All branches	15 clients per branch covering minimum two centers.
Small / Mid-size MFI (up to 2,50,000 borrowers)	8 – 10 branches (geographically distributed)	120-150 clients (15 clients per branch covering minimum two centers).
Large MFI (>2,50,000 borrowers)	12 – 15 branches (geographically distributed)	240-300 clients (20 clients per branch covering minimum two centers).
Large MFI (>2,50,000 borrowers) and having gross loan portfolio (GLP) > Rs 500 crore	18 – 20 branches (geographically distributed)	360-400 clients (20 clients per branch covering minimum two centers).

Code of Conduct Assessment exercise requires:

1. Discussions with key staff members and the senior management at the head office, particularly the senior operational management team as well as the human resources team. These discussions focus on key issues of the code of conduct identified above.
2. Review of policy documents and manuals at the head office. These are reviewed in order to assess the policy as well as documentation regarding important aspects of the code of conduct. The last audited financial statements will also be required.
3. Sampling of branches at the head office. The assessment team samples branch for review. The branches are chosen in across different states in case the MFI operates in more than one state. Care is exercised to include older branches as well as branches that are distant from the head office or the regional office. The sampling of the branches is performed at the head office of the MFI.
4. Discussions with the branch staff at the branch office. Discussions with branch managers and the field staff is carried out to assess their understanding of the key code of conduct principles.
5. Sampling of respondents in the selected branches. A judgmental sampling is performed on the MFI's clients by the assessment team to draw respondents from the interest group, in order to maximize the likelihood that instances of non-adherence can be detected.
6. Interview with the clients. Information from the clients is collected ideally during the group meetings. If this is not possible, visits are made to the clients' locations for collecting information.
7. Review of loan files at the branch office. This review focuses on loan appraisal performed before disbursing loans as well as the documents collected from the clients.

As part of this assessment, we visited twenty branches of the MFI. The details of the branches visited are provided below.

Sr No	Branch	State	No of clients interviewed
1.	Devgadh Baria	Gujarat	20
2.	Limbdi	Gujarat	22
3.	Shehera	Gujarat	21
4.	Umreth	Gujarat	18
5.	Halol	Gujarat	25
6.	Pattamundai	Odisha	20
7.	Berhampur	Odisha	22
8.	Bhadrak	Odisha	23
9.	Cuttack	Odisha	19
10.	Sakhigopal	Odisha	19
11.	Udala	Odisha	24
12.	Gajendragada	Karnataka	22
13.	Bellary	Karnataka	18
14.	Bellary - 2	Karnataka	20
15.	Chittapur	Karnataka	23
16.	Jagdapur	Chhattisgarh	21

17.	Korba	Chhattisgarh	24
18.	Kota	Chhattisgarh	20
Total			381

Financials

Profit & Loss Account (Rs. In Thousands)

Period	FY 2020	FY 2021	FY 2022
Months	12	12	12
Financial revenue from operations	17,25,656	17,78,286	20,08,261
Less - Financial expenses from operations	52,688	48,898	74,069
Gross financial margin	16,72,968	17,29,388	19,34,192
Provision for Loan Loss	34,130	5,20,000	2,86,700
Net financial margin	16,38,838	12,09,388	16,47,492
<u>Less - Operating Expenses</u>			
Personnel Expense	9,11,507	10,78,961	12,95,245
Depreciation and Amortization Expense	21,663	17,544	23,845
Other Administrative Expense	2,20,676	2,56,052	6,88,491
Net Operating Income	4,84,992	(1,43,169)	(3,60,089)
Income Tax	1,22,200	0	0
Deffered Tax charge	3,918	11,089	(75,945)
Taxation for Previous Years	(1,700)	0	0
Other Comprehensive Expense	0	0	(4,052)
Net Income	3,60,574	(1,54,258)	(2,84,144)

Above financials are audited.

Balance Sheet (Rs in Thousands)

As on date	31/Mar/2020	31/Mar/2021	31/Mar/2022
SOURCES OF FUNDS			
Capital			
Share Capital	53,575	53,575	53,575
Reserve & Surplus	8,71,652	7,20,902	4,32,705
Total Capital	9,25,227	7,74,477	4,86,280
Liabilities			
Short-Term Liabilities			
Commercial Loans from banks/FI	82,633	2,30,083	0
Account payable & Other short-term liabilities	99,551	4,59,142	2,81,520
Total Short-Term Liabilities	1,82,184	6,89,225	2,81,520
Long-Term Liabilities			
Long-Term Borrowings			
Commercial Loans from banks/FI	82,859	69,863	3,18,838
Unsecured Loans from directors	1,68,000	1,14,908	1,69,897
Total Long-Term Borrowings	2,50,859	1,84,771	4,88,735
Total Other Liabilities	4,33,043	8,73,996	7,70,255
Provision for Standard Assets	30,561	1,59,961	2,86,700
Other Provisions	4,494	13,171	33,796
TOTAL LIABILITIES	13,93,325	18,21,605	15,77,031

As on date	31/Mar/2020	31/Mar/2021	31/Mar/2022
APPLICATION OF FUNDS			
<u>Fixed Assets</u>			
Net Block	64,014	68,268	61,200
Investment	18,050	18,050	18,050
Cash and Bank Balances	61,374	2,25,220	1,12,630
Cash Collateral (Margin Money)	9,83,227	11,65,248	8,39,400
Loans & Advances to Related Parties	3,910	1,473	1,329
Accounts Receivable And Other Assets	2,48,831	3,42,493	4,51,362
Intangible Assets	1,649	853	15,553
Deferred Tax Asset	12,270	0	77,507
TOTAL ASSETS	13,93,325	18,21,605	15,77,031

Financial Ratios

Financial Ratios	31/Mar/2020	31/Mar/2021	31/Mar/2022
	12	12	12
<u>Capital Adequacy Ratio</u>			
Capital Adequacy Ratio (%)	NA	NA	NA
<u>Productivity/Efficiency Ratios</u>			
No. of Active Borrowers Per Staff Member	284	234	254
No. of Active Borrowers per field executives	431	359	345
No. of members per Branch	2,101	1,907	1,958
Gross Portfolio o/s per field executive (in thousands)	8,852	7,311	6,456
Average Outstanding Balance per client (in Rs)	20,554	20,353	18,716
<u>Asset/Liability Management</u>			
Cost of funds ratio (%)	NA	NA	NA
Yield on Portfolio (nominal) (%)	NA	NA	NA
<u>Profitability / Sustainability Ratios</u>			
Operational Self Sufficiency (%)	139.09	92.55	84.80
Operating Expense Ratio (OER) (%)	5.99	6.16	9.07
Return on Assets (RoA) (%)	NA	NA	NA
Portfolio at Risk (>30 days) (%)	0.26	6.10	8.26
Return on Equity (RoE) (%)	NA	NA	NA
<u>Leverage Ratios</u>			
Total Outside Liabilities to Tangible Networth Ratio (Times)	0.47	1.13	1.58
Debt/Equity Ratio (Times)	0.34	0.54	1.01

About SMERA 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.

SMERA is a wholly owned subsidiary of Acuité Ratings & Research Limited. Acuité, a joint initiative of Small Industries Development Bank of India (SIDBI), Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India, is registered with SEBI as a credit rating agency.

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Registered Office
905, Lodha Supremus, Lodha
iThink Techno Campus, Near
Kanjurmarg Railway Station,
Kanjurmarg (East)
Mumbai - 400 042
Tel: +91 22 6714 1111
Email – info@acuite.in

Website:
www.microfinanalytics.com