



## 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

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Vedika Credit Capital Limited (VCCL)



To verify the grading, please scan the QR code

***Date of Report:***

**30<sup>th</sup> November, 2019**

***Valid Till:***

**28<sup>th</sup> November, 2020**

## 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

<b>Microfinance Capacity Assessment Grade</b>	VCCL obtains “ <b>M2</b> ” as its performance grade which signifies “High capacity of the organization to carry out its activities in a sustainable manner”.
<b>Code of Conduct Assessment Grade</b>	VCCL obtains “ <b>C2</b> ” 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

The Rating Agency (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 Rating agency have been a member of the Board of Directors of the MFI during for a period of 12 months preceding the date of the comprehensive grading.

## Disclaimer

SMERA is a division of Acuité Ratings & Research Limited that offers various rating and grading services to MSMEs. SMERA's Ratings / Gradings / Due Diligence and other credit assessment related services are based on the information provided by the rated entity and obtained by SMERA from sources it considers reliable. Although reasonable care has been taken, SMERA/Acuité makes no representation or warranty, expressed or implied with respect to the accuracy, adequacy or completeness of any information used. SMERA/Acuité is not responsible for any errors or omissions in the Rating / Grading / Assessment or the Rating / Grading / Assessment Report. SMERA/Acuité has no financial liability, whatsoever, for any direct, indirect or consequential loss of any kind arising from the use of its Ratings / Gradings / Assessments. 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 or a substitute for buyer's or lender's independent assessment.

## Historical Rating Grades

Date	Rating Agency	Rating/Grading
26 <sup>th</sup> September, 2019	SMERA	M2
07 <sup>th</sup> May, 2019	Acuité Ratings & Research Limited	A-
31 <sup>st</sup> October, 2018	SMERA	M2C2
29 <sup>th</sup> September, 2018	SMERA	M2

## Microfinance Capacity Assessment Grading Symbols and Definitions

Grading Scale	Definitions
M1	MFIs with this grade are considered to have <b>highest</b> capacity to manage their microfinance operations in a sustainable manner.
<b>M2</b>	<b>MFIs with this grade are considered to have high capacity to manage their microfinance operations in a sustainable manner.</b>
M3	MFIs with this grade are considered to have <b>above average</b> capacity to manage their microfinance operations in a sustainable manner.
M4	MFIs with this grade are considered to have <b>average</b> capacity to manage their microfinance operations in a sustainable manner
M5	MFIs with this grade are considered to have <b>inadequate</b> capacity to manage their microfinance operations in a sustainable manner.
M6	MFIs with this grade are considered to have <b>low</b> capacity to manage their microfinance operations in a sustainable manner.
M7	MFIs with this grade are considered to have <b>very low</b> capacity to manage their microfinance operations in a sustainable manner.
M8	MFIs with this grade are considered to have <b>lowest</b> capacity to manage their microfinance operations in a sustainable manner.

## Code of Conduct Assessment scale and definitions

Grading Scale	Definitions
C1	MFIs with this grade have <b>excellent</b> performance on Code of Conduct dimensions
<b>C2</b>	<b>MFIs with this grade have good performance on Code of Conduct dimensions</b>
C3	MFIs with this grade have <b>average</b> performance on Code of Conduct dimensions
C4	MFIs with this grade have <b>weak</b> performance on Code of Conduct dimensions
C5	MFIs with this grade have <b>weakest</b> performance on Code of Conduct dimensions



To Verify the Grading, please scan the QR code

## Company Fact Sheet

Name of the MFI	:	Vedika Credit Capital Limited (VCCL)	
Operational Head – Microfinance Business	:	Name	Mr. Balwant Kumar
		Designation	Chief Operating Officer
		Mobile No.	9534188888
		Email ID	<a href="mailto:Coo@teamvedika.com">Coo@teamvedika.com</a>
Date of Incorporation/Establishment	:	15th March, 1995	
Date of commencement of microfinance business	:	2007	
Legal Status	:	NBFC-MFI	
Business of the company	:	Microfinance Services Under Joint Liability Group (JLG) Model	
Correspondence Address	:	406, Shrilok Complex, 4th Floor, H.B. Road, Ranchi-834 001 Jharkhand	
Geographical Reach (As on 30/Sep/2019)	:	No. of States	7
		No. of Districts	90
		No. of Branches	188
		No. of Active Borrowers	243487
		No. of Total Employees	1355
		No. of Field/Credit Officers	1207
No. of Lenders	:	40 lenders (including Banks and institutional lenders)	
Statutory Auditors	:	Arihant Jain & Associates	

### Background:

- VCCL was incorporated in 1995 at Kolkata and is engaged in microfinance operations since 2007 (more than a decade). Vedika was registered as an NBFC-MFI with RBI in June 2015. The company is managed by Jain family. The majority stake of the company is held with Mr. Gautam Jain, Mr. Ummed Mal Jain, Mr. Vikram Jain and Mrs. Kanta Devi Jain. The remaining equity shares are held by other members of Jain family.

## Product Profile

Product	Description	Loan size (Rs.)	Repayment (in Months)	Interest Rate (In %) Reducing Balance	Processing Fees (In %)	APR (Interest Rate and Processing fees) (In %) (C=A+B)
JLG Loan	Income Generating Loan	29,740 – 41,160	12-24	25.15	1.00	26.15
Individual Loan	Business Loan, House repairing Loan	48,000-95,300	12-24	25.15	1.00	26.15
Consumer Durable Loan	Consumer Durable loan to existing clients	600 – 13,000	12-24	25.15	1.00	26.15

## Capital Structure as of 30/Sept/2019

<b>Authorized Capital</b>	Rs. 40.00 crore
<b>Paid Up Capital</b>	Rs. 27.09 crore

## Shareholding Pattern

### Shareholders -Equity Shares as on 30/Sept/2019

EQUITY SHARES	
Shareholders	% Holding
Gautam Jain	20.56
Ummed Mal Jain	6.87
Vikram Jain	7.03
Kanta Devi Jain	6.45
Anita Jain	4.08
Vinita Jain	4.25
Sidharth Jain	0.12
Aditya Jain	0.07
Vikram Jain Huf	0.45
Gautam Jain Huf	2.54
Ummed Mal Jain Huf	1.92
Linkline Marketing Pvt Ltd	13.4
Jatinder Finance Pvt Ltd	2
Vedika It Solution Pvt Ltd	1.89
Vedika Sales & Services Pvt Ltd	1.3
Vedika Agro Mart Pvt Ltd	0.46
Digit	3.72
Gautam Jain Family Welfare Trust	0.62
Vikram Jain Family Welfare Trust	0.64
Vedika Financial Services Pvt. Ltd.	16.85
Insight Merchants Pvt. Ltd.	4.8
<b>Total</b>	<b>100.00</b>

Optionally Convertible Preference Shares (OCPS)	
Shareholders	% Holding
SIDBI	30.57
<b>Total</b>	<b>30.57</b>

Compulsorily Convertible Preference Shares (CCPS)	
Shareholders	% Holding
Gautam Jain	8.15
Ummed Mal Jain	6.83
Vikram Jain	0.36
Kanta Devi Jain	0.51
Anita Jain	0.51
Sidharth Jain	0.25

Nirmal Kumar Pradeep Kumar HUF	25.47
Harsh Vardhan Jain	10.19
Rita Jain	10.19
Vedika Financial Services Pvt. Ltd.	6.98
<b>Total</b>	<b>69.43</b>

### Promoters/Directors Profile

Name of Director	Designation	Qualification	Profile
Mr. Gautam Jain	Managing Director	MBA (Marketing)	He is the managing director of the company. He has over a decade of experience in the financial domain.
Mr. Ummed Mal Jain	Director	LLB	He is a chairman of the company. He was an advocate in Patna High Court.
Mr. Vikram Jain	Director	B.Com (H)	He is a director of the company. He had a Food Grain business (a family business) before joining VCCL.
Mr. Praveen Kumar Chaturvedi	Professional Director	MSc, LLB and MBA (IIM Ahmedabad)	He is the professional director of the company. He is MSc, LLB and MBA (IIM Ahmedabad) by qualification. He has 36 years of experience in the banking industry. He retired as a General Manager from Indian Overseas Bank.
Mr. Vinod Kumar Gupta	Independent Director	M.Sc. (Physics) and CAIIB	He has over 35 years of experience in the banking industry. He retired as a General Manager from Bank of Maharashtra.
Mr. Maqsoodul Hasan Ansari	Independent Director	MBA with Specialization in Marketing Management & Doctorate of Philosophy (Ph.D.)	He has 34 years of experience in skill development of the marginalized sections of the society in India. He served as Head of the Department of Rural Management at XISS, Ranchi for a period of 14 years. He is having a Lifetime membership of the International Institute of Adult and Lifelong Education, New Delhi since the Year 1990. He has written and published small books and produced Audio-visual aids which helped in creating awareness in the rural masses for developmental interventions. He received "Mahatma Gandhi Peace Award-2015" in the field of Education on 2nd of October 2015.

### **SMERA Observations:**

- VCCL has six-member board. Board members have adequate experience in microfinance, Banking, finance, risk and development sectors.
- There has been no change in the board profile since the previous grading assessment. 30% board comprises of independent directors.
- SMERA believes that a well-diversified board, including a proportionate composition of independent directors, augurs well from a strategic perspective.

## Management's Profile

Name	Position	Qualification	Brief Profile
Mr. Balwant Kumar Singh	COO	MBA (Finance)	He has over 15 years of experience in microfinance sector. He has expertise in Microfinance sector.
Mr. Abhishek Agarwal	CFO	ACS & MBA (Finance)	He has over 6 years of experience in microfinance sector.
Mr. Gaurav Kumar Vohra	Company Secretary	ACS & LL.B	He looks after the corporate and other statutory compliances of the company.
Mr. Chandan Kumar Malviya	Audit Head	Graduate	He is Senior Audit Manager of the company. He is having 7 years of experience in Banking Audit, Accounting and Micro finance. He has handled account creation, transactions and Audit at various industries of Microfinance, Telecom and other private organizations.
Mr. Biplob Sen Gupta	HR	MBA	He has more than 8 years of experience in HR in various industries like Steel and Power, Microfinance and Telecom industry.
Mr. Sunil Kumar	CTO	MBA	He is the Chief Technical Officer of the company. He is looking after implementation of various software, IT Infrastructure & Security and other digital initiatives.
Mr. Binay Kumar Mohanty	CRO	Ph. D.	He is the Group Chief Risk Officer and looks after risk and credit of Vedika Group. He is experienced across industries like Technology, Retail and Finance.

### **SMERA Observations:**

- VCCL senior management has extensive senior management team has extensive experience across sectors such as microfinance, banking, finance, audit, risk and development and MIS experts.

- A majority of the senior management members have been associated with it for long tenure and have risen from ranks.
- VCCL has dedicated department wise / function wise heads and no major functional overlaps have been observed.
- The senior management reports to the MD, except in areas of internal audit, in which case they report directly to the board of directors.

## Highlights Of Microfinance Operations

<b>Particulars</b>	<b>31/Mar/2017</b>	<b>31/Mar/2018</b>	<b>31/Mar/2019</b>	<b>30/Sept/2019</b>
No. of States	4	5	7	7
No. of Districts	32	48	85	90
No. of Branches	65	96	178	188
No. of Active Members	119147	204678	210860	243487
No. of Active Borrowers	119147	204678	210860	243487
No. of Total Employees	417	660	1198	1355
No. of Field/Credit Officers	355	565	1062	1207
No. of JLGS	0	0	0	0
No. of Individual Loans	30550	52481	54682	62593
<b>Owned Portfolio</b>				
<b>Particulars</b>	<b>31/Mar/2017</b>	<b>31/Mar/2018</b>	<b>31/Mar/2019</b>	<b>30/Sept/2019</b>
Total loan disbursements during the year (in crore)	201.16	288.96	353.18	259.86
Total portfolio outstanding (in crore)	210.95	320.67	348.24	414.78
<b>Managed/BC Portfolio</b>				
<b>Particulars</b>	<b>31/Mar/2017</b>	<b>31/Mar/2018</b>	<b>31/Mar/2019</b>	<b>30/Sept/2019</b>
Total loan disbursements during the year (in crore)	122.08	189.57	139.69	76.51
Total portfolio outstanding (in crore)	74.24	125.52	147.17	165.31
<b>Securitized Portfolio</b>				
<b>Particulars</b>	<b>31/Mar/2017</b>	<b>31/Mar/2018</b>	<b>31/Mar/2019</b>	<b>30/Sept/2019</b>
Total loan disbursements during the year (in crore)	0	0	88.83	60.92
Total portfolio outstanding (in crore)	0	0	67.51	63.55

## Loan utilisation schedule:

<b>Loan Utilisation</b>	<b>31/Mar/2017 (%)</b>	<b>31/Mar/2018 (%)</b>	<b>31/Mar/2019 (%)</b>	<b>30/Sep/2019 (%)</b>
Agriculture	29.27	29.32	29.41	26.76
Other Activities	70.73	70.68	70.59	73.24
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

### SMERA Observations:

- More than 99% of the disbursed loan has been utilised for income generating purpose throughout the period of study.

## Compliance with RBI's Directives for MFIs

RBI's Direction	VCCLs Status	Compliance
85% of total assets to be in the nature of qualifying assets	Qualifying assets forms more than 85% of total assets as on 31/Mar/2019.	Complied
Net worth to be in excess of Rs 5 Crore	Net worth of VCCL stood at Rs. 70.37 Crore as on 31/Mar/2019.	Complied
Income of borrower not to exceed Rs 100,000 in the rural areas and Rs 160,000 in the urban and semi-urban areas*	VCCL extends loans to households whose income does not exceed Rs 100,000 in rural and Rs 160,000 in urban areas.	Complied
Loans size not to exceed Rs 60,000 in first cycle and Rs 100,000 in subsequent cycles*	VCCL offers loan in the range of Rs 29,740 to 41,160 depending on client repayment capacity, type of activity etc.	Complied
Total indebtedness of the borrower not to exceed Rs 100,000 (excl medical and education loans)*	VCCL conducts credit check on the loans outstanding through credit bureaus.	Complied
Tenure of loans not to be less than 24 months for loan amount in excess of Rs 30,000, with prepayment without penalty*	Tenure of loans is not less than 24 months for loan amount in excess of Rs 30,000, with prepayment without penalty.	Complied
Pricing guidelines are to be followed	Loans are provided at a rate of 25.15% on reducing balance basis which meets the RBI criteria.	Complied
Transparency in interest rates to be maintained	Interest, Processing fees and insurance premium charged are duly mentioned in the loan card provided to the client.	Complied
Not more than two MFIs lend to the same client	VCCL verifies the same though credit check from credit bureaus.	Complied

<b>RBI's Direction</b>	<b>VCCLs Status</b>	<b>Compliance</b>
Loan pricing to include processing fee (not exceeding 1% of the loan amount)	VCCL is charging processing fee of 1.00% on the disbursed loan amount plus applicable service tax.	Complied
Collateral free loans	VCCL does not accept any Collateral for extending the credit.	Complied
MFIs shall not collect any Security Deposit / Margin from the borrower.	VCCL does not collect any security deposit / margin from the borrower.	Complied
No late payment or prepayment penalties	VCCL does not take late payment or prepayment penalties from the clients.	Complied
Share complete client data with at least one Credit Information Company (CIC) established under the CIC Regulation Act 2005, as per the frequency of data submission prescribed by the CIC.	VCCL shares its client data with Crif Highmark, Equifax, Experian and CIBIL.	Complied
Aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the MFIs	VCCL provides 100% of total loans for income generation activities as on 31/Mar/2019.	Complied
NBFC-MFIs shall maintain a capital adequacy ratio consisting of Tier I and Tier II Capital which shall not be less than 15 percent of its aggregate risk weighted assets.	CRAR of VCCL stood at 22.00% as on 31/Mar/2019 which complies with the minimum CRAR requirement of 15% for NBFC-MFIs as prescribed by RBI. VCCL does not have any exposure in Andhra Pradesh.	Complied
The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more'.	The statutory auditor has certified the appropriate provisions have been made.	Complied

## Section 1: Microfinance Capacity Assessment Grading

### Operating Environment

- SMERA estimates the MFI sector to grow at a CAGR of 25%-30% and is expected to touch Rs. 2,35,000 – 2,45,000 crore by the end of FY2020.
- MFI industry has reported a robust growth of ~38% in gross loan outstanding in FY2019 as compared to FY2018. Total gross loan outstanding of MFI sector stood ~ Rs.188000 crore by the end of FY2019. SMERA believes seasoned customer profile over multiple loan cycles along with the inclusion of fresh borrowers have helped MFI industry to increase its total loan outstanding.
- The fund flow to the sector has improved on account of increased confidence on MFI sector. Further large MFIs are exploring the route of Non-convertible debentures (NCDs) and Pass through Certificates (PTCs); whereas small –mid size MFIs have an increased access to funds from Banks, Financial Institutions and Business Correspondent partners. SMERA believes that the RBI guidelines on co-origination of priority sector loans by NBFCs and banks are significant step towards an efficient framework for micro lending in India. SMERA estimates Rs. 25,000-30,000 crore of potential lending every year under this origination mechanism over the medium term. Further the process of acquisition of smaller MFIs by the larger MFIs and Banks is likely to continue in the current financial year.
- Support systems such as Self-Regulatory Organizations (SRO), Credit Information Bureaus (CIB) among others have been established to ensure credit check and process adherence among MFIs. This regulatory framework has brought more accountability and transparency within the sector.
- On the contrary, the recent NBFC crisis in September 2018 has restrained MFIs' fund mobilization process which has moderated MFI sector growth in the last two quarters of FY2018-19 as compared to the previous year. Asset Quality has improved and Portfolio at Risk (PAR) > 30 stood at 1.73% as on 31st March, 2019. *(Data Source - MFIN)*

### **Long track record of microfinance operations and extensive industry experience of promoters**

- VCCL was incorporated in 1995 at Kolkata and is engaged in microfinance operations since 2007 (more than a decade). Vedika was registered as an NBFC-MFI with RBI in June 2015. The company is managed by Jain family. The majority stake of the company is held with Mr. Gautam Jain, Mr. Ummed Mal Jain, Mr. Vikram Jain and Mrs. Kanta Devi Jain. The remaining equity shares are held by other members of Jain family.
- VCCL has six-member board as on July 2019 having extensive experience in the banking and finance segment. The board has three promoter directors, one professional director and two independent directors.
- Mr. Gautam Jain, managing director of the company is an MBA in marketing by qualification. He has over a decade of experience in the financial domain. Mr. Ummed Mal Jain, chairman of the company was an advocate in Patna High Court.
- The top level management of VCCL has adequate experience in the financial and microfinance sector.

### **Diversified resource profile**

<b>Resource Profile</b>	<b>% (as on 31/03/2019)</b>
Banks	39.66
FIs	14.27
NBFCs	46.07
<b>Total</b>	<b>100.00</b>

- VCCL has developed funding relationships with 40 lenders (including Private/PSU Banks/NBFCs/FIs). These relationships have helped VCCL in meeting its funding requirements to meet the projected growth; however their resources profile continues to remain concentrated towards borrowings from NBFCs.
- These relationships have helped VCCL in meeting its funding requirements to meet the projected growth. Apart from owned portfolio, VCCL also has BC portfolio. VCCL is presently working as a business correspondent with Mas Financial Services, IDBI Bank and IDFC First Bank. The managed loan portfolio of the company stood at Rs.165.31 crore as on September 30, 2019.

- The cost of borrowing has decreased to 14.27% in FY 2019 as compared to 15.22% in FY 2018 on account of reduction on Rate of Interest charged by the lenders. VCCL has been able to raise Tier-II capital (Subordinated Debt) from Capital First Limited and MAS Financial Services Ltd.

### **Adequate capitalisation and comfortable liquidity profile**

<b>Capital Adequacy</b>	<b>% (as on 31/Mar/2019)</b>
Tier -I Capital (A)%	14.86
Tier -II Capital (B)%	7.14
Capital to risk adjusted ratio (CRAR) (%) (A+B)	22.00

- VCCL has an adequate capitalisation marked by CRAR of 22.00% as on March 31, 2019; however it has declined as compared 24.90% as on March 31, 2018.
- Total capital of VCCL has increased to Rs. 70.37 crore in as on 31<sup>st</sup> March, 2019 as compared to Rs. 49.30 crore in the previous financial year due to equity infusion and internal accruals.
- Gearing of the company has improved to 6.32 times as on as on March 31, 2019 as compared to 7.13 times in the previous year on account of incremental borrowings from the lenders.
- VCCL has a comfortable liquidity position due to well matched maturity of assets and liabilities. The tenure of loans is about 12-24 months, whereas the incremental bank funding is typically with tenure of about 12-36 months. The company has Fixed Deposit of Rs. 48.46 crore and Cash and Bank Balances of Rs. 49.13 crore as on March 31, 2019. However regular flow of funds is critical to maintain the projected growth and the same would have a key bearing on its liquidity profile.

### **Improvement in operational performance in FY2019**

<b>Particulars</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Net financial margin (In thousands)	<b>1,81,729</b>	<b>3,48,837</b>	<b>4,60,373</b>
Operating expenses	1,38,236	2,64,627	3,62,272
Operational Self Sufficiency (%)	109.83	111.03	109.71
Operating Expense Ratio (OER) (%)	5.83	6.94	6.33

- VCCL has reported net profit of Rs. 6.89 crore on operating income of Rs. 110.87 crore in FY2019. In FY2018, VCCL had reported net profit of Rs. 5.52 crore on operating income of Rs.84.79 crore in the previous year.
- As on September 30 2019, the VCCL has an outstanding owned loan portfolio of Rs.414.78 crore spread over 188 branches of 7 states with about 2,43,487 borrowers. The companies' portfolio outstanding witnessed a growth of ~19% in as on 30<sup>th</sup> September, 2019 over 31<sup>st</sup> March, 2019.
- Yield on Portfolio of VCCL has improved to 30.83% in FY 2019 as compared to 29.99% in FY 2018.

- Net interest margin (NIM) stood at 11.88% as on 31<sup>st</sup> March, 2019. The operational self-sufficiency (OSS) of the company stood stable at 109.71% in FY2019 as compared to 111.03% in the previous year. The company's operating expense stood comfortable at 6.33% in FY2019.

### **Geographical Reach**

Particulars	31/Mar/2017	31/Mar/2018	31/Mar/2019	30/Sep/2019
No. of States	4	5	7	7
No. of Districts	32	48	85	90
No. of Branches	65	96	178	188

- VCCL has moved its operations to 7 states over the years and has increased no. of branches from 65 to 188 in 90 districts of 7 different states.
- Single state and two-state concentration remained high at 35.31% and 63.08% as on September 30, 2019. 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, VCCL 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
Assam	19	19951	30.77	0.84	7.42
Bihar	46	71415	115.17	0.73	27.77
Jharkhand	23	28657	49.62	1.06	11.96
Odisha	12	10189	16.46	1.37	3.97
Tripura	15	11367	22.15	0.00	5.34
Uttar Pradesh	19	22598	34.17	0.71	8.24
West Bengal	54	79310	146.45	0.99	35.31
<b>Total</b>	<b>188</b>	<b>243487</b>	<b>414.78</b>	<b>0.85</b>	<b>100.00</b>

- VCCL's operations concentrated in 07 states i.e West Bengal, Jharkhand, Bihar, Odisha, Assam, Uttar Pradesh and Tripura.
- As on September 30, 2019, VCCL's portfolio is concentrated in the state of West Bengal accounting for ~ 35 percent, and ~ 28 percent in Bihar.
- 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/2017	31/Mar/2018	31/Mar/2019	30/Sep/2019
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No. of Active Borrowers	119147	204678	210860	243487
No. of Total Employees	417	660	1198	1355
No. of Field/Credit Officers	355	565	1062	1207
No. of JLGS	0	0	0	0
No. of Individual Loans	30550	52481	54682	62593

Financial Ratios	31/Mar/2017	31/Mar/2018	31/Mar/2019
No. of Active Borrowers Per Staff Member	51	49	177
No. of Active Borrowers per field executives	60	57	199
No. of members per Branch	1863	2132	1198
Gross Portfolio o/s per field executive (in thousands)	5,943	5,678	3,280
Average Outstanding Balance per client (in Rs)	17,705	15,667	16,515
Cost per Active client	3,713	3,732	4,794

- The company's branch network and client network has expanded from 65 branches to 188 branches servicing 119147 borrowers as March 2017 to 243487 borrower to September 2019.
- VCCL field productivity remains average in comparison to its peers; the company has been able to improve its field outreach and asset productivity indicators over the years.
- The company would be required to register a consistent improvement in productivity whilst diversifying its operations.

## Sound asset quality

- VCCL has maintained sound asset quality with on-time repayment rate of 98.86% as on September 30, 2019.

Period	FY 2017	FY 2018	FY 2019	30/Sep/2019
	Portfolio o/s	Portfolio o/s	Portfolio o/s	Portfolio o/s
On-time (in crore)	205.53	312.90	343.98	410.03
1-30 days (in crore)	3.50	1.64	1.14	1.21
31-60 days (in crore)	0.73	0.55	0.43	0.90
61-90 days (in crore)	0.59	0.42	0.29	0.49
91-180 days (in crore)	0.44	1.06	0.75	1.38
> 180 days (in crore)	0.17	4.10	1.65	0.76
Write-off (in crore)	1.29	3.89	1.75	0
<b>Total</b>	<b>210.96</b>	<b>320.67</b>	<b>348.24</b>	<b>414.77</b>
On-time (in %)	97.43	97.58	98.78	98.86
PAR 0-30 days (in %)	1.66	0.51	0.33	0.29
PAR >30 days (in %)	1.53	3.12	1.40	0.85
PAR >90 days (in %)	0.29	1.61	0.69	0.52

- The PAR 0-30 days stood at 0.29% as on September 30, 2019 as compared to 0.33% as on March 31, 2019. The PAR >30 days stood at 0.85% as on September 30, 2019 as compared to 1.40% as on March 31, 2019.
- Adequate credit appraisal processes, monitoring and risk management mechanisms have supported the company to keep asset quality indicators under control.

### **Adequate IT Systems Audit Mechanism**

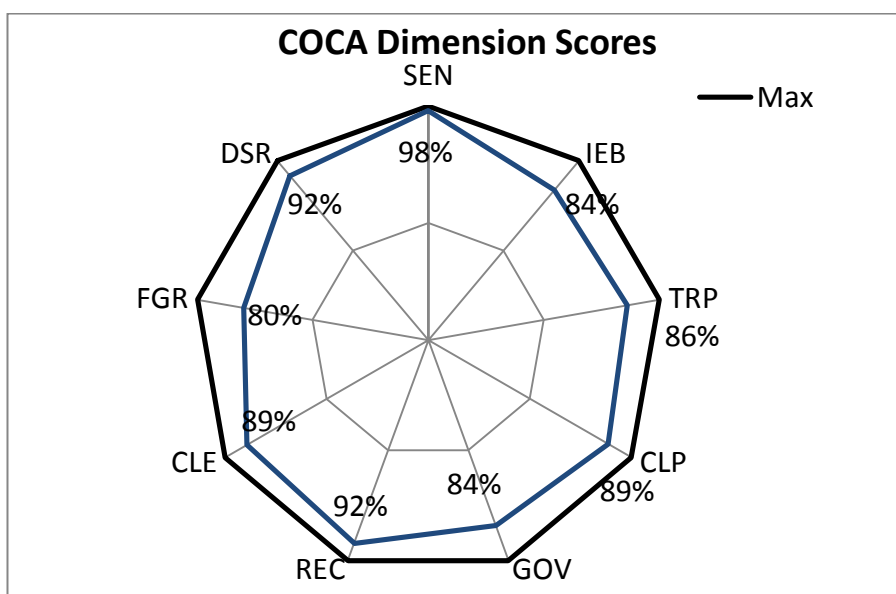
- VCCL's management information system (MIS) and Information Technology (IT) infrastructure is adequate for its current scale of operations. It has dedicated MIS and IT team at Head Office to ensure smooth flow of operational data between Head Office and branches. The company uses customised software "BIJLI" to maintain its MIS in Head Office and branches.
- **Credit Bureau Checks**  
The company conducts compulsory credit bureau check of its borrowers from Equifax. The company shares the credit data with all four credit bureaus i.e. CIBIL, Experian, CRIF High Mark and Equifax on monthly basis as per the RBI norms.
- **Helpline Number**  
The company has a dedicated helpline number, where calls are recorded automatically and addressed within 2 working days.
- **Internal Audit Process**  
The company has a dedicated team of internal auditors who undertakes compulsory branch and borrower audit once in every quarter. All audits are surprise audits.

### **Inherent risk prevalent in the microfinance sector**

- VCCL'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.

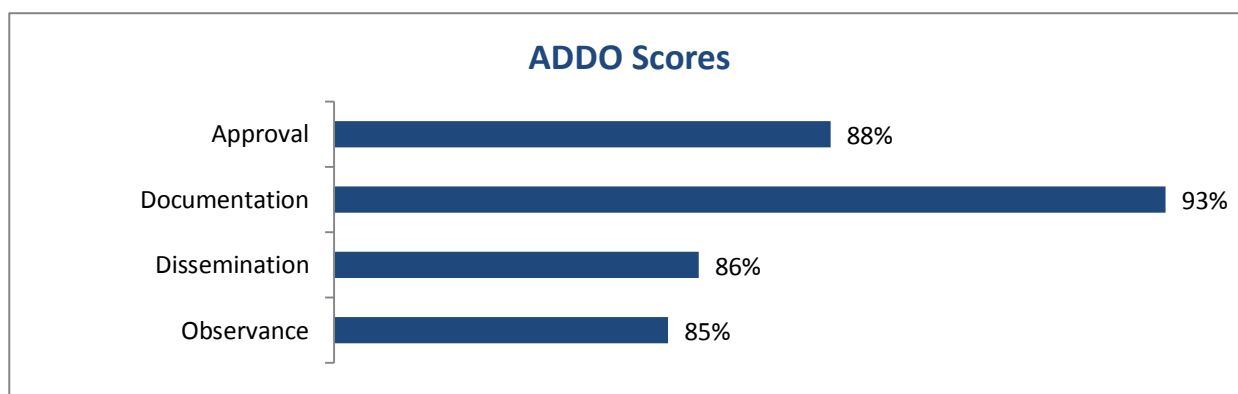
## Section 2: Code of Conduct Assessment

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



### SCORES ON PARAMETERS

Code of Conduct Parameters	Code	% Performance
Sensitive	SEN	98%
Integrity and Ethical Behavior	IEB	84%
Transparency	TRP	86%
Client Protection	CLP	89%
Governance	GOV	84%
Recruitment	REC	92%
Client Education	CLE	89%
Feedback & Grievance Redressal	FGR	80%
Data Sharing	DSR	92%



VCCL 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 Vedika Credit Capital Limited (VCCL) 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 VCCL 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 VCCLs adherence towards ethical operational practices.

## Strengths and weaknesses pertaining to Code of Conduct

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Board approved policies, compliant with the RBI guidelines.</li> <li>• Code of Conduct framed as per the VCCL mission, vision, values and displayed in all branch offices &amp; HO.</li> <li>• Membership with MFIN and Sa-Dhan.</li> <li>• Board with rich experience from Banking and finance background.</li> <li>• Experienced and qualified management with more than a decade of experience in MFI industry.</li> <li>• Credit policies are well established documented and communicated.</li> <li>• Adequate loan appraisal &amp; monitoring systems.</li> <li>• High standard of governance and integrity by inducting persons with good and sound reputation in the industry and understanding of microfinance industry.</li> <li>• Compulsory training on products terms and conditions to client prior to every loan.</li> <li>• Compulsory check on over indebtedness of every borrower.</li> <li>• Efficient systems and strong internal audit team to check misappropriations and regular monitoring of compliance.</li> <li>• Toll Free helpline number for client feedback/grievance.</li> <li>• Data sharing with credit bureau (Equifax, CIBIL, Experian and High Mark).</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness among client on interest rate, insurance claim settlements and SRO Grievance Redressal mechanism was found to be moderate to low in the visited branches.</li> <li>• Code of conduct compliance report of last financial year of VCCL is not available in the company website.</li> <li>• In the visited branches, the contact number and address of SRO nodal official (as applicable), was not displayed.</li> </ul>

## Significant Observations

<b>HIGHER ORDER INDICATORS</b>	
<p><b>Integrity and Ethical Behaviour</b></p>	<ul style="list-style-type: none"> <li>• The MFI does have the policy to place reports on COC compliance before the board at the end of every financial year.</li> <li>• The audit committee of the Board reviews the adequacy of audit staff strength and scope of Internal Audit.</li> <li>• Board has approved a policy of recovering delinquent loans.</li> <li>• MFI prepares monthly reports about the number, nature and resolution of grievances and feedback received for management review and same is presented to Grievance Redressal committee set up at board level.</li> <li>• 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; however the same is not documented in the HR manual.</li> <li>• In all the branches visited, the contact number and address of Sa-Dhan/MFIN nodal official was not displayed.</li> <li>• Awareness among client on interest rate and insurance claim settlements was found to be moderate to high in the visited branches.</li> <li>• The MFI have the policy to place reports on COC compliance before the board.</li> <li>• Fixed Component compensation of staff is not impacted in event of overdues. VCCL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients.</li> </ul>
<p><b>Sensitive Indicators</b></p>	<ul style="list-style-type: none"> <li>• Clients interviewed were moderately aware of the charges and price for all services availed.</li> <li>• Awareness among the staff on RBI guidelines was found to be moderate.</li> <li>• There are no adverse observations in the Auditor's report regarding accounting standards followed by the MFI.</li> <li>• VCCL shares accurate data with all credit bureaus on a frequency prescribed by SRO.</li> <li>• VCCL 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. The organization also has a well-documented policy on pre-payments.</li> <li>• The MFI gets an external CA agency to certify its compliance with RBI's directions for NBFC-MFIs.</li> </ul>

<b>BUILDING BLOCKS</b>	
<b>Transparency</b>	<ul style="list-style-type: none"> <li>• Awareness among the staff on RBI guidelines was found to be moderate.</li> <li>• VCCL has documented the pricing of its loan products in its operational manual. In the branches visited loan documents had been maintained in local languages.</li> <li>• Circulars with the most recent directions were available in the visited branches.</li> <li>• VCCL's in its fair practices code provides importance for transparency in pricing and clear communication to the clients.</li> <li>• The loan interest rate and processing fees is mentioned on the loan passbook provided to the client.</li> <li>• Clients interviewed were moderately aware of the charges and price for all services availed.</li> <li>• Audit committee verifies through the audit reports whether all clients have received the necessary loan documents.</li> <li>• VCCL displays the details of the loan products including their interest rates and client grievance redressal system on its website.</li> <li>• VCCL enters into loan agreement with the clients with all the terms and conditions.</li> <li>• Previous financial year annual financial statement and report is not available in the public domain. Code of conduct compliance report of last financial year of VCCL is not available in the company website.</li> </ul>
<b>Client Protection</b>	<ul style="list-style-type: none"> <li>• VCCL has a board-approved policy regarding client data security.</li> <li>• Employees are trained on aspects of appropriate behavior with the clients.</li> <li>• VCCL has documented policy on client data security which forms part of its fair practice code.</li> <li>• VCCL has framed a Fair Practice Code and has also adopted the RBI fair practices code.</li> <li>• Employees are trained on aspects of appropriate behavior with the clients.</li> <li>• Staffs were found to be aware of the need to have professional conduct with the clients.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• VCCL maintains high standards of governance by inducting persons with good and sound reputation as members of Board of Directors/Governing body.</li> <li>• VCCL has 1/3rd of independent persons in its Governing Board, and the Board is actively involved in all policy formulations and other important decisions.</li> <li>• VCCL discloses its MD's compensation in its audited reports</li> </ul>

	<p>(Ref. Audit Report 2019).</p> <ul style="list-style-type: none"> <li>• An audit committee of the Board with an independent director as chairperson.</li> <li>• The MFI has got its accounts audited in a timely manner after the end of the most recent financial year.</li> <li>• No adverse observations in the Auditor's report regarding accounting standards followed by the MFI.</li> <li>• Action taken report based on the last audit report was available in the branches visited.</li> <li>• Staff satisfaction related to compensation and incentive is covered under scope of Internal Audit.</li> </ul>
<p><b>Recruitment</b></p>	<ul style="list-style-type: none"> <li>• VCCL's board has reviewed its recruitment policies at least once annually.</li> <li>• The MFI has a defined and documented process for responding to reference check requests.</li> <li>• There is documentary evidence to suggest that MFI has honored the notice period for all employees who have left it.</li> <li>• MFI obtain NOC or relieving letter from the previous employee, in case employees are recruited from other MFIs.</li> <li>• 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; however the same is not documented in the HR manual.</li> </ul>
<p><b>Client Education</b></p>	<ul style="list-style-type: none"> <li>• VCCL in its fair practices code provides importance for raising clients' awareness of the options, choices and responsibilities regarding financial products and services</li> <li>• VCCL does not charge clients for the trainings provided to clients by itself or through a related party.</li> <li>• Awareness among client on annualized Interest rate &amp; Insurance claim settlement process was found to be moderate to low.</li> </ul>
<p><b>Feedback and Grievance Redressal</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• VCCL has a policy on time frame and process for client's complaint resolution.</li> <li>• Clients were found to be aware of the helpline number.</li> <li>• Feedback mechanisms are regularly tracked and monitored.</li> <li>• In the branches visited, the contact number and address of Sa-Dhan/MFIN nodal official was not displayed.</li> </ul>

	<ul style="list-style-type: none"> <li>• Complaints lodged through helpline at H.O and branches are documented and resolved.</li> <li>• Awareness among client and staff on MFIN grievance Redressal mechanism was found to be moderate to high.</li> <li>• Dedicated team at HO level to document and follow up on the client complaints.</li> </ul>
<b>Data Sharing</b>	<ul style="list-style-type: none"> <li>• Operational data for FY 2019 is available on the website of VCCL.</li> <li>• MFI has a well-defined process for sharing data with the credit bureaus.</li> <li>• MFI has provided data called for by SROs and RBI as and when required as per compliance.</li> <li>• VCCL shares accurate data with all credit bureaus on a frequency prescribed by SROs.</li> <li>• VCCL performs compulsory credit bureau checks for all its clients.</li> </ul>

# 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.

<b>Highest Order</b>	
Sensitive Indicators	
<b>Higher Order</b>	
Integrity & Ethical Behaviour	
<b>Building Blocks</b>	
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
<b>Total</b>	<b>250</b>

## 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 branches 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 eighteen branches of the MFI. The details of the branches visited are provided below.

Sr No	Branch	State	No of clients interviewed
1	Ramgarh	Jharkhand	22
2	Hazaribagh	Jharkhand	25
3	Hatia	Jharkhand	19
4	Kokar	Jharkhand	20
5	Kanke	Jharkhand	18
6	Barrackpore	West Bengal	23
7	Dunlop	West Bengal	19
8	Baguiati	West Bengal	26
<b>Total</b>			<b>172</b>

## Financials

### Profit & Loss Account (Rs. In Thousands)

Period	FY 2017	FY 2018	FY 2019
Months	12	12	12
<b>Financial revenue from operations</b>	<b>4,85,848</b>	<b>8,47,922</b>	<b>11,08,759</b>
Less - Financial expenses from operations	2,96,905	4,88,099	6,12,379
<b>Gross financial margin</b>	<b>1,88,943</b>	<b>3,59,823</b>	<b>4,96,380</b>
Provision for Loan Loss / Write off	20129	49915	36008
<b>Net financial margin</b>	<b>1,68,814</b>	<b>3,09,908</b>	<b>4,60,372</b>
<b>Operating expenses</b>			
Personnel Expense	81,420	1,29,745	2,46,301
Depreciation and Amortization Expense	2,435	3,277	5,749
Other Administrative Expense	41467	92678	110222
<b>Net operating income</b>	<b>43,492</b>	<b>84,208</b>	<b>98,101</b>
Current Tax	16,737	32,632	34,515
Deffered Tax charge/(credit)	(7411)	(3631)	(5359)
<b>Net Profit After Tax</b>	<b>34,166</b>	<b>55,207</b>	<b>68,945</b>

*Above financials are audited*

## Balance Sheet (Rs in Thousands)

As on date	31/Mar/2017	31/Mar/2018	31/Mar/2019
<b>SOURCES OF FUNDS</b>			
<b><u>Capital</u></b>			
Equity Capital			
Reserves & Surplus	1,77,227	2,08,434	2,70,899
<b>Total Equity</b>	<b>1,80,769</b>	<b>2,84,587</b>	<b>4,32,773</b>
	<b>3,57,996</b>	<b>4,93,021</b>	<b>7,03,672</b>
<b><u>Liabilities</u></b>			
<b><u>Short-Term Liabilities</u></b>			
Account payable & Other short-term liabilities	13,28,408	18,96,800	24,85,257
<b>Total Short-Term Liabilities</b>	<b>13,28,408</b>	<b>18,96,800</b>	<b>24,85,257</b>
<b><u>Long-Term Liabilities</u></b>			
<b><u>Long-Term Borrowings</u></b>			
Commercial Loans from banks/FI	736361	1333726	1745266
Subordinated Debt	100000	300000	300000
<b>Total Long-Term Borrowings</b>	<b>8,36,361</b>	<b>16,33,726</b>	<b>20,45,266</b>
<b>Total Other Liabilities</b>	<b>21,64,769</b>	<b>35,30,528</b>	<b>45,30,523</b>
Provisions	45,329	52651	76,062
<b>TOTAL LIABILITIES</b>	<b>25,68,094</b>	<b>40,76,198</b>	<b>53,10,257</b>

As on date	31/Mar/2017	31/Mar/2018	31/Mar/2019
<b>APPLICATION OF FUNDS</b>			
<b><u>Fixed Assets</u></b>			
<b>Gross Block</b>	<b>21511</b>	<b>35269</b>	<b>48666</b>
Less: Accumulated Depreciation	11345	14622	20371
<b>Net Block</b>	<b>10166</b>	<b>20647</b>	<b>28295</b>
Cash and Bank Balances	104516	99132	397171
Security Deposits	314095	663513	943306
<b><u>Loan Portfolio</u></b>			
<b>Net Loan Portfolio</b>	<b>2109544</b>	<b>3206732</b>	<b>3467356</b>
Accounts Receivable And Other Assets	23179	75953	458548
Deferred Tax Asset	6594	10221	15581
<b>TOTAL ASSETS</b>	<b>25,68,094</b>	<b>40,76,198</b>	<b>53,10,257</b>

## Financial Ratios

<b>Financial Ratios</b>	<b>31/Mar/2017</b>	<b>31/Mar/2018</b>	<b>31/Mar/2019</b>
	<b>12</b>	<b>12</b>	<b>12</b>
<b><u>Capital Adequacy Ratio</u></b>			
Capital Adequacy Ratio (%)	22.37	24.90	22.00
<b><u>Productivity/Efficiency Ratios</u></b>			
No. of Active Borrowers Per Staff Member	51	49	177
No. of Active Borrowers per field executives	60	57	199
No. of members per Branch	1863	2132	1198
Gross Portfolio o/s per field executive (in thousands)	5,943	5,678	3,280
Average Outstanding Balance per client (in Rs)	17,705	15,667	16,515
Cost per Active client	3,713	3,732	4,794
<b><u>Asset/Liability Management</u></b>			
Cost of funds ratio	14.07	15.22	14.27
Yield on Portfolio(nominal)	23.03	29.99	30.83
<b><u>Profitability / Sustainability Ratios</u></b>			
Operational Self Sufficiency (%)	109.83	111.03	109.71
Operating Expense Ratio (OER) (%)	5.83	6.94	6.33
Return on Assets (RoA) (%)	1.95	2.08	1.99
Portfolio at Risk (>30 days) (%)	1.93	6.13	3.12
Return on Equity (RoE) (%)	12.21	13.31	10.23
<b><u>Leverage Ratios</u></b>			
Total Outside Liabilities to Tangible Networth Ratio (Times)	6.05	7.16	6.44
Debt/Equity Ratio (Times)	5.76	7.13	6.32



## About SMERA

SMERA is a division of Acuité Ratings & Research Limited dedicated to providing SME Ratings & Grading services to MSMEs. SMERA began its operations in year 2005 as SME Rating Agency of India Limited, 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. SMERA is empanelled for 'Performance & Credit Rating Scheme for Micro & Small Enterprises' of the Ministry of MSME, Government of India, administered by the National Small Industries Corporation (NSIC). Acuité Ratings & Research Limited is registered with the Securities and Exchange Board of India (SEBI) as a Credit Rating Agency and is accredited by Reserve Bank of India (RBI) as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings.

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