



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)*

Comprehensive Grading

Sambandh Finserve Private Limited



To verify the grading, please scan the QR Code

Date of Report:

25th February, 2019

Valid Till:

24th February, 2020

SMERA's MFI 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

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

Grading Rationale

Microfinance Capacity Assessment Grade	VCCL 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	VCCL 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**.*

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

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Historical Rating Grades

Date	Rating Agency	Rating/Grading
24-Nov-2018	SMERA	M2
23-Mar-2018	SMERA Ratings Limited	M2C2
31-Oct-2017	SMERA Ratings Limited	M2
29-Mar-2017	SMERA Ratings Limited	M3C3
30-Sep-2016	SMERA Ratings Limited	MF3

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SMERA's MFI Grading Scale

Grading Scale	Definitions
M1	MFIs with this grade are considered to have highest capacity to manage their microfinance operations in a sustainable manner.
M2	MFIs with this grade are considered to have high capacity to manage their microfinance operations in a sustainable manner.
M3	MFIs with this grade are considered to have above average capacity to manage their microfinance operations in a sustainable manner.
M4	MFIs with this grade are considered to have average capacity to manage their microfinance operations in a sustainable manner
M5	MFIs with this grade are considered to have inadequate capacity to manage their microfinance operations in a sustainable manner.
M6	MFIs with this grade are considered to have low capacity to manage their microfinance operations in a sustainable manner.
M7	MFIs with this grade are considered to have very low capacity to manage their microfinance operations in a sustainable manner.
M8	MFIs with this grade are considered to have lowest 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 excellent performance on Code of Conduct dimensions
C2	MFIs with this grade have good performance on Code of Conduct dimensions
C3	MFIs with this grade have average performance on Code of Conduct dimensions
C4	MFIs with this grade have weak performance on Code of Conduct dimensions
C5	MFIs with this grade have weakest performance on Code of Conduct dimensions



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Company Profile

Name of the MFI	Sambandh Finserve Private Limited	
Operational Head – Microfinance Business	Name	Mr. Manoj Felix Ekka
	Designation	Head-Operations
	Mobile No.	7077717501
	Email ID	manojfelix.ekka@sambandhfin.com
	Date of Joining	26 th July, 2006
Date of Incorporation/Establishment	3 rd July, 1996	
Date of commencement of microfinance business	2 nd October, 2006	
Legal Status	NBFC-MFI	
Business of the company	Microfinance Services Under Joint Liability Group (JLG) Model	
Correspondence Address	Sambandh Finserve Pvt. Ltd. Odisha State Office, 2 nd Floor, Plot No- 216, District Center, Chandrasekharapur, Bhubaneswar-751016, Odisha India	
Geographical Reach (As on 31/Dec/2018)	No. of States	3
	No. of Districts	24
	No. of Branches	62
	No. of Active Borrowers	1,58,828
	No. of Total Employees	541
	No. of Field/Credit Officers	249

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)
Saral	JLG	10,000 - 50,000	24.53	1.00	25.53
Suvidha (IDBI Bank)	SHG	10,000 - 40,000	23.00	1.00	24.00
Suvidha (Yes Bank)	JLG	12,000 - 36,000	24.00	1.00	25.00
Samrudhhi (Reliance Commercial LTD)	JLG	15,000 - 35,000	26.00	1.00	27.00
Watsan	Individual-Sanitation	15,000 - 20,000	21.00	1.00	22.00
Energy Loan	Individual	2,399 and 3,199	17.00	1.00	18.00
Boon box	Individual	As per the Product Price	25.35	1.00	26.35
Sugriha- HIL	Individual	50,000 - 100,000	24.00	1.00	25.00



Capital Structure as of 31/Dec/2018

Authorized Capital	42.00 crore
Paid Up Capital	24.60 crore

Shareholding Pattern as of 31/Dec/2018

EQUITY SHARES	
Shareholders	% Holding
Deepak Kindo	17.43
Livinus Kindo	7.50
M.M. Kindo	7.32
Dibya Lochan Jena	11.19
Friends Of Sambandh Trust	18.37
Base Of Pyramid Asia	24.07
Dia Vikas Capital Pvt. Ltd.	14.11
Small Industries Development Bank Of India	17.43
Total	100.00
COMPULSORILY CONVERTIBLE PREFERENCE SHARES (CCPS)	
Shareholders	% Holding
Scient Capital Private Limited (Compulsorily Redeemable Convertible Preference Shares)	100.00
Total	100.00

Board of Directors/Promoters Profile

Name	Position	Qualification	Brief Profile
Mr. Livinus Kindo	Chairman	M.A. Economics, M. Phil.	Mr. Livinus Kindo is a retired IAS officer of 1973 batch, Orissa cadre. His final posting before retirement was in capacity of Member Board of Revenue (Chief Secretary Rank), Orissa. Mr. Kindo is an Economics Post Graduate (Gold Medalist) and has done his M.Phil from Glasgow University, U.K. Mr. Kindo is the founder of Regional Rural Development Centre, Rajgangpur and carries a wide exposure in the area of cooperative banks and societies in Orissa. He has varied publications to his credit covering areas such as 'Tribal Economy' & 'Credit Delinquency in India'. He is one of the promoters of Sambandh in capacity of Chairman and has been a constant source of support for the growth of the institution.
Mr. Deepak Kindo	M.D. & C.E.O.	M.B.A.(P.G.D.F.M.)	Mr. Deepak Kindo is the founder of Sambandh, and is an experienced professional in MFI sector. He is a Post Graduate from Indian Institute of Forest Management, Bhopal and has worked for a brief stint with 'Friends of Women's World Banking of India'. Mr. Deepak has attended numerous microfinance training programs at national and international level in addition to getting exposed to operational aspects of Micro finance institutions located in Asia Pacific and North America. Prior to Sambandh, Mr. Kindo was in Board of Adhikar Micro Finance Pvt. Ltd. An MFI based out of Odisha. In capacity of MD & CEO Mr. Deepak Kindo is committed to take Sambandh to greater heights.

Name	Position	Qualification	Brief Profile
Mr. Saurabh Baroi	Nominee Director	P.G.D.R.M.	Mr. Baroi, at present is General Manager in Dia Vikas Capital Pvt Ltd. A Post Graduate in Rural Management with expertise in areas including Institutional Development, Partnership Management, Mentoring, Technical Capacity Building, Legal Transformation & Due Diligence of MFIs. Prior to joining Dia Vikas Capital, he has worked with both national and international agencies such as CARE India, Access Development Services & CAPART.
Mr. Santanu Sarma Barua	Nominee Director	M.B.A. (Finance), P.G- Economics	A Post Graduate in Economics from Delhi School of Economics with an M.B.A. (Finance) from NMIMS University, Mumbai, Shri Santanu Sarma Barua has over 20 years of work experience in financial industry encompassing commercial banking, housing finance and development banking. Shri Barua is a Certified Associate of Indian Institute of Banking & Finance (CAIIB), an accredited Financing Risk Manager (FRM) from Global Association of Risk Professional (GARP) and CFA charter holder from the CFA Institute, USA. Shri Barua is presently Deputy General Manager in SIDBI MSME International Training Institute (SITI) at Bhubaneswar. During his career with SIDBI, he has worked in Treasury Mid-Office, Market Risk, Resource mobilization areas at its Mumbai corporate office apart from various branch offices of SIDBI across the country. He has an in-depth knowledge of market risk assessment with regard to financial industry as well as sound understanding of Economics underpinnings of risk analytics involved with the Asset Liability Management function of SIDBI and was also actively involved in operationalizing the Oracle software for ALM.

Name	Position	Qualification	Brief Profile
Ms. DeSilva Niroshani Sawanawadu	Nominee Director	M.B.A. (I.T.)	With an original background as an IT professional and initial career in IT Management, Ms. Niroshani has been involved in the microfinance field focusing on IT and MIS implementation since 2007. She has developed a strong operational track record in the microfinance industry and recently she has been responsible for building one of the leading microfinance companies in Myanmar – from greenfield to sustainable operation within a short time span of 2 years. Niroshani is also a CGAP certified trainer and have obtained experience in Social Performance Management through several social audits of MFIs in Africa and Asia during her time with EDA Rural Systems (India).
Mr. Kuchibhatla Prasad	Independent Director	M.Sc., C.A.I.I.B	Mr. Prasad has a wide experience of 33 years with Reserve Bank of India in various capacities with Chief General Manager, RBI as his last position held. His experience covers the areas of Supervision and Examination of Non-Banking Financial Institutions & Banks including the Developmental Financial Institutions. Before joining RBI, functioned as Senior Breeder with USAID and Rockefeller Foundations in developing disease resistant and high yielding Rice Varieties at Hyderabad with All India Coordinated Rice Improvement Project for four years.
Prof. Prabal Kumar Sen	Independent Director	M.A. (Economics)	Mr. Sen, at present, is a retired professor from XLRI and has served the Institute of Rural Management Anand (IRMA) as Bank of Baroda Chair Professor from November 2001 to March 2007. He had earlier taught at the Post Graduate Department of Economics in Burdwan University and served a public sector bank for over two decades occupying senior positions in areas related to economic research, general management and rural credit policy planning and operations. He has carried out several studies on rural credit and development, published a number of papers on related subjects and offered consultancy services, among others, to the Ministry of Rural

			Development, Government of India and the SIDBI Foundation for Micro Credit. Besides being the Prof. at IRMA for Macroeconomics and Rural Finance related courses, Coordinator Entrepreneur Development cell.
Mr. Vinod Kumar Jha	Independent Director	B.SC.	Shri. Vinod K Jha, is an experienced professional providing strategic business advisory solutions in the areas of finance, marketing and business development. A Science Graduate from Mumbai University, he has rich and varied experience in this field for the past 16 years. He is also closely associated with premier organisations like Carbon Minus India in the area of renewable energy and environment protection and is a supporter and advisory for championing the vision of “Zero defect-zero effect” of our Prime Minister. He also has a presence in the socio-economic space and has worked with MFIs including C-DOT, Bihar and has helped them with their strategic and sustainable growth. His core skill areas include Institutional Development, Strategic Ideation, Mentoring and Incubation in New Realms.

Management's Profile

Name	Position	Qualification	Brief Profile
Mr. Deepak Kindo	M.D. & C.E.O.	M.B.A.(P.G.D.F.M.)	Mr. Deepak Kindo is the Co-Founder and Managing Director of SFPL and has extensive experience in the microfinance sector. He is an M.B.A. from Indian Institute of Forest Management and has attended numerous courses and training in Rural Finance, Management, and Strategy etc. He has also earned a Certificate in microfinance from the Boulder Institute of Microfinance, USA and recently has been selected to participate in the Harvard Business School – Accion Program on “Strategic Leadership on Inclusive Finance, Boston, USA.
Mr. James Raj	Chief Financial Officer	B.Com.(Hons), M.Com., P.G.D.B.M.(L.I.B.A.)	Mr. James Raj is an M.B.A. in Finance from the Loyola Institute of Business administration, Chennai. He has varied experience in the retail consumer finance industry relating to personal loans, mortgage and insurance with various capacities in sales, credit and branch operations. He also has prior experience in logistics and accounting. Apart from domain expertise he has considerable experience in delivering trainings on development on soft skills. .
Mr. Sanjib Puhan	Head-Corporate Strategy	M.B.A., M.Com, L.L.B.	Mr. Sanjib Puhan is an MBA from Utkal University and a LLB graduate and also has done his M.Com (Finance & Management) from Utkal University. He has a rich experience of 22 years and has been working at key strategic positions in his vast career span with organisations like Accion, ICICI bank, CARE India and NABARD. Mr. Puhan is instrumental in designing key strategies for way forward in

			the organisation.
Mr. Dhiraj Sinha	Head – I.T.	M.A, Micro Insurance	Mr. Dhiraj Sinha has a rich and vast experience of almost two decades working in the corporate and not for profit sector and has been a part of the microfinance and banking domain for the last twelve years. Mr. Sinha has been instrumental in managing the IT and non –IT projects in and around Asian and African countries in the domains of retail banking, CBS, internet banking and Anti Money Laundering. His prior experiences in IT management and implementation are helping Sambandh automate critical and non-critical IT & MIS processes at Sambandh.
Mr. Manoj Kumar Ekka	Head- Credit	M.Sc. (Comp. Sc.)	Mr. Manoj Kumar Ekka has done his Masters in Computer Science from Utkal University, Odisha. He commands extensive knowledge and vast experience in the microfinance operations. He is in-charge of Field Operations at SFPL. He is responsible for adding value to the organization by playing a critical role in ensuring effective execution of the core operational duties.
Mr. Arjun Pagal	Manager- Corporate Communication	P.G.D.M.N.	Mr. Arjun Pagal holds a PGDMN from EDII Ahmedabad, Gujarat. He has about 10 years of experience in PR, developing communication materials, creative design, social marketing and event promotional activities in the areas of Financial Inclusion, Financial Literacy, SHG Banking and Microfinance. Along with the excellent skills that he possesses, he has also demonstrated his expertise in documentation & content development while working with a variety of organizations that supports the widening outreach of financial inclusion in

			the country. He is currently looking after the overall communication & branding initiatives of Sambandh.
Mr. Krishna Chandra Mohanta	Company Secretary	B.Sc., C.S, LLB	Mr. Krishna Chandra Mohanta is a Company Secretary and LLB graduate and holds proficiency in areas of Legal and Secretarial Compliance and also a part of the risk management team of the company. He has a rich experience of more than 7 years and has worked with different companies over the years and brings in commendable experience.
Mr. Manoj Felix Ekka	Dy. Chief Manager, Operation	M.Sc., M.Phil. (Mathemati cs)	Mr. Manoj Felix Ekka is an M.Phil. in Mathematics from Sambalpur University, Odisha. He has a wealth of academic experience working as a lecturer of Mathematics in one of the Colleges in Sundargarh District of Odisha. He joined SFPL since its inception and acquired hands-on experience working at the grass-root level. He has strong communication and people management skills and this has helped SFPL in policy formulation and in team building.
Mr. Rohit Emanuel Kujur	Dy. Manager, SPM & PE	M.S.W. (HR)	Mr. Kujur is a Masters in Social Work specializing in Labour Welfare & HR. He has worked as an Asst. Professor and has an experience of totaling six years in varied functions across the organization. Presently, he is engaged in managing the SPM & PE team.

Mr. Felix Xess	Head -Operations	B. Com.	Mr. Felix Xess has expertise in Accounting with a Bachelor's Degree in Commerce. He has drawn rich experience from his past services in Christian Missionary organizations at Bangalore and Ranchi. He has extensive working experience in Tally and supervises the entire book-keeping and accounting processes at SFPL.
Mr. P Elias Lugun	Manager, Internal Audit & Control	M.B.A. (Marketing)	Mr. Elias Lugun is an MBA in Marketing from Sambalpur University, Odisha. He has been involved in the Field Operations in SFPL since its inception and has hands-on experience of the operations. At present he is the Head of Internal Audit and Control System and manages the compliance of policies and detection of frauds. He reports to the Audit Committee of the Board.
Ms. Rita Kiro	Manager, H.R.	M.B.A.(P.G.D.P.M.)	Ms. Kiro has 10 years of experience in Human Resource Management. Her last assignment was with a renowned Hotel Chain as a Human Resource Manager and was part of the pre-opening team. She has completed her PGDPM from Xavier Institute of Social Service. She has joined SFPL with focus to strengthen the SPM implementation and reporting to Board, Investors/Funders and Employees. Her current role involves heading the Human Resource Team in alignment with the strategic growth plans of the organisation.

Mr. Budhnath Oram	Dy. Manager, MIS	M.C.A.	Mr. Budhnath Oram has done his MCA from Utkal University, Odisha. He has extensive knowledge and experience in software development and implementation. He is in-charge of MIS at SFPL and has helped develop the Innovative Information System, currently being used in the organisation. He manages the Information Technology enhancement and implementation in the organization.
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Highlights of Microfinance Operations

Particulars	31/Mar/2016	31/Mar/2017	31/Mar/2018	31/Dec/2018
No. of States	3	3	3	3
No. of Districts	11	16	20	24
No. of Branches	22	30	48	62
No. of Active Members	85,253	1,20,844	1,86,360	217,523
No. of Active Borrowers	67,413	94,561	1,45,388	158,828
No. of Total Employees	242	341	451	541
No. of Field/Credit Officers	90	170	216	249
No. of JLGs	7,925	12,688	21,524	27,481
No. of Individual Loans	0	692	856	797
OWNED PORTFOLIO				
Particulars	31/Mar/2016	31/Mar/2017	31/Mar/2018	31/Dec/2018
Total loan disbursements during the year (in crore)	81.37	87.27	185.72	178.90
Total portfolio outstanding (in crore)	68.01	90.03	166.54	212.68
MANAGED/BC PORTFOLIO				
Particulars	31/Mar/2016	31/Mar/2017	31/Mar/2018	31/Dec/2018
Total loan disbursements during the year (in crore)	19.98	33.7	67.85	30.34
Total portfolio outstanding (in crore)	16.57	21.77	46.85	32.35
SECURITIZED & ASSIGNED PORTFOLIO				
Particulars	31/Mar/2016	31/Mar/2017	31/Mar/2018	31/Dec/2018
Total loan disbursements during the year (in crore)	13.75	11.14	24.70	0
Total portfolio outstanding (in crore)	12.32	18.47	23.16	12.89

Compliance with RBI's Directives for MFIs

RBI's Direction	Company Status	Compliance
85% of total assets to be in the nature of qualifying assets	Qualifying assets forms 93.24 % of total assets as on 31/Dec/2018.	Complied
Net worth to be in excess of Rs 5 Crore	Net Owned Funds stood at Rs. 33.60 crore as on 31/Dec/2018.	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	SFPL extends loans to borrowers whose income does not exceed Rs.1,00,000 in the rural areas and Rs.1,60,000 in the urban areas	Complied
Loans size not to exceed Rs 60,000 in first cycle and Rs 100,000 in subsequent cycles	SFPL offers loan in the range of Rs 10,000 to Rs 50,000 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)	SFPL conducts credit bureau check on the loans outstanding from other MFIs. The company ensures the total indebtedness of the borrower does not exceed Rs.1,00,000.	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 in range of 17.00% to 24.53% 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	SFPL verifies the same through credit check from credit bureaus	Complied

RBI's Direction	Company Status	Compliance
Loan pricing to include processing fee (not exceeding 1% of the loan amount)	SFPL is charging processing fee of 1.00% on the disbursed loan amount plus applicable service tax.	Complied
Collateral free loans	SFPL does not accept any Collateral for extending the credit.	Complied
MFIs shall not collect any Security Deposit / Margin from the borrower.	SFPL does not collect any security deposit / margin from the borrower.	Complied
No late payment or prepayment penalties	SFPL 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.	SFPL 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	SFPL provides more than 98.58 % of total loans for income generation activities as on 31 st December 2018.	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 SFPL stood at 23.57% as of 31 st December 2018 which complies with the minimum CRAR requirement of 15% for NBFC-MFIs as prescribed by RBI	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 installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments 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

- SMERA estimates the MFI sector to grow at a CAGR of 25%-30% and is expected to touch Rs. 180000 crore by the end of FY2019.
- MFIs have reported an increase of ~27% in total loan outstanding FY2018 as compared to FY2017. 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 and financial institutions. 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.
- 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, recent demonetization drive restrained MFIs disbursement and collection process which has moderated microfinance sector growth in FY2016-17 as compared to the previous year. Post demonetization Asset Quality has declined, however it has improved and Portfolio at Risk (PAR) > 30 stood at 2.4% in Q2 FY 18-19.

Long track record of operations and extensive industry experience of promoters

- Sambandh Finserve Private Limited (SFPL) was established in 1992 under the name of Regional Rural Development Centre (RRDC) with the objective of village and community development. RRDC started its microfinance operations on October 2, 2006 with its first disbursement in Sundargarh district of Odisha with support from FWWB under its project “Sambandh”.
- Later in October 2009, to expand its micro credit presence RRDC promoters acquired a Non-Banking Finance Company (NBFC) named Modline Buildcap Private Limited which was later renamed as Sambandh Finserve Private Limited (SFPL) on June 17, 2010.
- SFPL’s core management team and second line of management has an adequate understanding of MFI ecosystem with rich experience in banking, microfinance and social development. Mr. Deepak Kindo, Managing Director who previously worked with Friends of Women’s World Banking India (FWWB) has almost two decades of experience in field of micro finance.
- SFPL has eight-member on its board as on Dec 31, 2018 having extensive experience in the banking and finance segment. The board has two promoter directors, three independent directors and two nominee directors with banking & finance/microfinance expertise.

Diversified resource profile

- As on Dec 31, 2018, SFPL has developed funding relationships with 26 lenders (Five Banks & 21 NBFCs/FIs) however their resources profile continues to remain concentrated towards borrowings from NBFCs/FIs which stood at ~ 65% of total borrowings (outstanding debt) as on Feb 28, 2018. SFPL has been able to raise Tier-II capital (Subordinated Debt) from Capital First Limited and MAS Financial Services Ltd. The company also has Compulsorily Redeemable Convertible Preference Shares (CRCPS) from Scient Capital Private Limited.
- SFPL is presently working as a business correspondent with IDBI Bank and recently tied up with ESAF Small Finance Bank. The managed loan portfolio of the company stood at Rs.32.35 crore as on Dec 31, 2018. SFPL also has securitization of its portfolio with IFMR Capital Mosec Phaenna and IFMR Capital Mosec Enigma. The securitized portfolio stood at Rs. 12.89 crore as on Dec 31, 2018.
- The overall cost of funds (COF) for SFPL is relatively higher at 13.99% as on March 31, 2018 on account of majority of borrowings from NBFCs/FIs. The loans availed from NBFCs/FIs carry higher interest rate in the range of 14%-16% and hence the company has to explore its funding base majorly towards PSU Banks/Private Banks for reducing its cost of borrowing.

Adequate capitalisation and comfortable liquidity profile

- SFPL has an adequate capitalisation marked by capital adequacy ratio (CAR) of 23.57 per cent as on Dec 31, 2018 as against CAR of 17.60 per cent as on March 31, 2018. Total Equity of the company has increased to Rs.23.56 crore in FY2018, as compared to Rs.16.44 crore in the previous year on account of equity infusion and internal accruals. The NBFC-MFI capitalisation in relation to managed asset base has been comfortable on account of equity infusion and internal accruals at regular interval.
- SFPL 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. However regular flow of funds is critical to maintain the projected growth and the same would have a key bearing on its liquidity profile.

Moderate Geographical Concentration

- The company is exposed to moderate geographical concentration risk. As on Dec 31, 2018, SFPL's portfolio is concentrated in the state of Odisha accounting for ~ 80 percent, and ~ 20 percent in other two states i.e. Chhattisgarh and Jharkhand.

Name of the State	No. of Branches	No. of Borrowers	Portfolio o/s (in crore)	PAR % (>30 days)	% of Total Portfolio o/s
Odisha	49	134,908	208.32	0.13	80.77
Chhattisgarh	7	12,964	28.12	0.08	10.90
Jharkhand	6	10,956	21.48	0.42	8.33
Total	62	158,828	257.92	0.63	100.00

NOTE: State wise Portfolio outstanding is Rs.257.92 crore as on December 31, 2018, including Own portfolio of 212.68 crore, BC of Rs. 32.35 crore and securitized portfolio of Rs. 12.89 crore.

- The company is exposed to high level of political uncertainty in the state of Odisha where the company has majority of the microfinance operations. Any political intervention in the existing states would significantly affect the company's asset quality indicators. 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.

Sound asset quality

- SFPL has maintained sound asset quality with on-time repayment rate of 99.10% as on Dec 31, 2018.

Period	FY 2016	FY 2017	FY 2018	31-Dec-18
	Portfolio o/s	Portfolio o/s	Portfolio o/s	Portfolio o/s
	(in crore)	(in crore)	(in crore)	(in crore)
On-time	96.68	129.51	234.26	255.60
1-30 days	0.06	0.37	1.16	0.69
31-60 days	0.08	0.04	0.32	0.35
61-90 days	0.03	0.06	0.16	0.23
91-180 days	0.03	0.06	0.30	0.35
181-360 days	0.02	0.25	0.29	0.34
> 360 days	0.00	0.00	0.06	0.34
Write-off	0.04	0.06	0.04	0.00
Total	96.89	130.27	236.55	257.92

- The PAR 0-30 days stood at 0.27% as on Dec 31, 2018 as compared to 0.49% as on Mar 31, 2018. The PAR >30 days stood at 0.63% as on Dec 31, 2018 as compared to 0.48% as on Mar 31, 2017. Adequate credit appraisal processes, monitoring and risk management mechanisms have supported the company to keep asset quality indicators under control.

Income and Profitability

- The company reported a profit after tax of Rs. 2.68 Crore on total income of Rs. 40.29 Crore in FY2018 and a profit after tax of Rs. 1.49 Crore on total income of Rs 24.37 Crore in FY2017.
- As on Dec 31, 2018, the SFPL has an outstanding loan portfolio of Rs.257.92 crore (including BC and securitized portfolio) spread over 62 branches of 3 states with about 158,828 borrowers. The companies' portfolio outstanding witnessed a growth of ~9% as on Feb 28, 2018 over FY 2018. The Company's operating expense stood comfortable at 7.27% as on 31st March, 2018.

Adequate IT Systems and Audit Mechanism

- SFPL'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. It uses customized software "E- fimo" developed by Jayam Solutions Pvt Ltd., Hyderabad 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 Microfinance solution with automated Credit Bureau check, Automated Credit and Risk check,



De-Duplication Check, Matrix Based Loan Sanction, Strong BRS system, Hierarchywise Dash Board, Event based SMS and Email Alerts and other functionalities which would ease down operational processes.

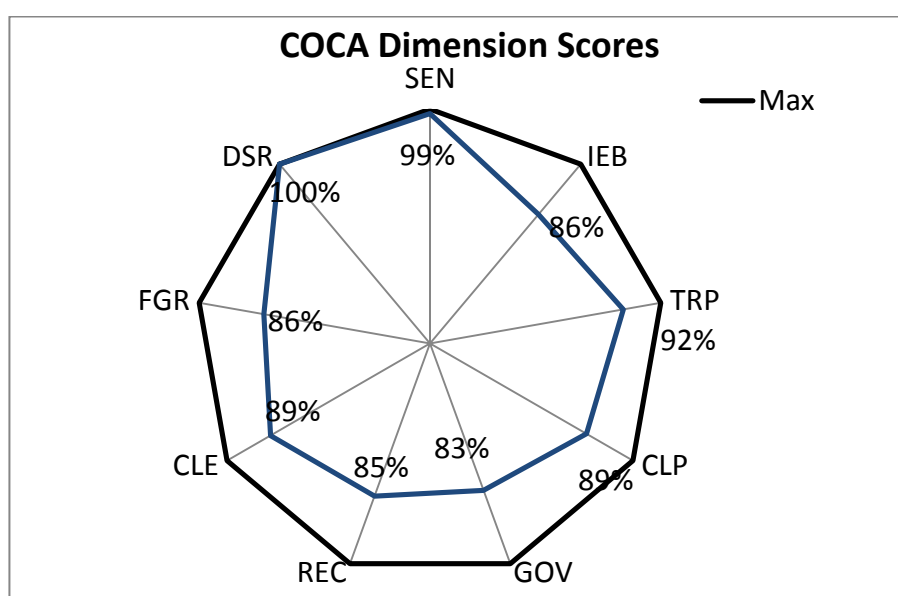
- The company is in process of implementing new ERP solution 'Perdix' powered by the Technology Inclusion Fund of SIDBI-PSIG. The use of new software would lead to reduction in the operating expenditure, better tracking system, field-force automation, elimination of paperwork, enhanced operational controls and overall increase in the efficiency in the operations.
- The company also has an internal audit team which undertakes branch and borrower audit once in three months.

Inherent risk prevalent in the microfinance sector

- SFPL's business risk profile is susceptible to regulatory and legislative risks, along with the inherent risk exist such as unsecured nature of lending, vulnerable customer profile, exposure to vagaries of political situation in states, and cash handling associated with the MFI sector.

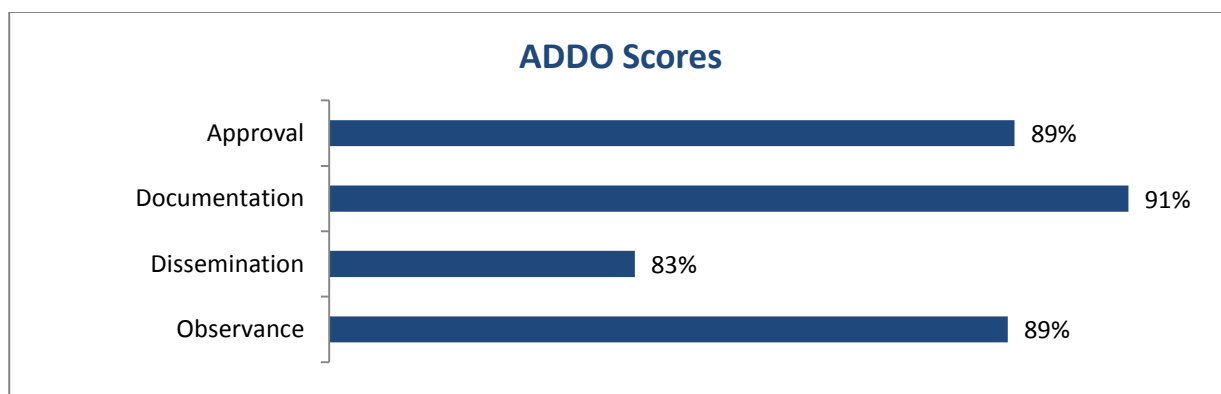
Section 2: Code of Conduct Assessment

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



SCORES ON PARAMETERS

Code of Conduct Parameters	Code	% Performance
Sensitive	SEN	99%
Integrity and Ethical Behavior	IEB	86%
Transparency	TRP	94%
Client Protection	CLP	89%
Governance	GOV	83%
Recruitment	REC	85%
Client Education	CLE	89%
Feedback & Grievance Redressal	FGR	86%
Data Sharing	DSR	100%



SFPL 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 SFPL 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 SFPL 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 SFPL'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 SFML mission, vision, values and displayed in all branch offices & HO. • Membership with MFIN. • 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"> • Awareness among client on SRO Grievance Redressal mechanism was found to be moderate in the visited branches. • Awareness to its clients/members pertaining to interest rate and insurance claim settlements found average. • The code of conduct compliance report of the MFI of previous year is not available in the public domain.

Significant Observations

HIGHER ORDER INDICATORS	
Integrity and Ethical Behaviour	<ul style="list-style-type: none"> • The MFI has the policy to place reports on COC compliance before the board. • Audit findings related to grievance and field audit are presented at board level. • Board has approved a policy of recovering delinquent loans. • Board approved policy on time frame and process for client's complaint resolution. • Framed client protection included policies on expected staff conduct with employees. • SFPL do not have a documented policy 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. • In all the branches visited, the contact number and address of SRO nodal official was properly displayed. • Staff compensation and incentive is not covered under scope of Internal Audit. • Awareness among client and staff on SRO Grievance Redressal mechanism was found to be moderate. • Fixed Component compensation of staff is not impacted in event of overdues. SFPL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients.
Sensitive Indicators	<ul style="list-style-type: none"> • In the sample of clients during COCA on the total indebtedness of borrower was within the prescribed limit stipulated by RBI. • Interactions with clients revealed that they had not been made to pay for a service or product as a precondition for loan. • Not a single instance was found where security deposit/collateral/blank cheques/stamp papers had been obtained from a client, whose loan has been classified as a microfinance loan. • Awareness to its clients/members pertaining to interest rate and insurance claim settlements found average. • SFPL provides acknowledgement and loan agreements to the clients. • SFPL provide repayment schedule to the clients including break-up of principle and interest. • Awareness among the staff on RBI compliance was found to be moderate. • There are no adverse observations in the Auditor's report regarding accounting standards followed by the MFI. • SFPL shares data with all credit bureaus prescribed by SRO. • SFPL 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. However the organization does not have a well-documented policy

	<p>on pre-payments.</p> <ul style="list-style-type: none"> • The MFI get an external CA agency to certify its compliance with RBI's directions in relation to margin for lending by MFIs to qualify as priority sector loans.
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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. • SFPL has documented the pricing of its loan products in its operational manual. In the branches visited loan documents had been maintained in local languages. • Circulars with the most recent directions are available in the visited branches. • SFPL, 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 provided to the client. • Clients interviewed were aware of the charges and price for all services availed. • Prepayment policy on loans is not documented. • SFPL do 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. However the organization does not have a well-documented policy on pre-payments. • SFPL does not issue sanction letters to the clients. However all terms and conditions of the loan including annualized interest rates are covered in the loan agreement provided to the client. • Previous financial year annual financial statement and report is available in the public domain. However the Code of conduct compliance report of SFPL is not available in its website. • SFPL provide repayment schedule to the clients including break-up of principle and interest.
Client Protection	<ul style="list-style-type: none"> • SFPL has a board-approved policy regarding client data security. • Employees are trained on aspects of appropriate behavior with the clients. • SFPL has documented policy on client data security which forms part of its fair practice code. • Framed client protection included policies on expected staff conduct with employees. • Staffs were found to be aware of the need to have professional conduct with the clients. • Internal Audit checklist should cover more aspects like awareness regarding Reserve Bank of India (RBI) compliance and Self-Regulatory Organization (SRO) among its staff members. • Awareness among the branch staff on RBI compliance was found to be moderate.

<p style="text-align: center;">Governance</p>	<ul style="list-style-type: none"> • SFPL has eight-member on its board as on Dec 31, 2018 having extensive experience in the banking and finance segment. • SFPL have disclosed its CEO compensation in its audited report FY2018. • Audit findings related to grievance and field audit are presented at board level. • The MFI does not have the policy to place reports on COC compliance before the board. However the same is reviewed by management level at regular interval. • The MFI has got its accounts audited in a timely manner after the end of the most relevant financial year. • No adverse observations in the Auditor's report regarding accounting standards followed by the MFI. • Action taken audit report not available at branch level. • Staff satisfaction related to compensation and incentive is not covered under scope of Internal Audit. • There is no reschedulement policy and procedure in SFPL as on date.
<p style="text-align: center;">Recruitment</p>	<ul style="list-style-type: none"> • SFPL'S Board has reviewed its recruitment policies at least once annually. • There is documentary evidence to suggest that MFI has honored the notice period for all employees who have left it. • MFI obtains NOC or relieving letter from the previous employee. As informed by the management that the MFI has not recruited any staff from another MFI in the past. However there is no back-ground check policy for the fresh employee joining the organization. • SFPL do not have a documented policy 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.
<p style="text-align: center;">Client Education</p>	<ul style="list-style-type: none"> • SFPL, in its fair practices code provides importance for raising clients' awareness of the options, choices and responsibilities regarding financial products and services. • SFPL does not charge clients for the trainings provided to clients, itself or through a related party. • Awareness to its clients/members pertaining to interest rate and insurance claim settlements found average.
<p style="text-align: center;">Feedback and Grievance Redressal</p>	<ul style="list-style-type: none"> • 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. • SFPL has a policy on time frame and process for client's complaint resolution. • Clients were found to be moderately aware of the helpline number. • In all the branches visited, the contact number and address of SRO nodal official was properly displayed. • The company maintains a record of the action taken and complaints resolved. • Awareness among client and staff on SRO Grievance Redressal

	<p>mechanism was found to be moderate.</p> <ul style="list-style-type: none"> • A Complaint Register is maintained at visited Branches and all complaints received are recorded with resolution. • SFPL prepares monthly reports about the number, nature and resolution of grievances and feedback received for management review.
Data Sharing	<ul style="list-style-type: none"> • SFPL share data with all the Credit Bureaus prescribed by SRO. • Financial data and operational data of SFPL is available on the website of SFPL. • SFPL has provided data called for by RBI and SRO.

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

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 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, SMERA visited following branches of the MFI. The details of the branches visited are provided below.

Sr. No.	Branch	State	No of clients interviewed
1	Rourkela 1	Odisha	19
2	Rourkela 2	Odisha	18
3	Rourkela 3	Odisha	19
4	Rajgangpur 1	Odisha	21
5	Rajgangpur 2	Odisha	18
6	Bijupada	Jharkhand	25
7	Ramgarh	Jharkhand	15
8	Ranchi	Jharkhand	18
Total			153

Financials

Profit & Loss Account (Rs. In Thousands)

Period	FY 2016	FY 2017	FY 2018
Months	12	12	12
Financial revenue from operations	1,72,241	2,43,661	4,02,859
Interest and fee revenue from microfinance loans	1,44,634	1,95,240	3,36,410
BC Commission	0	21,226	29,745
Other Operating Revenue	27,607	27,195	36,704
Financial expenses from operations			
Interest and Fee Expense on Borrowings	99,484	1,38,400	2,38,624
Other financial expenses related to financial services	1,735	1,669	2,517
Gross financial margin	71,022	1,03,592	1,61,718
Provision for Loan Loss / Write off	3,456	2,805	8,099
Net financial margin	67,566	1,00,787	1,53,619
Operating expenses			
Personnel Expense	28,840	47,763	71,284
Depreciation and Amortization Expense	4,025	2,648	3,585
Other Administrative Expense	17,770	29,430	43,408
Net operating income	16,931	20,946	35,342
Non-Operating Revenue (h)	346	606	749
Current Tax	6,282	7,104	9,509
Deffered Tax charge/(credit)	0	(444)	(215)
Net Profit After Tax	10,995	14,892	26,797

Above financials are taken from audited financials of the company as provided by the management.

Balance Sheet (Rs. In Thousands)

As on date	31-Mar-16	31-Mar-17	31-Mar-18
	audited	audited	audited
SOURCES OF FUNDS			
Shareholders' Funds			
Capital			
Equity Capital	1,18,057	1,33,014	1,69,970
Retained earnings			
Prior Years	2,609	4,808	7,786
Current Year	2,199	2,979	5,360
Reserves & Surplus	9,485	18,150	36,477
Security Premium	2,943	5,485	15,994
Total Capital	1,35,293	1,64,436	2,35,587
Liabilities			
Short-term liabilities			
Short-term borrowings			
Commercial Loans from banks/FI	4,82,395	7,20,624	11,53,731
Concessional Loan/Subordinated Debt	28,383	0	0
Interest payable on funding liabilities	4,687	3,699	5,877
Account payable & Other short-term liabilities	4,333	7,226	17,131
Total Short-term liabilities	5,19,798	7,31,549	11,76,739
Long-term liabilities			
Long-term borrowings			
Commercial Loans from banks/FI	2,49,376	4,43,967	10,18,078
Concessional Loan/Subordinated Debt	0	30,000	80,000
Total Other Liabilities	7,69,174	12,05,516	22,74,817
Provision for Standard Assets	6,801	9,003	16,668
Other Provisions	12,481	11,389	16,422
TOTAL LIABILITIES	9,23,749	13,90,344	25,43,494

As on date	31/Mar/2016	31/Mar/2017	31/Mar/2017
	Audited	Audited	Audited
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5,302	18,445	36,337
Less: Depreciation	0	11,638	14,673
Net Block	5,302	6,807	21,664
Cash and Bank Balances	38,969	1,89,371	2,61,431
Investment in Fixed Deposit	1,59,301	2,43,093	5,15,573
Gross Loan Portfolio	6,80,051	9,00,322	16,65,378
Accounts Receivable And Other Assets	39,647	49,829	78,309
Deferred Tax Asset	479	922	1,139
TOTAL ASSETS	9,23,749	13,90,344	25,43,494

Financial Ratios

Financial Ratios	31/Mar/2016	31/Mar/2017	31/Mar/2018
	12	12	12
Capital Adequacy Ratio			
Capital Adequacy Ratio (%)	18.54	16.97	17.60
Productivity/Efficiency Ratios			
No. of Active Borrowers Per Staff Member	352	354	413
No. of Active Borrowers per field executives	947	711	863
No. of members per Branch	3875	4028	3,883
Gross Portfolio o/s per field executive (in thousands)	9,397	6,577	9,879
Average Outstanding Balance per client (in Rs)	9,920	9,252	11,450
Cost per Active client(in Rs)	594	661	635
Asset/Liability Management			
Cost of funds ratio (%)	17.22	14.33	13.99
Yield on Portfolio (nominal) (%)	27.50	25.47	25.47
Profitability / Sustainability Ratios			
Operational Self Sufficiency (%)	110.90	109.40	109.62
Operating Expense Ratio (OER) (%)	11.97	8.13	7.27
Return on Assets (RoA) (%)	1.83	1.81	1.80
Return on Equity (RoE) (%)	12.51	6.99	8.83
Leverage Ratios			
Total Outside Liabilities to Tangible Networth Ratio (Times)	5.69	7.33	9.66
Debt/Equity Ratio (Times)	5.62	7.26	9.56



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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