

**Servitium Micro Finance Private Limited  
(Formerly Sunflag Merchants Private Limited)**

24/1, Old Calcutta Road, Chowdhury Para,  
Rahara, Kolkata-700118

**Valid from: January 13, 2023**

**Valid to: January 12, 2024**

Grading Type	Amount	Grading Assigned
MFI Grading	Not Applicable	<b>MFI 4</b>

<b>MFI Grading</b>	
<b>IAR MFI 1</b>	<p align="center"><b>MFI Grading Scale at Infomerics Grading</b></p> <p>The MFI Grading Scale at Infomerics Analytics &amp; Research is on an 8 Point Scale from IAR MF1 to IAR MF8 with IAR MF1 corresponding to highest grade while IAR MF8 is the lowest grade.</p> <p>The MFI grades assigned refer to the ability of the MFI to manage its operations in a sustainable manner; they do not refer to the credit quality of the MFI and should not be used as a proxy for the creditworthiness of the company</p>
<b>IAR MFI 2</b>	
<b>IAR MFI 3</b>	
<b>IAR MFI 4</b>	
<b>IAR MFI 5</b>	
<b>IAR MFI 6</b>	
<b>IAR MFI 7</b>	
<b>IAR MFI 8</b>	

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## General Information

<b>Name of the MFI</b>	Servitium Micro Finance Private Limited	
<b>Registered Office/ Corporate Office</b>	24/1, Old Calcutta Road, Chowdhury Para, Rahara, Kolkata-700118.	
<b>Date of Incorporation</b>	March 16, 1995	
<b>Date of Commencement of Microfinance Business</b>	2018	
<b>CIN</b>	U51909WB1995PTC069463	
<b>Legal Status</b>	Non-Banking Finance Company (NBFC-MFI)	
<b>Nature of Business</b>	Self Help Group (SHG)	
<b>Geographical Reach as on November 30, 2022</b>	No. of States	2
	No. of Districts	4
	No. of Branches	9
	No. of Active Borrowers	11562
	No. of Total Employees	40
	No. of Field/Credit Officers	23
<b>Managing Director</b>	Mr. Subrata Ghosh	

## Brief Profile of the Organization

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- SEBA RAHARA has been carrying out micro-lending activities since 2006 and the management has focused more on the quality-of-service delivery and catering to niche service recipients, which is also apparent from the selection of operational areas. The management of SEBA RAHARA understood that only through the form of RBI registered NBFC-MFI the micro lending operation can be carried out in legally complied manner in India and also there will be transparency and a level playing field for all the stakeholders and the sector as a whole. They have acquired an existing NBFC named “Sunflag Merchants Private Limited” during FY: 2015–16 and accordingly applied to RBI for conversion NBFC to NBFC-MFI on 2020. Finally, RBI has granted the NBFC-MFI licence in the name of “Servitium Micro Finance Private Limited” on May, 2022. Bearing COR No. B.05.03990.
- The micro credit is being provided only to poor and low-income group of the society to generate more income and raising living standard. The Company has been started by a very well experienced and knowledgeable professional with vast experience and complimentary skill set in financing of MSMEs and Microfinance.
- SMFPL started its microfinance operations in the year 2018. Its corporate and registered office was located at 24/1, Old Calcutta Road, Chowdhury Para, Rahara, Kolkata-700118.
- Servitium Micro Finance Pvt. Ltd. is working in SHG model only. The Company will strengthen its Board and Senior Management by including more experienced professionals with experience in banking, and financial services.
- SMFPL is now working with 9 branches spread over 4 districts in two states, West Bengal and Bihar, where they are providing services to more than 11500 clients.
- As on December 31, 2022, SMFPL is managing a total outstanding loan portfolio of Rs.26.16 crore (own and managed portfolio) and cumulative disbursement stood at Rs.33.47 crore.
- Currently, the operations of the company are managed by Mr. Subrata Ghosh, (Managing Director), Mr. Sunil Kumar Chakraborty & Mrs. Rita Ghosh– (Director) along with one independent director and a team of experienced personnel.

## **Mission & Vision of Servitium Micro Finance Private Limited**

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The **Mission Statement** of Servitium Micro Finance Private Limited is “Our mission is to create opportunities for the distressed, disadvantage and deprived segments of the society with a prime focus on poor women so that they can attain socio - economic empowerment and substantial social and economic development.”

The **Vision Statement** of Servitium Micro Finance Private Limited is “With a vision of a just, enlighten, healthy and democratic India free from the evils of gender discrimination, illiteracy, secured hunger, poverty and exploitation where men and women move forward to achieve highest levels of humanity and solidarity.”

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**Promoters/Director's Details:**

Name	Age	Designation In the board	Education Qualification	Brief Profile	Total Years of Experience	Experience in Micro finance
Mr. Chanchal Majumder	61 Years	Independent Director	B.SC in Agriculture with Honours	Retired from the post of General Manager UCO Bank and Head of the Credit Monitoring Department along with Head of Stressed Assets Management vertical. He has more than 5 and half years' experience as GM under stressed, special mention accounts. He worked as a Zonal Manager (as DGM) of Mumbai.	30 Years	4Years
Mr. Subrata Ghosh	44 Years	Managing Director	M.Com, MBA (Finance)	He is associated with SEBA RAHARA, a registered society as Secretary for last 12 years. Before joining 'SEBA' he worked with BANDHAN-Kon Nagar as Management Trainee.	16 Years	16 Years
Mrs. Rita Ghosh	49 Years	Director	Higher Secondary	She is associated with SEBA RAHARA as a Coordinator for last 7 years. Acting as director of SMPL for the last 3 years, she is engaged in bulk lending to other organizations and small ticket lending for last 2 years.	7 Years	7 Years

Mr. Sunil Kumar Chakraborty	77 Years	Director	M.Com & B.A (Spl)	He has 30 years' experience in UCO Bank as an officer and Branch Manager. He had exposure to operations, credit and rural finance. After retirement he joined SEBA Rahara. He manages the financial resources of the organization and functional disciplines like risk-analysis, contingency management, corpus building strategies etc.	30 Years	16 Years
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### Senior Management Profile

Name	Qualification	Designation	Total years of experience
Mr. Subrata Ghosh	M.Com, MBA (Finance)	Managing Director	Having vast experience in Micro Finance Sector including 1 year in Bandhan as a management trainee & 13 years' experience in SEBA. He is expertise at Field operation, HRD and administration. As the COO of SEBA, he is looking for building and growing the organization portfolio in these sectors. He has good leadership qualities and can lead and represent the organization in all areas. He has enriched his knowledge by attending different programs and seminars on this field organized by different leading institutions for institutional development. Training imparted from RMK, Sa-dhan- New Delhi.
Mr. Shyama Prasad Chakraborty	B.Com (Ex. AGM – IDBI Bank Limited)	Finance Manager	Mr. Chakraborty has more than 35 years' experience in IDBI Bank Limited, during this period he worked in different departments in IDBI like HRD, CBG, Resources and Administration etc. and worked as Branch In-charge in IDBI at Mizoram State, Aizwal and also worked as Relationship Manager and Assistant General Manager in Corporate Banking

			Group, Kolkata. He retired from Banks service in 2014 and working with us looking after the Fund Mobilization and relationship with the Banks/FIs.
Mr. Biswajit Sarkar	M.Sc.	Divisional Manager	Mr. Sarkar has worked for 12 years in Proshika as B.M., D.M. & 13 years in SEBA as Divisional Manager. He is looking after the Branches Monitoring, daily function of branches to protect the fraud and misappropriation of funds. He has attended the training program of RMK.
Mr. Jayanta Samanta	B.Com(H)	Sr. Manager (MIS & Accounts)	Mr. Samanta has a 13-year experience in SEBA. He is knowledgeable for MIS & Accounts and preparing various accounts report like ratio analysis, fund management, Balance Sheet etc. He has attended in various training and conference conducted by Sadhan, AMFI, FIs etc.
Mr. Sandipta Sinha Roy	B. Sc	Sr. Manager (MIS)	12 years' experience in Process Control Instrumentation sector engaged in Office Management, Forex, Central Excise, Sales Tax etc. 06 years in SEBA at HR Department handled with staff recruitment, P.F., ESIC etc. Now he is looking after various MIS Report generation, deals with software related issue
Mr. Pijush Saha	Diploma in Mechanical Engineering	Manager (HR)	22 years in Manufacturing Industry handled with worker & 06 year in SEBA as a Manager (HR). Basically he is looking for staff recruitment, staff related issue, P.F., ESIC, etc. He has attended various HR training conducted by AMFI.



## TRANSPARENCY

<p><b>Governance</b></p>	<ul style="list-style-type: none"> <li>SEBA RAHARA has been carrying out micro-lending activities since 2006 and the management has focused more on the quality-of-service delivery and catering to niche service recipients, which is also apparent from the selection of operational areas. The management of SEBA RAHARA understood that only through the form of RBI registered NBFC-MFI the micro lending operation can be carried out in legally complied manner in India and also there will be transparency and a level playing field for all the stakeholders and the sector as a whole. They have acquired an existing NBFC named “Sunflag Merchants Private Limited” during FY: 2015–16 and accordingly applied to RBI for conversion NBFC to NBFC-MFI on 2020. Finally, RBI has granted the NBFC-MFI licence in the name of “Servitium Micro Finance Private Limited” on May, 2022. Bearing COR No. B.05.03990.</li> <li>Servitium Micro Finance Private Limited is governed by a board consisting of 4 (Four) members out of which one is the independent director.</li> <li>Majority of the governing body members have adequate experience in their respective areas of specialization. Members meet on a quarterly basis.</li> <li>Servitium Micro Finance Private Limited has formed various monitoring committees like HR, audit, grievance redressals committee etc.</li> <li>The monitoring committee meets on a quarterly basis to monitor the progress and discuss the financial and operational performance of the organization.</li> </ul>
<p><b>Transparency in lending process</b></p>	<ul style="list-style-type: none"> <li>Credit policies are well-established, documented and communicated.</li> <li>The lending policies (including interest rate, processing fees and other charges) are clearly communicated to the borrowers at group meetings through training programs &amp; orientations.</li> <li>Borrowers are made to sign a loan agreement clearly stating the terms &amp; conditions and the covenants, thereof. Majority of borrowers are aware about the credit policies. The set of rules and regulations in relation to the lending policies are also displayed at the branches of the company through boards.</li> <li>Following points are also communicated through written documents:             <ul style="list-style-type: none"> <li>Interest rate</li> <li>Processing fees</li> <li>Loan tenure and payment schedule</li> </ul> </li> </ul>
<p><b>Audit Quality</b></p>	<ul style="list-style-type: none"> <li>The auditor has given an unqualified report and satisfactory feedback.</li> </ul>
<p><b>Internal Controls</b></p>	<p><b>Internal Audit</b></p> <ul style="list-style-type: none"> <li>Internal audit of Servitium Micro Finance Private Limited is conducted by 3 members and 1 audit head having adequate working experience with microfinance institutes and knowledge about the</li> </ul>

	<p>organizational policies on accounting. Audit of branches are conducted on by-monthly basis. The objective of the department is to monitor and evaluate financial as well as operational data and borrower level processes.</p> <ul style="list-style-type: none"> <li>• Time taken for the audit in each branch is 3-4 days.</li> <li>• Verification and inspection are done for loan application and disbursement, loan utilization, fund management, insurance policy and claim settlement, fraud detection, KYC and credit bureau reports, etc.</li> <li>• Once the audit is completed, the report is prepared in a predefined format and a copy of it is handed over to the branch and the COO. The branch manager then takes the necessary action and prepares a compliance report which is shared with the COO within 15 days from the date of compliance of audit. In case of any delay of submitting the report, the branch is fined.</li> </ul>
<b>Policies</b>	<ul style="list-style-type: none"> <li>• Credit policies are clearly defined and documented (embedded in the operation manual)</li> <li>• Credit policies are strictly adhered to for formation of groups, field verification and credit appraisal.</li> <li>• Credit policy communication is done verbally through group meetings and training sessions to the group members.</li> <li>• HR policies are clearly defined and documented.</li> <li>• HR policies encompass recruitment and selection, induction and training, performance management and compensation management.</li> </ul>
<b>Transparency in utilization of funds</b>	<ul style="list-style-type: none"> <li>• Submits information/ book debt statements as per the requirement of the lender.</li> <li>• Report is submitted to banks and financial institutions on a quarterly basis as per the stipulation of the lender.</li> <li>• Reporting to lenders on collection and delinquency is also provided on regular basis.</li> </ul>
<b>Grievance redressals mechanism</b>	<ul style="list-style-type: none"> <li>• Servitium Micro Finance has laid down a grievance redressal mechanism (GRM) to ensure that disputes arising out of the decisions of the MFI's functionaries are heard and disposed of at least at the next higher level. The Board of Directors has also provided for periodical review of the compliance of the Fair Practices Code (FPC) and the functioning of the GRM at various levels of management.</li> <li>• The company displays the call center number and the details of escalation matrix prominently on passbook (in vernacular language) for the benefit of their customers at all of its branches.</li> </ul> <p><u>Client Grievance Redressal Process</u> There are three formal stages in which any grievance can be redressed. At the Company, we want to make sure that customers get only the very best of service from us – service which our valued member deserves. STEP 1: Members may contact our branches or write to the Branch Manager explaining the details of their issues. Our Branch Manager will be glad to assist you. STEP 2: If you do not receive a response within 10 days from the channels</p>

	<p>under STEP:1, or, if you are not satisfied with the response received, you can escalate your complain to our Help Desk Executive at our Corporate Office 033 66551466 (from 10.00 AM to 05:00 PM except Saturday, Sunday and other Holidays)</p> <p>STEP 3: If you are not satisfied with the response that you receive from the Branch level or channels under STEP 2, or if you do not hear from us in 10 days, you may contact the Office of the Chief Nodal Officer for a speedy investigation and fair resolution of your problem. Please quote the reference number provided to you in your earlier interaction with the Company, along with your account / loan number to help us understand and address your concern.</p> <p>You may write to: Mr. Pijush Saha Nodal Officer Corporate Office: Servitium Micro Finance Private Limited. 24/1, Old Calcutta Road, Chowdhury Para, Rahara Kolkata – 700 118 Toll Free – 8447746381</p> <p>If you are not satisfied with the response received from Chief Nodal Officer or do not receive any response within a period of one month, please contact: MFIN toll free help line: 1800 270 0317</p> <p>If you are not satisfied with the response received from any of the above or do not receive a response from MFIN in 15 days, please contact: The General Manager Reserve Bank of India Department of Non-Banking Supervision 5th Floor, 15, N. S. Road, Kolkata-700001</p> <p>The Company has installed complaints/suggestion box at all our branches at prominent places to receive written complaints. The Company has the Head Office address with Telephone number printed in all passbooks. During Group Training, discussions is made with our customers about the Grievance Redressed System and its benefits.</p> <ul style="list-style-type: none"> <li>• The Company assures that the Customer will be treated fairly despite the grievance being lodged</li> </ul>
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#### OPERATIONAL SETUP

<b>Management</b>	<ul style="list-style-type: none"> <li>• The board is headed by Mr. Subrata Ghosh, Managing Director. He has more than 16 years of experience in financial and Microfinance sector and has been associated with Seba Rahara for last 2 years.</li> <li>• Servitium Micro Finance Private Limited have four governing body members with strong academic and managerial expertise in finance, microfinance, banking and social developmental services.</li> <li>• The MFI has one independent director- Mr. Chanchal Majumder, who holds more than 4 years of experience in the micro-finance sector.</li> </ul>
<b>Organizational Structure</b>	<ul style="list-style-type: none"> <li>• Servitium Micro Finance Private Limited has a well-defined organization structure with a 4-tier reporting hierarchy whereby it has, Credit officers (RO), Branch Managers (BM), Regional Manager (RM), Divisional Manager (DM), Chief Operating Officer (COO), Various Departmental Heads, Managing Director (MD), and the Board Members. The company has been able to engage professionals in different departments, all having considerable experience in their area of expertise.</li> </ul>

	<ul style="list-style-type: none"> <li>• It has created separate departments with clearly demarcated roles and responsibilities for handling different functions. The detail organization structure is presented in <b>Annexures 2</b>.</li> </ul>
<p><b>Level of decentralization of branches</b></p>	<ul style="list-style-type: none"> <li>• At Branch Level the Branch Manager and Credit Officer should look after the Branch administration and decorum.</li> <li>• Branch Manager will visit and interact with staff to know their awareness level on the organization and product for recommendation and cross verification. After the recommendation, the loan committee will approve the loan amount then the loan will be transferred to the borrower account.</li> </ul>
<p><b>Second line of leadership</b></p>	<ul style="list-style-type: none"> <li>• Senior members have strong and diversified experience in fields of microfinance, banking, financial, audit, risk and social developmental activities.</li> <li>• Majority of the senior members understand the issues involved in day-to-day functioning and are involved in strategic decision making of the organization. Thus, at present Servitium Micro Finance Private Limited has reasonable second line of leadership. Brief profile of the senior management is provided above.</li> </ul>
<p><b>Human resources management</b></p>	<ul style="list-style-type: none"> <li>• Recruitment is done through employee referrals, company website, advertisement etc. followed by a series of interviews with senior management.</li> <li>• The HR team visits respective branches and arrange interview of local candidates.</li> <li>• Compulsory induction training is given to all new recruits on joining for about 1 days at respectively Branches, followed by on job training.</li> <li>• Training is given to fresh employees by the senior management members and an experienced trainer. Apart from this, periodic training programs are also conducted for staffs on a regular basis. The senior management members participate in external training programs, workshops and conferences.</li> <li>• The compensation structure of the employees contains the following components: <ul style="list-style-type: none"> <li>• Fixed Pay: The fixed pay includes Basic and a fixed amount as allowance.</li> <li>• Other Expenses: The employees are provided with reimbursements of their travel expenses as per the organization's policy.</li> <li>• All the statutory employee benefits such as PF, gratuity, ESI, etc. are being provided to all the employees.</li> <li>• Performance appraisal is conducted once each year.</li> </ul> </li> <li>• The recruitment process is centralized at Head Office (HO) and is mainly handled by the HR manager under the guidance of the senior management.</li> <li>• Total staff strength of 40 employees of which 23 are Credit officers as on November 30, 2022.</li> </ul>

	<b>Particulars</b>	<b>No.</b>
	Senior Management	1
	Divisional Manager	1
	Regional Manager	2
	Branch Manager	9
	Credit Officer	23
	HO Staffs	4
	<b>Total</b>	<b>40</b>
	<ul style="list-style-type: none"> <li>• There is a well-defined promotion policy for the employees. Promotion of the employees depends upon the performance, skills and written exam. The exam for the same is conducted on the half yearly basis.</li> <li>• Encourages active participation in workshops and external training programs conducted by banks, financial institutions, etc.</li> </ul>	
<b>Operational methodology</b>	<p>Servitium Micro Finance Private Limited provides loans to the individual members of groups for undertaking various income generating activities.</p> <p><b>SHG Lending</b></p> <ul style="list-style-type: none"> <li>• A dedicated team along with people from operations selects potential areas based on demographic and socio-economic profile.</li> <li>• The CO visits the local areas &amp; villages, interacts with potential customers regarding SMFPL’s retail lending activity and their financial requirement.</li> <li>• The company generally tries to form a group of 30 people (between the age of 18-58 years).</li> <li>• After identification of target groups, Compulsory Group Training (CGT) of 2 days duration is arranged by BM in which intending loanee members are invited to participate. In this training programmed, participants are imparted a thorough idea about the loan procedures, interest rate, processing fees and other charges, repayment schedule, insurance benefits and other loan related information etc.</li> <li>• Compulsory Group Training (commonly known as CGT) is a 3 level training programmed to make the clients aware of the products, rules and procedures . By the end of the 3 level training, clients must be well versed with all the terms of the product, rules and procedures related to their socially and economic development the loan application and repayment. Through CGT regular meeting becomes a habit of the clients. Timeliness and disciplines are systematically taught to clients through CGT which needs to be maintained through the entire programmed.</li> <li>• Intending loanee members shall apply for loan, which shall contain purpose of the loan, loan amount. The RO shall ensure that the loan applications have been properly filled in along with KYC documents and confirm to the loan policy of the organization.</li> <li>• After KYC, each potential member has to go through a “Group Recognition Test (GRT)” for joining/forming a SHG.</li> </ul>	

	<ul style="list-style-type: none"> <li>• For every group there is a group leader selected by the group to manage the operations of the group.</li> </ul>
<p><b>Appraisal process</b></p>	<ul style="list-style-type: none"> <li>• Appraisal Process:</li> <li>• Loan application is collected by CO, who then makes a visit to the prospective member’s household and/or business place and examines the credit history, business prospects and other aspects.</li> <li>• CO verifies borrower's repayment capacity through household visit and visit to the business entity or activity.</li> <li>• During appraisal, the documents that are collected from the borrower are photo, id proof, and address proof. The documentation is adequate.</li> <li>• Borrower's repayment capacity is further corroborated by group members.</li> <li>• Then CO submits the loan application to BM along with KYC documents. Branch Manager conducts the appraisal and frames his comments on the loan application. From Branch Manager, the next level of screening is done by the respective Area Manager. After his consent, the proposal goes to the HO credit committee, which includes Chief Operating Officer (Operations) and the Finance &amp; Accounts Departmental Heads for final approval based on the recommendation of the Branch Manager and Area Manager and the past repayment history of the groups.</li> <li>• The operations are centralized with Head Office (HO) having the final authority for loan sanction &amp; disbursement. However, Branch Manager is responsible for loan collection and delinquency management</li> <li>• <b>Credit Risk:</b></li> <li>• To avoid credit risk, SMFPL has adopted the following procedures:</li> <li>• Stringent Know Your Customer (KYC) policy is manifested and maintained.</li> <li>• The Audit Executive is responsible for the accuracy of all data entries, documentation, and audit compliance.</li> <li>• Field investigations are done by Relationship Executive and Branch Manager.</li> <li>• The software automatically prepares enquiry format in the backend for each customer and sends to CIC (through partner’s credentials) and obtains a credit bureau report (CBR). RBI guidelines on multiple lending and client over-indebtedness frame the base criteria for any loan approval. Stringent appraisal system to assess the genuine need of the customer.</li> <li>• Centralized connect with each customer for ensuring righteous and timely credit.</li> <li>• Effective loan end use verification and loan monitoring mechanism for credit risk management.</li> <li>• Constant contact with customer by field functionaries and end use</li> </ul>

	<p>verification.</p> <ul style="list-style-type: none"> <li>• Adoption of UID for all loan disbursed to make the Credit Bureaus Information more reliable and reduce the systemic risk significantly.</li> <li>• Credit and HR policies are clearly defined and documented.</li> <li>• Credit policies are largely adhered to formation of groups, field verification and credit appraisal.</li> <li>• Regular checks in System for better monitoring.</li> </ul>
<p><b>Disbursement process</b></p>	<ul style="list-style-type: none"> <li>• Sanctioning and disbursements of loans are made to the borrowers from Head Office through Bank Accounts of the borrowers after proper verification by the Head Office officials. Once the disbursement is made, a message is delivered to the borrower regarding the same.</li> <li>• Loans are disbursed only for the viable projects, such as- agriculture, animal husbandry, small transport, small cottage, small business, small trading, service and sanitation.</li> <li>• At the time of disbursements, the promissory note and loan agreement is executed from the borrowers.</li> <li>• Disbursement considered on a day when all members are present in the Branch Office and LPF collected</li> <li>• Borrowers sign their name in the Loan Disbursement Sheet acknowledging the receipt of the loan.</li> <li>• Loan books are provided to borrowers and loan register is maintained at group level.</li> <li>• One copy of loan agreement is provided to the customer as per their request.</li> </ul>
<p><b>Loan collection process</b></p>	<ul style="list-style-type: none"> <li>• All of the loans of SMFPL are under weekly/fortnightly instalment method. Every credit officer has a collection register where he notes the daily demand details from the software before going to field for collections.</li> <li>• The collection of loan is done by mode cash and bank transfer. A confirmation message is delivered to the customer once the collection of the amount is successful.</li> <li>• The collections are made at the group meetings where the credit officer signs the loan card while collecting the amount – no separate receipt is issued. The loan card also has the amount to be collected on that particular date.</li> <li>• The credit officer also ensures the maintenance of group register where the attendance of all the group members for the meeting and the resolution passed during the meeting where noted. Resolutions passed also capture addition of new members to the group and minutes any other agenda points.</li> <li>• At present, due to the change of policy of loan collection, on holidays loan collection should be done in the following mentioned procedure:</li> </ul>

	<ol style="list-style-type: none"> <li>a. Instalment should be collected as usual on holidays or on days of strike. If necessary, instalment should be collected the previous day / week after discussion with all the members.</li> <li>b. In case of instalment collection election one week prior to holidays or previous day of holiday, instalment should be collected.</li> <li>c. In case of holiday like ID, Durga Puja and others:             <ol style="list-style-type: none"> <li>1. In case of holidays for two or more weeks at a stretch, instalment should be collected one month before the holidays.</li> <li>2. Instalment should be collected 15 days before the start of holidays if there is a holiday for one week.</li> <li>3. In case of flood, famine, earthquake or other special situation, collection should be stopped – its procedure will be decided by the board of council or others through meeting.</li> <li>4. In case of death or illness of a member's near / close ones one week (in case of death), 3 weeks (in case of illness) instalment collection should be stopped. Instalment for this period should be collected within the next one month. It is to be noted that instalment cannot be broken or partial instalment cannot be collected on holidays and full instalment should be collected necessarily. In case of defaulter member her instalment can be broken or collected partially.</li> </ol> </li> </ol>
<p><b>Overdue management process</b></p>	<ul style="list-style-type: none"> <li>• Adequate risk management system for tracking over-dues and collection of delinquent loans is in place.</li> <li>• In the initial stages of over-due, CO does the follow up and if the overdue period is elongated then the BM steps in to make recovery. There is a well-defined process laid out for follow-up and collection of delinquent loans based on overdue bucket. In case of other cases, intervention of HO is done.</li> </ul>
<p><b>Management Information Systems</b></p>	<ul style="list-style-type: none"> <li>• The Company has the web based on-line software “BIJLI” to ensure smooth flow of operational data between Head Office and branches</li> <li>• This is used for maintaining MIS which will help the company better to manage the customer loan lifecycle.</li> <li>• It is very user-friendly software which enables proper tracking and maintaining of MIS and preparation of reports within a minute</li> <li>• The company has also implemented a technology enabled inbound and outbound service and also to redress their grievances.</li> <li>• In addition, the company has commenced digitization of all documents and records for easy storage and retrieval. The financial accounts are maintained in Tally software.</li> <li>• All the branches are being computerized. The loan documentation process is maintained as individual basis.</li> <li>• The types of reports is being generated like – Branch Summary, Demand vs Collection, PAR Report, Disbursement and Repayment Report, Outstanding Report, Route Plan, Insurance Report, Performance Report etc.</li> </ul>



<b>Cash management systems</b>	<ul style="list-style-type: none"> <li>• Servitium Micro Finance Private Limited has reasonable cash management systems in place at all branches.</li> <li>• Servitium Micro Finance Private has opened separate bank accounts for each of the branches</li> <li>• Branches deposits cash in the branch bank account on the same day or next day of collection. Cash vaults/Almirah is present at every branch for safe keeping of cash.</li> <li>• Funds that need to be transferred from HO to branches are done through RTGS. Salaries of the employees and reimbursement of expenses are paid in respective bank account.</li> <li>• The details of transactions for the day are updated in the MIS daily.</li> </ul>
<b>Insurance</b>	<ul style="list-style-type: none"> <li>• Servitium provides insurance services with SBI Life &amp; Pramerica Life Insurance to its clients. The loan amount is covered in the case of client's death.</li> </ul>

### SCALE OF OPERATIONS

Key Factors	As on December 31, 2022
<b>Client base (Number)</b>	<ul style="list-style-type: none"> <li>• Servitium Mirco Finance Private Limited extends loans to SHG.</li> <li>• The SHG groups associated with SMFPL have all women members.</li> <li>• Number of active SHG groups as on December 31, 2022 was 1285 with 12379 active borrowers.</li> </ul>
<b>Assets under management</b>	<ul style="list-style-type: none"> <li>• Total outstanding loan portfolio stood at Rs. 26.16 crore (which included the owned and managed portfolio) as on December 31, 2022</li> </ul>
<b>Geographical diversification</b>	<ul style="list-style-type: none"> <li>• Presence in 4 districts of 2 states with 9 branches as on December 31, 2022</li> </ul>
<b>Total income</b>	<ul style="list-style-type: none"> <li>• Total income stood at Rs. 1.38 crore in FY22</li> </ul>
<b>Current year performance during 9MFY23</b>	<ul style="list-style-type: none"> <li>• The company has total income of Rs.3.17 crore along with PAT of Rs.0.75 crore in 9MFY23.</li> </ul>

### SUSTAINABILITY

(Rs in crore)

Financial Performance	FY20	FY21	FY22	9MFY23
Interest on Loans	1.19	0.90	1.13	2.72
Processing Fee	0.09	0.03	0.13	0.33
Other Interest Income	0.02	0.07	0.12	0.11
<b>Total income</b>	<b>1.30</b>	<b>1.00</b>	<b>1.38</b>	<b>3.17</b>
Financial cost	0.00	0.00	0.30	1.30
<b>Net interest income</b>	<b>1.21</b>	<b>0.97</b>	<b>0.95</b>	<b>1.52</b>
Total operating expenses (incl. depreciation)	0.27	0.31	0.44	0.63
Total Provision / Write offs	0.04	0.00	0.06	0.14
PAT	0.71	0.51	0.42	0.75
<b>Financial Position</b>				

<b>Financial Performance</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>9MFY23</b>
Net worth	6.10	6.61	7.52	9.24
Total Debt	0.00	0.75	7.77	23.11
Loan outstanding – own	5.37	4.22	11.68	26.08
Assets under management	5.37	4.22	11.68	26.16
Total Assets	6.44	7.64	15.65	33.14
<b>Key ratios (%)</b>				
<b>Growth Ratios</b>				
Total Assets	105.94	18.63	104.89	111.79
Tangible Net Worth	105.90	8.36	13.85	22.92
Total Capital Employed	102.00	20.68	107.84	111.63
Total Income	196.84	(23.56)	39.12	128.96
PAT	194.70	(28.93)	(18.25)	81.29
<b>Solvency Ratios</b>				
Overall Gearing (times)	0.00	0.11	1.03	2.50
Interest coverage (times)–before provision & write offs	447.17	4941.25	3.24	1.97
CAR %	109.79%	150.56%	63.37%	35.21%
<b>Profitability &amp; Operating Efficiency Ratios (%)</b>				
Interest income/Avg. Interest earning assets (A)	30.44	18.74	14.19	14.40
Interest / Avg. borrowed funds (B)	8.03	0.04	7.09	8.42
Interest spread (A-B)	22.42	18.70	7.10	5.98
Net Interest Margin (NIM)	30.81	20.14	11.96	8.04
ROCE	21.64	10.24	7.84	10.08
Interest / Avg. capital employed	0.05	0.00	2.67	5.46
Expenses / Avg. capital employed	5.94	4.13	3.57	2.52
Cost of capital	0.05	0.00	2.67	5.46
Net spread	21.59	10.24	5.17	4.62
Return on total assets (PAT / Avg. Total Assets)	14.94	7.22	3.57	3.09
Cost to Income ratio	20.86	27.97	37.35	32.12
Operational Self- Sufficiency	410.28	325.63	173.41	153.14
Operating expense/Total Operating Income	20.83	27.97	29.20	18.93
PAT (after deferred tax)/ Total Income	54.95	51.08	30.02	23.77
RONW	15.75	8.01	5.85	8.97
PAR > 30 days (%)	0.05%	1.71%	1.60%	0.50%
PAR > 90 days (%)	0.02%	1.04%	0.91%	0.34%

### **Earnings profile**

- SMFPL witnessed an erratic movement in its total income during the past three fiscals. The operations of the company were impacted by covid-19 pandemic in FY21 which resulted in dip in its total income attributable to lower loan disbursement during the year.

SMFPL has reported net profit of Rs.0.42 crore on total operating income of Rs.1.38 crore during the FY2022.

- However, backed by gradual improvement in covid scenarios the company has witnessed an improvement in its operating scenario. Driven by rise in economic activities the demand for loans has also increased gradually from H1FY22 which resulted in growth in its operating income along with rise in number of borrowers and consequent rise in loan disbursements with growth in its own loan portfolio. The own loan portfolio witnessed a Y-O-Y growth of ~39.12% in total income (Interest income + Fee Income + Other operating Income) of the company in FY22.
- The profitability of the company has witnessed gradual deteriorated over the past three years and the company has posted a PAT margin of 30.02% (51.08% in FY21) and ROTA of 3.57% (7.22% in FY21) respectively in FY22.
- Servitium Micro Finance Private Limited capital adequacy ratio (CRAR) has deteriorated to 63.37 per cent as on March 31, 2022 as compared to 150.56 per cent as on March 31, 2021. CRAR is more comfortable than the RBI stipulated CRAR for NBFC-MFI of 15 per cent.
- The operational self-sufficiency (OSS) of the company marginally deteriorated to 173.41% in FY2022 as compared to 325.63% in the previous year.  
The company had a gearing at 0.11x as on March 31, 2021, which has further moderated to 1.03x as on March 31, 2022 on account of increase in borrowing from banks and FIs to increase the lending operation, which resulted in, the capital structure continued to remain moderated impacting financial flexibility.

**Asset Quality (NPA Profile):**

**(Rs. Cr.)**

Particulars	31.03.2020	31.03.2021	31.03.2022	30.11.2022
Gross NPAs	0.01	0.04	0.11	0.08
Net NPAs	-	-	-	-
Gross NPA/ Gross Advances (%)	0.02%	1.04%	0.91%	0.34%
Net NPA / Net Advances (%)	-	-	-	-
Net NPA / Net worth (%)	-	-	-	-

Asset quality was deteriorated with the increase in GNPA in FY22 due to fall in economic activities on spreading of pandemic leading to fall in borrower ability to repayment. The same have improved marginally in 8MFY23. However, on the back of excess provisioning, there was no NNPA during last three financial years.

## Operational Sustainability

Operational Sustainability	
<b>Second line of leadership</b>	<ul style="list-style-type: none"> <li>Majority of the senior members understand the issues involved in day-to-day functioning.</li> <li>Involved in strategic decisions as they have developed a good understanding of the microfinance sector.</li> <li>Senior members are experienced in fields like microfinance, banking, financial, audit, risk and social developmental activities.</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>Servitium Micro Finance Private Limited is operating in the 2 states i.e Bihar and West Bengal and the states has high penetration of MFIs given the limited reach of the formal banking system. However, the company is mostly targeting areas which still have limited competition.</li> <li>As on November 30, 2022, SMFPL portfolio is concentrated in the state of West Bengal accounting for ~55 percent, and ~ 45 percent in Bihar.</li> <li>To mitigate any potential risk arising out of geographical concentration, SMFPL has been diversifying its presence across states.</li> </ul>
<b>Industry Outlook</b>	<p style="text-align: center;"><b><u>Industry Risk Analysis</u></b></p> <ul style="list-style-type: none"> <li>Credit risk is the most common risk for MFI. The risk is of greater significance for MFIs as it has to deal with a large number of clients with limited literacy. Further, MFI provides unsecured loans, i.e. loans without any collateral.</li> <li>Transaction risk is related to the individual borrower with which the MFI is transacting. A borrower may not be trustworthy and capable of repaying loans which will result in loss of loan. All loss of loan related to the delinquency of individual clients which can be because the client's migration, willful defaulting, business failure, etc.</li> <li>Portfolio risk is related to factors, which can result in a loss in a particular class or segment of the portfolio. For example, an MFI may lose a portfolio with a particular community, locality, or a particular trade due to some external reasons. These reasons could be political, communal, failure of an industry /trade, etc.</li> <li>Delinquencies can also happen as an aftermath of a natural disaster such as floods, drought, earthquakes, or epidemic.</li> </ul> <p style="text-align: center;"><b><u>Industry Outlook:</u></b></p> <ul style="list-style-type: none"> <li>During the first COVID wave, the rural portfolio was impacted to a lesser extent than the urban portfolio and thus saw a faster recovery as disbursements also recovered especially in the second half (2H) of FY2021-22.</li> <li>The incidence of most of the relevant provisions will also fall in FY2022, given that the bulk of the second wave portfolio deterioration would happen at the beginning of FY2022.</li> <li>The impact of the credit costs on account of the second wave, would be higher in the annual financials for FY2022 than FY2021 and possibly even the demonetisation crisis where credit costs were spread over three years as the event occurred at end-third quarter (3Q) of FY2016-17.</li> <li>Smooth access to funding and liquidity would be critical for the MFI sector. For most large MFIs with assets under management (AUM) above Rs50 billion or MFIs that are part of large groups, bank funding lines could continue and hence they may not face immediate liquidity stress. Mid and</li> </ul>

	<p>small MFIs shall continue to face challenges in fund raising and or borrowing costs.</p> <ul style="list-style-type: none"> <li>• The microfinance industry is likely to face asset quality pressures in the near term due to the recent surge in COVID-19 infections and localised restrictions. However, a majority of micro finance institutions (MFIs) will be able to withstand any stress due to their improving collection efficiency and good on-balance sheet liquidity.</li> <li>• Improvement in collection efficiency and pickup in growth in AUM in H2 FY2021 has helped the industry witness marginal improvement in the overdue portfolio (0+ days past due (dpd)) to 16.7 per cent as on December 31, 2020, which had earlier increased to 18.1 per cent as on September 30, 2020 after the lifting of the moratorium.</li> <li>• The industry also witnessed reduction in the overall cost of funds during this period. However, despite this, the industry is expected to witness reduction in net interest margins (NIMs). This is owing to reduced interest income with portfolio growth happening only towards H2 FY2021 and negative carry because of excess on-book liquidity.</li> <li>• Nevertheless, the pick-up in AUM growth in FY2022, along with the increase in provision cover in FY2021, is expected to drive profitability upwards in FY2022, though the same is likely to remain below pre-Covid profitability level.</li> </ul>
<b>Loan Products</b>	<p>Servitium Micro Finance Private Limited offer five loan products as on November 30, 2022. A detail on the loan product is provided in the <b>Annexure 3</b>.</p> <p>The company follows individual loan via Group approach to extend the loans to individual and small enterprises through MSME lending operations.</p>
<b>Access to funds and ability to raise funds</b>	<p>Servitium Micro Finance Private Limited has access to funds from bank, NBFC and financial institutions on the back of its satisfactory operational and repayment track record.</p>
<b>Vision</b>	<p>In coming years, Servitium Micro Finance Private Limited plans to expand its branch network in and around the above-mentioned states.</p>
<b>Efforts to increase outreach and coverage</b>	<p>Servitium Micro Finance Private Limited is expecting significant increase in its income from micro financing activities with proposed scaling up of its operations in other districts of the existing states.</p> <p>Microfinance business was in a subdued state since last few years as the financial institutions have reduced lending to microfinance sector due to occurrence of some chit fund activities and covid impact on the rural economy.</p>

## ANNEXURES

### Annexure 1: Projected Financials

(Rs. lakhs)

Particulars	31-Mar-23	31-Mar-24	31-Mar-25
	Projection	Projection	Projection
<b>Income</b>			
Interest income from loan	472.64	883.72	1168.99
Processing Fee	45.18	73.00	89.00
Other income	17.42	30.54	45.39
<b>Total revenue</b>	<b>535.24</b>	<b>987.26</b>	<b>1303.38</b>
<b>Expenses</b>			
Admin Exp	106.71	203.78	301.57
Depreciation and amortization expenses	0.86	1.60	2.44
Preliminary exp w/o	2.92	4.80	6.56
Provisions	20.32	11.75	9.58
<b>Total expenses</b>	<b>130.82</b>	<b>221.92</b>	<b>320.16</b>
Interest	<b>238.93</b>	<b>428.15</b>	<b>627.99</b>
<b>Profit before tax</b>	<b>165.49</b>	<b>337.19</b>	<b>355.23</b>
Tax	41.37	84.30	88.81
Deferred tax credit	0.00	0.00	0.00
<b>Profit for the year</b>	<b>124.12</b>	<b>252.89</b>	<b>266.42</b>

### Balance Sheet

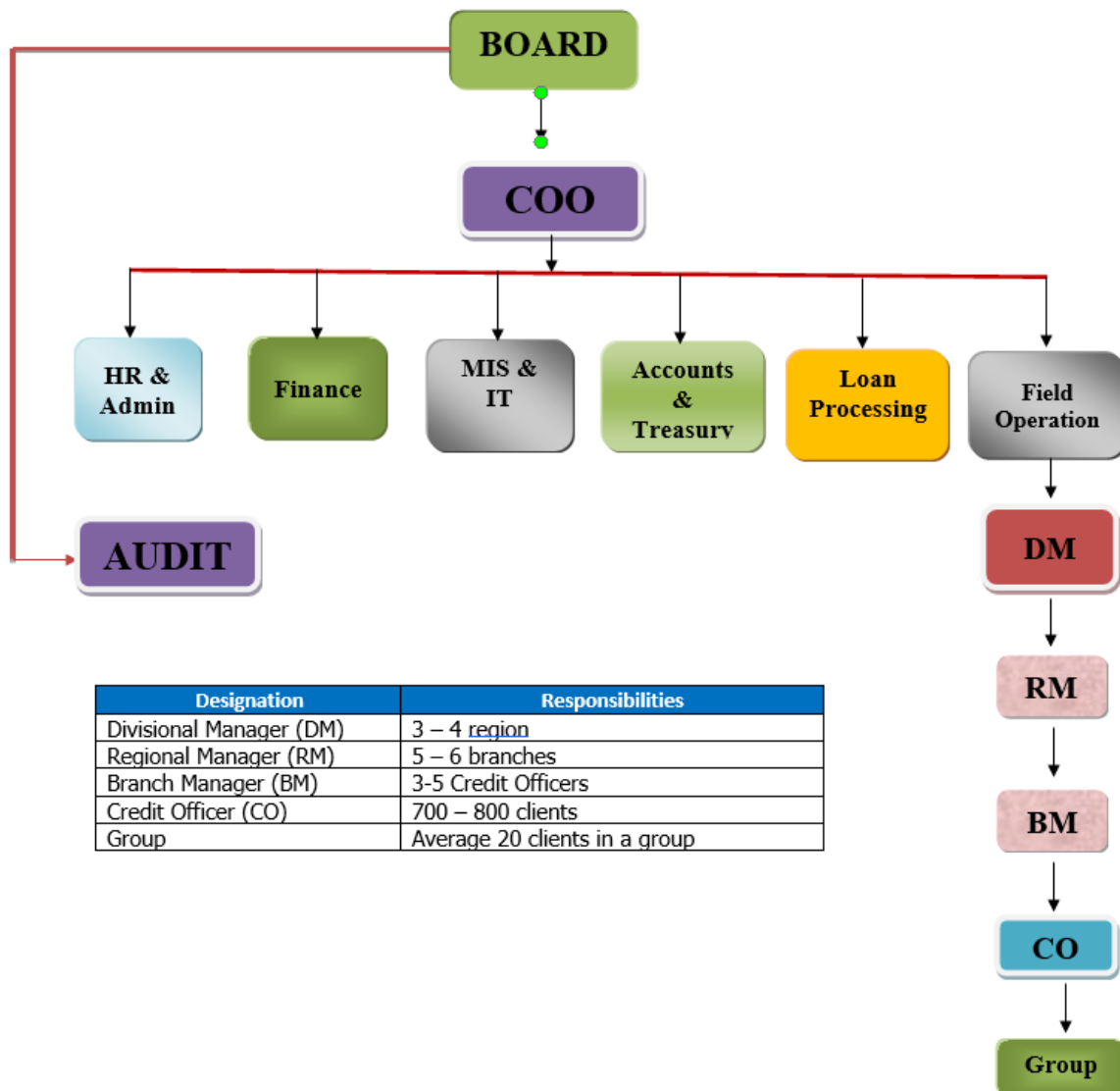
(Rs. lakhs)

Particulars	31-Mar-23	31-Mar-24	31-Mar-25
	Projected	Projected	Projected
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	504.33	504.33	504.33
Reserves and surplus	371.88	624.77	891.20
	<b>876.21</b>	<b>1129.10</b>	<b>1395.52</b>
<b>Non-current liabilities</b>			
Long-term borrowings	1398.00	2046.12	2588.08
<b>Current Liabilities</b>			
Short-term borrowings	1290.46	1888.72	2389.00
Short-term provisions	73.37	128.05	142.14
Other-Current Liabilities	9.70	11.37	13.42
	<b>1373.54</b>	<b>2028.14</b>	<b>2544.56</b>
<b>TOTAL LIABILITIES</b>	<b>3647.74</b>	<b>5203.36</b>	<b>6528.17</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed Assets	7.39	12.29	17.85
Investment	238.00	418.00	578.00
Deferred tax assets	0.34	0.34	0.34
	<b>960.03</b>	<b>1312.56</b>	<b>1600.03</b>

Loans and advances			
Other non-current assets	100.00	160.00	290.00
	<b>1305.76</b>	<b>1903.19</b>	<b>2486.22</b>
<b>Current assets</b>			
Cash and bank balances	51.66	164.56	219.78
Short term loans & advances	2242.48	3065.90	3737.52
Other current assets	47.85	69.72	84.66
	<b>2341.99</b>	<b>3300.17</b>	<b>4041.95</b>
<b>TOTAL ASSETS</b>	<b>3647.74</b>	<b>5203.36</b>	<b>6528.17</b>

## ANNEXURE 2: Organisational Structure

- Servitium Micro Finance Private Limited has a well-defined organisation structure, with clear departmental demarcation. All major departments are controlled from head office.



**ANNEXURE 3: Loan Products**

Product Name	SAHAYAK	SUJALA	SRIJAN	SUFALA	NIRMAL DHARA
<b>Client</b>	Women	Women	Women	Women	Women
<b>Age Limit (yrs)</b>	18 - 58	18 - 58	18 - 58	18 - 58	18 - 58
<b>Loan Tenure</b>	52 Weeks	83 Weeks	104 Weeks	76 Weeks	83 Weeks
<b>Loan Size (Rs.)</b>	10,000-20,000	10,000-30,000	40,000-50,000	35000-40000	25,000-35,000
<b>Repayment</b>	Fortnightly	Fortnightly	Fortnightly	Fortnightly	Fortnightly
<b>Interest Rate</b>	26.50%	26.50%	26.50%	26.50%	26.50%
<b>Processing Fees</b>	1%	1%	1%	1%	1%
<b>Insurance</b>	At Actual	At Actual	At Actual	At Actual	At Actual

**Annexure 4: Asset profile**

Particulars	March 31, 2020		March 31, 2021		March 31, 2022		November 30, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Loan portfolio Actual	5.37	83.40	4.22	55.29	11.68	74.63	23.16	79.14
Loan portfolio*	5.37	83.40	4.22	55.29	11.68	74.63	23.16	79.14
Investments	0.00	0.00	0.23	3.01	0.78	4.98	3.08	10.52
Fixed Assets	0.02	0.38	0.01	0.17	0.03	0.21	0.02	0.08
Cash & Bank Balances	0.84	13.05	2.98	39.04	2.40	15.34	2.58	8.81
Other current assets	0.20	3.18	0.19	2.49	0.76	4.84	0.42	1.44
<b>Total Assets</b>	<b>6.44</b>	<b>100.00</b>	<b>7.63</b>	<b>100.00</b>	<b>15.65</b>	<b>100.00</b>	<b>29.26</b>	<b>100.00</b>

**Annexure 5: Diversified resource profile**

	FY20	FY21	FY22	Nov 30, 2022
Net worth	6.10	6.61	7.52	8.08
Term Loans banks and financial institutions	-	0.75	7.76	20.36
Bank borrowing (CC)	-	-	-	-
Unsecured Loans	-	-	-	-
NCD	-	-	-	-
Preference share capital	-	-	-	-

The company's resources mainly comprise term loans from banks and other financial institutions, apart from the net worth. These are long-term loans and carry floating interest rates with pre-defined maturities.



## Annexure 6: Portfolio Details

### 6.1 State-wise portfolio concentration

(Rs. crore)

State	FY20		FY21		FY22		Nov 22	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%
West Bengal	2.45	45.62%	1.72	40.76%	3.30	28.25%	12.63	54.53
Bihar	2.92	54.38%	2.50	59.24%	8.38	71.75%	10.53	45.47
<b>Total</b>	<b>5.37</b>	<b>100.00%</b>	<b>4.22</b>	<b>100.00%</b>	<b>11.68</b>	<b>100.00%</b>	<b>23.16</b>	<b>100.00%</b>

### 6.2 Purpose wise loan outstanding

(Rs crore)

Particulars	FY20		FY21		FY22		Nov 22	
	Rs	%	Rs	%	Rs	%	Rs	%
<b>Income Generating</b>	5.29	98.51%	4.21	99.76%	10.05	86.04%	20.68	89.29%
GEL	0	0	0	0	0	0	0	0
HEL	0	0	0	0	0	0	0	0
<b>Water &amp; Sanitation</b>	0.01	0.19%	0	0	1.63	13.96%	2.48	10.71%
Solar	0	0	0	0	0	0	0	0
Education Loan	0.07	1.30%	0.01	0.24%	0	0	0	0
<b>Total</b>	<b>5.37</b>	<b>100.00%</b>	<b>4.22</b>	<b>100.00%</b>	<b>11.68</b>	<b>100.00%</b>	<b>23.16</b>	<b>100.00%</b>

### 6.3 Loan cycle wise loan outstanding

(Rs. crore)

Particulars	FY20	FY21	FY22	Nov 22
	Amount	Amount	Amount	Amount
First Loan cycle	2.69	0.83	6.91	14.33
Second loan cycle	1.35	1.97	1.67	5.05
Third loan cycle	0.32	0.57	1.85	1.45
> Third loan cycle	1.01	0.85	1.25	2.33
<b>Total:</b>	<b>5.37</b>	<b>4.22</b>	<b>11.68</b>	<b>23.16</b>

### 6.4 Loan amount wise loan outstanding

(Rs. Crore)

Amount	FY19	FY20	FY21	FY22
	Amount	Amount	Amount	Amount
25,001 to 50,000	1.08	2.58	2.54	4.75
15,001 to 25,000	1.07	2.50	1.31	6.53
10,001 to 15,000	0.05	0.29	0.37	0.40
<b>Total</b>	<b>2.20</b>	<b>5.37</b>	<b>4.22</b>	<b>11.68</b>



	3.28	1.01	0.93	0.85	0.78	0.64	0.58	0.43	0.41	0.35	0.41	0.98	4.96	0.01	0.00	15.65
Mismatch	2.95	0.68	0.60	0.52	0.46	0.32	0.26	0.11	0.09	0.03	0.08	0.30	1.08	0.01	0.00	7.52

## 6.6 Maturity profile of portfolio

(Rs. crore)

Period	FY 2020			FY2021			FY2022			Nov. 30, 2022		
	No of loans	Value of Portfolio	%	No of loans	Value of Portfolio	%	No of loans	Value of Portfolio	%	No of loans	Value of Portfolio	%
On time	3712	5.36	99.99	2748	4.13	97.98	5750	11.44	97.95	11490	23.00	99.30
Late (At least one day)	3	0.00	0.01	335	0.09	2.11	202	0.24	2.05	73	0.16	0.70
1 to 30 days	0	0.00	0.00	63	0.02	0.40	37	0.05	0.45	19	0.05	0.20
31 to 60 days	2	0.00	0.00	50	0.01	0.27	30	0.05	0.42	11	0.02	0.11
61 to 90 days	0	0.00	0.00	60	0.02	0.40	27	0.03	0.27	8	0.01	0.05
91 to 180 days	1	0.00	0.00	137	0.03	0.81	30	0.02	0.19	7	0.02	0.09
181 to 360 days	0	0.00	0.00	23	0.01	0.15	66	0.08	0.70	23	0.05	0.22
>361 days	0	0.00	0.00	2	0.00	0.08	12	0.00	0.03	5	0.01	0.04
<b>Total Portfolio</b>	<b>3715</b>	<b>5.37</b>	<b>100</b>	<b>3083</b>	<b>4.22</b>	<b>100</b>	<b>5952</b>	<b>11.68</b>	<b>100</b>	<b>11563</b>	<b>23.16</b>	<b>100</b>

**6.7 Bifurcation of AUM:**

**(Rs. crore)**

<b>Period ended</b>	<b>Mar 31, 2020</b>	<b>Mar 31, 2021</b>	<b>Mar 31, 2022</b>	<b>Nov. 30, 2022</b>
Managed portfolio (BC etc.)	0	0	0	0
Own loan portfolio	5.37	4.22	11.68	23.16
<b>AUM (Rs.cr.)</b>	<b>5.37</b>	<b>4.22</b>	<b>11.68</b>	<b>23.16</b>

**6.8 Repayment and Collection (projected)**

**(Rs Crore)**

	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
	<b>Past</b>	<b>Proj.</b>	
<b>Repayment per month</b>	0.04	0.66	1.63
<b>Average Collection per month</b>	0.65	2.06	5.10

Infomerics Analytics & Research

## Appendix Infomerics Analytics & Research MFI Grading

### Grading Framework

Infomerics Analytics & Research MFI Grading is a one-time assessment of a Micro Finance Institution (MFI's) operational and financial capability to undertake and sustain the targeted level of operations. IAR evaluates an MFI under a four point framework:

- i. Transparency
- ii. Operational setup,
- iii. Scale of operations and
- iv. Sustainability

The various aspects covered under each parameter are given below:

<p><b><u>I. TRANSPARENCY</u></b></p> <ul style="list-style-type: none"> <li>● Governance</li> <li>● Transparency in lending process</li> <li>● Audit quality</li> <li>● Policies</li> <li>● Internal controls</li> <li>● Transparency in the usage of funds</li> </ul> <p><b><u>II. OPERATIONAL SETUP</u></b></p> <ul style="list-style-type: none"> <li>● Promoter/owner background</li> <li>● Management assessment</li> <li>● Organizational Structure</li> <li>● Management information system</li> <li>● Underwriting/appraisal and sanctions</li> <li>● Quality of collection and monitoring</li> <li>● Risk management systems</li> <li>● Credit Discipline of borrowers</li> </ul>	<p><b><u>III. SCALE OF OPERATIONS</u></b></p> <ul style="list-style-type: none"> <li>● Geographical spread of operations</li> <li>● Outreach</li> <li>● Variety of loan Products</li> </ul> <p><b><u>IV. SUSTAINABILITY</u></b></p> <p><b><i>a) Financial Sustainability</i></b></p> <ul style="list-style-type: none"> <li>● Resource Profile</li> <li>● Cost Structure</li> <li>● Interest rate policies</li> <li>● Capital Adequacy</li> <li>● Asset quality</li> <li>● Earnings</li> <li>● Liquidity and Asset Liability Management</li> </ul> <p><b><i>b) Operational Sustainability</i></b></p> <ul style="list-style-type: none"> <li>● Succession planning</li> <li>● Competition</li> <li>● Resource arrangements</li> <li>● Vision</li> <li>● Efforts to increase outreach and coverage</li> </ul>
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