



## **SMERA Comprehensive Grading**

### **M3C3**

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

## **SMERA MFI Grading**

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Janakalyan Consultancy & Services Private  
Limited (JCSPL)

***Date of Report:***

**23<sup>th</sup> Feb, 2018**

***Valid Till:***

**22<sup>th</sup> Feb, 2019**

## SMERA's MFI Comprehensive Grading Scale

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

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

Scale	C1	C2	C3	C4	C5
M1					
M2					
M3			M3C3		
M4					
M5					
M6					
M7					
M8					

The MFI obtains comprehensive MFI grading of “M3C3”. It signifies above average capacity of the MFI to manage its operations in a sustainable manner and average performance on code of conduct dimensions.

## Grading Rationale

<b>Microfinance Capacity Assessment Grade</b>	JCSPL obtains “ <b>M3</b> ” as its performance grade which signifies “above average capacity of the organization to carry out its activities in a sustainable manner”.
<b>Code of Conduct Assessment Grade</b>	JCSPL obtains “ <b>C3</b> ” as its Code of Conduct Assessment Grade which signifies average 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

This Grading is based on the data and information (Data) provided by the MFI and obtained by SMERA from sources it considers reliable. Although reasonable care has been taken to verify the Data, SMERA, makes no representation or warranty, expressed or implied with respect to the accuracy, adequacy or completeness of any Data relied upon. SMERA is not responsible for any errors or omissions or for the results obtained from the use of the Grading or the Grading Report and especially states that it has no financial liability, whatsoever, for any direct, indirect or consequential loss of any kind arising from the use of its Gradings.

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## Historical Rating Grades

Date	Rating Agency	Rating Grade
01-09-2017	CARE Ratings	MFI 3
01-09-2017	CARE Ratings	BB - Stable

## SMERA's MFI Grading Scale

### Microfinance Capacity Assessment Grading Symbols and Definitions

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

### Code of Conduct Assessment Scale and Definitions

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

## Company Profile

Name of the MFI	Janakalyan Consultancy & Services Private Limited	
Operational Head – Microfinance Business	Name	Sukumar Biswas
	Designation	General Manager- Operations
	Mobile No.	7384322961
	Email ID	<a href="mailto:sukumar.biswas@janakalyan.net">sukumar.biswas@janakalyan.net</a>
	Date of Joining	01-Mar-2017
Date of Incorporation/Establishment	27-July-2016	
Date of commencement of microfinance business	22-Mar-2017	
Legal Status	NBFC-MFI	
Business of the company	Microfinance services under Joint Liability Group (JLG) Model	
Correspondence Address	CD-193, 1 <sup>st</sup> Floor, Salt Lake City Kolkata-700064	
Geographical Reach (As on 31/Dec/2017)	No. of States	2
	No. of Districts	8
	No. of Branches	34
	No. of Active Borrowers	51907
	No. of Total Employees	224
	No. of Field/Credit Officers	128

*JCSPL Established in the month of July 2016, however JCSPL has commenced microfinance operations in the month of March, 2017 as an NBFC-MFI. Management of JCSPL has taken over the entire microfinance operation of Sreema Mahila Samity (SMS) NGO, based in West Bengal, the month of April, 2017.*

## 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)
Kalyan Fortnightly/ Kalyan Monthly	Income generating activity	10,000 - 30,000	24.90%	1.00%	25.90%

*Interest rate has been changed in the month of January from 25.00% to 24.90%.*

## Capital Structure as on 31/Dec/2017

Authorized Capital	Rs. 20.00 crore
Paid Up Capital	Rs. 9.96 crore

## Shareholders -Equity Shares as on 31/Dec/2017

EQUITY SHARES	
Shareholders	% Holding
Sunanda Kumar Mitra	26.09%
Alok Biswas	10.20%
Samiran Chanda	6.52%
Manick Deb	6.68%
Samir Chimanlal Sanghavi	11.13%
Jatin Chimanlal Sanghavi	8.72%
Dilip Kumar Saraf (HUF)	2.01%
Dilip Kumar Saraf	2.01%
Divya Saraf	2.01%
Saroj Saraf	2.01%
Anupriya Saraf	2.01%
Loknath Agarwalla	10.04%
Sujata Mitra	1.36%
Jyatirmay Saraswati	0.20%
Mayadhar Mahakud	5.02%
Susim Mukul Datta	4.01%
<b>Total</b>	<b>100.00%</b>

## **Board of Directors Profile**

Name	Position	Qualification	Brief Profile
Sunanda Kumar Mitra	Chairman	B.Sc.( Physics) P.G.C.B.M.	<ul style="list-style-type: none"> <li>• Promoter &amp; Director of the JCSPL. He was associated with various banks.</li> <li>• He started his professional career in the year 1974 and has a banking career over 40 years.</li> <li>• He was associated with State Bank of India. Joined as a Probationary Officer in 1974. Assignments held include Branch Banking, Retail Banking, SME and Large Corporate Credit. He was also associated as an AGM in Industrial Finance in SBI.</li> <li>• He was associated with Axis Bank, Joined as a DGM – Credit in early 1995 and continued till superannuation in 2013 as President &amp; Country Head distribution. Assignments include, Head of Kolkata main branch, Zonal Head, Eastern Zone for 6 years and National Head of Rural Banking and distribution in Mumbai corporate office, As a Head Distribution, he was responsible for Retail Banking, Retail Products, Third Party products, and Branch Network.</li> <li>• He was associated with Bandhan Bank during the period (Jan 2015 – April, 2016) - Joined Bandhan Bank as business head and responsible for the transformation of the NBFC to a full-fledged Scheduled Commercial Bank in August, 2015. Guided in setting up 656 Bank branches.</li> </ul>



Mr Alok Biswas	Managing Director	B.Com(Hons), P.G.D.M. (XIMB), C.A.I.I.B. , Diploma in Microfinance	<ul style="list-style-type: none"> <li>• Mr. Alok Biswas is the Promoter &amp; Managing Director of the Company. He was the founder and Managing director of Jagaran Microfin Private Limited and he was associated with Jagaran since December 2010.</li> <li>• He is an ex-banker, with more than 21 years of experience in various banks, like Canara Bank, Indian Bank, Axis Bank. He was lastly served as the Vice President &amp; Cluster Head of Axis Bank, In-charge of Odisha, Chattisgarh &amp; Jharkhand.</li> </ul>
Ms. Bani Saraswati	Independent Director	B.A, B.T.	<ul style="list-style-type: none"> <li>• She is a social entrepreneur.</li> <li>• She has 42 years of experience in the field of micro finance, women empowerment, and various social development projects.</li> <li>• She was associated with Sreema Mahila Samity as a Secretary, an NGO based in West Bengal, established in 1972.</li> </ul>
Mr Biswamohan Mahapatra	Independent Director	M.Sc. in Management, M.B.A. and M.A.	<ul style="list-style-type: none"> <li>• He has a very rich experience in the banking sector as a regulator.</li> <li>• Associated with RBI for more than 33 years. Retired as an Executive Director at the end of August 2014.</li> <li>• He is associated with Ernst and Young LLP as an external senior advisor and responsible for financial sector regulatory matters.</li> <li>• He is associated with Gruh Finance Limited, Edelweiss Financial Services Limited, HDFC, Credila Financial Services Private Limited, ECL Finance Limited and Ujjivan Small Finance Bank as an Independent Director.</li> </ul>

## Management Profile

Name	Position	Qualification	Brief Profile
Sukumar Biswas	General Manager- Operations	M.Com.	<ul style="list-style-type: none"> <li>• He has more than 28 years of experience in the field of micro-finance.</li> <li>• He was associated with BRAC (International development organisation based in Bangladesh), Bandhan Financial Services and Jagaran Microfin Private Limited.</li> <li>• He was associated with Jagaran Microfin Private Limited as an Operation Head.</li> <li>• He has worked in the areas of client education, self-help group promotion, primary health care, disaster management, vocational training, water &amp; sanitation, female welfare, women's rights.</li> <li>• He is associated with JCSPL as a General Manager Operation.</li> </ul>
Utpal Kumar Bose	General Manager- HR & Admin	B.Sc.	<ul style="list-style-type: none"> <li>• He has 35 years of experience in banking sector.</li> <li>• He has 3 years of experience in field of microfinance.</li> <li>• He has worked in the areas of Retail banking/ MSME lending and Regulatory compliances and Industrial relations.</li> <li>• He is associated with JCSPL as a General Manager HR &amp; Admin.</li> </ul>
Amal Kumar Mapa	Head- Internal Inspection	M.Sc. (Agriculture)	<ul style="list-style-type: none"> <li>• He has more than three decades of experience in banking sector.</li> <li>• He has 16 years of experience in the field of micro-finance and associated with Sreema Mahila Samity.</li> </ul>
Parijat Biswas	Head- Finance & IT	P.G.D.M.	<ul style="list-style-type: none"> <li>• He was associated with various NBFC, Telecom and FMCG sector in the department of Finance.</li> <li>• He is associated with JCSPL as a Head- Finance &amp; IT.</li> </ul>

Monoranjan Roy	Head-Accounts	M.Com., , Qualified Cost Accountant (I.C.W.A.)	<ul style="list-style-type: none"> <li>• He has 33 years of experience in the banking sector and also associated with RBI, retired as an AGM – Inspection.</li> <li>• He is associated with JCSPL as a Head of accounts.</li> </ul>
Dr Swapan Kumar Sinha	Head-Training & Development	P.H.D. (Child Welfare)	<ul style="list-style-type: none"> <li>• He has very rich experience in the banking sector.</li> <li>• He was associated with RBI, NABARD, also associated with Bandhan Financial Services Limited and Jagaran Microfin Private Limited as a Head of Training &amp; Development.</li> </ul>
Mahua Ghosh	Manager – Accounts & MIS	B.A. , M.S.W.	<ul style="list-style-type: none"> <li>• She has 16 years of experience in the field of micro-finance, associated with Sreema Mahila Samity (SMS), NGO based in West Bengal.</li> <li>• She is associated with JCSPL as a Manager of Accounts &amp; MIS.</li> </ul>
Aninidita Chanda	Company Secretary	C.S., M.Sc. (Zoology )	<ul style="list-style-type: none"> <li>• She is associated with JCSPL as a Company Secretary.</li> </ul>

## Highlights of Microfinance Operations

Particulars	31/Mar/2015	31/Mar/2016	31/Mar/2017	31/Dec/2017
No. of States	01	01	01	2
No. of Districts	03	03	03	8
No. of Branches	22	25	25	34
No. of Active Members	45,995	54,179	59,038	51,906
No. of Active Borrowers	39,374	51,750	51,928	51,906
No. of Total Employees	159	170	175	224
No. of Field/Credit Officers	74	87	97	128
No. of JLGS	4359	4622	6742	3859
OWNED PORTFOLIO				
Particulars	31/Mar/2015	31/Mar/2016	31/Mar/2017	31/Dec/2017
Total loan disbursements during the year (in crore) <b>(Owned Portfolio)</b>	47.34	43.83	53.76	92.45
Total portfolio outstanding (in crore) <b>(Owned Portfolio)</b>	24.17	24.61	28.38	53.83
MANAGED/BC PORTFOLIO				
Particulars	31/Mar/2015	31/Mar/2016	31/Mar/2017	31/Dec/2017
Total loan disbursements during the year (in crore) <b>(Managed/BC Portfolio)</b>	4.01	24.82	27.31	3.32
Total portfolio outstanding (in crore) <b>(Managed/BC Portfolio)</b>	3.91	15.08	15.47	3.16
SECURITIZED & ASSIGNED PORTFOLIO				
Particulars	31/Mar/2015	31/Mar/2016	31/Mar/2017	31/Dec/2017
Total loan disbursements during the year (in crore)	0.00	0.00	0.00	13.70
Total portfolio outstanding (in crore)	0.00	0.00	0.00	7.01

*As on Dec 31, 2017 the total portfolio stood at Rs.64.00 crore including own portfolio of Rs. 53.83 Crore. BC of Rs. 3.16 crore and securitized portfolio of Rs. 7.01 crore.*

*JCSPL has assigned standard pool of asset worth of Rs. 989.33 lacs and Rs. 381.90 lacs to Arohan Financial Services Private Limited with a cut-off date of July 31, 2017 and October 31, 2017. The Portfolio outstanding as on Dec 31, 2017 was Rs. 7.01 crore.*



## **SMERA Comments**

As on Dec 31, 2017 the total portfolio stood at Rs.64.00 crore including own portfolio of Rs. 53.83 crore, BC of Rs. 3.16 crore and securitized portfolio of Rs. 7.01 crore. Spread over 34 branches of 08 districts with about 51,906 borrowers. . JCSPL's Assets under Management (AUM) witnessed a robust growth of ~45.95% in FY2017 in the month of December over the previous year.

JCSPL is exposed to high geographical concentration risk. As on Dec 31, 2017, companies are currently operating only in 2 states i.e. West Bengal and Bihar. The entities portfolio is concentrated in West Bengal which constitutes around 94.83% of the total loan portfolio. However management has informed JCSPL is planning to expand its microfinance activities in North-East in the medium term

The company needs to improve geographical diversification of operations to mitigate political and other risks. 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.

## Compliance with RBI's Directives for MFIs

RBI's Direction	Company Status (Auditor Certified)	Compliance
85% of total assets to be in the nature of qualifying assets	Income generation loan forms over 94.70% of total assets	Complied
Net worth to be in excess of Rs 5 Crore	Net owned funds stood at Rs.8.83 crore as on Dec 31, 2017.	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	JCSPL extends loans to households whose income does not exceed Rs. 100,000 in the rural areas and Rs. 160,000 in the urban and semi-urban areas.	Complied
Loans size not to exceed Rs 60,000 in first cycle and Rs 100,000 in subsequent cycles	Loans size has not exceeded Rs. 60,000 in first cycle and Rs. 100,000 in subsequent cycles.	Complied
Total indebtedness of the borrower not to exceed Rs. 100,000 (excl medical and education loans)	Total indebtedness of the borrower has not exceeded Rs. 100,000.	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	The maximum interest on loan products offered by JCSPL is 24.90%.	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.	JCSPL verifies the same through credit check from credit bureaus.	Complied

RBI's Direction	Company Status (Auditor Certified)	Compliance
Loan pricing to include processing fee (not exceeding 1% of the loan amount)	JCSPL is charging processing of 1.0% on the disbursed loan amount.	Complied
Collateral free loans	JCSPL does not accept any collateral for extending the credit.	Complied
MFIs shall not collect any Security Deposit / Margin from the borrower.	JCSPL does not collect any security deposit / margin from the borrower.	Complied
No late payment or prepayment penalties	JCSPL 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.	JCSPL shares its client data with Highmark, Equifax, 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.	JCSPL provides loans for only income generation activities.	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.	JCSPL has a CRAR of 20.51% as on December 31, 2017.	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'.	JCSPL has made appropriate loan loss provisions	Complied

## Section 1: Microfinance Capacity Assessment Grading

### **Operating Environment**

- SMERA estimates the MFI sector to grow at a CAGR of 20%-25% and is expected to touch Rs.100000 crore by the end of FY2019.
- MFIs have reported an increase of ~15% in average loan amount disbursed per account during Q2 FY 17-18 compare to Q2 FY 16-17. SMERA believes seasoned customer profile over multiple loan cycles have helped MFIs to increase its loan ticket size.
- The fund flow to the sector has improved on account of increased confidence on MFI sector coupled with reduction in interest rate (100-150 bps). 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.
- 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 FY2017-18 as compared to the previous year.



**Limited track record of microfinance operations and satisfactory industry experience of key promoters**

- JCSPL commenced microfinance operations in the month of March, 2017 as an NBFC-MFI. The company has adopted Joint Liability Group (JLG) model, primarily with women as members / borrowers. The company has taken over the microfinance operation of Sreema Mahila Samity (SMS) in the month of April, 2017. The company is committed to ensure diligent process adherence in order to maintain its portfolio quality. As part of its growth strategy, The Company shall also explore inorganic business expansion through acquisition/merger of microfinance portfolio of smaller entities on merit, subject to rigorous due diligence. To improve the standards of living of millions of Indians engaged in micro, small and medium enterprises across the country through a wide range of financial services, in a sustainable and transparent manner based on mutual respect and understanding.
- Currently, the MFI has four members in its board, Mr. Sunanda Kumar Mitra, promoter & director of the JCSPL. Was associated with various banks. He started his professional career in the year 1974 and has a banking career over 40 years. He was associated with State Bank of India. Joined as a Probationary Officer in 1974. Assignments held include Branch Banking, Retail Banking and SME and Large Corporate Credit; he was also associated as an AGM in Industrial Finance in SBI. He was associated with Axis Bank, Joined as a DGM. In early 1995 and continued till superannuation in 2013 as President & Country Head distribution. Assignments includes head of Kolkata main branch, zonal head, eastern zone for 6 years and national head of rural banking and distribution in Mumbai corporate office, As a Head Distribution, he had complete responsibility for Retail Banking, Retail Products, Third Party products, and Branch Network. He was associated with Bandhan Bank during the period (Jan 2015 – April, 2016) - Joined Bandhan Bank as business head and responsible for the transformation of the NBFC to a full-fledged Scheduled Commercial Bank in August, 2015. Guided in setting up 656 Bank branches.
- Mr .Alok Biswas is the Promoter & Managing Director of the Company. He was the Founder & Managing Director of Jagaran Microfin Private Limited and he was associated with Jagaran since December 2010. He is an ex-banker, with more than 21 years of experience in various banks, like Canara Bank, Indian Bank, Axis Bank. He was associated as the Vice President & Cluster Head of Axis Bank.
- Ms .Bani Saraswati, She is a social entrepreneur. She has 42 years of experience in the field of micro finance, women empowerment, and various social development projects. She was associated with Sreema Mahila Samity, an NGO based in West Bengal, established in 1972.
- Mr Biswamohan Mahapatra, He has a very rich experience in the banking sector. Associated with RBI for more than 33 years. Retired as an Executive Director at the end of August 2014.He is associated with Ernst and Young LLP as an external senior advisor and responsible for financial sector regulatory matters. He is associated with Gruh Finance Limited, Edelweiss Financial Services Limited, HDFC, Credila Financial Services Private Limited, ECL Finance Limited and Ujjivan Small Finance Bank as an Independent Director.
- As on Dec 31, 2017, JCSPL has four members in its board relevant experience in the banking, finance and microfinance space.

Name	Position
Mr.Sunanda Kumar Mitra	Chairman
Mr. Alok Biswas	Managing Director
Ms.Bani Saraswati	Independent Director
Mr. Biswamohan Mahapatra	Independent Director

### **Moderate Resource Profile**

- As on Dec 31, 2017, JCSPL had availed term loans from 09 lenders. The company's resource Profile continues to remain concentrated towards borrowings from NBFCs and FI's i.e. Reliance Commercial Finance Limited, Arohan Financial Services (P) Ltd, Capital First Limited and Nova Vyapar Private Limited, MAS Financial Services Private Limited Mahindra & Mahindra Financial Services Limited and Intellegrow. As on Dec 31, 2017, Out of the total debt outstanding of Rs.55.38 crore, the borrowings from NBFC's and FI stood at Rs.41.06 crore which is 74.14% of the total borrowings as on Dec 31, 2017.
- Apart from above mentioned NBFCs, the company is also dealing with Axis Bank Limited, and Utkarsh Small Finance Bank (SFB) , the borrowings from banks stood at Rs.14.32 crore which is 25.86% of the total borrowings as on Dec 31, 2017.
- The relationships with these banks, NBFCs and FI's has helped JCSPL in meeting its funding requirements; however the company should increase its funding mix in order to meet its desire growth in future. The debt availed from above mentioned NBFCs have been drawn at an interest rate in the range between 13.25%-17.00%, whereas debt availed from banks have been drawn at an interest rate in the range between 10.00%-15.00%.
- The cost of funds (COF) stood at 12.44% as on Mar 31, 2017 as compared to 10.48% in the previous year, due to increase in the Interest and Fee Expense on Borrowings.

### **Moderate capitalisation and comfortable liquidity profile**

- JCSPL has a moderate capitalisation marked by low gearing of 1.91 times as on March 31, 2017 as compared to 2.55 times in the previous year The gearing has declined in FY 2017 due to equity infusion in the business. CRAR has increased and it stood at 36.10% in FY2017, as compared to 31.31% in FY2016. The CRAR has increased mainly on account of increase in the equity.
- JCSPL 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 24-36 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.

### Sound Asset Quality

Period	FY 2015	FY 2016	FY 2017	31/Dec /2017
	Portfolio o/s (in crore)	Portfolio o/s (in crore)	Portfolio o/s (in crore)	Portfolio o/s (in crore)
On-time	27.98	39.46	43.59	63.87
1-30 days	0.06	0.09	0.04	0.13
31-60 days	0.02	0.00	0.07	0.00
61-90 days	0.00	0.01	0.03	0.00
91-180 days	0.01	0.01	0.03	0.00
181-360 days	0.01	0.12	0.03	0.00
> 360 days	0.00	0.00	0.06	0.00
Write-off	0.00	0.00	0.00	0.00
<b>Total</b>	<b>28.08</b>	<b>39.69</b>	<b>43.85</b>	<b>64.00</b>

- JCSPL has a sound asset quality marked by on-time repayment rate of 99.79% as Dec 31, 2017. The company's on-time repayment has improved from 99.42% in FY2015-16 to 99.79% in FY2016-17.
- The PAR 0-30 days stood at 0.20% as on Dec 31, 2017 as compared to 0.22% as on March 31, 2016. The PAR >30 days stood at 0.00% as on Dec 31, 2017 as compared to 0.35% as on March 31, 2016. The PAR % has remained comfortable despite being impacted due to demonetization in the month of November 2016.

*Note: As on Dec 31, 2017 the total portfolio stood at Rs.64.00 crore including own portfolio of Rs. 53.83 crore, BC of Rs. 3.16 crore and securitized portfolio of Rs. 7.01 crore.*

*JCSPL has assigned standard pool of asset worth of Rs. 989.33 lacs and Rs. 381.90 lacs to Arohan Financial Services Private Limited with a cut-off date of July 31, 2017 and October 31, 2017.*

## **Geographical Reach**

- JCSPL is exposed to high geographical concentration risk. As on Dec 31, 2017, companies are currently operating only in 2 states i.e. West Bengal and Bihar. The entities portfolio is concentrated in West Bengal which constitutes around 94.83% of the total loan portfolio. However management has informed JCSPL is planning to expand its microfinance activities in North-East in the medium term.

Name of the State	No. of Branches	No. of Borrowers	Portfolio o/s (in crore)	PAR % (>30 days)	% of Total Portfolio o/s
West Bengal	30	50,117	60.69	0.00	94.83
Bihar	4	1,789	3.31	0.00	5.17
<b>Total</b>	<b>34</b>	<b>51,906</b>	<b>64.00</b>	<b>0.00</b>	<b>100.00</b>

- The company needs to improve geographical diversification of operations to mitigate political and other risks. 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.

## **Improvement in operational performance in FY2017**

- The company has reported net profit of Rs.2.28 crore on operating income of Rs.8.28 crore in FY2017, as compared to net profit of Rs.1.37 crore on operating income of Rs.6.77 crore in the previous year. Operating income has increased mainly on account of increase in Interest and fee revenue from microfinance loans.
- The operational self-sufficiency (OSS) of the company has improved over the past three years. The OSS stood at 138.01% in FY2017 as compared to 125.38% in the previous year due to increase the operating income.
- As on Dec 31, 2017, the JCSPL has an outstanding loan portfolio of Rs.64.00 crore spread over 34 branches of 2 states with about 51,906 borrowers. JCSPL's Assets under Management (AUM) witnessed a robust growth of ~45.95% in FY2017 in the month of December over the previous year.
- The Company's operating expense stood at 7.08% as on March 31, 2017 (including BC), and it has decreased over the past three years due to increase in the microfinance loan portfolio (including BC).

### **Moderate MIS & IT infrastructure considering the current scale of operations**

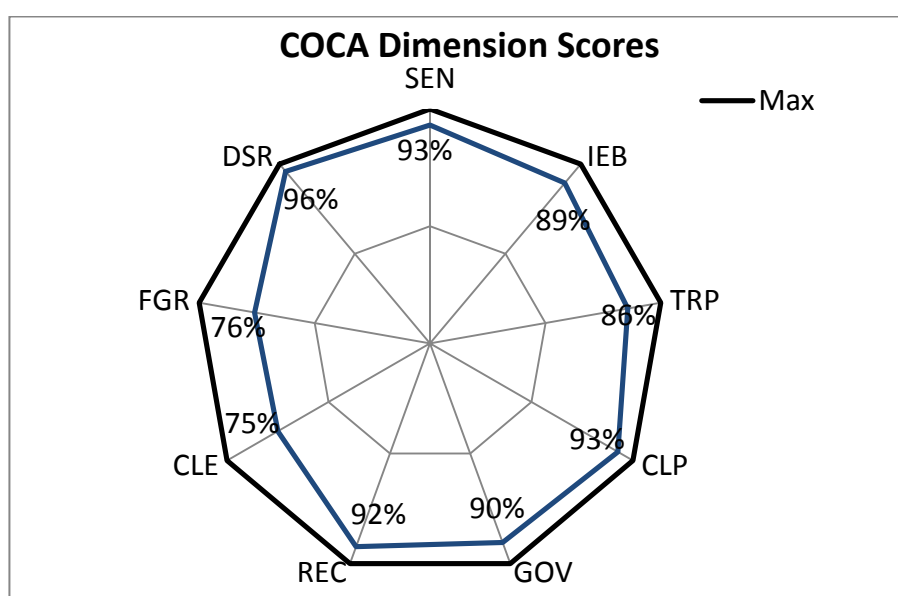
- JCSPL's management information system (MIS) and Information Technology (IT) infrastructure is moderate for its current scale of operations. It has dedicated MIS and IT team at Head Office and Zonal Office to ensure smooth flow of operational data between Head Office and branches.
- The current MIS system deployed in JCSPL is 'BIJLI' customized software to handle the current and projected growth. The MIS has real time tracking of micro finance activities and head office can collect information at any time.

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

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

## Section 2: Code of Conduct Assessment

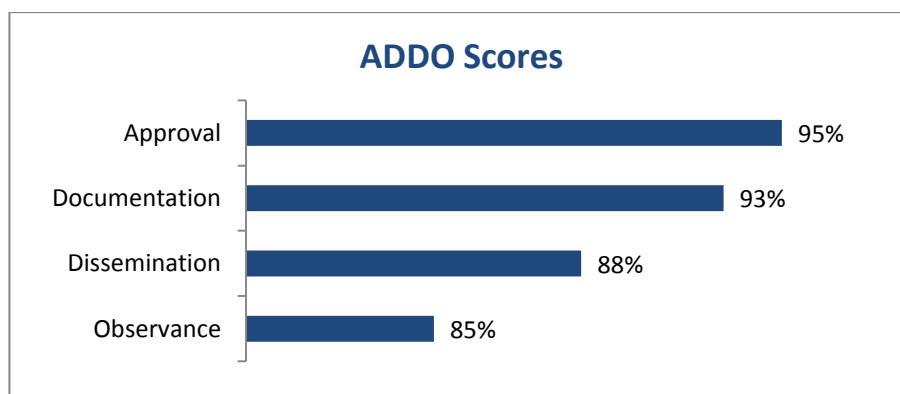
COCA Grading – C3 (Average Performance on Code of Conduct dimensions)



### SCORES ON PARAMETERS

Code of Conduct Parameters	Code	% Performance
Sensitive	SEN	93%
Integrity and Ethical Behavior	IEB	89%
Transparency	TRP	86%
Client Protection	CLP	93%
Governance	GOV	90%
Recruitment	REC	92%
Client Education	CLE	75%
Feedback & Grievance Redressal	FGR	76%
Data Sharing	DSR	96%

UFSPL with an overall grade of “C3”, indicate **Average Performance on Code of Conduct dimensions.**



JCSPL with an overall grade of “C3”, indicate **“Average Performance on Code of Conduct dimensions.**

## Code of Conduct Assessment Summary

The Code of Conduct report for JCSPL 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 JCSPL exhibits average 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 JCSPL's adherence towards ethical operational practices.



## Strengths and weaknesses pertaining to Code of Conduct

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• JCSPL has four - members on its board as on Dec 31, 2017 having extensive experience in the banking and finance segment.</li> <li>• Credit policies are well established documented and communicated.</li> <li>• Adequate loan appraisal &amp; monitoring systems.</li> <li>• Compulsory training on products terms and conditions to client prior to every loan.</li> <li>• Compulsory check on over indebtedness of every borrower.</li> <li>• Data sharing with all credit bureaus (Equifax, Highmark, and CIBIL).</li> <li>• JCSPL prepare monthly reports about the number, nature and resolution of grievances for management review. The report is send to board every month for review.</li> <li>• Action taken reports on the complaints received from clients are centrally maintained in Head Office with Grievance Officer.</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness among the clients/members pertaining to interest rate, insurance claim settlements found to be moderate.</li> <li>• Awareness among client and staff on SRO Grievance Redressal mechanism was found to be moderate.</li> <li>• JCSPL do not have a policy to provide written undertaking to the client whenever grievance is received.</li> </ul>

## Significant Observations

HIGHER ORDER INDICATORS	
<b>Integrity and Ethical Behaviour</b>	<ul style="list-style-type: none"> <li>• The audit committee of the Board reviews the adequacy of audit staff strength and scope of Internal Audit.</li> <li>• The board has approved a policy of recovering from delinquent loans.</li> <li>• JCSPL prepare monthly reports about the number, nature and resolution of grievances for management review and the report is also being sent to Board for review.</li> <li>• The MFI has a practice that when it recruits staff from another MFI, the said staff will not be assigned to the same area he/she was serving at the previous employer for a period of one year.</li> <li>• In all the branches visited, the contact number and address of SRO nodal official was displayed.</li> <li>• As informed by management the company does not have any incentive scheme for its staff.</li> <li>• Awareness among client and staff on Grievance Redressal mechanism was found to be moderate in the visited branches.</li> <li>• Fixed Component compensation of staff is not impacted in event of overdues. JCSPL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients.</li> </ul>
<b>Sensitive Indicators</b>	<ul style="list-style-type: none"> <li>• In the sample of clients during COCA on the total indebtedness of borrower was within the prescribed limit stipulated by RBI.</li> <li>• Interactions with clients revealed that they had not been made to pay for a service or product as a precondition for loan.</li> <li>• 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.</li> <li>• Awareness to its clients/members pertaining to interest rate and insurance claim settlements found moderate.</li> <li>• JCSPL provides repayment schedule to the clients including break-up of principle and interest.</li> <li>• Awareness among the staff on RBI compliance was found to be moderate.</li> <li>• There are no adverse observations in the Auditor's report regarding accounting standards followed by the MFI.</li> <li>• Data sharing with all credit bureaus (Equifax, Highmark, and CIBIL).</li> <li>• JCSPL 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.</li> <li>• The MFI gets Statutory Auditor to certify its compliance with RBI's</li> </ul>

	directions in relation to margin for lending by MFIs to qualify as priority sector loans. The MFI gets Statutory Auditor to certify its compliance with RBI's directions.
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BUILDING BLOCKS	
<b>Transparency</b>	<ul style="list-style-type: none"> <li>• Awareness among the staff on RBI guidelines was found to be moderate.</li> <li>• JCSPL has documented the pricing of its loan products in its operational manual. In the branches visited loan documents had been maintained in local languages.</li> <li>• Circulars of the most recent RBI directions are available in the form of office orders in the visited branches.</li> <li>• JCSPL, in its fair practices code provides importance for transparency in pricing and clear communication to the clients.</li> <li>• The loan interest rate and processing fees is mentioned on the loan card and loan agreement provided to the client.</li> <li>• Clients interviewed were moderately aware of the charges and price for all services availed.</li> <li>• Audit committee does not verify through the audit reports whether all clients have received the necessary loan documents.</li> <li>• Pricing policy of loans is displayed in branches visited.</li> <li>• JCSPL 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.</li> <li>• JCSPL have a documented policy on loan pre-payments.</li> <li>• Code of conduct compliance report of the company is available in the company's website.</li> </ul>
<b>Client Protection</b>	<ul style="list-style-type: none"> <li>• JCSPL has a board-approved policy regarding client data security which forms part of its fair practice code.</li> <li>• Employees are trained on aspects of appropriate behavior with the clients.</li> <li>• JCSPL has framed a Fair Practice Code and has also adopted the RBI fair practices code, which includes policies on the expected staff conduct with clients.</li> <li>• Employees are trained on aspects of appropriate behavior with the clients.</li> <li>• Staffs were found to be aware of the need to have professional conduct with the clients.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• JCSPL is having two independent directors in its board as on Dec 31, 2017.</li> </ul>

	<ul style="list-style-type: none"> <li>• JCSPL has got its accounts audited in a timely manner after the end of the most relevant financial year.</li> <li>• No adverse observations in the Auditor's report regarding accounting standards followed by the MFI.</li> <li>• Staff satisfaction related to compensation and incentive is not covered under scope of Internal Audit.</li> <li>• The board has approved a policy of recovering from delinquent loans. As informed by management, no request has been received from clients related to restructuring of loans.</li> </ul>
<b>Recruitment</b>	<ul style="list-style-type: none"> <li>• JCSPL's board has reviewed its recruitment policies regularly in board meetings.</li> <li>• The MFI has a defined and documented process for responding to reference check requests.</li> <li>• JCSPL has honored the notice period for employees who have left the organization.</li> <li>• JCSPL obtains NOC or relieving letter from the previous employee, in case employees are recruited from other MFIs.</li> <li>• JCSPL has a practice that when it recruits staff from another MFI, the said staff will not be assigned to the same area he/she was serving at the previous employer for a period of one year.</li> </ul>
<b>Client Education</b>	<ul style="list-style-type: none"> <li>• JCSPL in its fair practices code provides importance for raising clients' awareness of the options, choices and responsibilities regarding financial products and services.</li> <li>• JCSPL do not charge any training fees to its clients, itself or through a related party.</li> <li>• Awareness among client on annualized Interest rate &amp; Insurance claim settlement process was found to be moderate.</li> </ul>

<p style="text-align: center;"><b>Feedback and Grievance Redressal</b></p>	<ul style="list-style-type: none"> <li>• As informed by the management, 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. Mechanism being done on every board meeting.</li> <li>• The company has a policy on time frame and process for client's complaint resolution.</li> <li>• Clients were found to be moderately aware of the helpline number</li> <li>• In all the branches visited, the contact number and address of SRO nodal official was properly displayed.</li> <li>• The company does not maintain a record of the action taken and complaints resolved.</li> <li>• Awareness among client and staff on SRO Grievance Redressal mechanism was found to be moderate.</li> <li>• JCSPL prepares monthly reports about the number; nature and resolution of grievances and feedback received for management review. . JCSPL in its loan agreement do make a declaration that it is responsible for the behavior of its staff.</li> </ul>
<p style="text-align: center;"><b>Data Sharing</b></p>	<ul style="list-style-type: none"> <li>• JCSPL has a written policy and process for sharing data with credit bureaus for checking the client's credit worthiness.</li> <li>• Audited financials of FY2017 is available on the company's website.</li> <li>• Microfinance operational data is available on the company's website.</li> <li>• JCSPL has provided data called for by SRO and RBI as and when required as per compliance.</li> <li>• JCSPL shares accurate data with all credit bureaus on weekly and monthly basis.</li> <li>• JCSPL performs compulsory credit bureau checks for all its clients.</li> </ul>

## 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.

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

*Chart: COCA Indicators Framework*



Number of indicators in each category is presented below

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

## Methodology

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

## Sampling guidelines

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

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

## **Code of Conduct Assessment exercise requires:**

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

As part of this assessment, SMERA has covered following branches of the MFI. The details of the branches are provided below.

Sr. No.	Branch	State	No. of clients interviewed
1	Aranghata	West Bengal	22
2	Matikumra	West Bengal	27
3	Sindrani	West Bengal	22
4	Kaikhali	West Bengal	21
5	Mamudpur	West Bengal	11
6	Ranaghat	West Bengal	20
7	Altahat	Bihar	22
8	Kishanganj	Bihar	22
<b>Total</b>			<b>167</b>

## Financial Statements

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

Financial Year	2015	2016	2017
Months	12	12	12
	<b>Audited</b>		
<b>Income</b>			
Financial revenue from operations	<b>67,286</b>	<b>67,748</b>	<b>82,899</b>
<b>Financial expenses from operations</b>	<b>26,712</b>	<b>21,502</b>	<b>25,800</b>
<u>Financials expenses from funding liabilities</u>			
Interest and Fee Expense on Borrowings	25,601	21,067	24,533
Other financial expenses related to financial services	1,111	435	1,267
<b>Gross financial margin</b>	<b>40,574</b>	<b>46,246</b>	<b>57,099</b>
<b>Impairment Losses on Loans</b>	<b>2,975</b>	<b>4,422</b>	<b>4,678</b>
<b>Net financial margin</b>	<b>37,599</b>	<b>41,824</b>	<b>52,421</b>
<b>Operating expenses</b>			
Personnel Expense	15,591	17,976	17,601
<u>Administrative Expense</u>			
Depreciation and Amortization Expense	245	296	249
<b>Other Administrative Expense</b>	<b>8,678</b>	<b>9,840</b>	<b>11,738</b>
<b>Net operating income</b>	<b>13,085</b>	<b>13,712</b>	<b>22,833</b>

*Note: Above financials are taken audited statements.*

### Balance Sheet (Rs in Thousands)

As on Date	31/Mar/15	31/Mar/16	31/Mar/17
	<b>Audited</b>		
<b>SOURCES OF FUNDS</b>			
Equity Capital	65,176	81,445	1,08,573
<b>TOTAL EQUITY(A)</b>	<b>65,176</b>	<b>81,445</b>	<b>1,08,573</b>
<b>Liabilities</b>			
<b>Short-term liabilities</b>			
<u>Short-term borrowings</u>			
Commercial Loans from banks/FI for microfinance	2,02,845	2,07,382	2,07,340
Account payable & Other short-term liabilities	1,522	902	1,498
<b>Total Short Term Liabilities(B)</b>	<b>2,04,367</b>	<b>2,08,284</b>	<b>2,08,838</b>
<b>TOTAL OTHER LIABILITIES(D)</b>	<b>2,04,367</b>	<b>2,08,284</b>	<b>2,08,838</b>
<b>Total Provision</b>	2,547	3,792	4,071
<b>TOTAL LIABILITIES (A+B+C+D+E)</b>	<b>2,72,090</b>	<b>2,93,521</b>	<b>3,21,482</b>

As on Date	31/Mar/15	31/Mar/16	31/Mar/17
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
<b>Gross Block</b>	4,860	5,114	5,194
Less: Accumulated Depreciation and Amortization	3,311	3,607	3,857
<b>Net Block</b>	<b>1,549</b>	<b>1,507</b>	<b>1,337</b>
<b>Cash and Bank Balances(B)</b>	10,916	15,822	1,273
<b>Investment in FD</b>	12,233	17,550	19,423
<b><u>Loan Portfolio *</u></b>			
Gross Loan Portfolio (Own Portfolio)	<b>2,41,716</b>	<b>2,46,177</b>	<b>2,83,867</b>
<b>Accounts Receivable and Other Assets</b>	5,676	12,465	15,582
<b>TOTAL ASSETS (A+B+C+D+E+F)</b>	<b>2,72,090</b>	<b>2,93,521</b>	<b>3,21,482</b>

Financial Ratios	31/Mar/2015	31/Mar/2016	31/Mar/2017
	12	12	12
<b>Capital Adequacy Ratio</b>			
Capital Adequacy Ratio (%)	26.18%	31.31%	36.10%
<b>Productivity/Efficiency Ratios</b>			
No. of Active Borrowers Per Staff Member	248	304	297
No. of Active Borrowers per field executives	532	595	535
No. of members per Branch	39374	51750	51928
Gross Portfolio o/s per field executive (in thousands)	3,795	4,563	4,521
Average Outstanding Balance per client (in Rs)	7,132	7,671	8,446
Cost per Active client(in Rs)	623	543	570
Staff Allocation Ratio	46.5%	51.2%	55.4%
<b>Asset/Liability Management</b>			
Cost of funds ratio	13.17%	10.48%	12.44%
Yield on Portfolio(Including BC)	21.84%	15.78%	15.01%
<b>Profitability / Sustainability Ratios</b>			
Operational Self Sufficiency (%)	124.14%	125.38%	138.01%
Operating Expense Ratio (OER) (%)	8.73%	8.30%	7.08%
Return on Assets (RoA) (%)	4.81%	4.85%	7.43%
Portfolio at Risk (>30 days) (%)	0.14%	0.35%	0.50%
Return on Equity (RoE) (%)	20.08%	9.35%	12.02%
<b>Leverage Ratios</b>			
Total Outside Liabilities to Tangible Networth Ratio (Times)	3.14	2.56	1.92
Debt/Equity Ratio (Times)	3.11	2.55	1.91



## About SMERA

SMERA Ratings Limited is 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 commenced its operations in 2005 and is empanelled as an approved rating agency by the National Small Industries Corporation Ltd. (NSIC) under the 'Performance & Credit Rating Scheme for Micro & Small Enterprise' of the Ministry of MSME, Government of India. SMERA 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.

### Corporate Office

102, Sumer Plaza  
Marol Maroshi Road, Marol  
Andheri (East)  
Mumbai - 400 059  
Tel: +91 22 6714 1111  
E-mail: info@smera.in