



# Social Impact Report 2016



## Foreword



Causing a positive social impact is one of NeoGrowth's key strategic objectives. The exciting growth NeoGrowth experienced last year has enabled us to reach out to more than 2,500 merchants and create a meaningful impact on their business. This is what makes our journey truly meaningful. I am happy to present the 2016 edition of our Social Impact Assessment Report.

Piyush Khaitan  
Founder & Managing Director NeoGrowth

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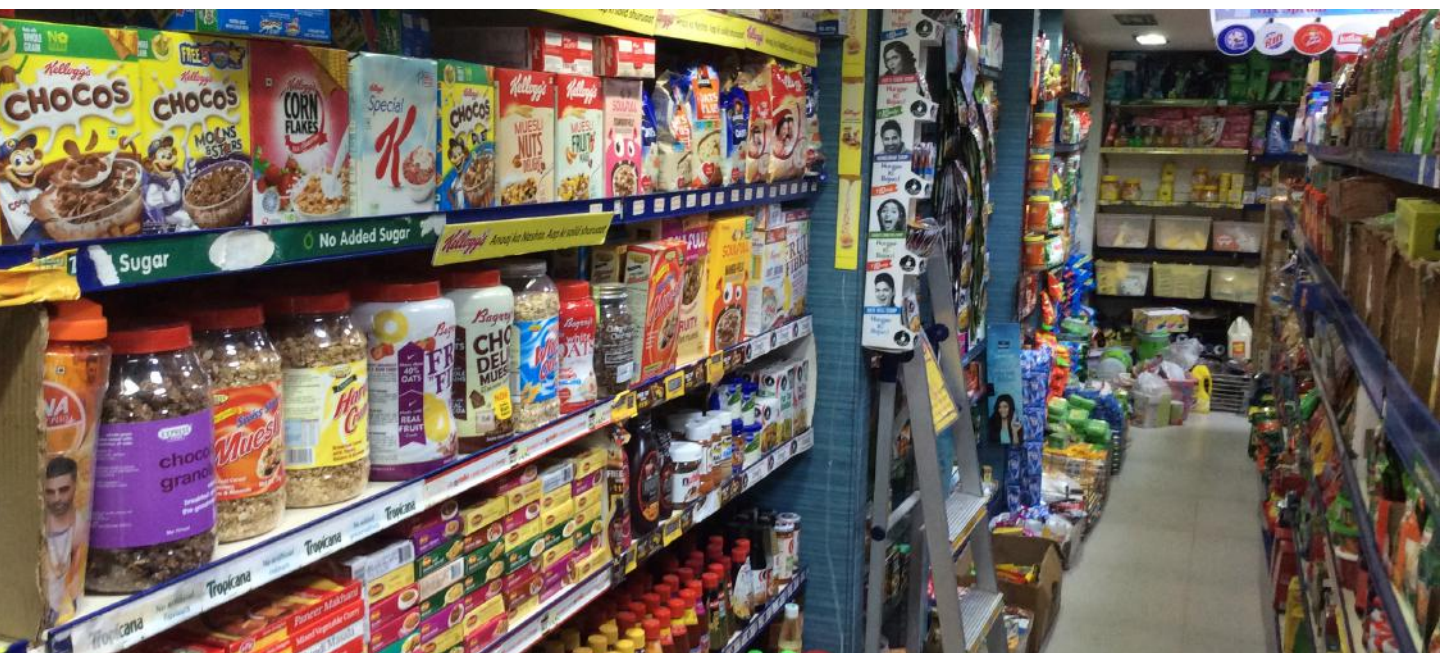
## Introduction

NeoGrowth's Impact Report 2016 clearly demonstrates our long term vision of supporting entrepreneurs financially across various domains and verticals. The report is compiled basis individual case studies and surveys which highlights the social impact created by our initiatives and reaffirms our commitment towards building a robust ecosystem for the SME sector in India.

NeoGrowth strongly believes that the loans that we give should create a positive impact and help in solving the needs of our customers. We remain committed to a result oriented approach and this reflects positively on our customer relationships. NeoGrowth started its operations in August 2012, we are backed by 4 impact investors, Omidyar Network, Aspada, Khosla Impact & Accion Frontier Inclusion Fund (AFIF) and also by India Infoline Seed Venture Fund. We have so far helped more than 1970 merchants and retailers since inception and are looking forward to serving more customers and create a difference in their lives.

## The NeoGrowth Advantage

- Pioneer in Merchant Cash Advance (MCA) in India
- Providing opportunities to evolve and scale up
- Improving Bureau Score of clients
- Lending based on non cash sales of merchants
- Nurturing business ideas
- Flexible daily repayment schedule
- Minimum documentation



**Grocery store– Mahavir Food Mart**

Small departmental stores like Mahavir Food Mart directly compete with large supermarkets. They need to replenish their inventories frequently since they deal in fast moving consumer goods.

More than 30% of NeoGrowth customers were found to be ineligible for credit by other lenders.

## Sample selection and methodology

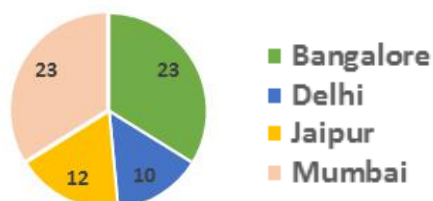
NeoGrowth evaluates the Social Impact caused by its lending activity by conducting customer surveys and interviews. This activity is done through a third party agency who conducts an independent survey on a random sample basis, chosen by them. The first Social impact report was published by NeoGrowth in 2015. The same is also available on request.

**Total number of customers:** 1970

**Profile:** Merchants and retailers

**Sample size:** 68

**Location:** Bangalore, Delhi, Jaipur and Mumbai



		Ownership Structure			Loan by Size			
Cities Covered	Total Sample	Corporate	Partnership	Proprietorship	Micro	Small	Medium	Large
Bangalore	23	2	5	16	11	7	3	2
Delhi	10	3	4	3	4	6	0	0
Jaipur	12	1	5	6	4	4	1	3
Mumbai	23	2	2	19	9	9	2	2
<b>Total</b>	<b>68</b>	<b>8</b>	<b>16</b>	<b>44</b>	<b>26</b>	<b>26</b>	<b>6</b>	<b>7</b>

### Parameters reviewed

- Lending to small enterprises
- Job creation and retention of jobs for people from low income groups
- Financial Inclusion: Opportunities to improve credit bureau score and integration into formal banking system
- Lending to women entrepreneurs
- Financial Support given to first generation entrepreneurs

## About ASCo

NeoGrowth assigned Anuj S Sharma & Co (ASCo) to conduct an independent & transparent Social Impact Assessment of its lending program & beneficiaries on sample basis in April - Jun 2016. ASCo is one of the leading Impact Investing Transaction Advisory firm Head Quartered in India, but with significant global experience focused on sustainable ventures & Impact Investing. ASCo's mission is to contribute to increased transparency & accountability in Impact Investing & Social Enterprise space.





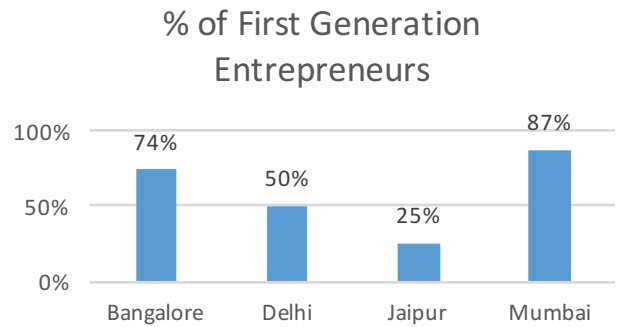
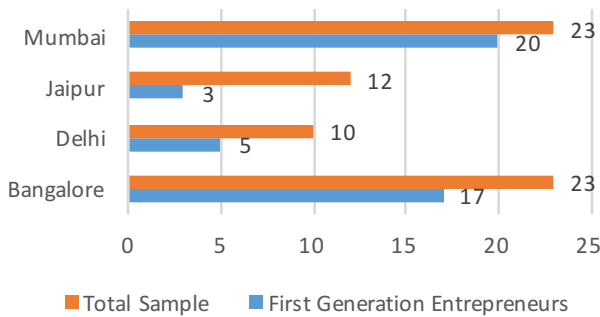
**Gas Station- Super Auto Centre**

In India, Gas Stations typically operate on very low margins because of regulated pricing. NeoGrowth loans are used by the gas stations for providing value added services like convenience stores, car wash services and for other business expansion purposes.

NeoGrowth aspires to be the catalyst for growth of small businesses by providing innovative financial solutions.

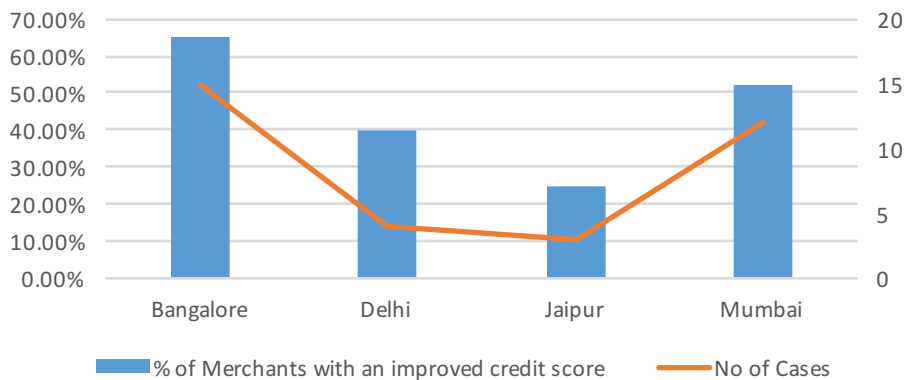
## Encouraging entrepreneurship

Majority of the traditional sources of finance are very hesitant towards first generation entrepreneurs as they lack experience and capital. NeoGrowth’s underwriting model and flexible repayment option, offers them an opportunity to grow with a quick and easy access to working capital.



## Improving the credit profile

Access to unsecured and reliable loan instruments resulted in an improved credit score which is a positive sign for our clients professional development. The credit bureau score (CIBIL) of the merchants and retailers is a strong indicator of their credit history. For every subsequent lending cycle, the credit score showed a marked increment. Out of the total sample reviewed, the score increased for 50% of our customers.





**Motorcycle Dealer– Auto Needs India**

Owning a two wheeler is an aspiration in India for people from the low income groups. Motorcycle dealers like Auto Needs India cater to this sector. NeoGrowth helps to finance their business and helps in fulfilling the aspirations of common people

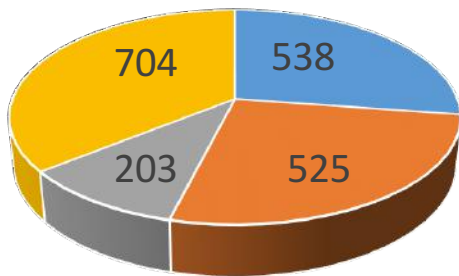
The Loan we give should cause a positive social impact



## Supporting small enterprises

NeoGrowth’s key focus is to provide loans to small merchants and retailers. More than 50% of our loans are in the small and micro category. (less than INR 1 Mn).

1970 merchants were funded INR 3,419 Mn. Out of this, 1063 clients (54%) were given loans of less than INR 1 Mn each amounting INR 629 Mn.



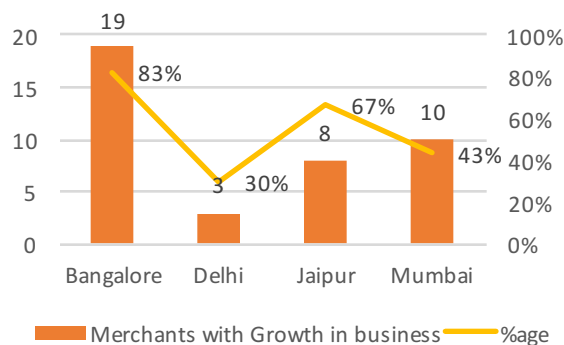
As per the criteria used, classification of merchant funding is as under:

- **Micro:** Lending upto INR 0.5 Mn
- **Small:** Lending from INR 0.5 to 1 Mn
- **Medium:** Lending from INR 1 to 2 Mn
- **Large:** Lending from INR 2 Mn onwards

## Enabling growth

NeoGrowth is aware of the highly competitive landscape that influences an entrepreneur’s business cycle. We offer, NeoCash, a loan product designed exclusively for sellers who receive payments via card swipe machines. This unique proposition combined with a flexible repayment model helps clients boost their business progressively.

NeoGrowth support clients in growing their businesses. Out of the sample, 59% of our Merchants witnessed growth in business post NeoGrowth funding, based on our interviews. There are instances where merchants have almost doubled their business post-funding by NeoGrowth.





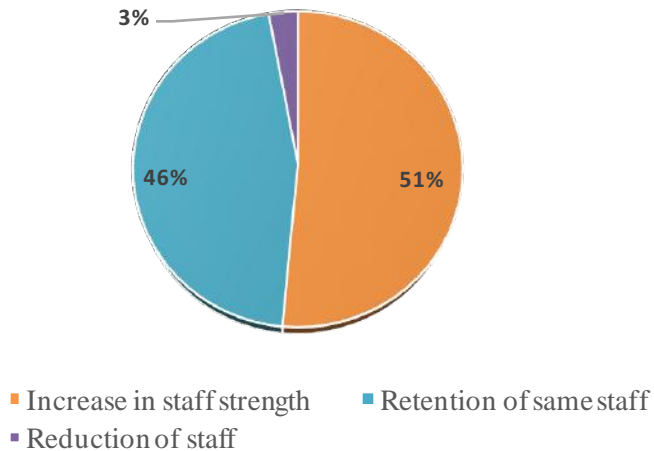
**Pharmacy– Himadri Medicals**

Unlike the pharmacy stores in large multi-specialty hospitals, stores like Himadri which are located in dense residential areas cater to the average middle class citizen. Financial assistance to these retailers help in-store expansion ensuring that the store is always stocked up with medicines to serve their customers

Unlike traditional lenders, NeoGrowth assesses a Merchant's business potential through alternate data sets

## Job creation and retention

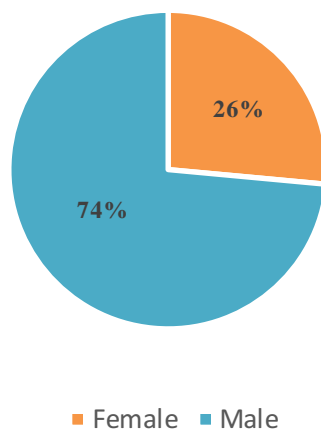
Financial support provided by NeoGrowth enables their business. This automatically results in new job creation. According to the evaluated sample, NeoGrowth's customers were able to retain their staff in 46% cases (with increased salaries) and in 51% cases they experienced an increase in staff strength



## Women empowerment

NeoGrowth provided loans to 1970 merchants, 26 % of these merchants were women. The selected sample of 68 merchants continued to show similar trend, wherein 18 businesses were represented by women as the sole proprietor or in partnership with others.

### Business Ownership





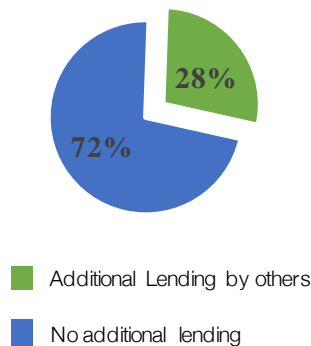
**Handicraft Store– Khazana Art Gallery**

Khazana is a handicraft store in Jaipur, a major tourist destination. These stores depend on seasonal business to keep them going through the year. Traditional lenders are averse to lending to such businesses because of the risks involved. With its unique underwriting methodology, NeoGrowth is able to lend to such merchants and is able to make a difference to their lives.

NeoGrowth's flexible daily repayment is specially designed for Merchants whose sales are affected by seasonal trends

## Financial inclusion

ASCo interviewed 68 merchants and reviewed their Credit Bureau Data. NeoGrowth reports back to these bureaus each month on individual deal performance, thus enriching data sets for thin credit files. The initial lending by NeoGrowth helped our clients improve their credit profile, and 19 clients (27.9%) out of 68 were able to get additional funding from formal lenders like Banks with an improved borrower profile.



City	Total Sample	Additional lending by others
Bangalore	23	6
Delhi	10	1
Jaipur	12	4
Mumbai	23	8
<b>Total</b>	68	19

## Providing good working conditions

- In order to maintain a healthy work environment, all our clients provide hygienic sanitation and fresh water facility within the working environment.
- An interesting practice of providing accommodation was followed by 10 clients out of sample size of 68
- Providing financial security in the form of insurance to employees was practiced by 8 of our sample clients.







# Making a difference

NeoGrowth Employee and Customer stories



**NeoGrowth Team in Mumbai**

NeoGrowth comprises of individuals with different skill sets and from varied backgrounds working towards the common goal of supporting small enterprises



**Pratima Bhattacharya, Head - Jaipur Branch, NeoGrowth**

NeoGrowth strongly believes in the adage that *We must practice what we preach*. We not only try to support women entrepreneurs amongst our customers but also provide equal opportunity for women within our organization to grow and become intrapreneurs, thereby transforming them into leaders of tomorrow.

Pratima's story is an example of how women are empowered to lead and grow professionally:

*Prior to joining NeoGrowth, I had moved to Jaipur with my husband and was looking for an opportunity to realign my career in a new city. I joined NeoGrowth as the Cluster Manager for Jaipur city. As I strived to find the balance in my new profile, NeoGrowth found new ways to give me more authority and support to manage our Jaipur operations.*

*NeoGrowth made me realize my true potential, I was never held back because I am a woman, on the contrary I felt more empowered because they entrusted me with the responsibility of the entire branch.*





**Jayanti Kathale, Proprietor- Purna Bramha, Bangalore**

Jayanti Kathale, converted her passion for food into a successful career. She changed her profession at the peak of her career with Infosys and embraced entrepreneurship to start Purna Bramha, a restaurant specializing in authentic regional Maharashtrian cuisine. Her initial attempts at entrepreneurship were constrained. Purna Bramha started as a small venture with limited funds but eventually as she made up her mind for the big move, Jayanti needed more working capital. NeoGrowth's timely funding proved beneficial for Purna Bramha.

Currently Jayanti is not just restricted to Bangalore, and she is expanding her business through a franchise model which is exclusive to women entrepreneurs. She has also set a personal goal to open 5,000 outlets across the globe over time.

*NeoGrowth helped Purna Bramha with working capital that helped us expand into more franchises*





## **Wassup, Jaipur**

Vinod Singhani had always dreamt of being an entrepreneur. Without prior experience and exposure, he was a little hesitant to start his own business. With some grit and determination, he started his restaurant venture Wassup four years ago. He chose an innovative theme for Wassup and got his friend to design it. Today the restaurant has 25 employees. Most of them are migrant workers who had come to the city looking for opportunities. He believes in treating his staff fairly and provides them with housing, insurance and food. Vinod even arranges a staff party every month within the restaurant.

NeoGrowth provided him with timely funding to meet his business expansion plans. Today when he looks back, he feels proud of his decision to approach NeoGrowth for support to expand his business.

*Vinod Singhani created new jobs for more than 20 people by expanding his business with the help of NeoGrowth*



**Nilesh Kenia, Proprietor- Little Express, Mumbai**

Nilesh started as a street vendor in Mumbai. Nearly 20 years ago he operated from the street pavement across his existing store. He worked hard to build his dream into reality and is an inspiration to his community of merchants. Nilesh started Little Express, a small speciality store catering to the needs of children. They offer a wide range of products for kids which include apparel, accessories and toys.

With the help of NeoGrowth, he is now the proud owner of two very successful outlets in Mumbai. A unique aspect of Nilesh's vision is that he believes in creating opportunities for his employees. His staff comprises of women from low income groups who are extremely dedicated to their jobs. According to him, *providing employment opportunities and encouraging women to make a sustainable living* is a great way of give back to society.

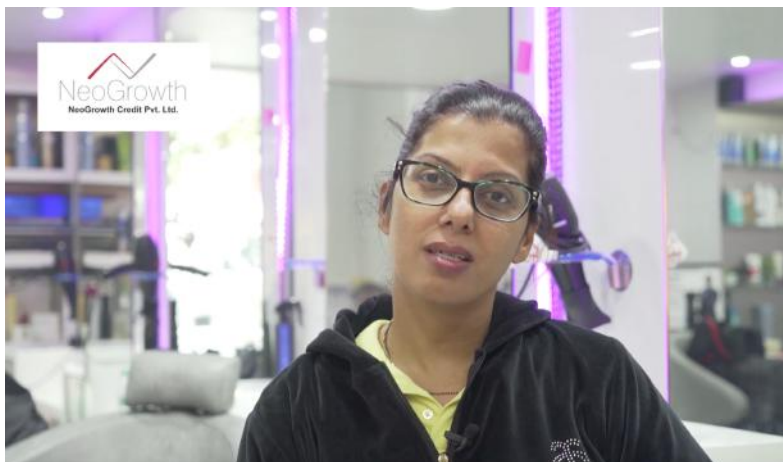
*NeoGrowth played an important role in Little Express's journey, they provided a loan without any collateral*

View more NeoGrowth customer stories on YouTube



**Mr. Abdulmajid Mansuri, Owner- Drape Shoppe, Mumbai**

<https://www.youtube.com/watch?v=lvmqyxpGFbc>



**Ms. Vabez Sarosh Wankadia, Owner- Sams Studio, Mumbai**

<https://www.youtube.com/watch?v=WeKL87raAmk>



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The best way to find yourself is to lose yourself  
in the service of others

-Mahatma Gandhi



