



Social Impact Report 2017

Foreword



“Social impact has always been NeoGrowth’s DNA. It is one of the foremost priorities in our Balanced Scorecard with a constant endeavour to increase our social footprint. 2017 has been disruptive in many ways largely because of demonetization and digital push by the Govt. of India. This disruption has caused a significant impact in the life of many SMEs and NeoGrowth has played a pivotal role in extending a much needed credit line to customers in these times. With this, I am happy to present the 2017 edition of our social impact report that provides a glimpse of our contribution to society.”

Piyush Khaitan
Founder & Managing Director, NeoGrowth

Introduction

NeoGrowth’s 2017 Social Impact Report explores and reaffirms our’ core vision of being an enabler in the Small and Medium Enterprise (SME) ecosystem. This year, we explored NeoGrowth’s support to diversity, social inclusion and entrepreneurial support in testing times for business environment. We also continue our review to reaffirm NeoGrowth’s support for first generation entrepreneurs, financial inclusion, job creation and encouragement to women entrepreneurs.

NeoGrowth Credit Pvt. Ltd. (NeoGrowth) started its commercial operation from August 2013. In a short span of time, NeoGrowth has achieved considerable growth and has supported 8160 merchants and retailers till March 2017.

NeoGrowth has been funded by well-known Impact Investors such as Omidyar Network, Aspada Investment, Khosla Impact and Accion.

NEOGROWTH’S KEY ENABLING INITIATIVES IN SME LANDSCAPE

- Pioneer in Lending against Digital Modes of Payments
- Lending through an advanced digital lending platform designed and developed indigenously with own IP
- Enabling scaling-up of business
- Increasing credit worthiness of its clients
- Lending on digital payments of retailers
- Nurturing business ideas
- Flexible repayment schedule
- Development of entrepreneurship
- Pre-closure facility
- Easy and simple paperwork

Sample Selection and Methodology

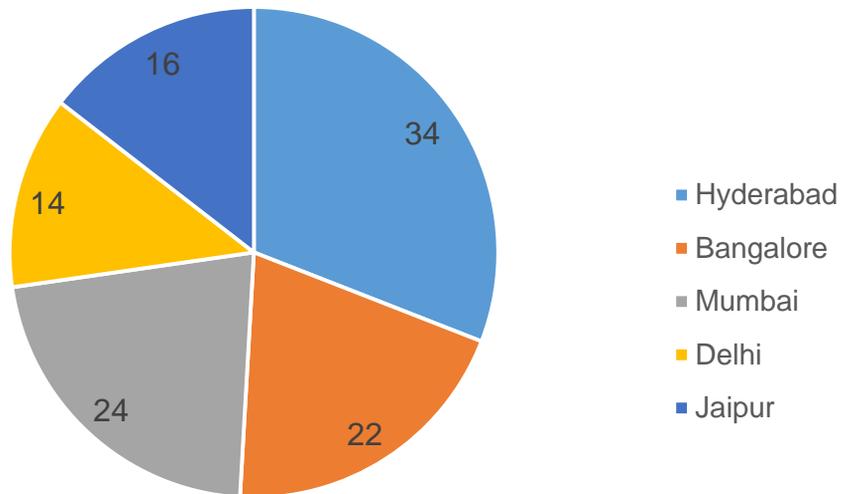
Of its ~5200 live merchants and retailers, NeoGrowth presented a sample of merchants spread across Hyderabad, Mumbai, Delhi, Jaipur and Bangalore on the following factors:

1. Random mix of different segments;
2. Quantum of lending activity across the cities reviewed for the period April 2016 to March 2017
3. Gender of the merchants.

In order to maintain independency and transparency, ASCo randomly selected and conducted field reviews of 110 merchants (geographical distribution shown below in pie chart) from the sample determined by NeoGrowth.

The sample size was selected considering the following factors:

- a) Understanding of NeoGrowth's business;
- b) ASCo's prior work with NBFCs, impact funds and social enterprises
- c) On-field experience during the present and prior field survey's for NeoGrowth
- d) Best practices in field surveys for social impact assessments.



Survey Methodology

Questionnaire Outline:

It was designed to primarily address the parameters mentioned earlier aimed at:

- Understanding the credit history and environment that the merchant was exposed to prior to and after disbursement of the loan from NeoGrowth
- Utilization of the loan proceeds,
- Employment patterns and facilities granted to the staff

Data Collection:

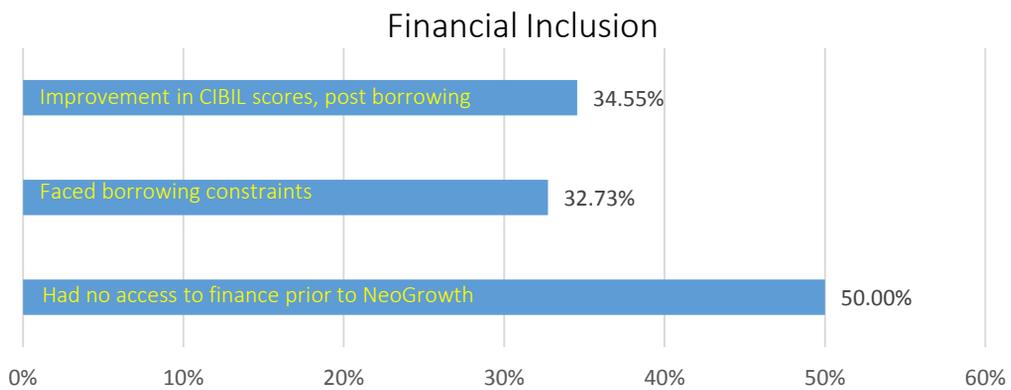
ASCo individually visited the merchants and retailers at their places of business and interviewed them to collect survey responses. Pictorial evidences of 95% of the sample interviewed at merchants/retailers were taken at their places of business.

Enhancing Credit History

ASCo's survey revealed that 50% of the merchants assessed had no access to alternative sources of funding prior to NeoGrowth. 17% of the sample, despite facing the need for finance, did not even attempt to obtain loans from formal finance sources assuming that the loans would be on unfavorable terms.

NeoGrowth aims to bridge this gap by catering to the underserved but creditworthy SME by extending credit on flexible terms providing comfort to the merchants in their businesses.

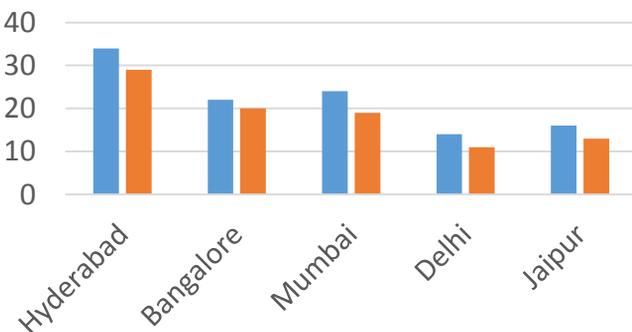
The survey revealed a strong trend of improvement in CIBIL scores of participants, especially for those merchants who were exposed to repeat lending, thereby enhancing their creditworthiness and enabling them to access mainstream finance. 36% of the merchants reviewed witnessed an improvement in their credit scores thereby enabling them to integrate into the formal banking system with an improved borrower profile.



Fostering Entrepreneurship

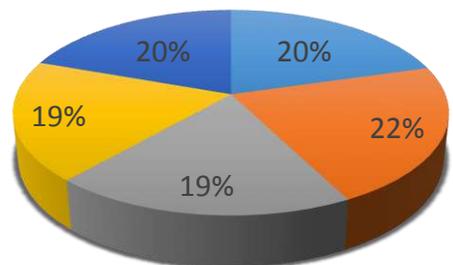
Among other factors, formal sources of lending are very hesitant to advance loans to first generation entrepreneurs on account of low CIBIL scores, lack of experience and the entrepreneur's repayment capability. 32% of the sample reviewed stated that they faced difficulties in availing loan assistance at the time of setting up their businesses

NeoGrowth not only provides collateral free loans but also daily repayment options offering first generation entrepreneurs the much needed flexibility in their businesses..



■ Total Number of Merchants Reviewed
 ■ First Generation Entrepreneurs

% First Generation Borrowers from Sample



■ Hyderabad, ■ Bangalore, ■ Mumbai, ■ Delhi, ■ Jaipur,



Fish Aesthetics

Nitesh Kotian, a dealer of exotic fishes, was in urgent need of cash when a fish feed supplier put up a flash sale of certain unique products with massive discounts.

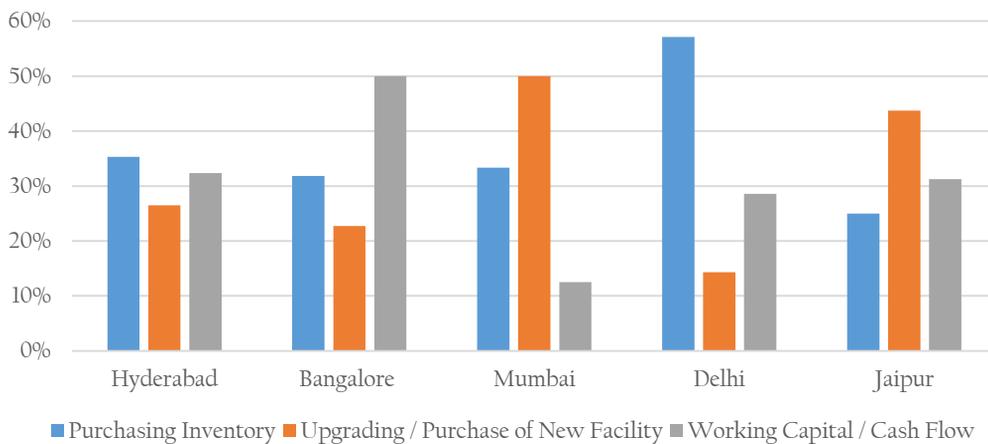
After being rejected by his bankers for credit, he approached NeoGrowth for funds. With an easy and convenient application process, Nitesh was quickly able to secure the requisite finance from NeoGrowth with which he purchased the products on sale and introduced a new line of products in the shop, thereby expanding the in-store inventory.

**A timely loan can transform business.
That's what happened in the case of Nitesh Kotian
when he approached NeoGrowth.**

Financial and Economic Impact

A vast majority (82%) of NeoGrowth's customers stated that their businesses had financially benefitted by utilizing the loan proceeds availed from NeoGrowth. Considering that 32% of the sample reviewed had difficulty accessing finance prior to funding from NeoGrowth, NeoGrowth's lending activity has enabled an increase in the capacity of businesses thereby promoting economic strength and stability.

Economic Uses of Loans Advanced

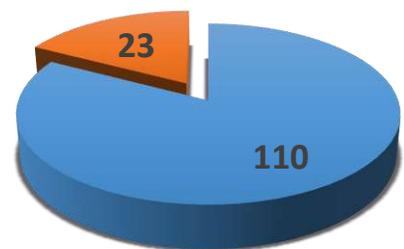


Encouraging Women Entrepreneurs

Of the sample reviewed, 23 businesses were run by women either as the sole proprietor or in partnership with others. During the period 2016-17, NeoGrowth provided financial assistance to around 5200 merchants and retailers of which 549 are women thereby encouraging women entrepreneurship.

NeoGrowth continued to show that it believes in the power of women to change their lives, their community and the world through entrepreneurship.

Business Ownership



■ Merchants Reviewed ■ Women Entrepreneurs



Shri Venkateshwara Poultry Farms, Hyderabad

With increasing bird feed cost, sudden fall in prices of poultry products and rapidly decreasing sales, Shri Venkateshwara Poultry Farms was in the face of severe cash crunch when demonetization struck.

NeoGrowth extended timely credit to the firm without any collateral for purchase of raw materials (bird feed), thereby enabling survival in testing times.

Today, Shri Venkateshwara Poultry Farms employs over 100 villagers of which 75 are women. All the employees are insured, rewarded with bonuses and their needs for food, accommodation and education are taken care of. Training programs are regularly conducted so as to prepare them to assume supervisory roles and empower them for the future.

Samarasimha discloses that today, he has banks knocking at his door offering business loans but he chooses to stay with NeoGrowth for the trust it showed in him in the times of his need.

NeoGrowth played a vital role in Venkateshwara Poultry farms' success story, by providing a loan during their tough times.

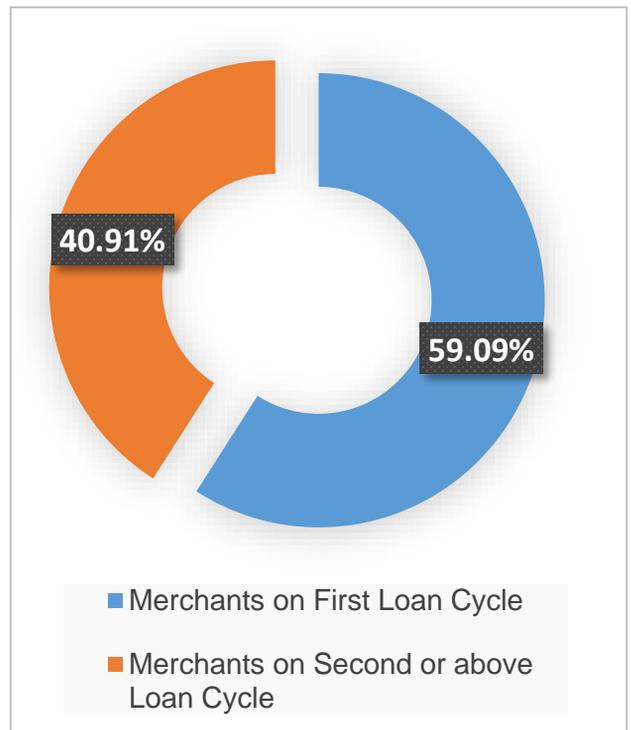
Indicators of Growth – Loan Renewals

Though year 2016-17 was very challenging year for SME segments cause of demonetization and other tax legislation, 41% of the merchants assessed had renewed the loans taken from NeoGrowth, a direct indication of their positive outlook for the future.

About 61% of the merchants assessed were also hopeful for business expansion, when specifically asked during the survey.

NeoGrowth provides speedy top up options to merchants, thereby supporting their businesses and indirectly keeping faith in them.

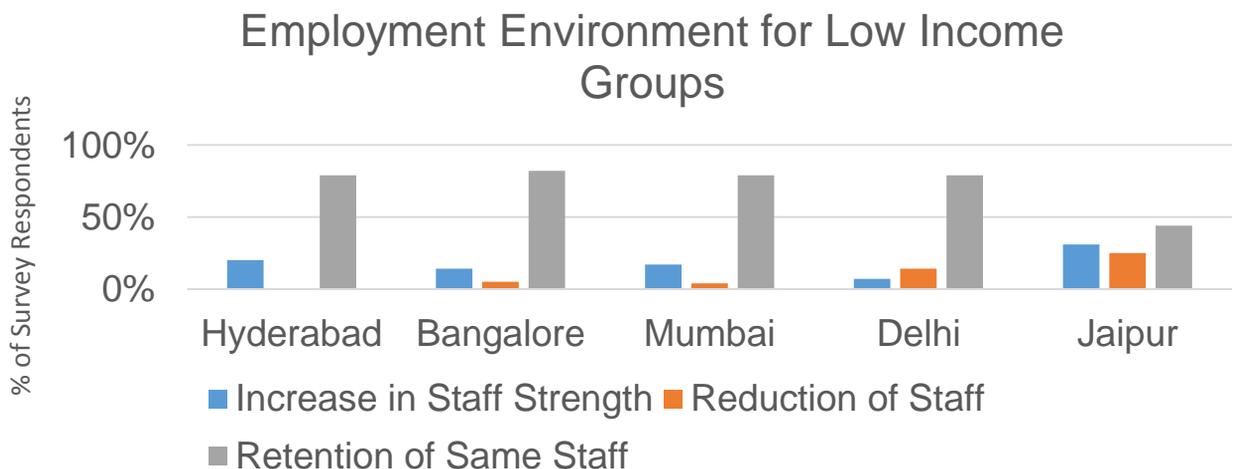
Further, NeoGrowth's unique repayment model of using POS machines and making non-cash repayments benefitted merchants tremendously during demonetization.



Employment Environment for Low Income Groups

For Small and Micro Enterprises, finance assumes the most important role in the times of economic uncertainty. During demonetization, NeoGrowth provided crucial financial support, thereby empowering businesses to survive testing times. This automatically permitted NeoGrowth's customers to retain their staffs and ensured steady employment to low income groups.

75% of the total merchants assessed were able to retain their staff (with some also providing increased salaries) whereas 18% cases witnessed an increase in staff numbers.





Apparel Store – Chandra Silks, Bangalore

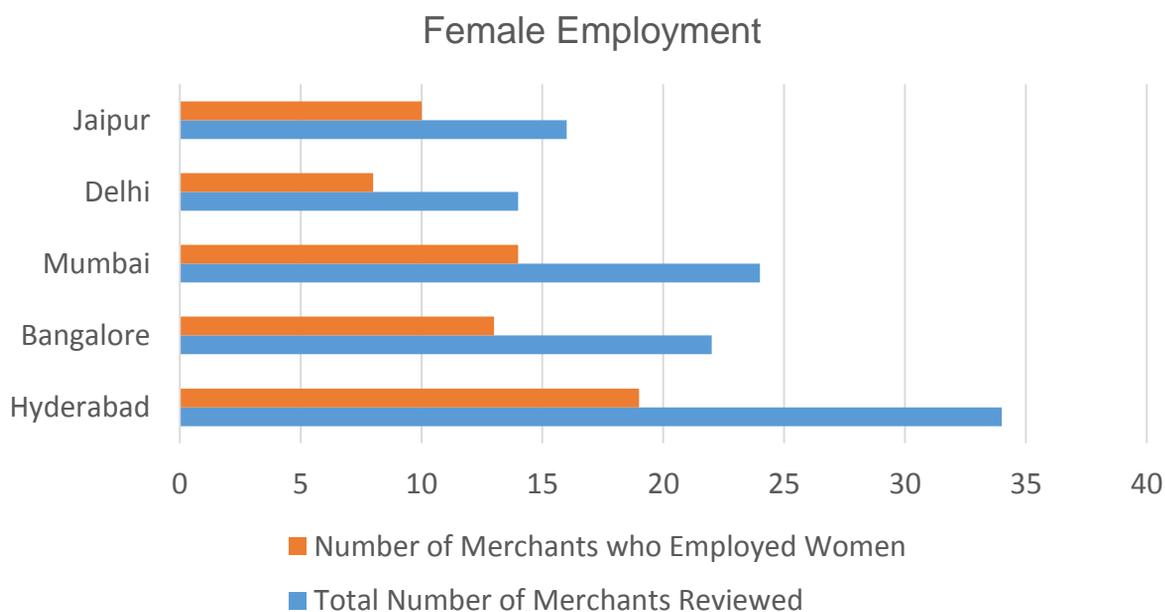
Nadhiya's father-in-law is a handloom owner and weaves a wide variety of sarees. After marriage, Nadhiya learnt a great deal about sarees and their types from her father in law. She decided to put this knowledge to use that was passed onto her and set up a small business from the living room of her house. It is here that she successfully strikes a balance between being a mother to a 5 year old and an entrepreneur.

NeoGrowth supported Nadhiya's passion by advancing a loan to her to meet its working capital requirements, which has helped the business grow. Post the loan, stock output has increased. An increase in staff by 50%, of which 80% are female, are all a testimony of growth in business.

NeoGrowth supported Nadhiya's business with working capital that helped it expand immensely.

Female Employment Generation

NeoGrowth believes in providing an equal opportunity environment for men and women. Of the 110 merchants reviewed, 64 merchants employed female staff – pointing towards a much needed change in society where female employment potential is slowly being unlocked.



Diversity: Multi-cultural Ecosystems

During the survey, encouraging signs of multi-state staff compositions and ethnicity was observed. Merchants were open to accepting employees from different states and religions, thereby displaying a heterogeneous mix of cultures.

29% of the total merchants assessed employed staff from different states and cities and also provided them with accommodation and food facilities, indicating a healthy movement of skill sets across the country.

NeoGrowth plays a vital role in encouraging cultural diversity by indirectly contributing to the creation of additional jobs across the country through its lending activity.

Making a difference

NeoGrowth Customer Stories and Impact Multiplication



A Positive Social and Environmental Impact

Lucky Plastics, Mumbai:

Provide training and employment to differently abled women thereby enabling them to earn a living and reducing dependence.

3M Car Service, Hyderabad:

Substituted water with an expensive chemical for its car washes, thereby saving thousands of liters of waters daily.

Just Walk, Thane:

Replaced plastic bags to customers with recycled cloth bags, which has more utility, helped in cost-savings and protects the environment.

Sri Sai Mandir, Hyderabad:

Chit Fund contribution by the entrepreneur on behalf of the employees, for the first month from the date of joining.

Fish Aesthetics, Thane:

Installed Aquaponics systems at highly subsidized rates that recycles waste fish tank water.

North Indian Delicacies, Bangalore:

Follows a policy of Zero Food Wastage. Excess food is distributed among neighboring shops and the needy on daily basis

Green Trends, Hyderabad:

Giving free saplings to customers for one month per year. Free haircuts every month to children of a near by orphanage.

Sai Shiva Medicals, Hyderabad:

Free medicines to the poor and needy, regular assistance to the AIDS society.

Thahryamal Balchand, Jaipur:

Active engagement in Organ Donation Awareness Drives.

Shri Venkateshwara Farms, Hyderabad:

Use of the bird litter as manure in fields owned by staff, at no additional cost.

Majestic Enterprises, Hyderabad:

Education expenses for employees' minor children sponsored.

Divya Spa and Salon, Mumbai:

Salon skills training given free of cost to low income category aiming at making them employable

Sri Sai Mandir, Hyderabad:

Overall reduction in rates as compared to city shops, so that village community is served.

Sai Universal Batteries, Hyderabad:

Minimizing the mechanical waste of cars and recycling of old batteries.

Canine Woods Pet World, Mumbai:

Organizes Animal Adoption Drives twice every year



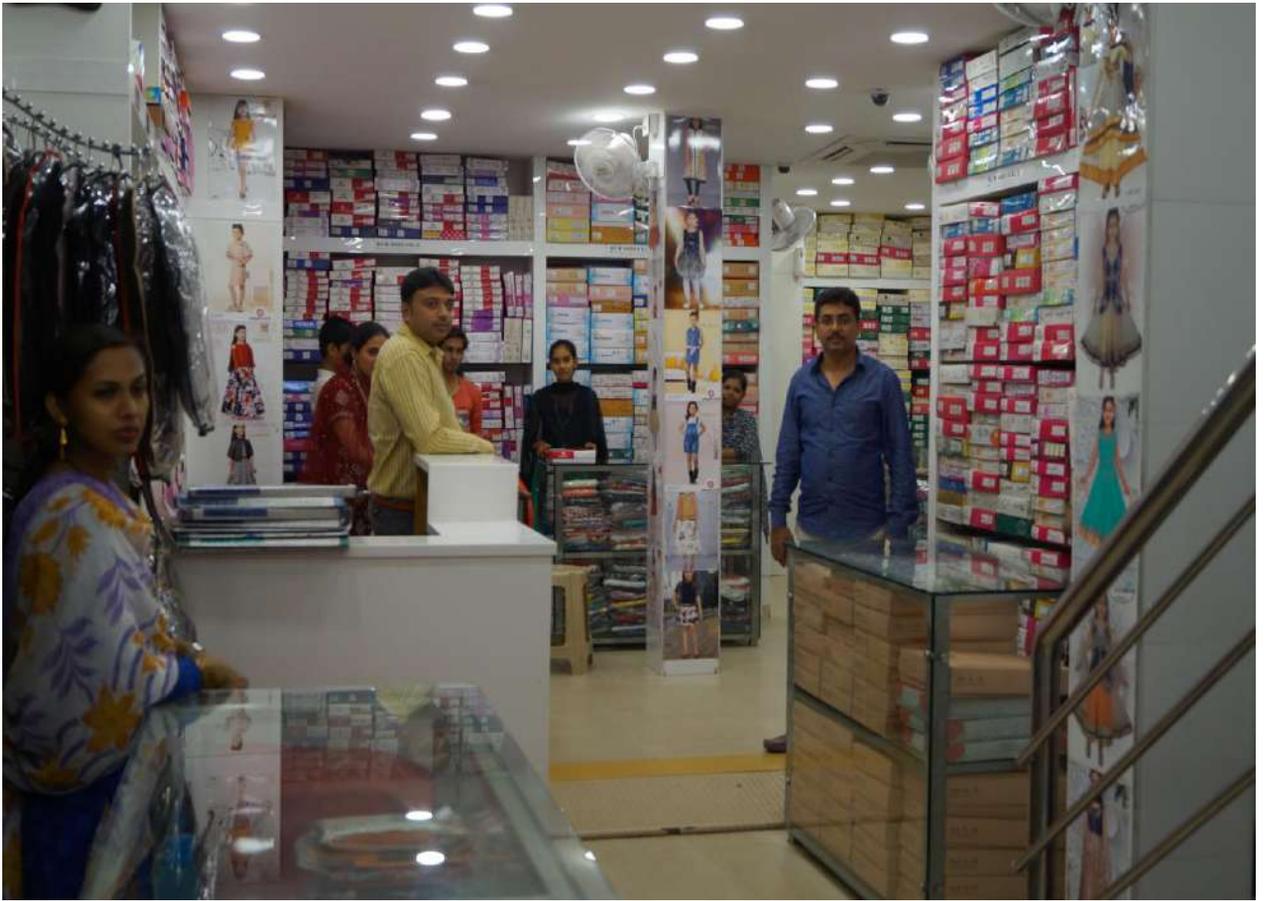
Needle Eye, Bangalore

A decade earlier, Sakina, the daughter of an influential industrialist, started '**Needle Eye**' with her savings of Rs. 11,000, working from a garage with one employee. Post an overdraft facility from a bank, Sakina had always looked up to NeoGrowth for further cash requirements.

Today, Needle Eye has over 200 employees majorly belonging to Kolkata and food, accommodation and training is provided to all of them. Salaries are paid on a weekly basis and provident fund and ESIC contributions are made on their behalf. All profits are recycled into the business for her employees and their benefits, thereby ensuring that they get the best of working facilities. Her motto is that when she employs someone, she is not supporting one person but feeding 5 more persons from the employee's family.

NeoGrowth provided Needle Eye with funds to meet its working capital requirements. Sakina had high praises for the client servicing provided by NeoGrowth and was very excited about the survey, which was evident from the manner in which she invited our entire team for the photo. Thanks to the financial support from NeoGrowth, the branch has increased to twice its size, plus another unit has been set up in Chennai. Sakina has plans to set up 3 more units in the coming year. Way to go, Sakina!

Sakina not only succeeded in managing her business, but also grew it in multiple franchisees with the help of NeoGrwoth.



Colours: Bangalore

Nikhat Asma decided to start a small business of her own, from a rented space of around 10x10 sq. ft.

NeoGrowth played a crucial role in fulfilling her business working capital needs and expansion plans. She likes the fact that accessibility to NeoGrowth was so easy and that loans were sanctioned with a quick turnaround time

Today, she runs two large shops in partnership with her husband. She is an exclusive dealer for several brands of children clothing. 50% of her staff consists of females from low income groups.

**NeoGrowth is all about its customers' business growth.
The case of Nikhat Asma's Colours is a testimony of that.**



Spa and Salon – Diva, Mumbai

Rajeshri Chandurkar, a first generation women entrepreneur, gave up her corporate career to open a spa and salon. After being denied loan from formal lending sources, she was funded by NeoGrowth to meet her business capital requirement.

Today, the salon has two branches with an all-female staff of 20 employees.

NeoGrowth helped Rajeshri Chandurkar turn her passion for entrepreneurship into a business that now employs 20 women.



Morange Entrepreneurs Private Limited

Even after passing through an experience of failed venture, Jay Mehta and Bhoomika Pethad always wanted to start their new venture. Though they started Morange Salon, they were facing difficulty in securing capital for their business because of low Cibil Score.

NeoGrowth provided these young entrepreneurs much needed funds to expand their business and move a step closer to their long term vision of opening 300 salons PAN India. The loan also helped them repay investors, thus enabling the entrepreneurs to own 100% shares in their company.

Today, Morange Salons has two branches with a staff strength of 9 employees, among which 6 are females.

**NeoGrowth believes in giving wings to entrepreneurs
with potential to make their dreams a reality.**



Syscom, Bangalore

When Rekha's husband, a software engineer by profession, decided to discontinue the Lenovo dealership and set up a service center instead, Rekha objected and offered to continue the dealership while her husband focused on the service center.

Coming from an orthodox family Rekha had no formal education in Information Technology, yet she overcame the odds and today, successfully manages two shops in Bangalore. She is famed to be the only female in Bangalore to hold an exclusive Lenovo dealership.

Despite having low CIBIL scores, NeoGrowth came forward and assisted the first generation entrepreneurs with finance for business expansion and working capital. Syscom Parallel has since then renewed its loan with NeoGrowth for the 4th time.

Unlike traditional lenders, NeoGrowth assesses a Merchant's business potential through alternate data sets and provides innovative financial solutions.



“A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider of our business. He is part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us the opportunity to do so”

-Mahatma Gandhi



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Visakhapatnam.