



SOCIAL IMPACT REPORT

2018

FOREWORD



“It is with great pleasure I present you with the Social Impact Report, 2018 - a collection of insights into the world of our customers. This report aims to summarize our efforts in helping entrepreneurs access funds for business growth. We measure the Social Impact of our activities in terms of job creation, assisting women entrepreneurs, improving credit scores and lending to first generation entrepreneurs.

The SME segment witnessed turbulent times during the last financial year with headwinds coming from the combined effects of demonetization and Goods and Service Tax (GST). The implementation and compliance issues caused immense pains in the system and made this segment scamper for more liquidity.

NeoGrowth used this opportunity to strengthen relationships with Merchants who were in the need of more liquidity and extended the needy with imperative credit lines and played a major role in their financial resurrection and financial inclusion.

Creating a positive social impact through our business actions has been one of the paramount objectives on which NeoGrowth was established.”

Sincerely,
Piyush Khaitan
Managing Director
NeoGrowth

KEY ABBREVIATIONS



- CIBIL: Credit Information Bureau Limited
- EMI: Equated Monthly Installment
- GST: Goods and Service Tax
- INR: Indian National Rupee
- MSME: Micro, Small and Medium Enterprise
- NBFC: Non-Banking Finance Company
- NeoGrowth: NeoGrowth Credit Private Limited, an NBFC registered with RBI
- POS Machine: Point of Sale Machine
- RBI: Reserve Bank of India
- SDG: Sustainability Development Goals
- SME: Small & Medium Enterprise (retailers/merchants)

NeoGrowth: KEY IMPACT

Fostering Innovation and Entrepreneurship



NeoGrowth offers credit to enterprises without collateral requirements and within a short period promoting innovation and entrepreneurship and developing skilled resources across different sectors. Collateral requirements and timely credit are key barriers in accessing credit among SMEs in India

Credit facilitated to women entrepreneurs encourages them to participate in the growth story of SMEs contributing significantly to the Indian economy.

Women Entrepreneurship



Inclusive Growth



Credit facilitated to enterprises and entrepreneurs creates new employment opportunities while sustaining existing employment, especially among the lower income groups. Loans facilitated by NeoGrowth is helping achieve inclusive growth among various groups.

Credit facilitated by NeoGrowth helps in meeting local demand and spurs local consumption. Any change in consumption or demand has a net impact on the overall economy, change in one sector spurs activity in other allied sectors as there are interlinkages benefitting overall national economy.

Economic Impact



ABOUT NeoGrowth



NeoGrowth Team, Lucknow



NeoGrowth Team, Kolkata



NeoGrowth Team, Bangalore

NeoGrowth Credit Private Limited is a leading Non-Banking Finance Company that serves the creditworthy SME sector which is otherwise excluded from accessing loans based on traditional underwriting methods.

Powered by a technology and data driven approach, NeoGrowth had started its operations in 2013 with a mission to create a positive impact in society. From its inception, NeoGrowth has scaled up its business and extended its presence in several states and cities in India.

NeoGrowth has been funded by well known Impact Investors like Omidyar Network, Leapfrog Investments, Aspada Investment Company, Khosla Impact, Accion Frontier Inclusion Fund- Quona Capital and IIFL Seed Ventures Fund.

NeoGrowth's tailor made approach using digital payments helps merchants to plan their cash flows better and also boosts entrepreneurship and job creation, thereby enforcing their mission of creating a positive impact in society.

NeoGrowth: BUSINESS REACH

Merchants and businesses across the SME and MSME sectors have benefitted from NeoGrowth’s innovative products and unconventional methodologies. So far, NeoGrowth has partnered with over 12,000 businesses assisting them in their business growth and has 21 branches in various cities spread across the country.

Headquartered in Mumbai, it supports a diverse employee base of 724 employees covering all its branches. Further, it has scaled up disbursements from INR 9 Crore in 2013 to INR 1,350 Crore in 2018 and has a target of INR 2,500 Crore for the year 2018-19.

During the year 2017-18, NeoGrowth has made the following progress:



NeoGrowth: BUSINESS REACH



NeoGrowth: BUSINESS REACH



Pioneer in lending against digital modes of payments



Lending through an advanced digital lending platform designed and developed indigenously with own IP



Flexible repayment schedule



Pre-closure facility



Nurturing Business Ideas



Enabling scaling-up of business increasing credit worthiness of its clients



Development of Entrepreneurship



Easy and simple paperwork



PURPOSE OF STUDY

MSME segment led by entrepreneurs creates opportunities, developing skilled and unskilled resources creating impact across various areas. NeoGrowth has been conducting impact studies every year to understand the impact generated on ground from the business activities of its customers.

NeoGrowth strongly believes that loans facilitated should create positive impact and help solve the needs of its customers. ASCo has conducted this independent survey on the borrowers of NeoGrowth to understand the overall economic and social impact created by business activities of the borrowers.



(L to R): Proprietor of Shiv Shakti Medical, Lucknow with employee of NeoGrowth

METHODOLOGY AND SAMPLE

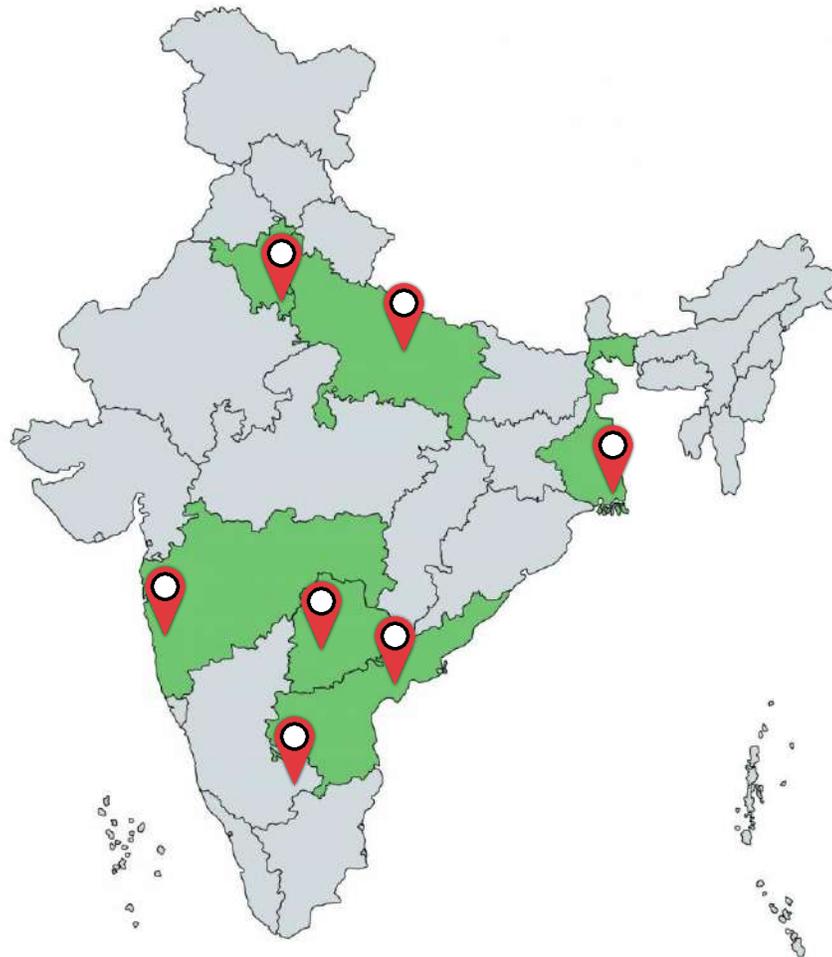
NeoGrowth presented a sample of borrowers from its database across various cities. ASCo selected seven cities from different states spread across the country viz. Hyderabad, NCR Delhi, Mumbai, Kolkata, Lucknow, Bangalore and Vijayawada and interviewed 139 merchants in accordance with the methodology set forth in the following slides.

Researchers at ASCo followed deliberate sampling covering various mix of borrowers considering the following factors:

- Borrowers with lending activity between April 2017 and March 2018;
- Different segments of business covering various industries;
- Different constitution of enterprises such as proprietary firms, partnership firms and corporate enterprises;
- Varying loan amounts categorized into small, medium and large loans; and
- Gender of merchants.

Cities Covered:

Mumbai
Hyderabad
NCR Delhi
Bangalore
Kolkata
Lucknow
Vijayawada



Created with mapchart.net ©

METHODOLOGY AND SAMPLE

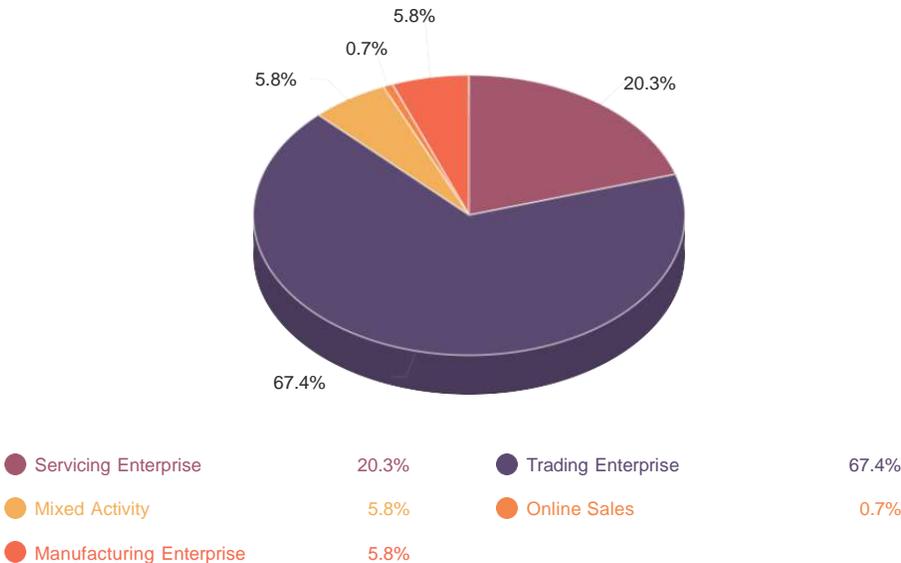
For the purpose of this study, ASCo carried out field-based research conducting personal interviews and visiting the location of borrowers or their enterprises wherever feasible. A mix of both open and close-ended questions was used, which helped to understand the needs and challenges faced by businesses and the role of NeoGrowth in their business activities while also capturing various impact related metrics. ASCo also studied previous reports of social impact studies of NeoGrowth and analyzed documents related to MSME sector in India conducted by Ministry of MSME, Government of India and other relevant research studies.



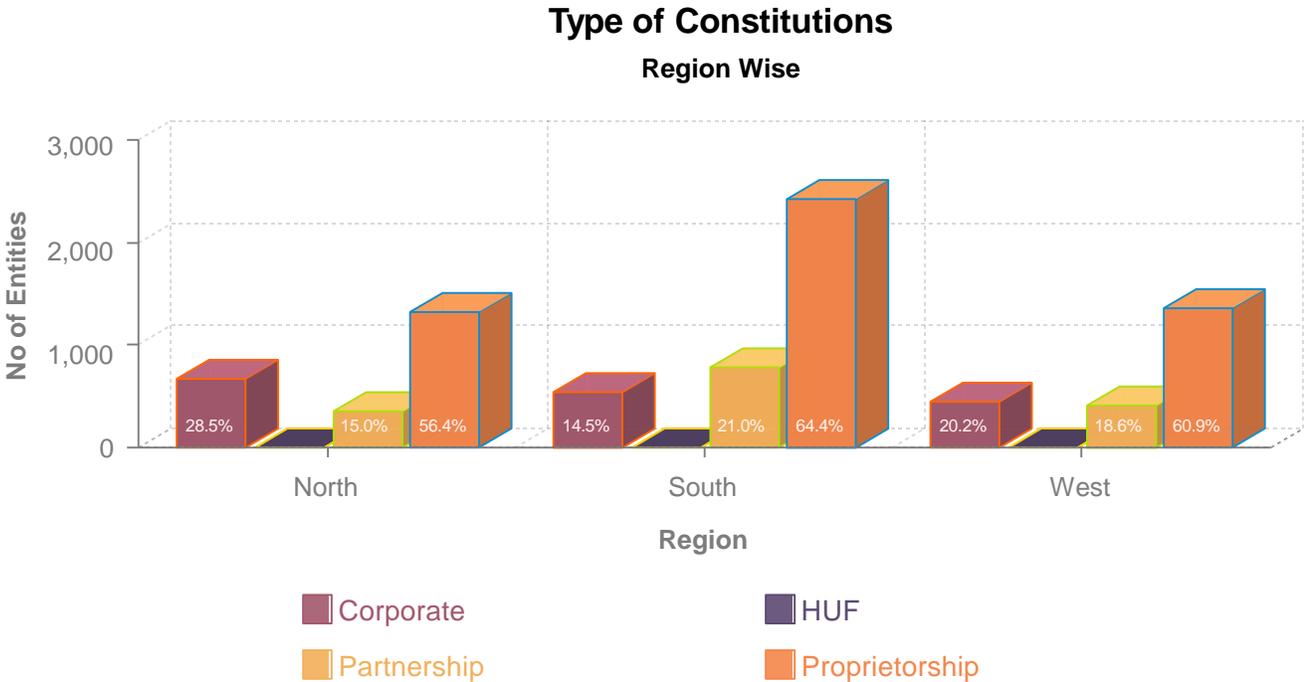
L to R: Team Member, ASCo and Entrepreneur, De Grand Restaurant, Bangalore

SAMPLE CATEGORISATION

Constitution and type of activities carried by enterprises surveyed:



Region wise and constitution wise categorization of enterprises surveyed:



INCLUSIVE GROWTH

Inclusive Growth is a concept that ensures that the benefits of economic growth accrue and are incurred by every section of society. NeoGrowth strongly believes that the MSME sector plays a vital role in the economic growth of the country and that they are instruments of inclusive growth for the Indian economy. Hence, NeoGrowth is committed to building a robust ecosystem for the MSME sector in India. The next few slides will examine the following, some of which form part of the 17 Global Goals for the 2030 Agenda for Sustainability Development:

- ◆ Employment opportunities for underprivileged groups
- ◆ Lending to lower income earning groups
- ◆ Lending activity to lower education and academic groups
- ◆ Employment opportunities for women
- ◆ Additional benefits to employees
- ◆ Promoting a digitized economy
- ◆ Lending in Tier II Cities



Kannika Bangles, Bangalore

INCLUSIVE GROWTH



Underprivileged and economically disadvantaged groups are those groups who often lag behind society due to their social and economic backwardness. Their personal problems of low education, skill levels and incomes frequently compounds due to external factors resulting in them failing to participate in mainstream economic activities and benefit from economic development.

From the sample surveyed, it was observed that the MSMEs supported by NeoGrowth are able to create substantial employment opportunities for the economically weaker sections. The salaries of the employees in the enterprises surveyed did not exceed INR 25000 per month across all segments. MSMEs play a significant role in imparting skills to the unskilled resources on the job, empowering the workforce, which help them to tap further opportunities ahead and to improve their quality of life.

Lending to Lower Income Earning Groups

Formal sources of lending are often reluctant to lend to lower income or unstable income earning groups for fear of defaulting on repayments. Using its signature product: “NeoCash”, NeoGrowth caters to the underserved market by adopting repayment models which ensure low to negligible defaults on repayments.



Rahul Sarees, Vijaywada

INCLUSIVE GROWTH

Lending Activity to Lower Education and Academic Groups

Not having a formal degree may pose and seem to be a hindrance to many who are looking for a business loan for their businesses. From the sample surveyed, it was observed that, 27.90% of the enterprises who were financed by NeoGrowth, had applicants that did not hold formal education degrees. This lending activity to lower Educational Academy groups fosters innovation and encourages entrepreneurship, even among those who may not possess inclusive and qualitative education, thus promoting Goal 9 of the 2030 Agenda for Sustainable Development: promoting sustainable Industrialization, fostering Innovation and building Infrastructure.



Laptopia, Kolkata

Interaction with Merchant: Puja Fashion, Kolkata



Puja Fashion, Kolkata

Chanda Kumari Agarwal, a class 12 pass out, is married into a family of traders of readymade garments. She used to accompany her husband to buy stock from wholesalers, where she picked up learnings on the garment trading industry. She decided to set up a shop for readymade women wear, separate from the family business under the guidance of her husband, and named the same after her 5-year-old daughter.

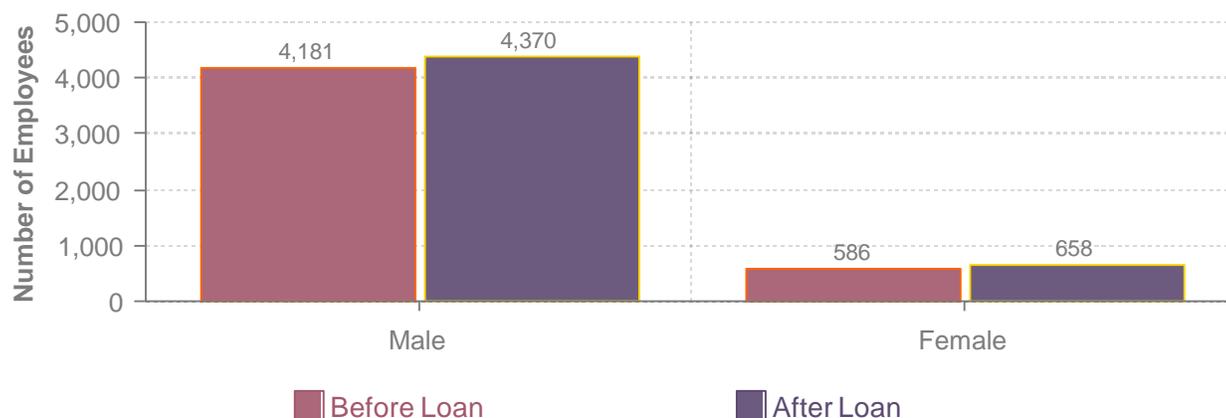
From there she added a new vertical to include children and men's readymade garments. Her husband proudly reveals that at the outset he would operate the business, but at present, his role has been reduced to management of accounts for the business. Being a good saleswoman, Chanda values good salesmanship and that is what drew her to NeoGrowth.

"From the beginning NeoGrowth has been transparent in its approach. This followed up by excellent after sales service is what keeps small entrepreneurs like us, happy"

Chanda Kumari Agarwal, Owner

Employment Opportunities for Women

NeoGrowth believes in and supports investment in female employment. Economic growth is more robust and sustainable with the full participation of men and women in the labor market. Additionally, female employment empowers women to take greater decisions and make better choices, which includes having a positive influence on the woman's household. Of the sample surveyed, 49 or 37.40% of the surveyed enterprises employed female staff. The female workforce hired by all these surveyed enterprises stood at 658, as represented in the graph. There was only a minor growth in number of employees among the businesses surveyed during the year as the SME Sector took a major hit on business on account of demonetisation and the implementation of GST.



Laado Neel, Lucknow

NeoGrowth, in its own way, aims to create a positive impact in society, which includes stimulating action and shaping the way for Gender Equality – Goal 5 of the 2030 Agenda for Sustainable Development.

Interaction with Merchant: Kamala Hospital, Hyderabad



Dr Chappidi Shavanthi Reddy's journey to be a doctor began at the tender age of 12. Following her father's dream, Dr. Reddy and her husband run a hospital to provide affordable and qualitative treatment to local villagers. Doctors are requested to reduce fees and patients are made to pay only to the extent to which they can afford.

The hospital treats patients from the BPL category coming from different states, for free, under the Aarogya Sri scheme of Government of Telangana. Almost 40 percent of the patients treated fall under BPL category and reimbursement from government is often delayed for various reasons. This creates a shortfall in cash flow affecting the operations of the hospital and any plans of investment in modernizing or improving services for patients. NeoGrowth stepped in and provided this entrepreneur with funds to meet the hospital's cash flow requirements. Today, the hospital employs 70 staff, out of which 42 are females.

"NeoGrowth facilitated credit within record time enabling us to provide continuous services to our patients."

Dr Chappidi Shavanthi Reddy, Partner

INCLUSIVE GROWTH

Lending in Tier II Cities



With urban cities majorly driving economic growth, it was only natural for traditional banks to concentrate on lending in Tier I cities. Lack of adequate documents, low or negative credit scores together with relatively small ticket sizes were the primary reason that SMEs in Tier II cities were not served by banks. Despite the changing demographics, revised regulations and policies for inclusive growth, SMEs in Tier II and below cities still remain unbanked without access to convenient finance. Having access to ready finance on a timely basis is essential for SMEs to sustain and grow. During the year 2017-18, NeoGrowth has opened 11 new branches all of which are in Tier II cities. Furthermore, of the total lending activity in 2017-18 by NeoGrowth, 18.74% is attributed to lending in Tier II cities. By leveraging technology, NeoGrowth is able to process documents quicker and rely on alternate scoring mechanisms for lending. By combining technology with lending, NeoGrowth holds one of the best possible solutions for SME lending in financially excluded cities.

Interaction with Merchant: Garisa Foods, Vijayawada



Based in Vijayawada, Garisa Foods is the first Arabic restaurant in Andhra Pradesh. Sarath Chandra Garimella was working in marketing in an app development company while his partner, Nagarjun, owned and operated a juice shop. Sarath and Nagarjun are both first generation entrepreneurs who came together to start Garisa Foods in 2017, after the partition of the state and set up the business using funds borrowed from their families.

At a time when Garisa Foods was facing a severe cash crunch and borrowing from traditional banks seemed to be a cumbersome and time consuming process, NeoGrowth stepped in and financed this business. Today, the entrepreneurs have been able to expand the business by servicing restaurants and canteens using the funds from NeoGrowth and intend to expand the business further by opening more branches not only in Andhra Pradesh, but other states as well.

"NeoGrowth was the first institution to lend us funds when we needed it the most. We are very happy with the services provided to us by NeoGrowth."

Sarath Chandra Garimella, Partner

Additional Benefits to Employees

Offering employees benefits is essential to ensure employees remain as invested as the entrepreneur in the business, although this may often be burdensome for small businesses. However, with funding assistance, businesses are able to provide their employees with benefits other than payment of wages. Out of the total enterprises surveyed, almost all the enterprises provided its staff with some form of additional benefit. Similarly, a large majority of enterprises paid wages through formal banking channels, pointing to financial inclusion of the lower strata of society. Many also provided food, accommodation and clothing, paid cash bonuses for performance or for festivities, provided some form of financial security and facilities for medical care and insurance, which goes to display the value MSMEs place on their employees.



Laxmi Super Market, Mumbai

Interaction with Merchant: Beyond Toys and Gifts, Mumbai



Ketur and Keyuri Goshar are proud owners of Beyond Toys and Gifts - a toys and gifts shop in Mumbai. Using an eCommerce portal they have even taken their product online. After a successful start they decided to expand their business, but due to lack of collateral they were unable to secure any loan facility. They approached NeoGrowth and availed of a collateral free loan which helped expand their business and achieve their dreams.

After the loan from NeoGrowth, the number of their employees has doubled, which includes more than a 100% increase in women staff. The entrepreneurs have successfully made all their employees computer literate by teaching them to use computers and many of its applications. They trust in taking care of their employees and hence also provide provident fund facilities to all their employees. The entrepreneurs organize small celebrations for festivals and staff birthdays and truly believe that an organization's employees are its strength.

"Thanks to NeoGrowth, we were able to expand our business and increase the levels of our inventory. The repayment structure made it easy for us to repay the loan on time because of which we received a lower rate of interest on the loan!"

Keyuri Goshar, Partner

INCLUSIVE GROWTH

Promoting a Digitized Economy

NeoGrowth caters to businesses which do not have a cash-flow-based model and cannot predict business over the next one year or so. Accordingly it has adopted an innovative collection model based on future digital sales by the borrower. Further, the importance of digital payments was emphasized during demonetization in the year 2016.

With the increasing number of businesses accepting digital payments, NeoGrowth is in its own way supporting the government's drive on digital payments in India.

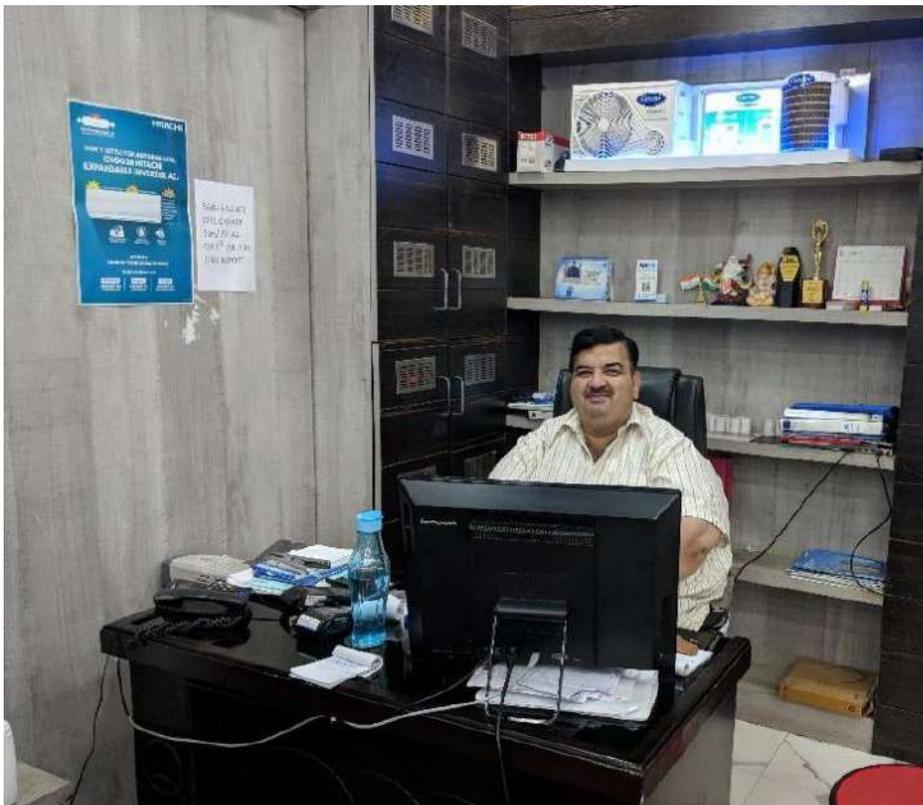


Laxmi Sarees, Kolkata

FOSTERING ENTREPRENEURSHIP AND INNOVATION

It is long recognized that innovation and entrepreneurship go hand in hand with each being a driving force for the other. Innovation facilitates better standards of living and contributes to the economic development of a nation through development of the SME sector and generation of employment.

While India is witnessing a growth in entrepreneurship, access to credit remains a nagging challenge, which the micro, small and medium enterprises sector, faces. 20.35% of the sample reviewed stated that they faced difficulties in availing timely finance. Among other factors, formal sources of lending are reluctant to lend to the SME sector due to lack of collateral, small ticket sizes, absence of complete financial documentation and in general having a non-risk appetite to finance and back first time entrepreneurs.



Gulati Electronics, Lucknow

NeoGrowth aims to bridge this gap by providing accessible finance on a timely basis on terms, which are suited to the cash flow requirements of the SME Sector. Collateral free loans, which are independent of the entrepreneurs CIBIL scores, teamed with innovative repayment models offer entrepreneurs the much-needed flexibility in their cash flow management.

Through its services, NeoGrowth plays a significant role in ensuring the continued existence of the entrepreneurship practice thereby boosting the spirit of entrepreneurship and fostering innovation.

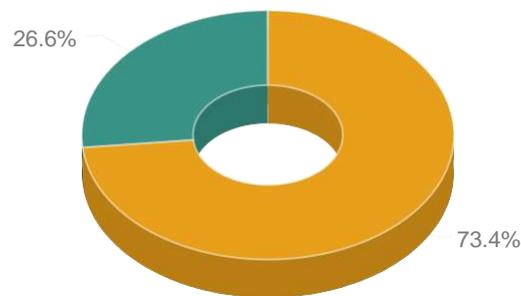
First Generation Entrepreneurs

Traditional banking sources are generally enthusiastic to extend loans for the expansion of established businesses over financing first generation entrepreneurs. NeoGrowth provides loans with the minimal documentation and an easy renewal process. Further, the daily repayment model offered by NeoGrowth through the POS machine is conducive to efficient management of cash flows.

The extent of financial exclusion for first time entrepreneurs is very high. Statistics compiled from the fourth census of MSME showed majority of units i.e.; 92.77% had no finance or depended on self-finance.

Of the sample assessed, 73.40% of the merchants were first generation entrepreneurs who approached NeoGrowth for funding requirements.

First Generation Entrepreneurs



Interaction with Merchant: Nandan Sweets, Delhi



Vandana Yadav, dreamt of building a career in the food industry. She earned a diploma in hotel management and shortly after marriage, established “Nandan Sweets”, a small confectionery shop cum restaurant in Delhi in late 2017 jointly with her husband.

The first generation entrepreneurs approached NeoGrowth when they desired to expand their business. Post funding, Nandan Sweets have ventured into supplying food and refreshments to large corporates. Vandana was very well pleased with the prompt services provided by NeoGrowth and the after sales customer service. The couple intends to renew the loan taken from NeoGrowth and open new outlets across the capital.

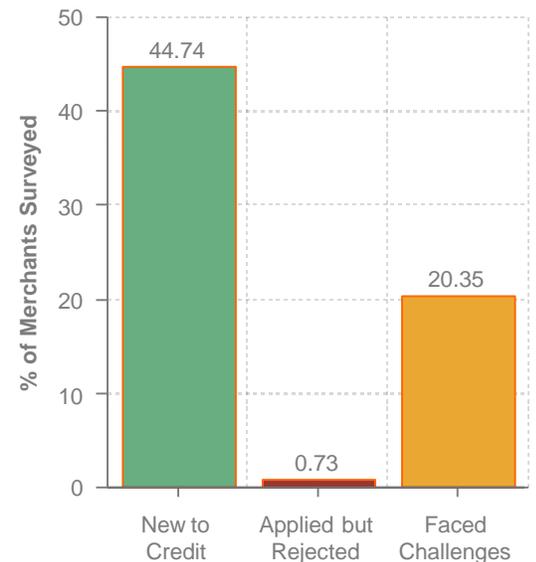
"Getting loans as first generation entrepreneurs, was not easy. NeoGrowth provided us with much needed finance at the right time. We are very happy with the prompt service provided by NeoGrowth."

Vandana Yadav, Partner

FINANCIAL INCLUSION



All financial inclusion efforts are aimed at ensuring that all businesses and entrepreneurs, regardless of income levels, have access to and can effectively use the appropriate financial services they need to grow their business.



Of the merchants assessed 44.74% borrowers were new to credit, some of which did not even attempt to apply for loans due to the perception that borrowers from the SME sector face challenges in accessing credit. 0.73% of the sample applied for loans but were rejected for different reasons. ~20% of assessed borrowers reported facing challenges in accessing credit on account of stringent terms, collateral requirements or lack of sufficient credit history. Each of the above findings reveal financial exclusion, largely in the SME sector.

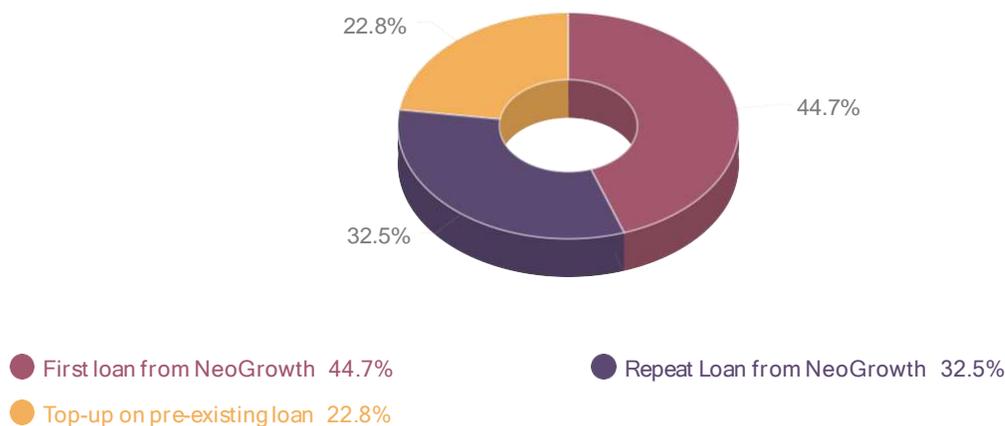
FINANCIAL INCLUSION

Past credit performance of a borrower is a deciding factor that lenders use to determine the loan amounts, interest rates, etc. to ensure that the borrower will not default on payments. On the flip side this means that new to credit borrowers tend to face difficulties in accessing loans, especially if they are first generation entrepreneurs. The survey revealed that 44.74% of the merchants surveyed were new to credit borrowers and had no alternative sources of funding prior to NeoGrowth, despite facing a need for finance.

Of the total lending activity for the year 2017-18, 287 borrowers of NeoGrowth's total borrowers had no credit rating prior to taking loan from NeoGrowth. At NeoGrowth, the underlying performance of business rather than the personal credit history of the merchants is the main criteria to determine eligibility of the borrower. Hence even borrowers with weak or no credit history are likely to be serviced by NeoGrowth.

In spite of the challenging environment and the lag effects of the aforementioned major events like GST and Demonetization, 32.5% of the total lending activity during the year 2017-18 belonged to renewals.

Analysis of Loan of borrowers surveyed



FINANCIAL INCLUSION

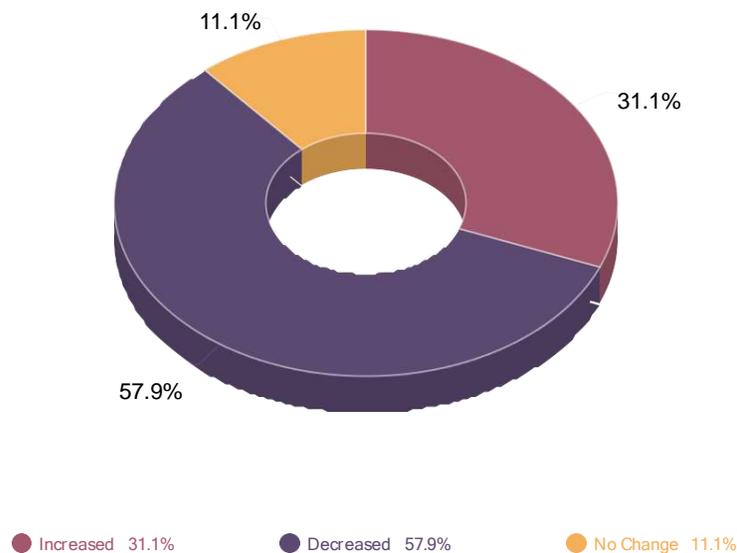


Supporting Customers in the time of Stress

When loans are extended with convenient repayment models, merchants are able to effectively manage cash flows, which enables them to meet repayment commitments punctually.

Timely repayment of loans have a positive impact on a borrower's CIBIL Scores. Events such as demonetization and new tax legislations in the form of the Goods and Service Tax ("GST") had far reaching effects on the SME sector. The credit squeeze immediately affected the ability of the merchants to repay loans, which had a direct impact on the CIBIL Scores of the merchants. Despite the aforementioned, for the year 2017-18, it was found that 31.1% of the merchants who were funded by NeoGrowth witnessed an improvement in their credit scores, 4% of which were New to Credit Borrowers while the credit scores of 11.1% of the merchants remained the same which in turn empowers them to be integrated into the formal banking system with an enhanced borrower profile.

Analysis of Credit Scores *



NeoGrowth continues to fund businesses and entrepreneurs based on parameters other than CIBIL Scores. Further, in the time of currency crunches, NeoGrowth's repayment model using POS machine benefitted the merchants tremendously. NeoGrowth assisted the merchants in times of their need and mitigated risk, directing businesses towards a positive outlook for the future.

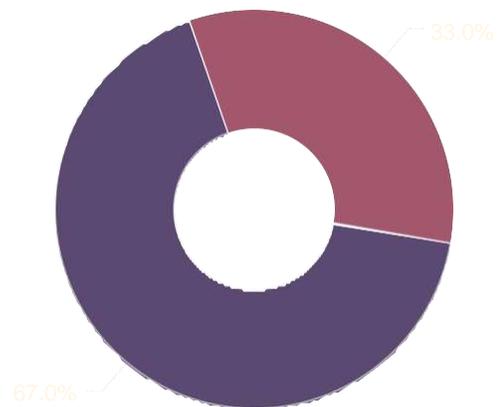
Women Entrepreneurship



Sri Sai Creations, Akruti, Vijayawada

Despite the large number of specialized loans for women entrepreneurs, it is a known fact that women business owners face greater funding challenges than men. Of the sample assessed, 13% consisted of women entrepreneurs. Further, 14% of the total disbursements by NeoGrowth for the year 2017-18 were towards businesses that were run by women either as sole proprietors, partners or directors and also those disbursements in which a woman was a co-applicant.

Women Entrepreneurs
Share of Women in Different Types of Businesses



● Partnerships 33.0% ● Proprietorship 67.0%

FINANCIAL INCLUSION: WOMEN ENTREPRENEURSHIP



Interaction with Merchant: Olive Retail, Delhi



After leaving their lucrative jobs in South Africa, Vanita Puri and her husband shifted back to India. Initially, she was a palmist and was earning good pocket money through it. She gave up even that and started a departmental store which had a variety of stock in multiple colors that attracted customers.

She wanted to add more stock for which NeoGrowth provided a loan. She now has the feeling of an entrepreneur and feels that her life is now more lively.

"NeoGrowth helped me grow my business despite the fact that I am a first generation entrepreneur and did not have any experience in business. "

Vanita Puri, Olive Retail

Interaction with Merchant: Sri Sai Creations, Vijayawada



Following her passion, Ganneda Gayathri set up Sri Sai Creations, a shop that manufactured and sold readymade garments under the brand name "Aakruti", with handloom weavers 4 years ago. She was then 5 months pregnant and her family was supportive of her venture. The first set of products were successful which motivated and encouraged her to work on a wider variety of products, while taking care of her young daughter.

Gayathri wanted to ensure that her business kept growing and NeoGrowth stepped in to help her to achieve her goal. Fast forward to today, Aakruti is now a boutique specialized in women's clothing spread across 2500 sq. ft. which is single handedly operated by Gayathri. She has 40 team members, of which 31 are women aged between 25 and 30 years and intends to open more stores in future.

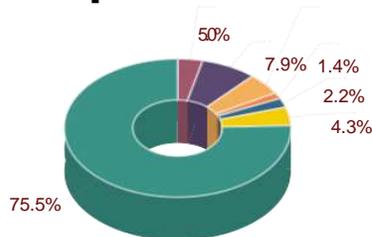
"The daily repayment model offered by NeoGrowth perfectly matches the cash flow needs of my business and has helped increase production. I was able to repay the loan without any hassles and even obtained a top-up loan from NeoGrowth! "

Ganneda Gayathri, Owner

ECONOMIC IMPACT

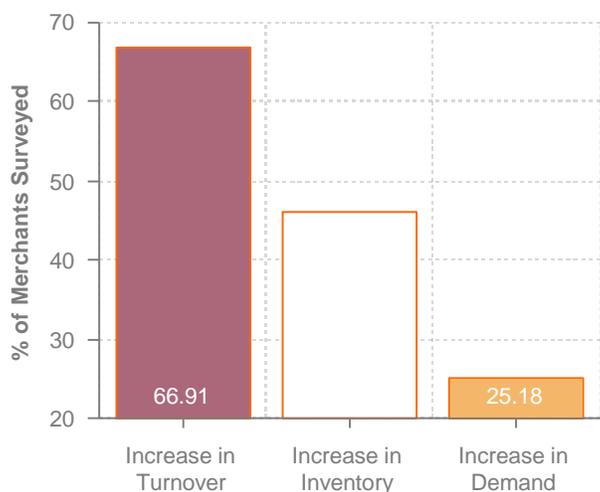


Purpose of Loan



Expansion of existing business	3.6%	For Capital or Fixed Assets	7.9%
Operating Expenses	5.0%	Raw Material	1.4%
Repayment of Outstanding Debt	0.0%	Setting up new line of business	2.2%
Setting up new store/branch	4.3%	Working Capital	75.5%

NeoGrowth strongly believes that the business loans it gives should create a positive impact and help in solving the needs of its borrowers. Through its lending activities, NeoGrowth provides a number of opportunities to merchants, which are designed to their business needs. Once the funds are disbursed, merchants use the capital to make purchases of raw materials, inventory, capital assets, payment of wages and salaries, expansion of business or setting up new line of business, etc. As an input, loan disbursements generate immediate outputs and hence NeoGrowth has a direct impact and adds value to the economy.



Capital usually has a multiplier effect on turnover, inventory and creditor positions. Of the sample surveyed, 48.40% of merchants reported positive change in sales and turnover, 33.30% reported increase in inventory levels. Further, 18.20% of borrowers interviewed reported an increase in the demand for their products and services on account of new branches set up using the credit or marketing activities carried out.

During the year 2017-18, NeoGrowth disbursed loans to 8331 merchants and businesses of which 5793 are fresh disbursements and 2538 pertained to renewals. Speedy renewal processes and strong customer support by NeoGrowth ensure that merchants remain as borrowers with NeoGrowth.

ECONOMIC IMPACT



MSMEs are known for their inclusive growth by providing equitable opportunities for various sections of the society, generating employment and promoting local demand thereby spurring economic activity. Capital is the primary requirement for any entrepreneurial journey and financial support to MSMEs will enable a smooth transition of MSMEs from the unorganized to the organized sector formalizing the economy.

NeoGrowth's business model is designed for Financial Inclusion, servicing potential borrowers who are otherwise excluded from borrowing from traditional banking channels.

Interaction with Merchant: Arunodaya Apparel

It all started in standard tenth where two friends with one ambition to grow and start their own business planted the seed of Arunodaya Apparel. Kumar Swami and Shashi Kumar the best of friends after completing their college in 1966 started their journey from Mumbai working and learning the trade in the textile Industry. In 1976 they returned to Bangalore their hometown to open a shop and sold Bombay Dying products.

Slowly and gradually they increased their business and started trading in Garments under the name of Arunodaya Apparel and their Friendship grew into a business partnership. NeoGrowth's loan helped in the expansion of the business. Presently they are working with one of the biggest brand in the textile industry for mens wear.



"Thanks to NeoGrowth's quick and easy disbursal process, we received funding in less than a week! This helped us in critical times."

Kumar Swami, Partner



Employment Generated and Sustained



Shine Blonde Salon, Kolkata

In order to capture the economic impact that NeoGrowth has through its lending activities, ASCo surveyed the indirect and induced effects that NeoGrowth has. Loan disbursements lead to increased economic activity creating new demand and meeting consumption. New jobs are created as a result of the spur in economic activity. Further, the capital lent by NeoGrowth and used by the merchants not only has direct economic impact but also creates indirect impact and output. The merchants utilize the funds disbursed in their business activities that is then re-spent by their employees and suppliers. Additionally, there is a domino effect in the form of total household expenditure that results from their activities.



Employment Generated and Sustained

283

Direct Jobs were created by NeoGrowth. across its branches in India during the year 2017-18.

4871

Indirect jobs: From the sample surveyed, NeoGrowth has indirectly supported and sustained 4871 jobs through the merchants and customers it has funded. Of the sample surveyed 118 new jobs were created post lending activity after discounting drop-offs. This is a net positive growth in employment.



Needle Eye, Bangalore



Indigenization

Indigenization is the act of making a product or service more native by increasing local participation. NeoGrowth believes that indigenization can lay the foundation for economic independence. A vast majority of the businesses surveyed rely on local suppliers and local manufacturers within India for their business activities.

The survey also revealed that enterprises which are acting as suppliers as part of the value chain and are exporting locally manufactured goods fulfil global demand and ensuring the production capacities are fully utilized. Moreover, relying on local manufacturers gives impetus to 'Make in India,' while exports help Indian enterprises compete globally, thereby creating opportunities locally while tapping into global markets.



Interaction with Merchant: Kaladhar Handlooms, Hyderabad

Kaladhar Handlooms has several stores in the Hyderabad and few other cities in Telangana and Andhra Pradesh. Kaladhar Handlooms has been in business for nearly two decades, the shop has exclusive collection of handlooms from various parts of the country.

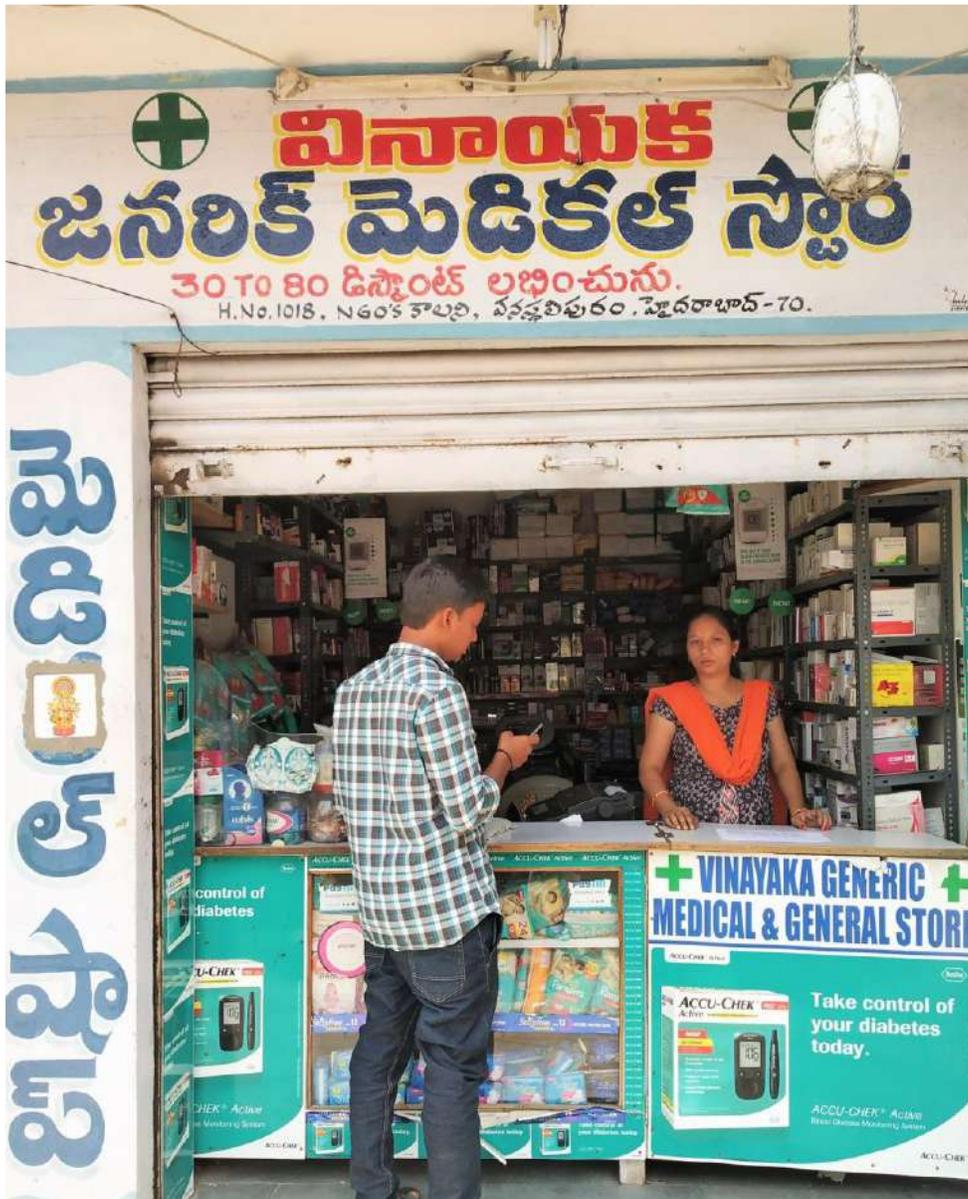
The shop sources their collection from Indian weavers based out of various cities. Garments, especially sarees are a seasonal business with peaks of demand during festival and wedding seasons. In the recent times the business feels that customers are moving away from traditional dresses such as sarees to more that reflects the Bollywood culture.



Businesses like Kaladhar Handlooms, generate employment and encourage local craftsmanship. Considering their products face season demand, their requirements for finance are high during peak seasons and are low during the rest.

By supporting such businesses, NeoGrowth promotes local workmanship and encourages the growth and sustenance of local products.

Interaction with Merchant: Vinayaka Generic Medicals, Hyderabad



Sathi Babu Bondu, the owner of Vinayaka Generic Medicals and General Store believes that medical care should be affordable to everyone and hence provides discounts ranging from 30-80% wherever possible to all its customers, unlike any other pharmacy stores in the locality.

The shop was set up using funds from family, relatives and informal money lenders. Sathi Babu had never applied for loans to banks, but approached NeoGrowth when he intended to expand the business.

"This shop is our livelihood and only source of income for my family. We are grateful to NeoGrowth and the sales team for the service provided to us and will recommend NeoGrowth to other entrepreneurs."

Sathi Babu Bondu, Owner

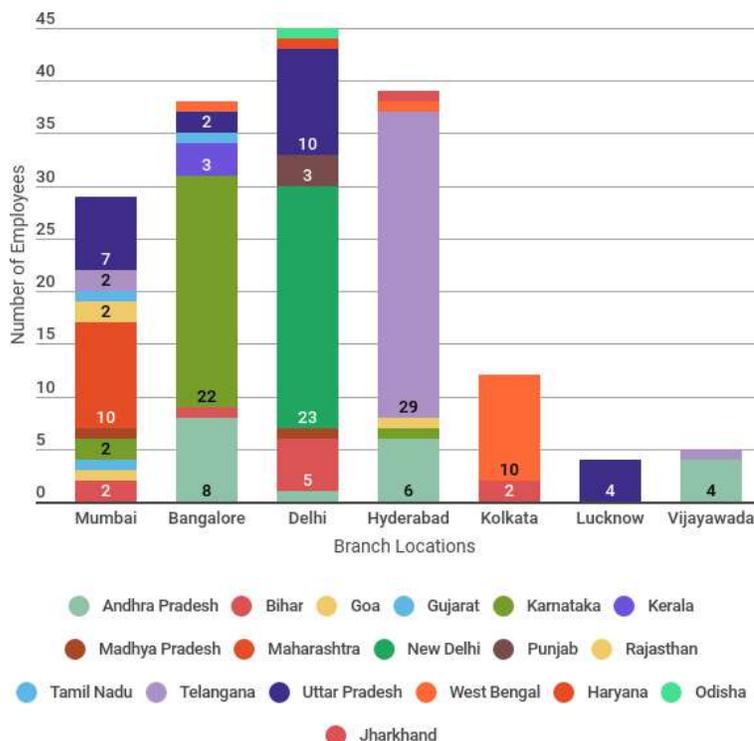
POSITIVE STROKES: NeoGrowth

NeoGrowth is an emerging leader in the field of lending to Small and Medium Enterprises Sector. NeoGrowth is driven by nine key values that underline their every process and service, which encompasses empowerment, accountability, teamwork, result orientation, integrity policy, work-life balance, customer orientation, innovation, trust and openness.

At its core, NeoGrowth believes in creating a positive social impact which is geared towards improving the financial lives of small and medium business merchants across India. It caters to this under-served market by adopting an innovative approach and validating the creditworthiness of the business.

The one of a kind tech & touch model of NeoGrowth, augmented by the in-house technology platform and smart analytics of the digital spends data, ensures that NeoGrowth offers the best products and services in the market.

Employee diversity is another forte of NeoGrowth, which is based on two principles i.e. a strong commitment and organization wide sensitisation. This renders NeoGrowth a great place for women to work. Administration of several programs have reinforced balanced gender diversity and made the work environment very comfortable and conducive for women employees. Employee Diversity is the representation of employees across various geographies in the country



NeoGrowth has an healthy representation of its employees across 18 states in India from employee data across seven branch locations of NeoGrowth. Mumbai branch is the most diverse with employees from 10 different states, followed by Delhi with representation from 8 states and Bangalore from 7 different states. Hyderabad branch is represented by employees from 6 different states. Kolkata and Vijayawada have employee representation from 2 states and Uttar Pradesh is the least diverse with all employees from the same place.

Thank You!

About ASCo

Anuj S Sharma and Company (“ASCo”) is India’s leading transaction advisory firm focused on impact investing sphere in South East Asia. Under its repertoire of services, ASCo conducts social impact assessments to study and assess the positive impact businesses create and have on society through their activities. From its incorporation in 2009, ASCo has worked with 600+ social enterprises across various geographies like India, USA, Mongolia, Nepal, Netherlands, Singapore, Myanmar, Bangladesh, Australia and UK.

In order to fulfill its mission of contributing to increasing transparency and responsible reporting in the global impact investing space, ASCo has, in 2017, set up Alsisar Impact, a specialized venture which aims to act as enablers, facilitators and incubators in the impact investment space in South East Asia, through its 360 degree product offerings to impact investors and social enterprises.

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“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 in our work. He is the purpose of it. He is not an outsider in 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



www.neogrowth.in

For more information contact: Mr. B. Ravi Kumar, Chief Financial Officer at ravi.kumar@neogrowth.in

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