



NEOGROWTH

Lending simplified. Growth amplified.

Social Impact Report

2019

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	<ul style="list-style-type: none">• Strengthening Credit History• Fostering Entrepreneurship• Gender Inclusion• Financial Inclusion• Indirect Employment Generation• Driving Economic Growth• Accelerating Digitisation of MSMEs• Contribution to Environmental Sustainability

Foreword



It is with great pleasure that I present you with the Social Impact Report, 2019 which is an exhaustive way of measuring the impact that NeoGrowth creates on the lives of our customers. This report gives a deep insight into the challenges faced by our customers and how NeoGrowth has helped solve their problems of capital and growth. NeoGrowth is committed to social impact and financial inclusion through lending at the convergence of retail and digital payments. This report aims to summarize our efforts in helping entrepreneurs access funds for scripting their growth and success. We measure the Social Impact of our lending activities in terms of job creation, lending to first generation entrepreneurs, assisting women entrepreneurs, improving credit scores, lending to growing businesses in Tier-II cities, fostering digitization and furthering financial inclusion.

NeoGrowth has continued to strengthen its foothold in MSME segment by easing access to credit through a robust risk-scoring mechanism and facilitating a faster and easier loan application process with minimal documentation. NeoGrowth has strengthened its relationships with merchants who were faced with working capital crunch and played a major role in boosting their business expansion plans and financial inclusion.

Creating a positive social impact through our business activities has been one of the paramount objectives for which NeoGrowth was established and this will continue to be a strong focus for us going forward.

Sincerely,

Piyush Khaitan
Founder & Managing Director
NeoGrowth Credit Pvt. Ltd.

Key Abbreviations

EMI: Equated Monthly Installment

FY: Financial Year

GST: Goods and Services Tax

INR: Indian National Rupee

Mn: Million

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

SME: Small and Medium Enterprise (retailers/merchants)

USD / INR Exchange rate: 68.0

Introduction: NeoGrowth

India's traditional underwriting methods exclude more than 50% of creditworthy SMEs and MSMEs. NeoGrowth Credit Private Limited, was established in 2012 as an NBFC with the aim of providing business loans to the under-served SME and MSME sector by leveraging digital payments data to underwrite and also simultaneously creating social impact through its lending activities.

Founded by Dhruv Khaitan and Piyush Khaitan, NeoGrowth is a pioneer in the MSME digital lending industry. It has partnered with over 20,000 merchants from the SME and MSME industry by funding and enabling them to grow and sustain their business. The total amount of loans funded by NeoGrowth till 31st Mar'19 has been around INR 4,348 crores (USD 639 Mn).

The key benefits that NeoGrowth loans offer to these SME customers are as below:

- Unsecured short-term lending
- Customized loan amounts
- Flexible repayment schedule
- Automated collections
- Minimal documentation with doorstep service
- Quick turnaround time, and easy pre-closure facility



NeoGrowth's Team at Chandigarh Branch

The NeoGrowth Brand

NeoGrowth, a journey which started with an idea of inclusive growth is now 7 years old. On the way we have met several milestones. As the founding member of DLAI, we have pioneered the evolution of digital lending in India. We are in 21 cities, a 700 strong unit and have touched upon 55,000+ potential customers.

As we embark on our next phase of growth it is imperative to build a strong brand which each one of us can strongly associate with.

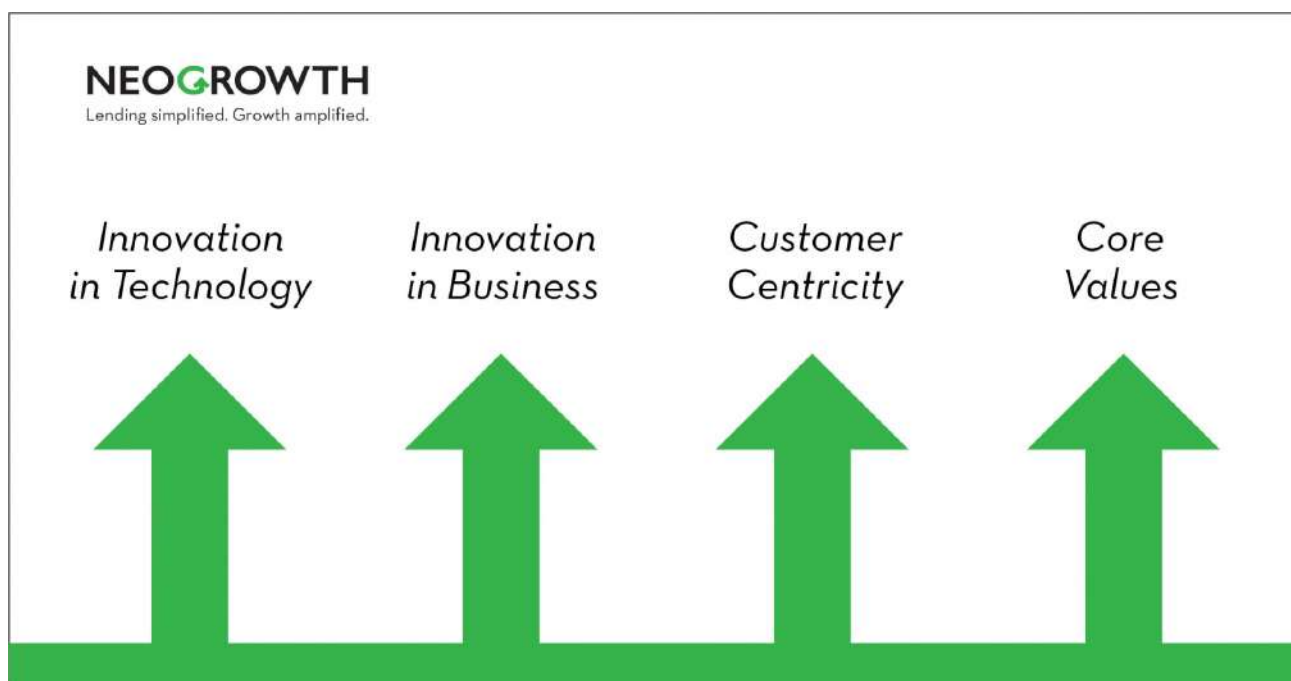
Therefore we have unveiled our new Brand Identity that stands true to our mission and values.

A brand promise we can live by in our quest for inclusion and growth opportunity for all.

A brand driven by Accountability, Customer-focus and Innovation as our core value system.

A brand powered by new age technology and analytics enabling us to make consistent and objective decisions across functions.

A brand that aspires to deliver growth that matches our customers' ambitions. The new brand construct is a sustainable reflection of our collective organizational ethos. The time is right to celebrate and embrace the new era with a new refreshing identity.



Outreach: NeoGrowth



Fashion Villa, Lucknow



Ginni Medicals, Lucknow

25K+

Number of loans
disbursed till
date

4.3K+

INR in Crore (USD
639 Mn), mobilized
through loans till
31st Mar'19

21

NeoGrowth
locations across
India

65

Different
industries serviced
in 2018-19 alone

700

Employees
across all
locations



Punam Sports, Hyderabad



Metalon Marketing, Delhi

FY2018-19: A Glimpse

The Indian economy has expanded at a much faster rate than initially estimated in the last two fiscal years indicating that growth remained high despite disruptions from the rollout of GST and the unprecedented activity of demonetisation. Strong domestic consumption and investment will continue to support growth, which was projected at 7.0% in FY2019 and 7.1% in FY2020, as per a United Nations report. In this milieu of what we would call an average growth, the commercial credit to MSME segment has shown high credit growth of 15.9% signalling a revival trend. The whole NBFC sector had faced challenges in liquidity post the IL&FS default crisis in Oct'18. In a knee-jerk reaction to the high default rates, most of the domestic lenders had curtailed incremental disbursements to the NBFC segment in total. Even though these headwinds impacted liquidity in the market, NeoGrowth managed to cushion itself by maintaining a healthy mix of borrowings from domestic and overseas lenders and liquidity buffers to ensure continuous disbursements.

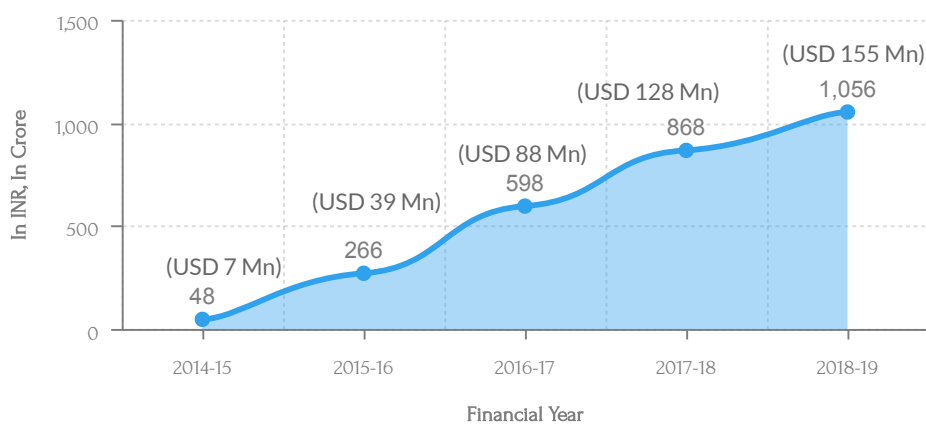
Our company has continued to grow at a healthy disbursement rate with our Assets under Management (AUM) scaling up from INR 48 crore (USD 7 Mn) in FY2015 to INR 1,056 crore (USD 155 Mn) in FY2019. This growth has been backed by continued focus on the target segment and deepening relationships with our customers. NeoGrowth has a highly granular loan book by virtue of low ticket size disbursements across ~9,500 live loans. We continued to focus on customer delight and achieved a healthy renewal rate of over 60% demonstrating high customer satisfaction.

Aligned with our customer focused business philosophy, we have launched a new product, Vendor Finance, which caters to the supply side requirements of a business. Apart from this, we are constantly leveraging our technology and analytics platform for automated underwriting and widening our reach to customers.

NeoGrowth has always focussed on creating a strong positive social impact on MSMEs by lending to first generation entrepreneurs, assisting women entrepreneurs, enabling our customers in job creation and in improvement of credit scores via our loans. Presently, NeoGrowth operates in 21 cities where we will continue to expand and aim to build a billion-dollar balance sheet in the next 5 years while maintaining our pillars of growth.

FY2018-19: A Glimpse

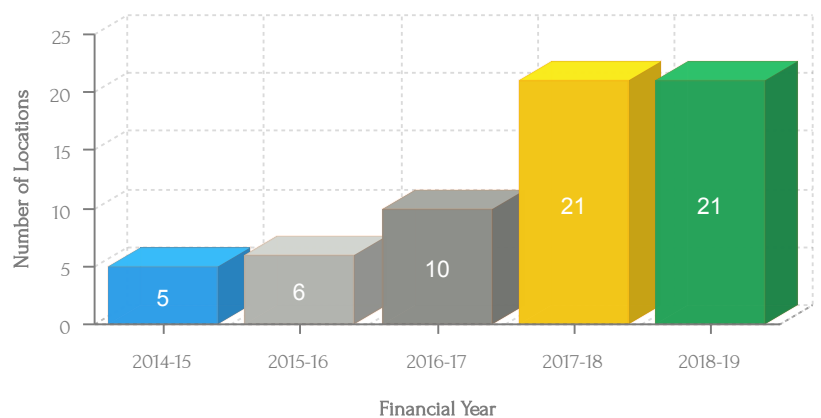
Portfolio Growth



The loan portfolio of NeoGrowth has grown from INR 48 crores (USD 7 Mn) in 2014-15 to INR 1056 crores (USD 155 Mn) in 2018-19, witnessing a nearly 20-fold increase in the last 5 years and signifying the tremendous increase in NeoGrowth's outreach during these 5 years.

NeoGrowth's presence has grown over the years with a steady increase in the number of locations from 5 in 2014-15 to 21 in 2018-19. This enables us to widen our customer outreach through our 'tech and touch' model and we are able to service customers across both Tier-1 and Tier-II cities. Presently, NeoGrowth has 32 branches across 21 locations.

Number of Locations



FY2018-19: A Glimpse

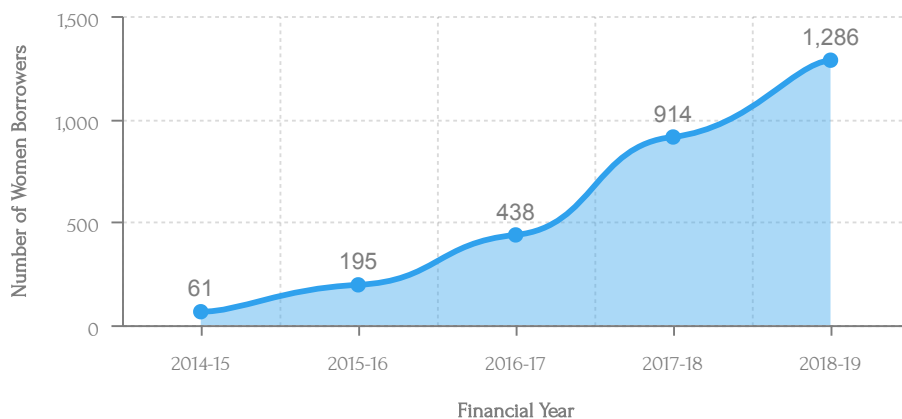
Lending in Tier II Cities



In 2014, NeoGrowth was focused only on lending in the Tier I cities in India. However, taking into consideration the changing demographics and the need to adopt an inclusive approach, NeoGrowth forayed into lending to merchants in Tier II cities as well. As of FY2019, the Tier II portfolio accounted for about 17% of the total lending activities in NeoGrowth.

The number of women borrowers in NeoGrowth's portfolio also witnessed an upsurge from 61 borrowers in 2014-15 to 1,286 in 2018-19. These numbers include disbursements to businesses run by women either as sole proprietors, partners or directors and also to businesses in which a woman was a co-applicant for the loan demonstrating NeoGrowth's positive approach towards lending to female borrowers.

Women Borrowers



The increase in lending to women applicants and commencement of lending in Tier II cities also demonstrate NeoGrowth's active contribution towards Financial Inclusion.

Executive Summary

This report measures the direct and indirect social impact on the SME and MSME customers due to loans taken from NeoGrowth. The research study for this report was conducted across 7 cities by conducting on-field interviews with 159 customers of NeoGrowth. The impact was evaluated and summarized around the below themes:

Strengthening Credit History: NeoGrowth takes into account the underlying performance of the business rather than concentrating only on the credit history of the borrower. Accessibility to debt and timely repayments result in an improvement in credit scores of the borrowers. About 48% of the customers surveyed have shown an increase in their credit bureau scores after availing loans from NeoGrowth.

Fostering Entrepreneurship: NeoGrowth nurtures first generation entrepreneurs by providing loans to borrowers with no prior formal business experience. About 80% of the total NeoGrowth customers interviewed are first generation entrepreneurs.

Gender Inclusion: Out of the total customers surveyed, around 10% of the loans were advanced to female entrepreneurs. In addition, there has been a 15% increase in the number of women employed by the interviewed customers post funding from NeoGrowth.

Financial Inclusion: The survey revealed that NeoGrowth has extended loans to low income groups and borrowers from low educational backgrounds. Further, during the period from April 2018 to January 2019, 372 first time borrowers (i.e. with no credit bureau scores) availed loans from NeoGrowth. NeoGrowth also gave loans to 2,274 merchants with a credit bureau score less than 650. Each of these parameters indicates the contribution towards financial inclusion by NeoGrowth.

Indirect Employment Generation: The survey revealed that NeoGrowth's lending activity has indirectly resulted in creating 367 new jobs in the SME and MSME segment. This was an increase of 9% in job creation versus the previous year.

Accelerating Digitisation of MSMEs: The unique model of NeoGrowth to provide loans against future credit and debit card sales has helped in acceleration of digitization in India. According to the survey, digital transactions accounted for about 53% of the total sales transactions carried out by the interviewed customers of NeoGrowth.



Patel Service Station, Bangalore



Tirupati Book Store, Delhi



Arunodaya Apparel, Bangalore



Hotel Parimala, Mumbai

Purpose of the Study

NeoGrowth strongly believes in creating a positive impact through its lending activities while also solving the financing needs of the SME and MSME sectors. On behalf of NeoGrowth, ALSiSAR Impact Pvt. Ltd. (Agency) conducted an independent study to analyse and estimate the economic impact created by NeoGrowth in the SME and MSME sectors through its business and thereby surveyed the indirect social impact on the borrowers and their employees. For the same, the Agency reviewed the following parameters:

- Strengthening Credit History - Improvement in the credit bureau score of the customers post availing loans from NeoGrowth
- Fostering Entrepreneurship - Lending to first generation entrepreneurs
- Gender Inclusion - Lending to women entrepreneurs
- Financial Inclusion:
 - Lending to first time borrowers
 - Lending to borrowers with low credit scores
 - Lending to borrowers from lower income groups
 - Lending to borrowers with lower education backgrounds
- Indirect Employment Generation in the SME and MSME sectors
- Driving Economic Growth
- Accelerating Digitisation of MSMEs
- Contribution to Environmental Sustainability

The following sections describe the key results from the survey, including the methodology adopted for the same.



Realms, Delhi

Sample Selection

The Agency met a randomly selected sample of customers that had availed loans from NeoGrowth from a base of over 10,000 live customers of NeoGrowth as on 31st March, 2019. This sample was collected across Mumbai, Delhi NCR, Hyderabad, Bangalore, Chennai, Lucknow and Chandigarh. The sample selected was in proportion to NeoGrowth's overall share of the lending activity carried out in these cities.

The sample contained a mix of NeoGrowth customers based on the following factors:

- Industry;
- Loan size;
- Gender of customers; and
- Business constitutions.

Cities Covered:

- Mumbai
- Delhi NCR
- Bangalore
- Hyderabad
- Chandigarh
- Lucknow
- Chennai



Methodology

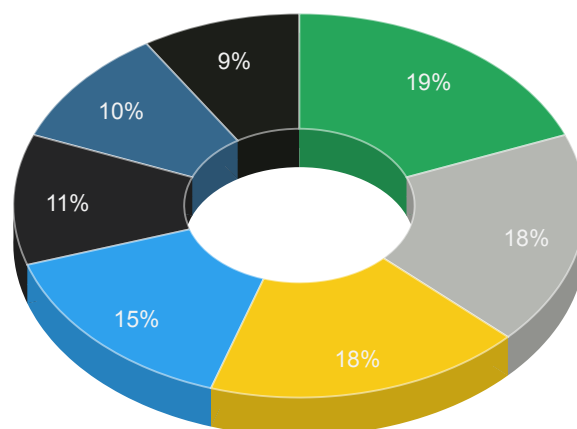
From the sample selected, the Agency interviewed 159 customers of NeoGrowth across 7 cities. A questionnaire was designed to address the parameters as set forth previously. The Agency's researchers conducted on-field interviews by individually visiting the selected customers of NeoGrowth at their places of business. Pictorial evidences of 95% of the sample interviewed were taken at their places of business..

159

on-field interviews conducted with
NeoGrowth customers across 7 cities

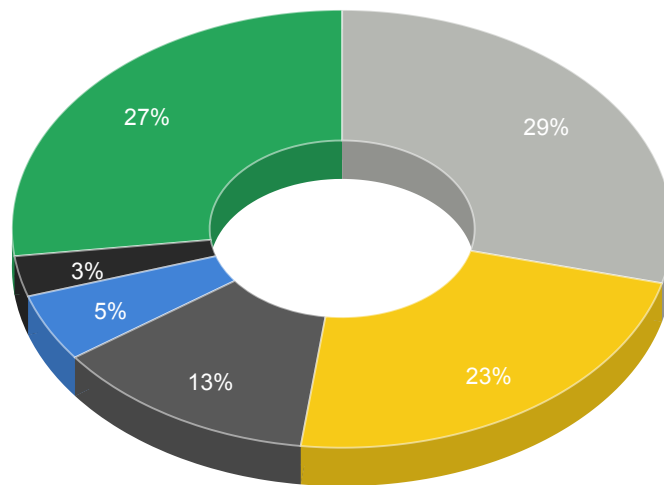
Percentage of NeoGrowth Customers Interviewed Across Different Cities

● Delhi	19%
● Bangalore	18%
● Mumbai	18%
● Hyderabad	15%
● Chandigarh	11%
● Chennai	10%
● Lucknow	9%

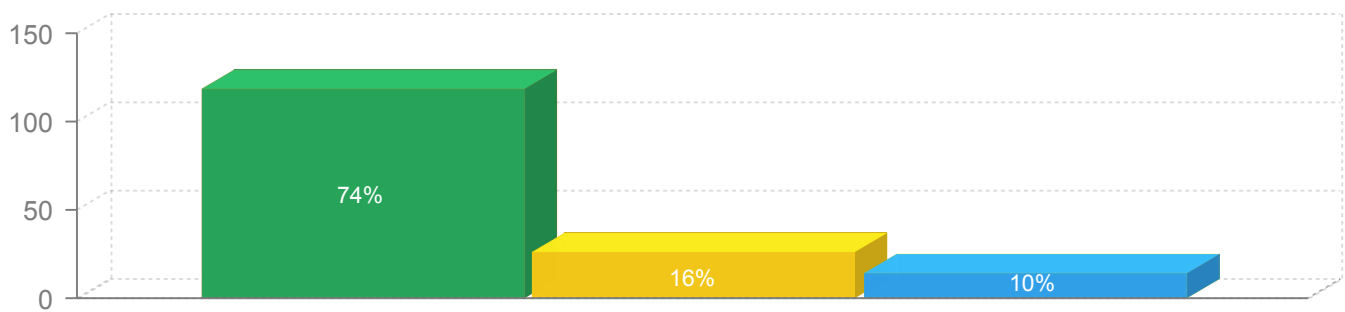


NeoGrowth Customers Interviewed: Categories

Industry Wise Categorization

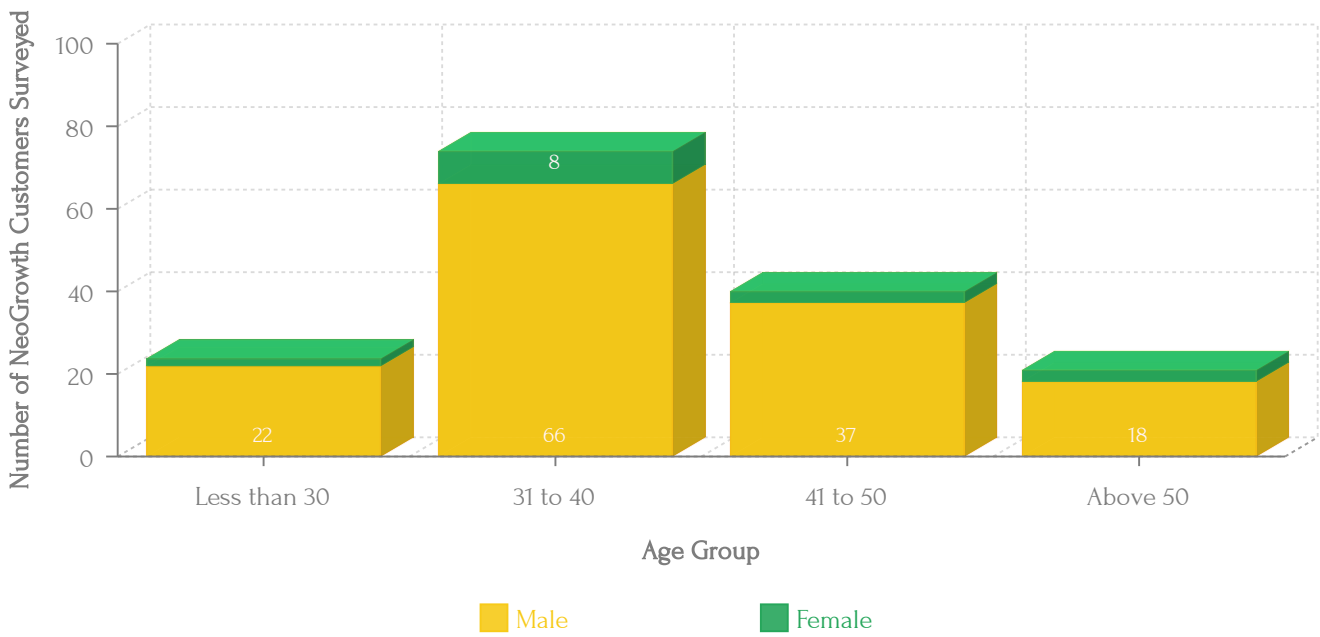


Type of Entity

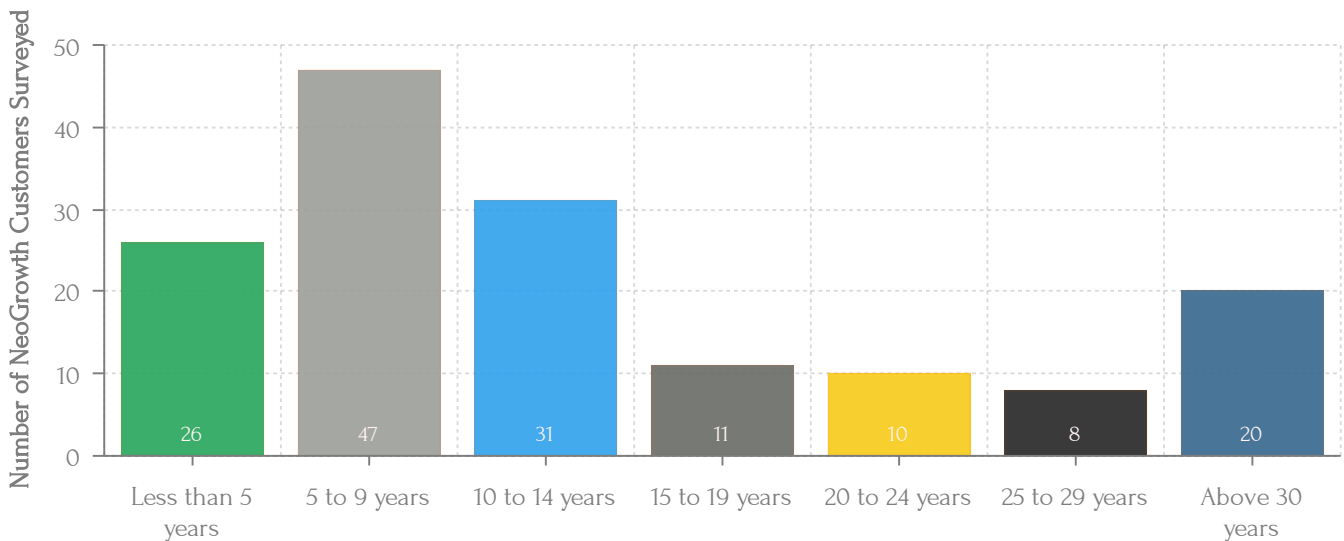


NeoGrowth Customers Interviewed: Demographic Profiles

Age of NeoGrowth Customers Surveyed



Number of Years in Business



Kovai Pazhamudirvu Cholai, Chennai



Wonder Collection, Mumbai



Punam Sports, Hyderabad



Horizon Book Store, Delhi



Tip Top Unisex Salon, Mumbai



Khajanchi & Bros, Mumbai

Strengthening Credit History

48%

of NeoGrowth customers surveyed have shown an increase in their credit bureau scores after taking a loan from NeoGrowth

Credit bureau scores are said to be a report card of one's credit history and repayment behavior. A truly empowered borrower is the one who has high credit bureau scores. Low credit bureau scores usually makes it difficult for the borrower to get loan approvals.

Of the total loans disbursed by NeoGrowth in the period of April 2018 to January 2019, 372 borrowers had no credit bureau score / borrowing history before taking a loan from NeoGrowth.



N S Stores, Mumbai

NeoGrowth evaluates the underlying performance of the business instead of just relying on the credit bureau score of the borrower and hence businesses with poor or no credit bureau score are also able to get approvals for loans. This gives NeoGrowth's customers an opportunity to increase and improve their credit scores and thereby merge with the formal lending space.

Voice of Customer

Pravasi Cabs Pvt Ltd, Bangalore

M. Aradhya began his career as a driver. Soon after, he started a cab service in partnership with his friends but always dreamt of having his own business. After gaining sufficient experience, he founded his own company named 'Pravasi Cabs Private Limited' in 2013. He funded his venture with borrowings from his family and friends.

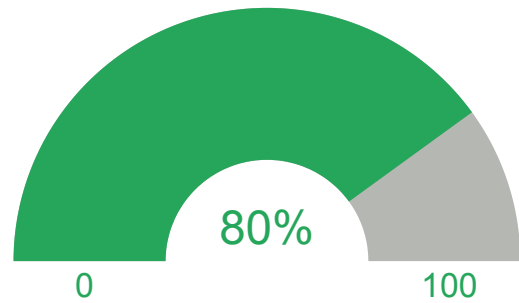
Recently, when his business needed short term funding, his friends recommended NeoGrowth to him for availing loans. Aradhya was happy with the services provided to him by NeoGrowth and finds NeoGrowth's **easy documentation and smooth application process** as its best features.



M. Aradhya's credit bureau score improved after availing the loan from NeoGrowth

Fostering Entrepreneurship: Lending to First Generation Entrepreneurs

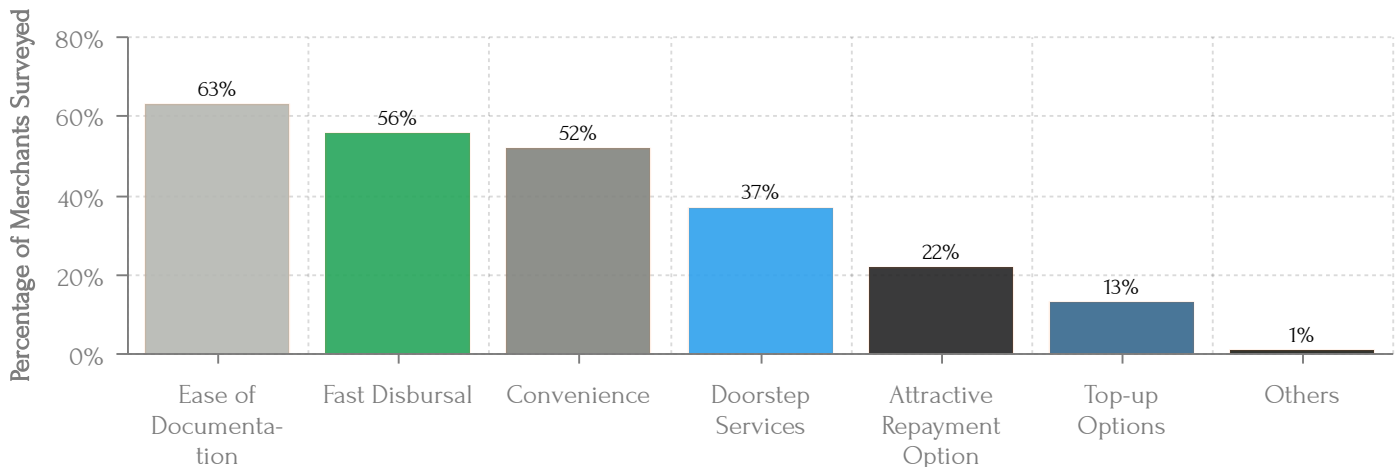
As the name suggests, first generation entrepreneurs are the first persons in their families to set up a business. For a first generation entrepreneur, accessing formal credit could be a challenging process since they do not possess any prior experience of doing business and/or have insufficient operating history. These entrepreneurs also commonly face cash management issues.



of NeoGrowth customers surveyed were First Generation Entrepreneurs and did not have prior business experience

With NeoGrowth's flexible repayment models, entrepreneurs find it easy to effectively manage cash flows. Further, NeoGrowth's simple loan application process allows entrepreneurs to access quick funding with minimal documentation, thereby enabling them to participate in the formal economy. According to the survey, the merchants ranked ease of documentation as the best feature of NeoGrowth loans, followed by fast disbursal and convenience.

NeoGrowth Features that its Customers liked the most



Voice of Customer

RVD Beauty Concepts, Chandigarh

After completing his education, Rohan Dhavan joined the financial services industry. However, the idea of being an entrepreneur always fascinated him and soon he started a salon named 'RVD Beauty Concepts'. In the initial years, Rohan attended several part-time courses to improve his technical skills. Due to his zeal and

hard work, his salon soon became popular but he could not plan any further expansion due to paucity of funds. NeoGrowth's loan provided him with the timely capital required for business expansion. Rohan finds the **loan disbursal process of NeoGrowth convenient and quick**, especially for those borrowers who are in need of quick funding.

NeoGrowth loan helped Rohan Dhavan open the second branch of his salon.



Gender Inclusion: Lending to Women Entrepreneurs

Development of a nation is a collective effort. The results would diminish if only a handful of people strive to bring about economic growth in a country. Though the scenario is gradually changing and efforts have been made to increase women's participation in the economy, India is still far behind compared to the other nations. According to the Sixth Economic Census released by the Ministry of Statistics and Program Implementation, women constitute around 14% of the total entrepreneurs in the country, i.e. 8.05 million out of the total 58.5 million entrepreneurs. India has been ranked 52nd on the Mastercard Index for Women Entrepreneurs (MIWE) 2018 from a list of 57 nations - barely above Iran and Saudi Arabia. Despite this, India is among the top nations to have the highest percentage of successful women entrepreneurs.

12% women entrepreneurs out of the total loans granted during FY 2018-19



NeoGrowth doesn't discriminate and the eligibility criteria is not tightened if it is a business run by women without any prior experience. 10% of the sample surveyed were businesses which are run by women either in the capacity of a sole proprietor or partner or as a director. Moreover, from the sample surveyed, we found that there has been a 15% increase in the number of women employed by the customers of NeoGrowth, post availing the loan.

15%

Increase in the number of females employed by NeoGrowth customers, post availing loan from NeoGrowth



Laxmi Supermarket, Chennai

Empowering Women



Ekansh Sweets, Chandigarh



Riya and Shiva Motors, Lucknow



Vrinda Bazar, Delhi

Voice of Customer

Karan Overseas, Delhi



Nisha Chopra comes from a family which has been in the business of pure silk cloth merchants. Her father was her role model and she always desired to follow his footsteps and start a business of her own. Since her family was into the textile industry, setting up a garments shop was her most obvious choice. She approached NeoGrowth for funding her business expansion plans. Today, Nisha operates three showrooms in Brazil under the brand name of 'Kamellin' which are managed by her elder son.

She has extended her range of products from retail garments to include handicrafts and also manufactures garments. She purchases raw materials from different cities such as Varanasi, Lucknow and Delhi and exports majority of her products to Brazil. She is grateful to NeoGrowth for providing her with funds to grow her business. **Nisha is happy with NeoGrowth's customer service and quick access to funding.**

Nisha Chopra got turned down by large number of financial institutions but got a loan from NeoGrowth in time to help her business grow

Voice of Customer

Tashee International, Delhi

Amna Abbasi left a lucrative corporate career to start her own business. Initially, she started an e-commerce website under the name "etashee.com" for selling clothes online and soon after opened a small store in Noida. Apparel business being seasonal in nature, Amna was required to maintain sufficient stock during peak season and approached NeoGrowth for providing her with funds to purchase the required stock.

Today, Amna operates an apparel chain named 'Fashion Street'. She believes that the funds from NeoGrowth have helped her in maintaining working capital. She praises NeoGrowth's smooth loan application process and ease of documentation.

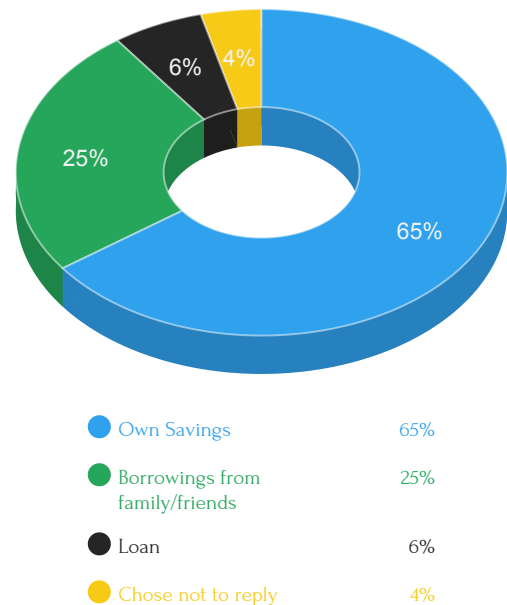
Funds from NeoGrowth helped Amna Abbasi to manage her working capital needs in a more efficient manner.



Financial Inclusion

Financial inclusion refers to the availability and equality of opportunities to access financial services. MSMEs account for more than 90% of total enterprises in most economies and also contribute a major share of industrial production and exports. Most importantly, financial inclusion and economic development go hand in hand. Many a times, aspiring entrepreneurs are denied loans from traditional banks and forced to rely on friends and family or even on the informal lending system for initial start-up capital. Amongst the NeoGrowth customers surveyed for this study, it was found that only 6% of them started their business with loans from banks. A nation cannot be economically developed where small and medium businesses do not have access to affordable financial products and services to meet their needs. The following sections provide an in-depth analysis of how NeoGrowth is enhancing financial inclusion in the SME and MSME sectors.

Sources of Initial Financing for Business
(Survey Outcomes)



This survey measures NeoGrowth's contribution to financial inclusion under the following aspects:

- Lending to first time borrowers;
- Lending to borrowers with low credit bureau scores;
- Lending to borrowers from lower income groups; and
- Lending to borrowers with lower education backgrounds

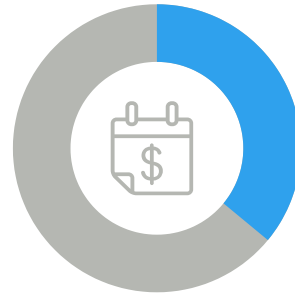


Passion Cosmetic Shoppe, Bangalore

Financial Inclusion: Lending to First Time Borrowers

Small businesses are often denied loans from traditional banks on account of lack of credit history. Credit history still remains one of the critical aspects of borrower assessment while applying for loans from any financial institution.

NeoGrowth evaluates the underlying performance of the business rather than relying just on the credit bureau scores of the merchants, and hence merchants with poor or no credit bureau scores are still assessed by NeoGrowth based on their business parameters. This itself provides a boost to merchants with no/poor credit history as they are usually turned down by banks. Of the total loans disbursed by NeoGrowth in the period April 2018 to January 2019, 372 borrowers had no credit bureau score (i.e. they were first time borrowers) before taking a loan from NeoGrowth.



35%

of NeoGrowth customers surveyed were first time borrowers, i.e., they did not avail of any other financing options prior to the loan from NeoGrowth.



Kanika Bangles, Bangalore

Financial Inclusion: Lending to Borrowers with Low Credit Bureau Scores

2,274

Customers having credit bureau score less than 650 were funded by NeoGrowth based on their underlying business and cash flows

Generally, banks and other financial institutions, survey the credit history of the MSME entrepreneur along with that of the business prior to approval of any business loan. This is an established practice, irrespective of the size and type of the business. As a result, an entrepreneur's low credit bureau score also affects his business' ability to avail funding, as it is considered to be at a higher risk of defaulting on a loan. In the Indian lending landscape, a credit bureau score of 650 or lesser is considered to be a less than average score.

NeoGrowth uses a variety of risk and credit assessment tools to survey the credit worthiness of an SME / MSME and does not depend wholly on credit bureau scores. In the period April 2018 to January 2019 alone, NeoGrowth funded 2,274 merchants who had credit bureau scores in the range of 2 to 650.



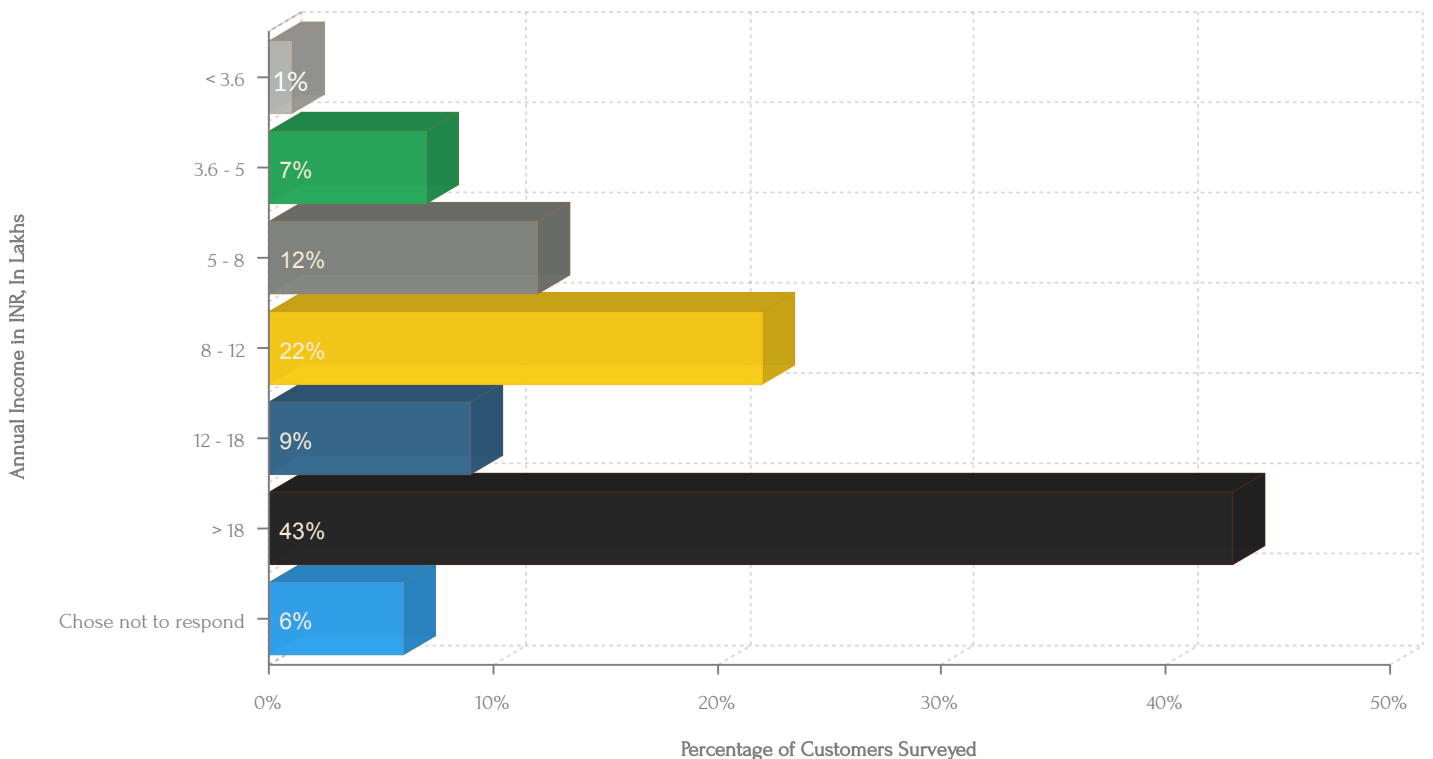
Delhi Mithaiwala, Hyderabad

Financial Inclusion: Lending to Borrowers from Lower Income Groups

According to the World Bank, less than 1 in 10 people in low-and middle-income countries around the world have a documented credit history. Banks continue to deny loans to low-income groups due to their perceived lack of credit worthiness and their inability to meet the bank's standards. In rare instances, when their loan is sanctioned by the banks, it takes several months for its disbursement. Lack of access to credit leads to a loss of opportunity and traps low-income groups in a repetitive circle of poverty.

NeoGrowth offers collateral-free loans to MSMEs from all strata of society irrespective of their personal income earning capacity. Loans to low-income group (annual household income less than INR 5 lakh) MSMEs constitute about 8% of its total lending portfolio. Of these, approximately 1% loans are given to economically weaker sections (annual household income of less than 4 lakh).

Average Family Income of NeoGrowth Customers
(Survey Outcomes)



Voice of Customer

Sai Shrushti Packaging , Hyderabad



Suresh Gupta began his business in 2008 with only INR 250. He started with door-to-door sales and 5 years later, managed to rent a shop in 2013. Retail businesses need to maintain sufficient cashflow due to their high working capital requirements. Suresh decided to take a loan from NeoGrowth to meet his liquidity requirements.

According to him, the **daily repayment option** is one of the best features of a loan from NeoGrowth. The payment flexibility eases the burden on the borrower. Further, **quick disbursal of the loan amount makes it effective for emergency fund requirements.**

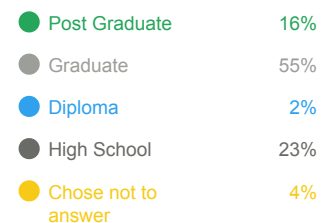
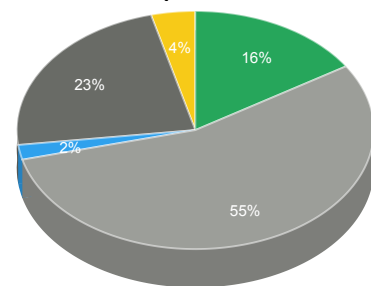
When Suresh Gupta was finding it difficult to avail loans from other banks, NeoGrowth stepped in and met the working capital needs of his business.

Financial Inclusion: Lending to Borrowers with Lower Education Backgrounds

Banks are hesitant to give loans to entrepreneurs who lack formal education. As per the 2011 Census data, there are only ~5% of Indians who are college graduates and above by educational qualification. Going by this metric, a large proportion of the population gets excluded for a loan merely due to the lack of a formal degree.

Unavailability of easy and affordable financial support to entrepreneurs may result in them feeling excluded from traditional lending channels. Out of the total NeoGrowth customers surveyed, approximately 23% were high school pass outs. This provision of financial support by NeoGrowth, helps in fostering entrepreneurship and ensures increased access to financial resources for the traditionally disadvantaged groups.

Educational Qualifications of NeoGrowth Customers
(Survey Outcomes)



Amit Stores, Delhi

Voice of Customer

Tip Top Unisex Salon, Mumbai



Prakash J Rathore gained interest in beauty and grooming industry due to his father, who used to own a salon in their native place. He worked as a hairdresser in Mumbai and later started his own salon. However, it was promptly shut down as he did not enjoy his work. He decided to improve his knowledge and skills and hence worked as a senior stylist at a leading salon. Soon, he gained popularity amongst the customers and got encouraged to buy

his friend's salon to start his entrepreneurial journey again. Prakash was finding it difficult to obtain finance to purchase equipment for his salon and thus approached NeoGrowth. He appreciated NeoGrowth for **enabling timely financing for new businessmen especially the minimal documentation process and quick disbursement of funds.**

NeoGrowth helped Prakash J Rathore by providing him with the required capital for setting up his business.



Yakshi Wedding Bazaar, Chandigarh



Anant Designs, Chandigarh



Kovai Pazhamudirvu Cholai, Chennai

David & Company, Delhi

Indirect Employment Generation

India is a labour intensive and capital scarce nation. MSMEs are known to provide employment opportunities at a low cost of capital, which is exactly what India needs to flourish. Capital lent by NeoGrowth, not only generates new direct and indirect employment opportunities, but also sustains current employment.



Sri Vinayaka Jewellery & Silk Sarees, Bangalore

According to the the sample surveyed, 367 new jobs were created in the SME and MSME segment by NeoGrowth's customers after availing loans from NeoGrowth.

Indirect Jobs



367

total number of jobs created by NeoGrowth customers surveyed after taking loan from NeoGrowth

9%

increase in overall employment after taking loan from NeoGrowth

Voice of Customer

Nanganallur Sri Anjaneyar Supermarket, Chennai

Arun Venkatesh C, from a very early age, had seen his father working in their small grocery shop in Chennai. Following in his father's footsteps, in 2012, he started his own retail shop for groceries from his savings, while working at his present job. Initially, his wife assisted him with the management of the business' minor day-to-day affairs, however, she soon learnt the business and was able to manage the entire business herself, including its finances.

NeoGrowth approached Arun at a time when the business was in need of funds for working capital. Within a short period, he was able to increase his sales and thereby, his income. In order to cope up with the increased sales, he employed more people at his shop, thus generating employment. Arun is very appreciative of NeoGrowth for its **quick turnaround time and speedy disbursement of loan amount.**



NeoGrowth loan helped Arun Venkatesh to achieve his business goals.

Voice of Customer

Mamta Collections, Lucknow



After completing his Masters of Business Administration, Chinmay Rathi, began working with HDFC bank. In the year 2010, with the financial and moral support of his family, he set up a retail shop trading in apparel. Over the past 9 years, Chinmay's business grew and he now successfully operates 6 branches.

Chinmay approached NeoGrowth when he needed short term funding for purchasing inventory and for business expansion. He noticed a substantial increase in sales after deploying the loan amount. He was impressed with NeoGrowth's **doorstep and good customer service**.

Chinmay Rathi firmly believes that NeoGrowth assisted him in expanding his business at an accelerated pace

Archana Motors, Mumbai



CN Hospitality, Chandigarh



Sai Communications, Delhi



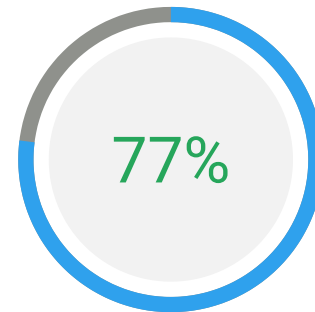
Swayamwar Sarees, Lucknow



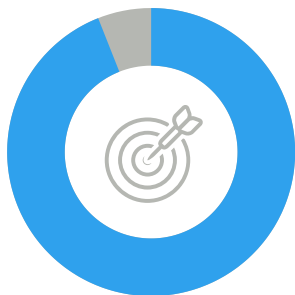
UK Medical, Lucknow

Driving Economic Growth

It is a well known fact that financial capital is a key driver for economic growth. The survey revealed that majority of the merchants had utilized the loan amounts towards purchase of inventory, meeting working capital needs and in some cases, for capital expenditure. This indicates a direct, indirect as well as induced generation of economic activity. This economic activity in one sector prompts economic activity in other sectors as well.



77% of NeoGrowth customers surveyed have registered an increase in income after taking a loan from NeoGrowth.

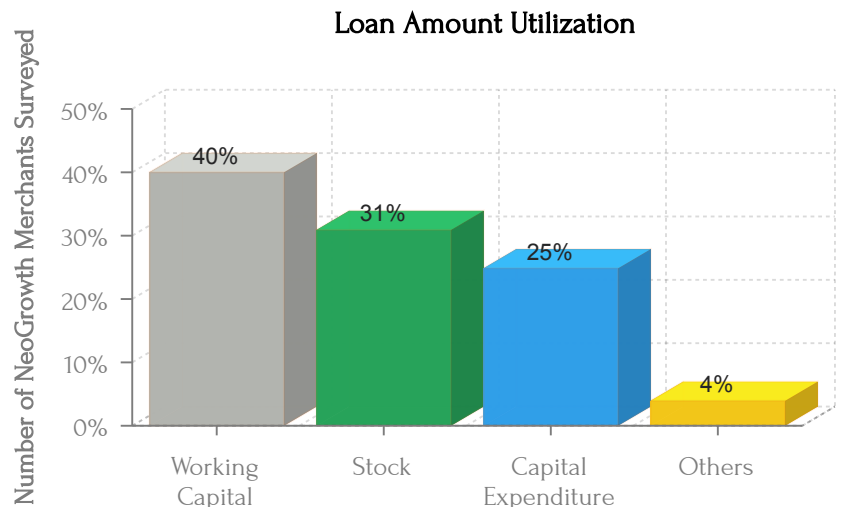


89% of NeoGrowth customers surveyed felt that the purpose for which loan was availed from NeoGrowth has been achieved.

Investment in capital goods increases long-term labour productivity and efficiency and is a sign of economic growth. Of the total merchants surveyed, ~40 merchants utilized the loan amount towards upgrade of existing facilities, purchase of new facilities and setting up of new branches.

This section of the survey shows NeoGrowth's contribution to driving economic growth under the following aspects:

- Funding early stage business;
- Employee benefits; and
- Indigenisation;



Voice of Customer

JF Sports and Traders, Chennai



Being a huge fan of cricket, Jayalabdeen A always wanted to be associated with this field. After finishing his schooling, he toyed with the idea of selling cricket kits to cricket players and enthusiasts. Soon, he started his own retail shop from his savings and named it 'JF Sports and Traders' after his father. He procures his products from multiple manufacturers based in Meerut and Jalandhar. He was in need of working capital for his business and chose NeoGrowth due to its **attractive repayment terms and doorstep services**.



Jayalabdeen observed an increase in income after taking a loan from NeoGrowth, which he spent on business improvement.



Om Ganesh Medicals, Mumbai



Khadi India Home, Delhi



Passion Fashion, Delhi



Sampada Medical, Mumbai



M. R. Enterprises, Hyderabad

Driving Economic Growth: Funding Early Stage Businesses

Early stage businesses are an important tool to driving economic growth. Not only do they create jobs, but also increase productivity through their innovative ideas. However, many a times, early stage businesses are not able to grow due to the lack of availability of funds.

Unlike traditional banks, NeoGrowth offers collateral free loans to meet the short term funding requirements of MSMEs. Apart from this, NeoGrowth offers funding against the future credit and debit card sales through POS machines. This kind of flexibility goes a long way in aiding early stage businesses to not just survive, but also to thrive and prosper. This in turn generates economic activity through payment of wages, vendor payments and taxes.

46%

of NeoGrowth customers surveyed were in business for less than 10 years and 16% were in business for less than 5 years.



Sreeja Dry Fruits and Spices, Hyderabad

Voice of Customer

Scarlet Kids Wear, Hyderabad



Post completion of his post-graduation, Sudarsana Rao Sandepudi wanted to start his own business. Since he had no experience in running a business, he faced opposition from his family for the same. Despite this, Sudarsana started renting out accommodations to paying guests and later shifted to trading in apparel. Sudarsana was approached by an agent from NeoGrowth and applied for a loan for his working capital requirements. He is very thankful to NeoGrowth for **lending him money in his hour of need**.

Though there are multiple other lenders in the market, Sudarsana Rao Sandepudi is a firm believer in NeoGrowth's services especially due to the quick and timely disbursement of funding when required.

Driving Economic Growth: Employee Benefits

Employee benefits are any perks, financial or non-financial, offered to employees in addition to their salary. Small enterprises face the dilemma of whether to offer better and more employee benefits and forgo profits or recycle profits into the business and risk losing their best employees. It can get tricky to find the middle ground between providing great benefits to their employees and at the same time ensuring that it does not lead to overindulgence. The enterprises must invest in their employees wisely and also in those employee benefits, which are valued by its employees.

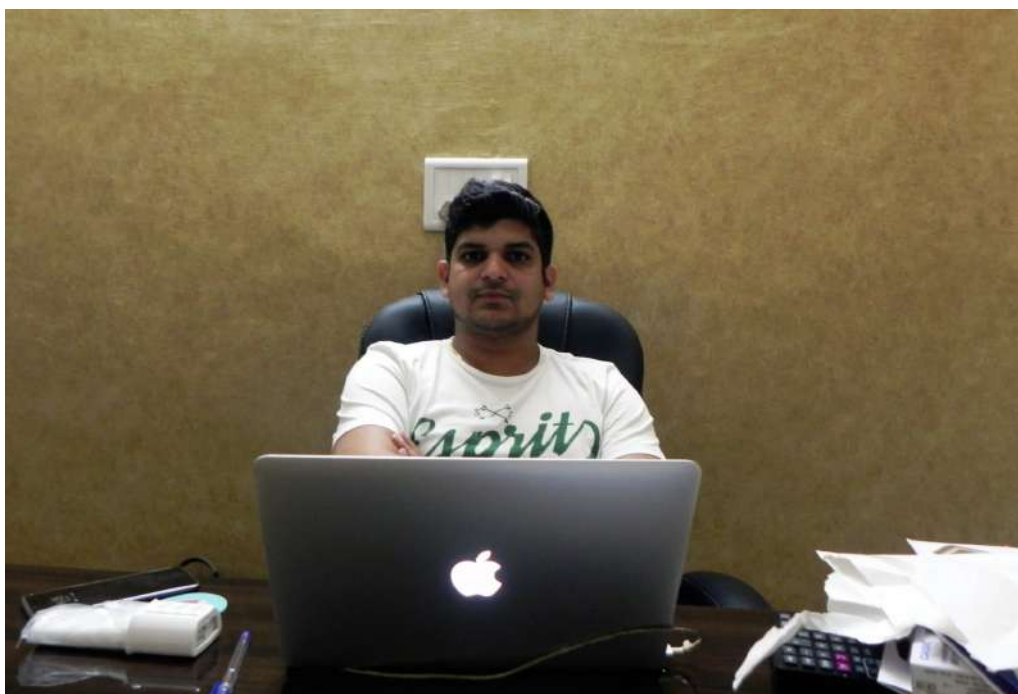
Employee Benefits offered by NeoGrowth Customers

- Food
- Accommodation
- Cash Bonuses
- Medical Facilities
- Training and Development
- Insurance



The extension of financial support from NeoGrowth permits the enterprises to invest in employee benefits without losing out on profits. The survey suggested that most of the enterprises provide benefits such as food, accommodation and medical facilities to their employees. Few enterprises go an extra mile for their employees to ensure better working conditions. For example, Shri Krishna Hindu Hotel, Sher-e-Punjab and GNV commodities in the Food and Beverage industry provide medical and health insurance to their employees. The owners of Sindoor Sarees and Swayamvar Sarees have made arrangements to ensure separate washrooms for their female employees. BSK Hospitality Pvt. Ltd. invests in team building exercises for their employees.

GNV Commodities, Noida



Voice of Customer

Sri Byaraveshwara Traders, Bangalore

Having worked with a local grocery store for a few years, Manjunatha Reddy G achieved a good grasp on the operations of a grocery business such as how to identify quality goods, management of its suppliers and handling customers. He soon felt the need to start out on his own and set up a shop under the name of '**Sri Byaraveshwara Traders**' with his savings.

Due to the nature of his business, Manjunatha was in constant need of working capital. When a salesman from NeoGrowth approached him, he applied for a loan. The flexible repayment method helped Manjunatha plan his expenses and manage his business debts without any hurdles. Further, he states that the loan has boosted his sales and he used the same to incentivize his employees by paying cash bonuses.

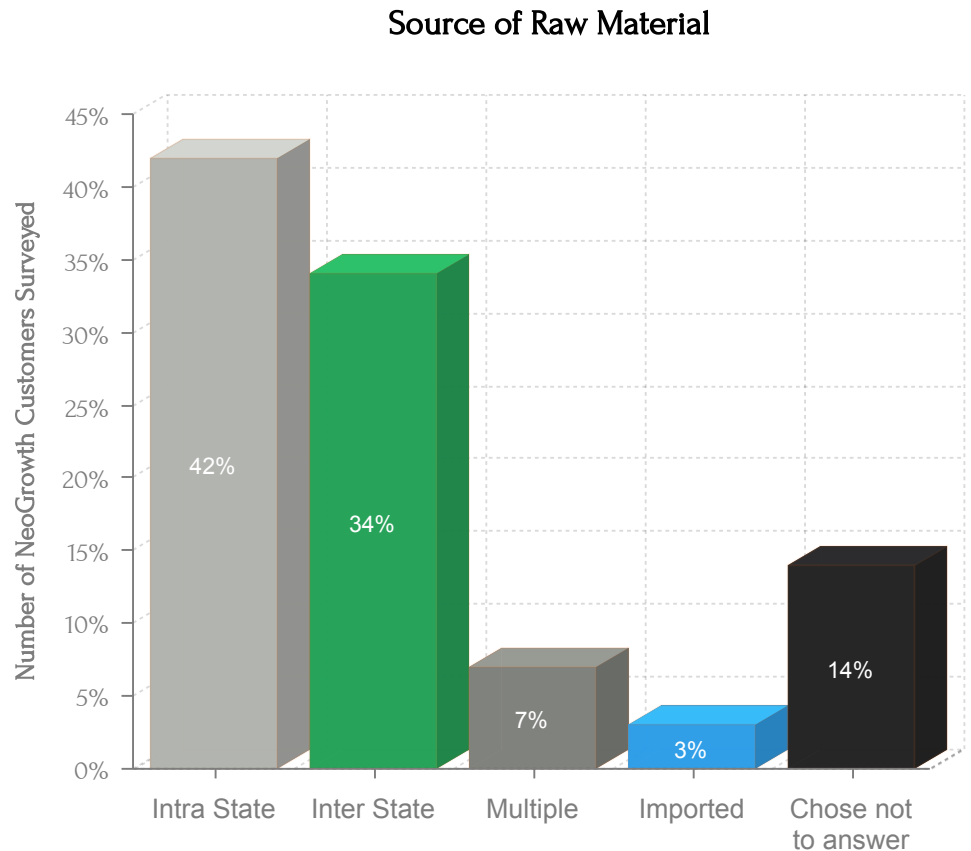
Manjunatha is extremely pleased with NeoGrowth and believes that **the daily repayment method has eased his burden as a borrower.**



Manjunatha Reddy believes that happy employees lead to happy customers, which results in increased profits.

Driving Economic Growth: Indigenisation

Indigenisation refers to the act of making something more native to suit a local culture, especially through the use of more indigenous people in administration, employment, etc. India's 'Make in India' initiative marks a step towards building domestic products and its pursuit of becoming a self-sufficient economy.



The survey revealed that about 42% of NeoGrowth's customers surveyed, sourced their raw materials from local manufacturers. Sourcing raw materials locally can be mutually beneficial for the enterprises as well as its suppliers. The enterprises benefit by saving money on transportation and warehousing, while an increase in sales leads to the overall growth of business for the local suppliers. Furthermore, around 34% of the enterprises procure their raw materials from different states within India. On the same principles, importing from different states within India indicates integrated prosperity of the nation.

Amit Stores, Delhi



Super Dry Fruits Paradise, Bangalore

Master & Associates, Mumbai



Shree Ayurvedics, Bangalore



Perfect Mobile Zone, Lucknow

Accelerating Digitisation of MSMEs

India's journey from being a cash-dominated economy to moving towards a cashless economy is exhilarating. Due to demonetisation in 2016, several merchants adopted digital mode of payments which resulted in the Indian payments industry witnessing a complete makeover. Not only was there an upsurge in the mobile wallet companies but also an upswing in the usage of credit and debit cards and other digital payment modes.

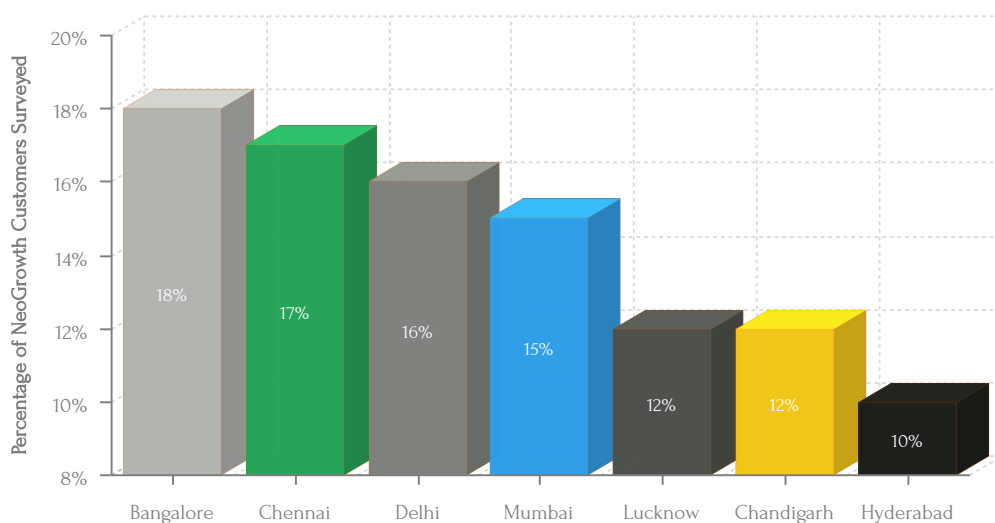
NeoGrowth has adopted a unique business model of providing loans against future credit and debit card sales of SME retailers who use point of sale (POS) swipe machines. With the digital payment systems only becoming more popular, NeoGrowth has, in its own way, supported the government's drive on digitising payments in India.

53%

digital transactions

Around 53% of the total sales transactions carried out by NeoGrowth customers, were in the form of digital transactions.

Citywise Breakup of Avg. Percentage of Digital Transactions
(in a day)



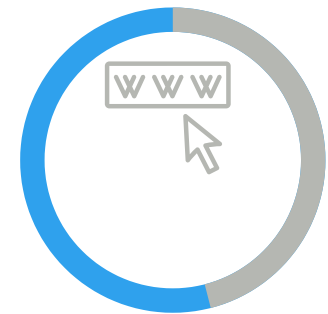
The data is from 119 NeoGrowth's customers who chose to give details.

The survey revealed that Bangalore led the way in terms of digital transactions carried out by NeoGrowth customers with their consumers. Chennai came second with 62% of the transactions being carried out in digital form followed by Delhi and Mumbai.

Further, 57% of the 119 customers of NeoGrowth who chose to respond also used Paytm while 17% used other means of digital payments like PhonePe and Google Pay.

Accelerating Digitisation of MSMEs: Global Presence

In today's digital age, customers are increasingly preferring digital modes of payment to cash. Online shopping has also seen a boost and it necessarily requires acceptance of digital payment modes for driving scale and customer acceptance. Being one of the first in the industry to provide loans against digital payments, NeoGrowth further enhances its customers' outlook towards the importance of being digital.



46%

of total NeoGrowth customers surveyed have online presence.

Around 20% of NeoGrowth customers who do not have an online presence, plan to have one in the near future.



Sun Enterprise, Bangalore

Voice of Customer

BSK Hospitality Pvt Ltd, Delhi

After completing his studies, Arjun Singh Khurana, began working in his family business. Having gained some business experience, he felt the urge to take the plunge and start his own venture where he could build something from scratch and at the same time get hands-on experience of the challenges faced by businessmen. Being passionate about the hospitality segment, he started a club under the brand name 'Quoter' which provides varied experiences under one roof such as sit down dinners, clubbing, gaming zone, etc.

Arjun was first introduced to NeoGrowth on an online platform. When he was in need of funding for expanding his business and upgrading his club, he approached NeoGrowth for a loan. He believes that the loan was the right support he needed at that time and holds NeoGrowth in high regard for its on-time and convenient services.



In 'Quoter' about 50% of the total transactions are digital.

Contribution to Environmental Sustainability

Plastic, which was once considered a boon for humanity has now become a curse due to its non-degradable nature and its reckless and unrestrained use over the years. Plastic pollution is destroying our water, marine life and furthermore our food chain, thus, causing a threat to our public health. The battle against plastic can be won with the combined efforts of individuals, organizations, businesses and policymakers working towards a world free of plastic where everyone is doing their part. The merchants associated with NeoGrowth understand their moral obligations towards the society and accordingly, they support & participate in the plastic ban initiative.

58%

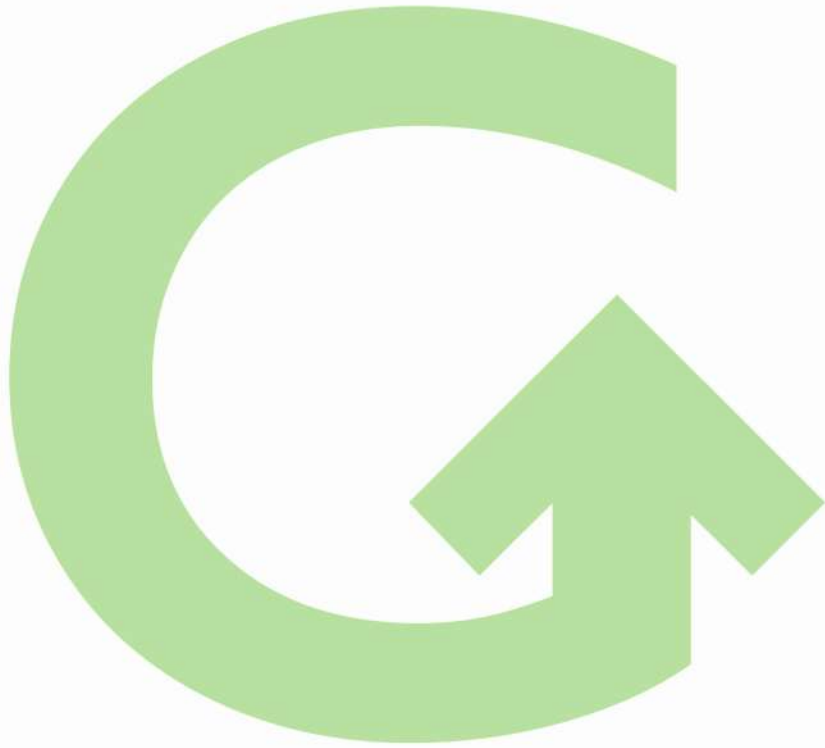
of NeoGrowth
customers
surveyed follow the
plastic ban
initiative.



Sai Fashion, Bangalore

Acknowledgement

We hereby thank the customers of NeoGrowth who willingly participated in this annual survey. The completion of the survey could not have been possible without the participation and assistance of NeoGrowth and ALSiSAR Impact employees. ALSiSAR Impact's consultants worked with NeoGrowth employees to conduct the on-field interviews which form the basis of the report. Their contribution and efforts are well appreciated.



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

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