



## **SMERA Comprehensive Grading**

### **M4C3**

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

## **SMERA Comprehensive Grading**

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Dhosa Chandaneswar Bratyajana Samity



To verify the grading, please scan the QR code

***Date of Report:***

**31<sup>st</sup> January, 2020**

***Valid till:***

**29<sup>th</sup> January, 2021**

## SMERA's MFI Comprehensive Grading Scale

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

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

Scale	C1	C2	C3	C4	C5
M1					
M2					
M3					
M4			<b>M4C3</b>		
M5					
M6					
M7					
M8					

The MFI obtains comprehensive MFI grading of “**M4C3**”. It signifies **Average** capacity of the MFI to manage its operations in a sustainable manner and **Average** performance on code of conduct dimensions.



To Verify the Grading, please scan the QR code

## Grading Rationale

<b>Microfinance Capacity Assessment Grade</b>	Dhosa Chandaneswar Bratyajana Samity obtains “ <b>M4</b> ” as its performance grade which signifies “average capacity of the organization to carry out its activities in a sustainable manner”.
<b>Code of Conduct Assessment Grade</b>	Dhosa Chandaneswar Bratyajana Samity obtains “ <b>C3</b> ” as its Code of Conduct Assessment Grade which signifies ‘average performance on COCA dimensions’.

*Comprehensive MFI Grading provides opinion of the Rating Agency on MFI’s capacity to carry out its microfinance operations in a sustainable manner and its adherence to Industry code of conduct. MFI Capacity Assessment Grading has been done on the dimensions of **Capital Adequacy, Governance, Management Quality and Risk Management Systems**. Assessment on Code of Conduct has been done on the indicators pertaining to **Transparency, Client Protection, Governance, Recruitment, Client Education, Feedback & Grievance Redressal and Data Sharing**. Some of these indicators have been categorized as Higher Order indicators consisting of indicators on **Integrity and Ethical Behaviour and Sensitive Indicators**.*

*Disclaimer: MFI grading is not a comment on debt servicing ability, not a buy-sell recommendation and must not be used for raising fund.*

## Conflict of Interest Declaration

SMERA (including its holding company and wholly owned subsidiaries) has not been involved in any assignment of advisory nature for a period of 12 months preceding the date of the comprehensive grading. None of the employees or the Board members of the SMERA have been a member of the Board of Directors of the MFI for a period of 12 months preceding the date of the comprehensive grading.

## Disclaimer

SMERA's Ratings / Gradings / Due Diligence and other credit assessment related services do not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a buyer's or lender's independent assessment. Rating / Grading / Due Diligence are based on the information provided by the rated entity and obtained by SMERA from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true and correct, SMERA makes no representation or warranty, expressed or implied with respect to the accuracy, adequacy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability, whatsoever, for any direct, indirect or consequential loss of any kind arising from the use of its Ratings / Gradings / Assessments.

## Historical Rating Grades

Date	Rating Agency	Rating/Grading
12-03-2019	Infomerics Valuation Rating	MFI 3+
22-10-2018	CARE Ratings	M5C3

## Microfinance Capacity Assessment Grading Symbols and Definitions

Grading Scale	Definitions
M1	<b>Highest</b> capacity of the MFI to manage its operations in a sustainable manner.
M2	<b>High</b> capacity of the MFI to manage its operations in a sustainable manner.
M3	<b>Above average</b> capacity of the MFI to manage its operations in a sustainable manner
<b>M4</b>	<b>Average capacity of the MFI to manage its operations in a sustainable manner</b>
M5	<b>Inadequate</b> capacity of the MFI to manage its operations in a sustainable manner
M6	<b>Low</b> capacity of the MFI to manage its operations in a sustainable manner.
M7	<b>Very low</b> capacity of the MFI to manage its operations in a sustainable manner
M8	<b>Lowest</b> capacity of the MFI to manage its operations in a sustainable manner

## Code of Conduct Assessment Scale and Definitions

Grading Scale	Definitions
C1	<b>Excellent</b> performance of the MFI on Code of Conduct dimensions
C2	<b>Good</b> performance of the MFI on Code of Conduct dimensions
<b>C3</b>	<b>Average performance of the MFI on Code of Conduct dimensions</b>
C4	<b>Weak</b> performance of the MFI on Code of Conduct dimensions
C5	<b>Weakest</b> performance of the MFI on Code of Conduct dimensions

## Company Fact Sheet

Name of the MFI	:	Dhosa Chandaneswar Bratyajana Samity (DCBS)	
Operational Head – Microfinance Business	:	Name	Mr. Animesh Naiya
		Designation	Secretary & CEO
		Mobile No.	(91) (7797200310)
		Email ID	<a href="mailto:animeshnaiya@dcbs.in">animeshnaiya@dcbs.in</a>
Date of Incorporation/Establishment	:	17 <sup>th</sup> November, 2003	
Date of commencement of microfinance business	:	1 <sup>st</sup> December, 2003	
Legal Status	:	Society	
Business of the company	:	Microfinance Services Under Joint Liability Group (JLG) Model	
Correspondence Address	:	CB-35, Sector-I, Salt Lake City, Kolkata 700064	
Geographical Reach (As on 31/Dec/2019)	:	No. of States	2
		No. of Districts	6
		No. of Branches	11
		No. of Active Borrowers	10,122
		No. of Total Employees	67
		No. of Field/Credit Officers	39
No. of Lenders	:	13 lenders (including Banks and Institutional lenders)	
Statutory Auditors	:	S.K. Mallick & Co., Kolkata	

### Background:

Dhosa Chandaneswar Bratyajana Samity (DCBS) is a non-profit organization established in the year 2003 as a society registered under West Bengal Societies Registration Act. The entity started micro lending activity from 1<sup>st</sup> December, 2003 with for the betterment of the poor and for the empowerment of women. The entity is currently engaged in Microfinance lending to Joint Liability Groups (JLGs) and various Social activities.

## Product Profile

Product	Description	Loan size (Rs.)	Repayment ( in Months)	Interest Rate (In %) Reducing Balance	Processing Fees (In %)	APR (Interest Rate and Processing fees) (In %) (C=A+B)
Micro Loan	Income Generation Loan	20,000 - 30,000	12	26.00	1.00	27.00
SME Loan	Loan for Village level Small Entrepreneur	31,000 – 1,00,000	24	24.00	1.00	25.00
Water & Sanitation	Construction or Renovation of Toilet ,water connection	Upto 30,000	12	22.00	1.00	23.00
VLE(Renewable Energy)	Loan for promotion of Village Level Entrepreneur	30,000 – 100,000	12	10.00	0	10.00

## Promoters/Directors Profile

Director Details		Profile
Name:	Mr. Animesh Naiya	He has 17 years of experience in Microfinance sector. He is the Founder CEO of DCBS. He has undergone of various training sessions on Accounts, Finance, HR, Risk etc. at BIRD, Sa-Dhan and AMFI-WB.
Designation:	Secretary	
Qualification:	Graduate in Arts, Diploma in Computer, Accounts, Micro Finance etc.	
Name:	Mr. Santosh Kumar Halder	He has 10 years of experience in MFI sector.
Designation:	President	
Qualification:	Graduate in Arts	
Name:	Mrs. Aparna Roy Mondal	She has 17 years of experience in Microfinance sector. She is the Co-Founder of DCBS.
Designation:	Treasurer	
Qualification:	Masters in Arts & Humanities	
Name:	Mr. Chandan Nandi	He is experienced in education sector. He is the Ex-Senior Teacher of R.K. Mission, Arunachal Pradesh, Ex-Trainer cum Consultant in North East Consultants Ltd. (promoted by IDBI & SFCs), Ex-Entrepreneurship development Coordinator in R.K. Mission, Narendrapur, Principal in BIVA since 2005. He was awarded the Certified Entrepreneurship Teacher of the year 2003 from The National Foundation for Teaching Entrepreneurship, USA.
Designation:	Vice President	
Qualification:	Masters in Commerce, PG Diploma in Business Management, TOT of EDII, TOT of NIESBUD, Training from NIRD, Entrepreneurship Teacher from NFTE University of USA	
Name:	Mr. Subhankar Mondal	He has 20 years of experience in Microfinance sector. He is the Founder CEO of "ASTHA", a Microfinance Institution.
Designation:	Assistant Secretary	
Qualification:	Graduate in Commerce	
Name:	Mrs. Sumita Naskar	She is a successful Entrepreneur promoted by DCBS. She is also a trainer of the Entrepreneurs.
Designation:	Member	
Qualification:	Graduate in Arts	
Name:	Mr. Nabin Chatterjee	He has 15 years of experience in Microfinance sector. He is the Founder CEO of "Deep Joyoti Foundation", a micro finance Institution.
Designation:	Member	
Qualification:	Graduate in Commerce	



### SMERA Observations:

- DCBS has seven-member board. Board members have adequate experience in microfinance, Banking and development sectors.
- There has been no change in the board profile since the previous grading assessment. More than 30% board comprises of independent directors.
- SMERA believes that a well-diversified board, including a proportionate composition of independent directors, augurs well from a strategic perspective.

### Management's Profile

Management Details		Profile
Name:	Pinak Pratim Dan	He has 15 years of working experience in MFI sector.
Designation:	Financial Executive	
Qualification:	M.Com	
Name:	Balaram Das	He has 31 years of experience in Rural Banking in Bangiya Gramin Vikash Bank. After retirement he has been working in an NGO MFI of last 8 years.
Designation:	Administrator	
Qualification:	B.Sc in Agriculture(H)	
Name:	Riya Das	She has 2 years of experience in MFI sector.
Designation:	Accountant	
Qualification:	M.Com	
Name:	Satyanarayan Das	He has 20 years of working experience in MFI sector.
Designation:	Manager Developments	
Qualification:	MSW	
Name:	Sudipta Bhadra	He has 15 years of experience in MFI sector.
Designation:	Manager HR	
Qualification:	M.A (Eco.),Diploma in HR	
Name:	Saikat Halder	He has 10 years of experience in MFI sector.
Designation:	Manager, Operations	
Qualification:	B.A	
Name:	Sahabuddin Molla	He has 10 years of experience in MFI sector.
Designation:	Internal Auditor	
Qualification:	B.Sc.	
Name:	Mrs. Soma Saha	She 10 years of experience in MFI sector.
Designation:	MIS	

Qualification:	Masters in Arts, Diploma in IT	
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**SMERA Observations:**

- DCBS senior management has extensive senior management team has adequate experience across sectors such as microfinance, Banking and development and MIS experts.
- A majority of the senior management members have been associated with it for long tenure and have risen from ranks.
- DCBS has dedicated department wise / function wise heads and no major functional overlaps have been observed.
- The senior management reports to the Secretary, except in areas of internal audit, in which case they report directly to the board of directors.

## Compliance with RBI's Directives for MFIs

RBI's Direction	DCBSs Status	Compliance
85% of total assets to be in the nature of qualifying assets	Qualifying assets forms 86% of total assets as on 31/Mar/2019.	Complied
Net worth to be in excess of Rs 5 Crore	Being Society, Not Applicable	Not Applicable
Income of borrower not to exceed Rs 100,000 in the rural areas and Rs 160,000 in the urban and semi-urban areas*	DCBS extends loans to households whose income does not exceed Rs 100,000 in rural and Rs 160,000 in urban areas.	Complied
Loans size not to exceed Rs 60,000 in first cycle and Rs 100,000 in subsequent cycles*	DCBS offers loan in the range of Rs 20,000 to Rs 30,000 depending on client repayment capacity, type of activity etc.	Complied
Total indebtedness of the borrower not to exceed Rs 100,000 (excl medical and education loans)*	Apart from taking declaration from the client, DCBS conducts credit check on the loans outstanding through credit bureaus.	Complied
Tenure of loans not to be less than 24 months for loan amount in excess of Rs 30,000, with prepayment without penalty*	Tenure of loans is not less than 24 months for loan amount in excess of Rs 30,000, with prepayment without penalty.	Complied
Pricing guidelines are to be followed	Loans are provided at a rate of 26% on reducing balance basis.	Complied
Transparency in interest rates to be maintained	Interest, Processing fees and insurance premium charged are duly mentioned in the loan card provided to the client.	Complied
Not more than two MFIs lend to the same client	DCBS verifies the same though credit check from credit bureaus.	Complied

<b>RBI's Direction</b>	<b>DCBSs Status</b>	<b>Compliance</b>
Loan pricing to include processing fee (not exceeding 1% of the loan amount)	DCBS is charging processing fee of 1.00% on the disbursed loan amount plus applicable service tax.	Complied
Collateral free loans	DCBS does not accept any Collateral for extending the credit.	Complied
MFIs shall not collect any Security Deposit / Margin from the borrower.	DCBS does not collect any security deposit / margin from the borrower.	Complied
No late payment or prepayment penalties	DCBS does not take late payment or prepayment penalties from the clients.	Complied
Share complete client data with at least one Credit Information Company (CIC) established under the CIC Regulation Act 2005, as per the frequency of data submission prescribed by the CIC.	DCBS shares its client data with Equifax only.	Complied
Aggregate amount of loans, given for income generation, is not less than 50 per cent of the total loans given by the MFIs	DCBS provides 100% of total loans for income generation activities as on 31/Mar/2019.	Complied
NBFC-MFIs shall maintain a capital adequacy ratio consisting of Tier I and Tier II Capital which shall not be less than 15 percent of its aggregate risk weighted assets.	Being Society, Not Applicable	Not Applicable
The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more'.	The statutory auditor has certified the appropriate provisions have been made.	Complied

## **HIGHLIGHTS OF MICROFINANCE OPERATIONS**

<b>Particulars</b>	<b>31/Mar/2017</b>	<b>31/Mar/2018</b>	<b>31/Mar/2019</b>	<b>31/Dec/2019</b>
No. of States	2	2	2	2
No. of Districts	3	5	6	6
No. of Branches	6	10	11	11
No. of Active Members	15,788	12,644	17,580	19,088
No. of Active Borrowers	9,698	8,660	9,910	10,122
No. of Total Employees	54	57	57	67
No. of Field/Credit Officers	32	39	34	39
No. of JLGS	986	1039	1050	1131
No. of Individual Loans	6,860	13,564	10,080	9,252
<b>Owned Portfolio</b>				
<b>Particulars</b>	<b>31/Mar/2017</b>	<b>31/Mar/2018</b>	<b>31/Mar/2019</b>	<b>31/Dec/2019</b>
Total loan disbursements during the year (in crore)	13.20	20.42	23.62	20.35
Total portfolio outstanding (in crore)	8.94	12.02	13.57	15.48

### **Loan utilisation schedule:**

<b>Loan Utilisation</b>	<b>31/Mar/2017 (%)</b>	<b>31/Mar/2018 (%)</b>	<b>31/Mar/2019 (%)</b>	<b>31/Dec/2019 (%)</b>
Agriculture	51.41	53.41	52.93	54.92
Cattle	48.02	45.99	46.39	44.39
Business	0.39	0.41	0.45	0.48
Consumption	0.18	0.19	0.23	0.21
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

### **SMERA Observations:**

100% of the loan amount disbursed by DCBS as on 31<sup>st</sup> December, 2019 has been used in income generating activities .DCBS does not issue any Asset generating loan.

## Section 1: Microfinance Capacity Assessment Grading

### Operating Environment

- SMERA estimates the MFI sector to grow at a CAGR of 25%-30% and is expected to touch Rs. 2,35,000 – 2,45,000 crore by the end of FY2020.
- MFI industry has reported a robust growth of ~38% in gross loan outstanding in FY2019 as compared to FY2018. Total gross loan outstanding of MFI sector stood ~ Rs.188000 crore by the end of FY2019. SMERA believes seasoned customer profile over multiple loan cycles along with the inclusion of fresh borrowers have helped MFI industry to increase its total loan outstanding.
- The fund flow to the sector has improved on account of increased confidence on MFI sector. Further large MFIs are exploring the route of Non-convertible debentures (NCDs) and Pass through Certificates (PTCs); whereas small –mid size MFIs have an increased access to funds from Banks, Financial Institutions and Business Correspondent partners. SMERA believes that the RBI guidelines on co-origination of priority sector loans by NBFCs and banks are significant step towards an efficient framework for micro lending in India. SMERA estimates Rs. 25,000-30,000 crore of potential lending every year under this origination mechanism over the medium term. Further the process of acquisition of smaller MFIs by the larger MFIs and Banks is likely to continue in the current financial year.
- Support systems such as Self-Regulatory Organizations (SRO), Credit Information Bureaus (CIB) among others have been established to ensure credit check and process adherence among MFIs. This regulatory framework has brought more accountability and transparency within the sector.
- On the contrary, the recent NBFC crisis in September 2018 has restrained MFIs' fund mobilization process which has moderated MFI sector growth in the last two quarters of FY2018-19 as compared to the previous year. Asset Quality has improved and Portfolio at Risk (PAR) > 30 stood at 1.73% as on 31st March, 2019. *(Data Source - MFIN)*

### **Long track record of operations and adequate industry experience of promoters**

- Dhosa Chandaneswar Bratyajana Samity (DCBS) is a non- profit organization established in the year 2003 as a society registered under West Bengal Societies Registration Act. The entity started micro lending activity from 17<sup>th</sup> November, 2003 with for the betterment of the poor and for the empowerment of women. The entity is currently engaged in Microfinance lending to Joint Liability Groups (JLGs) and various Social activities.
- DCBS is currently governed by 7 board members (Secretary, President, Vice- President, Treasurer, Assistant Secretary and 2 Members), having adequate experience in microfinance, Banking and development sectors. The day-to-day activities are managed by the promoter, Mr. Animesh Naiya. He is guided by the other board members and assisted by the senior management team. The board members are actively involved in policy approvals, fund mobilization and are responsible for all strategic matters relating to DCBS.
- The day-to-day operations are looked after by the Secretary, Mr. Animesh Naiya. He has 17 years of experience in Microfinance sector.

### **Moderated resource profile**

<b>Resource Profile</b>	<b>%(as on 31Dec19)</b>
Banks	37
FIs	0
NBFCs	63
PTC/Das	0
<b>Total</b>	<b>100.00</b>

- DCBS has developed funding relationships with 13 lenders (including 4 PSU Banks and 9 NBFCs) for on-lending its microfinance operations. Out of total debt outstanding of Rs. 13.01 crores, the borrowing from PSU Banks contributes ~37 per cent of external borrowings as on December 31, 2019.
- The debt availed from the PSU Banks have been drawn at a comparative lower interest rate in the range between 10.80%-11.50%.
- The cost of borrowing has increased to 14.01% in FY 2019 as compared to 11.09% in FY 2018 on account of increased exposure from NBFCs.

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

<b>Capital Adequacy</b>	<b>(as on 31<sup>st</sup> March, 2018)</b>	<b>(as on 31<sup>st</sup> March, 2019)</b>
Tier -I Capital (in crore)	3.69	3.87
Tier -II Capital (in crore)	0.00	0.00
<b>Total Capital (in crore)</b>	<b>3.69</b>	<b>3.87</b>

FLDG for assigned book (in crore)	0.00	0.00
<b>Total Capital (in crore)</b>	<b>3.69</b>	<b>3.87</b>
Risk Weighted Assets	12.48	14.19
Capital to risk adjusted ratio (CRAR) (%) (A+B)	28.38	26.28
Capital Adjusted for FLDG in relation to RWA	28.38	26.28
Gearing assuming assigned book as debt	2.75	3.01

### Tie-up of funding sources

<b>Access to debt</b>	<b>(as on 31<sup>st</sup> March, 2018)</b>	<b>(as on 31<sup>st</sup> March, 2019)</b>
Net Worth (in crore)	<b>3.69</b>	<b>3.87</b>
Term loan from Bank & FIs (in crore)	<b>9.65</b>	<b>11.17</b>
Off Balance Sheet (in crore)	<b>0</b>	<b>0</b>
<b>Total Borrowings (in crore)</b>	<b>9.65</b>	<b>11.17</b>
Gearing (assuming assigned book as debt) (times)	2.75	3.01
Cost of Funds (from spreads) (%)	11.09	14.01
Weighted Average Cost of Borrowings (%)	11.09	14.01

- DCBS Microfinance has moderate capitalization marked by total corpus capital of Rs.3.87 crore as on March 31, 2019 as compared to Rs.3.69 crore in the previous year on account internal accruals. The company's gearing has improved to 3.01 times as on March 31, 2019 as compared to 2.75 times in the previous year on account of internal accruals.
- DCBSs capital adequacy ratio (CRAR) has decreased to 26.28 per cent as on March 31, 2019 as compared to 28.38 per cent in the previous year. CRAR is more comfortable than the RBI stipulated CRAR for NBFC-MFI of 15 per cent.
- DCBSs' has a comfortable liquidity position due to well matched maturity of assets and liabilities. The tenure of loans is about 12-24 months, whereas the incremental bank funding is typically with tenure of about 21-36 months. However regular flow of funds is critical to maintain the projected growth and the same would have a key bearing on its liquidity profile.

### Income and Profitability

<b>Particulars</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Net financial margin (In thousands)	16,011	17,550	20,743
Operating expenses	11,353	12,422	16,614
Net Interest Margin (%)	15.90	14.78	14.15
Operational Self Sufficiency (%)	126.12	123.33	112.94
Operating Expense Ratio (OER) (%)	12.70	11.85	12.98



- DCBSs' has reported net profit of Rs. 28.90 lakh on operating income of Rs. 335.42 lakh in FY2019. In FY2018, DCBS had reported net profit of Rs.47.73 lakh on operating income of Rs.271.12 crore.
- As on Dec 31 2019, DCBS has an outstanding loan portfolio of Rs.15.48 crore spread over 11 branches of 2 states with about 10,122 borrowers. The companies' portfolio outstanding witnessed a growth of 14.07% as on 31<sup>st</sup> December over FY2019.
- Net interest margin (NIM) has been stable at 14.15% as on 31<sup>st</sup> March, 2019 as compared to 14.78% in the previous year.
- The operational self-sufficiency (OSS) of the company improved to 112.94% in FY2019 as compared to 123.33% in the previous year. The company's operating expense stood comfortable at 12.98% in FY2019.

### **High Geographical Concentration**

Particulars	31/Mar/2017	31/Mar/2018	31/Mar/2019	31/Dec/2019
No. of States	2	2	2	2
No. of Districts	3	5	6	6
No. of Branches	6	10	11	11

- DCBS has moved its operations to 2 states over the years and has increased no. of branches from 6 to 11 in 6 districts of 2 different states.
- However single state concentration remained high at 91.15% as on December 31<sup>st</sup>, 2019.
- In order to mitigate any potential risk arising out of geographical concentration, DCBS has to diversify its presence across states.

Name of the State	No. of Branches	No. of Borrowers	Portfolio o/s (in crore)	PAR % (>30 days)	% of Total Portfolio o/s
West Bengal	10	9116	14.11	0.12	91.15
Bihar	1	1006	1.37	0	8.85
<b>Total</b>	<b>11</b>	<b>10122</b>	<b>15.48</b>	<b>0.12</b>	<b>100.00</b>

- DCBSs operations concentrated in 02 states i.e West Bengal and Bihar.
- As on December 31, 2019, DCBSs portfolio is concentrated in the state of West Bengal accounting for ~ 91 percent, and ~ 9 percent in Bihar.
- It would also be key grading sensitivity factor for the company to replicate its systems, processes and sound asset quality in the newer geographies while improving portfolio diversity.

## Productivity and efficiency of employees

Particulars	31/Mar/2017	31/Mar/2018	31/Mar/2019	31/Dec/2019
No. of States	2	2	2	2
No. of Districts	3	5	6	6
No. of Branches	6	10	11	11
No. of Active Members	15,788	12,644	17,580	19,088
No. of Active Borrowers	9,698	8,660	9,910	10,122
No. of Total Employees	54	57	57	67
No. of Field/Credit Officers	32	39	34	39
No. of JLGS	986	1039	1050	1131
No. of Individual Loans	6,860	13,564	10,080	9,252

Financial Ratios	31/Mar/2017	31/Mar/2018	31/Mar/2019
No. of Active Borrowers Per Staff Member	179	152	174
No. of Active Borrowers per field executives	303	222	291
No. of members per Branch	2,631	1,264	1,598
Gross Portfolio o/s per field executive (in thousands)	2,794	3,082	3,993
Average Outstanding Balance per client (in Rs)	9,218	13,879	13,698
Cost per Active client	1,129	1,767	1,885

- The company's branch network and client network has expanded from 6 branches to 11 branches servicing over 9,698 borrowers as March 2017 to 10,122 lakh borrower to December 2019.
- DCBS's field productivity remains average in comparison to its peers; field outreach and asset productivity indicators of the company have been stable over the years.
- The entity would be required to register a consistent improvement in productivity whilst diversifying its operations.

## Sound asset quality

- DCBS has maintained sound asset quality with on-time repayment rate of 99.11% as on December 31, 2019.

Period	FY 2017	FY 2018	FY 2019	31/Dec/2019
	Portfolio o/s	Portfolio o/s	Portfolio o/s	Portfolio o/s
On-time (in crore)	8.69	11.74	13.44	15.33
1-30 days (in crore)	0.20	0.18	0.09	0.02

31-60 days (in crore)	0.0045	0.08	0.03	0.07
61-90 days (in crore)	0.0094	0	0	0.0074
91-180 days (in crore)	0.03	0	0.0024	0.01
181-360 days (in crore)	0	0	0	0.03
> 360 days (in crore)	0	0	0	0
Write-off (in crore)	0	0.15	0.16	0
<b>Total</b>	<b>8.94</b>	<b>12.15</b>	<b>13.72</b>	<b>15.47</b>
On-time (in %)	97.27	96.63	97.94	99.11
PAR 0-30 days (in %)	2.24	1.48	0.66	0.13
PAR >30 days (in %)	0.49	1.89	1.40	0.76
PAR >90 days (in %)	0.34	1.23	1.18	0.26

- The PAR 0-30 days stood at 0.13% as on December 31, 2019 as compared to 0.66% as on March 31, 2019. The PAR >30 days stood at 0.76% as on December 31, 2019 as compared to 1.40% as on March 31, 2019.
- Adequate credit appraisal processes, monitoring and risk management mechanisms have supported the company to keep asset quality indicators under control.

#### **Adequate IT Systems Audit Mechanism**

- DCBS's management information system (MIS) and Information Technology (IT) infrastructure is adequate for its current scale of operations. It has dedicated MIS and IT team at Head Office to ensure smooth flow of operational data between Head Office and branches. The company uses customised software "BIJLI" to maintain its MIS in Head Office and branches.
- **Credit Bureau Checks**  
The company conducts compulsory credit bureau check of its borrowers from Equifax. The company shares the credit data with only Equifax on monthly basis.
- **Helpline Number**  
The company has a dedicated helpline number, where calls are recorded automatically and addressed within 24 hours.
- **Internal Audit Process**  
The company has a dedicated team of internal auditors who undertakes compulsory branch and borrower audit once in every quarter. All audits are surprise audits.

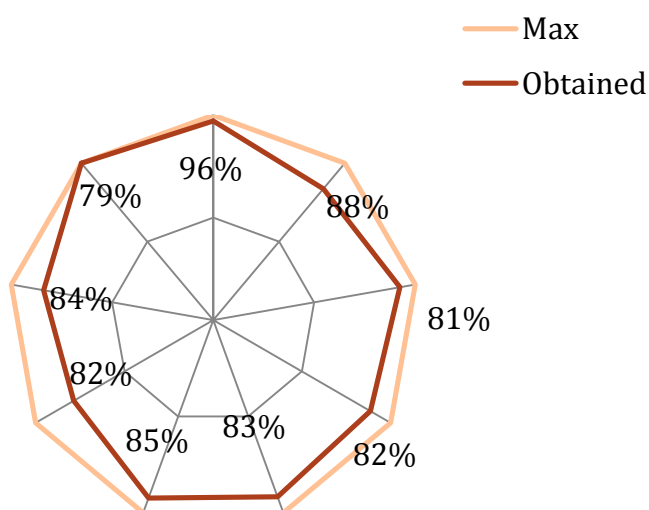
### **Inherent risk prevalent in the microfinance sector**

- DCBS's business risk profile remains susceptible to socio-political risk, regulatory and legislative risks, along with the inherent risks existing such as unsecured nature of lending, vulnerable customer profile and exposure to vagaries of political situation in the area of operation.

## Section 2: Code of Conduct Assessment

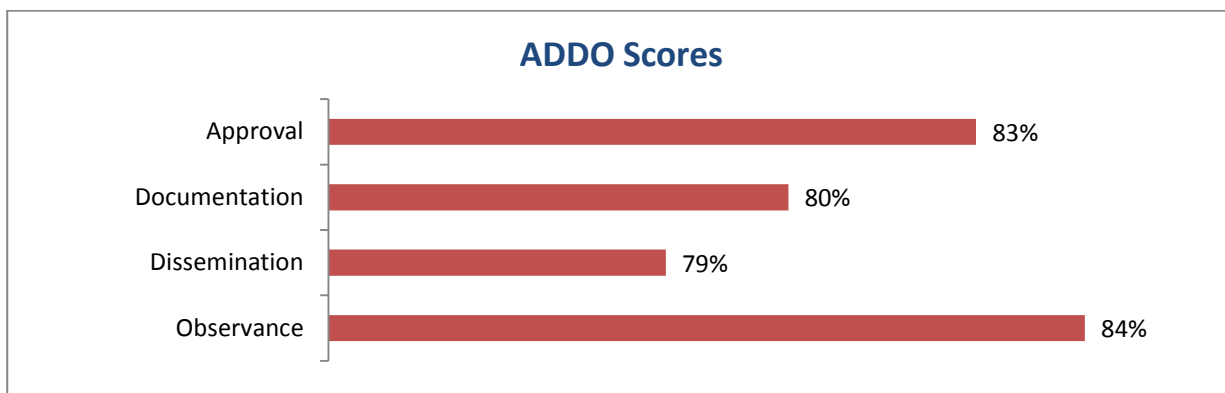
**COCA Grading - C3 (Average Performance on Code of Conduct dimensions)**

### COCA Dimension Scores



### SCORES ON PARAMETERS

Code of Conduct Parameters	Code	% Performance
Sensitive	SEN	96%
Integrity and Ethical Behavior	IEB	88%
Transparency	TRP	81%
Client Protection	CLP	82%
Governance	GOV	83%
Recruitment	REC	85%
Client Education	CLE	82%
Feedback & Grievance Redressal	FGR	84%
Data Sharing	DSR	79%



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

## Code of Conduct Assessment Summary

The Code of Conduct report for Dhosa Chandaneswar Bratyajana Samity (DCBS) evaluates the company's adherence to various code of conduct parameters. The study examines and comments upon the common minimum indicators such as:

- Sensitive Indicators
- Integrity and Ethical Behaviour
- Transparency
- Client Protection
- Governance
- Recruitment
- Client Education
- Feedback and Grievance Redressal
- Data Sharing

SMERA believes that DCBS exhibits **average** performance on COCA dimensions. This document details SMERA's approach and methodology for this study and gives observations of its assessment team while conducting the evaluation. The Approval; Documentation; Dissemination and Observance (ADDO) framework has been used for assessment and measuring DCBSs adherence towards ethical operational practices.

## Strengths and weaknesses pertaining to Code of Conduct

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Board approved policies, compliant with the RBI guidelines.</li> <li>• Code of Conduct framed as per the DCBS mission, vision, values and displayed in all branch offices &amp; HO.</li> <li>• Membership with Sa-dhan.</li> <li>• Board with rich experience from Microfinance and finance background.</li> <li>• Experienced and qualified management with more than a decade of experience in MFI industry.</li> <li>• Credit policies are well established documented and communicated.</li> <li>• Adequate loan appraisal &amp; monitoring systems.</li> <li>• High standard of governance and integrity by inducting persons with good and sound reputation in the industry and understanding of microfinance industry.</li> <li>• Compulsory training on products terms and conditions to client prior to every loan.</li> <li>• Compulsory check on over indebtedness of every borrower.</li> <li>• Awareness among client on SRO Grievance Redressal mechanism was found to be moderate to high in the visited branches.</li> <li>• Efficient systems and strong internal audit team to check misappropriations and regular monitoring of compliance.</li> <li>• Toll Free helpline number for client feedback/grievance.</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness to its clients/members pertaining to interest rate and insurance claim settlements found average.</li> <li>• It has an effective system to record complaints received at the toll free number. However, there is no mechanism to record complaints at branch level.</li> <li>• Previous financial year annual report and Code of conduct compliance report of last financial year of DCBS is not available in the public domain.</li> </ul>



## Significant Observations

<b>HIGHER ORDER INDICATORS</b>	
<p><b>Integrity and Ethical Behaviour</b></p>	<ul style="list-style-type: none"> <li>• The MFI does have the policy to place reports on COC compliance before the board at the end of every financial year.</li> <li>• The audit committee of the Board reviews the adequacy of audit staff strength and scope of Internal Audit.</li> <li>• Board has approved a policy of recovering delinquent loans.</li> <li>• MFI prepares monthly reports about the number, nature and resolution of grievances and feedback received for management review and same is presented to audit committee set up at board level.</li> <li>• The MFI has a practice that when it recruits staff from another MFI, the said staff will not be assigned to the same area he/she was serving at the previous employer for a period of one year and the same is mentioned in the operational manual.</li> <li>• In all the branches visited, the contact number and address of Sa-Dhan nodal official was properly displayed.</li> <li>• Awareness among client and staff on MFIN grievance redressal mechanism was found to be moderate to high.</li> <li>• The MFI have the policy to place reports on COC compliance before the board.</li> <li>• Fixed Component compensation of staff is not impacted in event of overdues. DCBS, in its fair practices code provides importance for transparency in pricing and clear communication to the clients.</li> </ul>
<p><b>Sensitive Indicators</b></p>	<ul style="list-style-type: none"> <li>• Clients interviewed were moderately aware of the charges and price for all services availed.</li> <li>• Awareness among the staff on RBI guidelines was found to be moderate.</li> <li>• There are no adverse observations in the Auditor's report regarding accounting standards followed by the MFI.</li> <li>• DCBS shares accurate data with all credit bureaus on a frequency prescribed by Sa-Dhan.</li> <li>• DCBS does not charge any extra fees from client apart from processing fee and insurance premium. The loans are issued to the clients without any collateral and no security deposit is accepted. Further no penalty is charged for overdue and pre-closure of loans. The organization also has a well-documented policy on pre-payments.</li> <li>• The MFI gets an external CA agency to certify its compliance with RBI's directions.</li> </ul>

<b>BUILDING BLOCKS</b>	
<b>Transparency</b>	<ul style="list-style-type: none"> <li>• Awareness among the staff on RBI guidelines was found to be moderate.</li> <li>• DCBS has documented the pricing of its loan products in its operational manual. In the branches visited loan documents had been maintained in local languages.</li> <li>• Circulars with the most recent directions were available in the visited branches.</li> <li>• DCBS's in its fair practices code provides importance for transparency in pricing and clear communication to the clients.</li> <li>• The loan interest rate and processing fees is mentioned on the loan passbook and sanction letter provided to the client.</li> <li>• Clients interviewed were moderately aware of the charges and price for all services availed.</li> <li>• Audit committee verifies through the audit reports whether all clients have received the necessary loan documents.</li> <li>• DCBS displays the details of the loan products including their interest rates and client grievance redressal system on its website.</li> <li>• DCBS provides acknowledgement to the clients while they apply for loan.</li> <li>• Previous financial year annual report and Code of conduct compliance report of last financial year of DCBS is not available in the public domain.</li> </ul>
<b>Client Protection</b>	<ul style="list-style-type: none"> <li>• DCBS has a board-approved policy regarding client data security.</li> <li>• Employees are trained on aspects of appropriate behavior with the clients.</li> <li>• DCBS has documented policy on client data security which forms part of its fair practice code.</li> <li>• DCBS has framed a Fair Practice Code and has also adopted the RBI fair practices code.</li> <li>• Employees are trained on aspects of appropriate behavior with the clients.</li> <li>• Staffs were found to be aware of the need to have professional conduct with the clients.</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>• DCBS maintains high standards of governance by inducting persons with good and sound reputation as members of Board of Directors/Governing body.</li> <li>• DCBS has more than 1/3rd of independent persons in its Governing Board, and the Board is actively involved in all policy formulations and other important decisions.</li> </ul>

	<ul style="list-style-type: none"> <li>• DCBS discloses its MD’s compensation in its audited reports (Ref. Audit Report 2019).</li> <li>• An audit committee of the Board with an independent director as chairperson.</li> <li>• The MFI has got its accounts audited in a timely manner after the end of the most recent financial year.</li> <li>• No adverse observations in the Auditor's report regarding accounting standards followed by the MFI.</li> <li>• Action taken report based on the last audit report was available in the branches visited.</li> <li>• Staff satisfaction related to compensation and incentive is not covered under scope of Internal Audit.</li> </ul>
<p style="text-align: center;"><b>Recruitment</b></p>	<ul style="list-style-type: none"> <li>• DCBS’s board has reviewed its recruitment policies at least once annually.</li> <li>• The MFI has a defined and documented process for responding to reference check requests.</li> <li>• There is documentary evidence to suggest that MFI has honored the notice period for all employees who have left it.</li> <li>• MFI obtain NOC or relieving letter from the previous employee, in case employees are recruited from other MFIs.</li> <li>• The MFI has a practice that when it recruits staff from another MFI, the said staff will not be assigned to the same area he/she was serving at the previous employer for a period of one year; however the same is not documented in Operational Manual.</li> </ul>
<p style="text-align: center;"><b>Client Education</b></p>	<ul style="list-style-type: none"> <li>• DCBS in its fair practices code provides importance for raising clients' awareness of the options, choices and responsibilities regarding financial products and services</li> <li>• DCBS does not charge clients for the trainings provided to clients by itself or through a related party.</li> <li>• Awareness among client on annualized Interest rate &amp; Insurance claim settlement process was found to be moderate.</li> </ul>
<p style="text-align: center;"><b>Feedback and Grievance Redressal</b></p>	<ul style="list-style-type: none"> <li>• The Board has approved a policy for redressal of its clients’ grievances, which requires board to be updated on the functioning of grievance redressal mechanism.</li> <li>• MFI prepares monthly reports about the number, nature and resolution of grievances and feedback received for management review and same is presented to audit committee set up at board level.</li> <li>• DCBS has a policy on time frame and process for client’s complaint resolution.</li> <li>• Clients were found to be aware of the helpline number.</li> <li>• Feedback mechanisms are regularly tracked and monitored.</li> <li>• In all the branches visited, the contact number and address of Sa-Dhan nodal official was properly displayed.</li> </ul>

	<ul style="list-style-type: none"> <li>• Complaints lodged through helpline at H.O and branches are documented and resolved.</li> <li>• Awareness among client and staff on Sa-Dhan grievance Redressal mechanism was found to be moderate to low.</li> <li>• Dedicated team at HO level to document and follow up on the client complaints.</li> </ul>
<p style="text-align: center;"><b>Data Sharing</b></p>	<ul style="list-style-type: none"> <li>• Operational data for FY 2019 is available on the website of DCBS; however financial data is not available in the public domain.</li> <li>• MFI has a well-defined process for sharing data with the credit bureaus.</li> <li>• MFI has provided data called for by MFIN and RBI as and when required as per compliance.</li> <li>• DCBS shares accurate data with all credit bureaus on a frequency prescribed by Sa-Dhan.</li> <li>• DCBS performs compulsory credit bureau checks for all its clients.</li> </ul>

# ANNEXURES

## Microfinance Grading Methodology

### A) Operational Track Record

Business Orientation and Outreach of the MFI is an important parameter to gauge the growth strategies of the MFI and to assess its strategies for development. This parameter is analysed using the following sub-parameters.

- Direction & Clarity
- Ability to raise funds
- Degree of association with promoter institution
- Alternate avenues for funds
- Outreach (No. of offices, No. of clients, No. of employees, Portfolio diversification)

### B) Promoters & Management Profile

The elements in this parameter helps in assessing the Promoter & management quality evaluated on the basis of the basic educational qualification, professional experience of the entrepreneur; and business attitude that is related to the motivation of carrying out the business and pursuing business strategies. This parameter is analysed using the following sub-parameters.

- Past experience of the management
- Vision and mission of the management
- Profile of the Board Members
- Policies and Processes
- Transparency and corporate governance

### C) Financial Performance

SMERA analyses the credit worthiness of the organization through the following financial parameters. Various financial adjustments are done to get more accurate ratios for comparison. Financial analysis helps the MFI to know its financial sustainability. This parameter is analysed using the following sub-parameters.

- Capital adequacy
- Profitability/Sustainability ratios
- Productivity and efficiency ratios
- Gearing and Liquidity ratios

#### **D) Asset Quality**

The loan portfolio is the most important asset for any MFI. SMERA analyses the portfolio quality of the MFIs by doing ageing analysis, sectoral analysis, product wise analysis etc. SMERA compares the portfolio management system with organizational guidelines and generally accepted best practices. This parameter is analysed using the following sub-parameters.

- Ageing schedule
- Arrears Rate / Past Due Rate
- Repayment Rate
- Annual Loan Loss Rate

#### **E) System & Processes**

SMERA analyses the policies and processes followed by the MFIs, their ability to handle volume of financial transactions, legal issue and disputes, attrition among the employees and client drop out which impact the productivity of the organization. SMERA also analyses asset liability maturity profile of the MFI, liquidity risk and interest rate risk. This parameter is analysed using the following sub-parameters.

- Operational Control
- Management Information System
- Planning & Budgeting
- Asset Liability Mismatch

#### **F) Financial Performance**

SMERA analyses the credit worthiness of the organization through the following financial parameters. Various financial adjustments are done to get more accurate ratios for comparison. Financial analysis helps the MFI to know its financial sustainability. This parameter is analysed using the following sub-parameters.

- Capital adequacy
- Profitability/Sustainability ratios
- Productivity and efficiency ratios
- Gearing and Liquidity ratios

Thus an evaluation of MFI would be comprehensive assessment based on the financial and non-financial parameters of any MFI.

## COCA Methodology

The Code of Conduct Assessment (COCA) tool was developed as a response to the need expressed in a meeting of stakeholders in Indian microfinance by the Small Industries Development Bank of India (SIDBI) and the World Bank in December 2009. The code of conduct dimensions were identified by reviewing the various norms for ethical finance. These included RBI's fair practices guidelines for Non-Banking Financial Companies, industry code of conduct (Sadhan-MFIN) and Smart Campaign's Client Protection Principles (CPP).

In 2016, need was felt to harmonize COCA to the most recent industry code of conduct and to standardize COCA tools of different rating/assessment agencies. This grading is based on the harmonized COCA tool. In the harmonized COCA tool, the dimensions were classified in three categories – highest order, higher order and building blocks. This grading is based on the harmonized COCA tool.

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

*Chart: COCA Indicators Framework*



Number of indicators in each category is presented below

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

## Methodology

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

## Sampling guidelines

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

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

### Code of Conduct Assessment exercise requires:

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

As part of this assessment, we visited eighteen branches of the MFI. The details of the branches visited are provided below.

Sr No	Branch	State	No of clients interviewed
1	Dhosa	West Bengal	21
2	Dakshin Barasat	West Bengal	22
3	Jaynagar	West Bengal	19
4	Tulshihata	West Bengal	20
5	Shakuntala	West Bengal	21
6	Karandighi	West Bengal	22
7	Dhamua	West Bengal	18
8	Dhosa-Enterprise	West Bengal	20
<b>Total</b>			<b>163</b>

## Financials

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

Period	FY 2017	FY 2018	FY 2019
Months	12	12	12
<b>Financial revenue from operations</b>	<b>22,494</b>	<b>27,112</b>	<b>36,034</b>
Less - Financial expenses from operations	5,936	9,182	15,291
<b>Gross financial margin</b>	<b>16,558</b>	<b>17,930</b>	<b>20,743</b>
Provision for Loan Loss / Write off	547	380	0
<b>Net financial margin</b>	<b>16,011</b>	<b>17,550</b>	<b>20,743</b>
<b>Operating expenses</b>			
Personnel Expense	5,143	6,869	8,887
Depreciation and Amortization Expense	768	1,049	1,126
Other Administrative Expense	5,442	4,504	6,601
<b>Net operating income</b>	<b>4,658</b>	<b>5,128</b>	<b>4,129</b>
Current Tax	0	355	1,239
Deffered Tax charge/(credit)	<b>4,658</b>	<b>4,773</b>	<b>2,890</b>
<b>Net Profit After Tax</b>	<b>22,494</b>	<b>27,112</b>	<b>36,034</b>

*Above financials are audited*

## Balance Sheet (Rs in Thousands)

As on date	31/Mar/2017	31/Mar/2018	31/Mar/2019
<b>SOURCES OF FUNDS</b>			
<b><u>Capital</u></b>			
Equity Capital	38,182	36,860	38,727
Reserve and Surplus	<b>38,182</b>	<b>36,860</b>	<b>38,727</b>
<b>Total Equity</b>			
<b><u>Liabilities</u></b>			
<b><u>Short-Term Liabilities</u></b>	54,506	79,719	97,787
Commercial Loans from banks/FI	0	5,000	5,000
Account payable & Other short-term liabilities	1,164	927	2,640
<b>Total Short-Term Liabilities</b>	<b>55,670</b>	<b>85,646</b>	<b>1,05,427</b>
<b><u>Long-Term Liabilities</u></b>			
<b><u>Long-Term Borrowings</u></b>			
Commercial Loans from banks/FI	9,626	16,797	13,953
<b>Total Long-Term Borrowings</b>	<b>9,626</b>	<b>16,797</b>	<b>13,953</b>
<b>Total Other Liabilities</b>	<b>65,296</b>	<b>1,02,443</b>	<b>1,19,380</b>
<b>Provisions</b>	1,368	1,812	1,007
<b>TOTAL LIABILITIES</b>	<b>1,04,846</b>	<b>1,41,115</b>	<b>1,59,114</b>

As on date	31/Mar/2017	31/Mar/2018	31/Mar/2019
<b>APPLICATION OF FUNDS</b>			
<b><u>Fixed Assets</u></b>			
<b>Net Block</b>	<b>3,420</b>	<b>3,020</b>	<b>6,059</b>
Cash and Bank Balances	1,823	4,898	925
Cash Collateral (Margin Money)	7,105	9,942	14,836
Investment in Fixed Deposit	966	0	0
<b><u>Loan Portfolio</u></b>			
<b>Net Loan Portfolio</b>	<b>89,425</b>	<b>1,20,189</b>	<b>1,35,755</b>
Accounts Receivable And Other Assets	1,574	1,641	115
Intangible Assets	533	1,425	1,424
<b>TOTAL ASSETS</b>	<b>1,04,846</b>	<b>1,41,115</b>	<b>1,59,114</b>

## Financial Ratios

Financial Ratios	31/Mar/2017 12	31/Mar/2018 12	31/Mar/2019 12
<b><u>Capital Adequacy Ratio</u></b>			
Capital Adequacy Ratio (%)	39.87	28.38	26.28
<b><u>Productivity/Efficiency Ratios</u></b>			
No. of Active Borrowers Per Staff Member	179	152	174
No. of Active Borrowers per field executives	303	222	291
No. of members per Branch	2,631	1,264	1,598
Gross Portfolio o/s per field executive (in thousands)	2,794	3,082	3,993
Average Outstanding Balance per client (in Rs)	9,218	13,879	13,698
Cost per Active client	1,129	1,767	1,885
<b><u>Asset/Liability Management</u></b>			
Cost of funds ratio (%)	9.26	11.09	14.01
Yield on Portfolio (nominal) (%)	25.15	25.87	28.16
Net Interest Margin (%)	15.90	14.78	14.15
<b><u>Profitability / Sustainability Ratios</u></b>			
Operational Self Sufficiency (%)	126.12	123.33	112.94
Operating Expense Ratio (OER) (%)	12.70	11.85	12.98
Return on Assets (RoA) (%)	4.44	4.17	2.75
Portfolio at Risk (>30 days) (%)	0.49	1.89	1.40
Return on Equity (RoE) (%)	12.20	6.83	5.46
<b><u>Leverage Ratios</u></b>			
Total Outside Liabilities to Tangible Networth Ratio (Times)	1.71	2.78	3.08
Debt/Equity Ratio (Times)	1.68	2.75	3.01

## About SMERA Gradings & Ratings

SMERA, widely known as 'The SME Rating Agency', was conceptualised by Ministry of Finance, Govt. of India and the Reserve Bank of India to help Indian MSMEs grow and get access to credit through independent and unbiased credit opinion that banks can rely on. Thus, SMERA became world's first MSME focused rating agency and introduced the concept of SME Ratings in India. SMERA offers SME Ratings, New Enterprise Credibility Scores, SME Credit Due Diligence and SME Trust Seal to Indian MSMEs to help lenders take informed decisions.

SMERA is a wholly owned subsidiary of Acuité Ratings & Research Limited. Acuité, a joint initiative of Small Industries Development Bank of India (SIDBI), Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India, is registered with SEBI as a credit rating agency.

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