

M/s Magenta Finance Services Private Limited

2nd Floor, Plot No.7, Local Shopping Center, Sector-B,
Pocket-1, Vasant Kunj, New Delhi-110070

Valid from: Mar 4th, 2024

Valid to: Mar 3rd, 2025

Grading Type	Grading Assigned
MFI Grading	MFI 3

IAR MFI Grading	Definition
MFI 1	Highest capacity of the MFI to manage its operations in a sustainable manner.
MFI 2	High capacity of the MFI to manage its operations in a sustainable manner.
MFI 3	Good capacity of the MFI to manage its operations in a sustainable manner.
MFI 4	Above Average capacity of the MFI to manage its operations in a sustainable manner.
MFI 5	Average capacity of the MFI to manage its operations in a sustainable manner.
MFI 6	Below Average capacity of the MFI to manage its operations in a sustainable manner.
MFI 7	Weak capacity of the MFI to manage its operations in a sustainable manner.
MFI 8	Poor capacity of the MFI to manage its operations in a sustainable manner.

Table of Content

Sl. No	Particulars	Page Number
1	General Information	3
2	Brief Profile of the Organization	4
3	Mission & Vision	4
4	Promoters/Director's Details	5
5	Transparency	9
6	Operational Setup	9
7	Sustainability	10
8	Asset Quality (NPA Profile)	10
9	Operational Outreach	12
10	Annexures 1: Past and Projected Financial	30
11	Annexures 2: Organizational Structure	32
12	Annexure 3: Loan Products	32
13	Annexure 4: Asset Profile	32
14	Annexure 5: Resource Profile	33
15	Annexure 6: Portfolio Details	33

General Information

Sr. No.	Particulars	Details	
1	CEO	Mr. Samrat Roy	
2	Year of Incorporation	2010	
3	Commencement of MFI operations	May, 2018	
4	Legal Status	Private Limited Company	
5	CIN	U65191DL2010PTC289124	
7	RBI Classification	NBFC-MFI	
8	Registered Office/ Corporate Office	2nd Floor, Plot No.7, Local Shopping Center, Sector-B, Pocket-1, Vasant Kunj, New Delhi-110070	
9	Lending Model	JLG	
10	Tangible Net Worth (Rs.in Cr)	8.13	
11	Geographical reach as on December 31, 2023	No. of States	3
		No. of Districts	7
		No. of Branches	8
		No. of Active Borrowers	11,499
		No. of Total Employees	67
		No. of Field/Credit Officers	45
12	Auditors	V Nagarajan & Co	
13	Outstanding Grading	MFI 3 Grading by Infomerics	
14	Outstanding Rating	BB/Stable by Acuite	
15	Software use	In-house Software	
16	No of Lenders	16	

GRADING RATIONALE

Brief Profile of the organization

- Magenta Finance Private Limited (MFSPL) is an NBFC-MFI incorporated in the year 2010 by its promoters under the Companies Act 2013 and was registered with RBI. MFSPL received NBFC-MFI license from RBI on November 10th, 2017, Bearing COR No. N-14.03387.
- It was promoted by Nellcome Limited, which is based out of Isle of Man, and Gulab Unity Trust.
- MFSPL is engaged in microfinance activities and mainly focus on providing financial and non-financial services to poor inhabitants of the region where it operates and are largely unserved by formal and informal banking facilities.
- MFSPL commenced its microfinance operations in May 2018. Its registered office is located at 2nd Floor, Plot No.7, Local Shopping Center, Sector-B, Pocket-1, Vasant Kunj, New Delhi-110070, India.
- MFSPL works in JLG model. The company will strengthen its Board and Senior Management by including more experienced professionals with experience in banking and financial services.
- Currently, the day to day operations of the company are managed by Mr. Samrat Roy, CEO. He has extensive experience in financial management, financial analysis and financial inclusion.
- MFSPL is now working with 8 branches spread over 7 districts in Three states, Haryana, Punjab and Uttar Pradesh where they are providing services to more than 11,499 clients.
- As on December 31, 2023, MFSPL is managing a total outstanding loan portfolio of Rs. 28.58 crore.

Mission & Vision of MFSPL

The **Mission Statement** of MFSPL is “To provide innovative and sustainable financial accessibility to the rural, semi-urban and urban poor people, especially women by working shoulder to shoulder with them, so that they can achieve their ambitions and lead a better life”.

The **Vision Statement** of MFSPL is “To strive for a life of dignity for the poor, especially women and under privileged people of the society by working in solidarity with the poor through providing financial services in the most efficient manner, which help in promoting livelihood opportunity and economic development.”

Profile of governing body members/directors of Magenta Finance Services Private Limited

Name	Age / DOB	Designation	Education	Brief Profile	Total Years of Experience	Experience in
		In the board	Qualification			Micro finance
Mr. Rajkumar Singh	1-Jul- 1973	Director	Post-Graduate	He has a total work experience of more than 17 years out of which approx. 11 years of experience in microfinance sector. He leads the microfinance business operations of the company. He handles key areas such as qualitative and quantitative growth of the business, launching branch network, implementing business strategies for operational efficiency, employee management and funds management.	17	11
Mr. Asokkumar Rathnam	30-Oct- 1948	Independent Director	Post-Graduate, CAIIB	He was worked as an AGM in SBI and DGM in Axis Bank. He is a veteran banker and microfinance expert in India. R Asokkumar is a Director of Magenta Finance Services Private Limited. He is a veteran banker and microfinance expert in India. He has more than 42 years of experience in various financial institution sector. He brings his vast experience and expertise to Magenta Finance Services Private Limited. Once granted NBFC license, he will play a critical role of leading and expanding the company to become a solid player in the microfinance sector in India.	43	16

Mr. Kim Peter Hansen	20-Jul-1958	Director	Graduate	He has more than 20 years of experience with trading and trade finance. Sourcing product in china and selling overseas to Africa, America and Europe. He also maintains credit lines with Banks in Hong Kong and Singapore, with commercial Banks (including HSBC, DBS BANK, LH ASIAN, RB INTERNATIONAL FINANCE). He is running his business without any defaults and late payments.	21	6
Shri Tribikram Nayak	6-May-75	Director	Post-Graduate	He has more than 25 years of experience in teaching, education, educational training programs and other social welfare activities. He also has experience in developing teaching and learning modules for Student-teachers and Teacher Educators of Pre-service Teacher Training colleges. He also has experience of developing content materials on various lines of work such as Entrepreneurship, women's rights, Financial Literacy, and on various business models for women clients of Micro finance institutions and training Master Trainers to train women clients of those micro finance institutions, on these materials.	25	6

Senior Management Profile

Name	Designation	Qualifications	Total Experience
Samrat Roy	CEO	Post-Graduate	<p>He started his working career in 2005 and holds more than 18 years of experience in financial management, financial analysis, financial inclusion, projections, compliances related to Taxation, Corporate law. He started his career in a role of Financial Administrator in rural development projects and then gradually he took overall responsibility for financial management, projections and analysis, administration and handled around 70 projects including finance related vertical such as Micro Finance, financial inclusion and financial literacy projects, Trained new employees and trainees for the Microfinance Business, Managing large teams in a cost-efficient manner for the projects, taking care of various due diligence conducted by national and international agencies, ensuring risk mitigation in the implementation, Audit, Tax assessments, Tax compliance, company law etc. and he was handling a team of professionals with the highest efficiency. He is associate with Magenta Finance Services Pvt Ltd (the Company) from last two years and now he is designated as the Chief Executive Officer (CEO) of the Company and under his leadership, the Company had started its Microfinance business and the business of the Company has grown significantly. He managed business operations of the Company. His expertise lies in the field of Financial Management, Business Strategy and Planning, Business Analysis</p>

			and Development, Project implementation, Fundraising, Capacity building of the Employees, key relationship management and handling all dimensions of the Company. He had also played a role of advisor to the Directors and Investors of the Company.
Hitashi Syal	Company Secretary	M.Com and CS	She is a Company Secretary with experience in the intricacies of debt listing and listing companies. She has understanding of corporate laws, acquired through dedicated professional experience. Her proficiency extends to navigating the complexities of legal frameworks and ensuring meticulous adherence to regulatory requirements.
Manoj Kumar Sharma	Operations Head	MBA	He started his working career in 2008 with Humana People to People India as a Development instructor and he holds 14 years of experience in Microfinance. He also has expertise in Risk management, Cost Control, Agile development, Preparation of budgets, Planning Marketing, and Negotiating contracts. He joined MFSPL in the year 2018 as the Operations Head, he is responsible for taking all types of decisions for the Business Operations of the Company.

TOSS FRAMEWORK

Transparency		
		Above Average
<ul style="list-style-type: none"> ○ Magenta Finance Private Limited (MFSPL) is an NBFC-MFI incorporated in the year 2010 by its promoters under the Companies Act 2013 and was registered with RBI. MFSPL received NBFC-MFI license from RBI on November 10th, 2017, Bearing COR No. N-14.03387. ○ It was promoted by Nellcome Limited, which is based out of Isle of Man, and Gulab Unity Trust. ○ MFSPL is engaged in microfinance activities and mainly focus on providing financial and non-financial services to poor inhabitants of the region where it operates and are largely unserved by formal and informal banking facilities. ○ MFSPL commenced its microfinance operations in May 2018. Its registered office is located at 2nd Floor, Plot No.7, Local Shopping Center, Sector-B, Pocket-1, Vasant Kunj, New Delhi-110070, India. ○ MFSPL works in JLG model. The company needs to strengthen its Board and Senior Management by including more experienced professionals with experience in banking and financial services. ○ Currently, the day to day operations of the company are managed by Mr. Samrat Roy, CEO. He has extensive experience in financial management, financial analysis and financial inclusion. ○ MFSPL is now working with 8 branches spread over 7 districts in Three states, Haryana, Punjab and Uttar Pradesh where they are providing services to more than 11,499 clients. ○ As on December 31, 2023, MFSPL is managing a total outstanding loan portfolio of Rs. 28.58 crore. ○ Experienced founder group and reasonably experienced governing body members, which meets on a quarterly basis. ○ The existence of monitoring committees like HR & staff grievance committee, audit compliance corporate governance committee, risk, and grievance redressals committee. ○ Credit policies are well-established, documented and communicated. ○ Transparency in the lending process and monitoring of end use of funds is adequate. The borrowers are aware of the lending policies of the company. ○ The auditor has submitted an unqualified audit report and satisfactory feedback about the company. ○ Overall disclosures are moderate. 		
Operational Setup		
		Adequate
<ul style="list-style-type: none"> ○ Long experience of management in microfinance, banking, financial, audit, risk, and social developmental activities. ○ Supported by a four-members board with experience in microfinance, social services, and banking. ○ MFSPL has a well-defined organization structure with a 3-tier reporting hierarchy and the existence of separate departments with clearly defined roles and responsibilities. ○ The company follows JLG approaches to extend the loans to individuals. ○ The company uses in-house software which enables proper tracking and maintenance of MIS and preparation of reports within a minute. ○ An adequate risk management system for tracking over dues and collection of delinquent loans is in place. 		

- Risk management systems are in place & commensurate with the size of the operation. Takes insurance cover for employees for infidelity, cash in transit and cash in safe. Insurance cover is also taken for borrowers & their spouses.
- Loan disbursements are made by the Head Office between 2-4pm through Bank Accounts of the borrowers after proper verification by the Head Office officials.
- The Company also conducts various internal and external training for their employees

Scale of Operations

	Modest
<ul style="list-style-type: none"> ○ Operates in 7 districts of 3 states through a network of 8 branches as on December 31st, 2023. ○ MFSPL is a moderate sized MFI player with a loan portfolio stood at Rs. 28.54 crore as on December 31, 2023. ○ Adequate borrower base, covering 11,499 active borrowers as on December 31, 2023. ○ MFSPL has Two loan products. 	

Sustainability

	Average
<ul style="list-style-type: none"> ○ Strong second line of leadership; most of the senior management have adequate experience to manage the growing scale of operations. ○ Legal form allows equity infusion from investors. ○ Moderate operating risk profile where OSS stood at 113.13% in FY23. ROTA marginally improved at 1.75% in FY23. ○ The asset quality has improved consistently during the period study. ○ The CAR remained satisfactory at 31% as on March 31, 2023; however, it has decreased from 42% as on March 31, 2022, on account of increased AUM in FY 2023. ○ PAR> 30 days has significantly improved from 4.61 % as on March 31, 2022, to 2.76% as on December 31, 2023. Similarly, PAR> 90 days has also significantly improved from 3.90 % as on March 31, 2022, to 2.28 % as on December 31, 2023. 	

Industry outlook: Post the AP crisis and regulatory intervention by RBI, the microfinance sector has seen growth in loan portfolio on account of improving funding profile, control in operating expenses, improving margins and moderate leverage levels. The current focus of the microfinance sector is mainly on micro-credit with other products still evolving. Going forward, MFIs are likely to expand their client base and reach out to more underserved areas of the country. MFSPL has presence in areas with moderate penetration of other MFIs. However, the short-term outlook of MFI industry looks grim due to nationwide impact of lockdown attributable to Covid-19 outbreak.

Asset Quality (NPA Profile):

(Rs. Crores.)

Particulars	FY21	FY22	FY23
Gross NPAs	1.18	0.62	0.36
Net NPAs	0.36	0.12	0.04
Gross NPA/ Gross Advances (%)	5.34	3.88	1.44

Net NPA / Net Advances (%)	2.34	0.75	0.16
Net NPA / Net worth (%)	5.31	1.63	0.52

MFSPL has improved its asset quality consistently over the past three fiscal years. Gross NPAs have decreased from INR 1.18 crores in FY21 to INR 0.36 crores in FY23. The overall improvement in net NPA position and Net NPA to Net Worth ratio underlines the robust financial health, improvement in collections infrastructure and prudent provisioning policies of the institution. Going forward, maintaining this high quality loan book should continue being a focus area amidst business growth. Overall, the exceptional asset quality gives comfort regarding the MFI's credit evaluation, monitoring and control mechanisms to contain delinquency risk.

Operational outreach

For the period ended / As on,	FY21	FY22	FY23	31-Dec-23
Number of states	2	2	3	3
Number of districts	3	3	4	7
Branches	3	3	5	8
Number of active SHG groups	0	0	0	0
Number of active JLG groups	756	1,767	2,282	2,716
Number of active SHG members	0	0	0	0
Number of active JLG members	6,326	6,558	8,625	11,499
Number of active SHG borrowers	0	0	0	0
Number of active JLG borrowers	6,326	6,558	8,625	11,499
Loan Portfolio				
No. of loan disbursed during the year	2577	3107	5436	5055
Amount of loan disbursed during the year (Rs. Cr)	9.78	12.71	22.93	22.03
Average Loan size disbursed during the year (Cr.)	0.00	0.00	0.00	0.00
Overdue at the beginning of the year (Rs. crore)	0.79	0.54	0.69	0.46
Principal due during the year (Rs. crore)	11.79	11.65	13.22	21.12
Principal recovered during the year (Rs. crore)	5.68	9.99	12.34	20.79
Overdue at the end of the year (Rs. crore)	0.54	0.69	0.46	0.51
Recovery rate (%)	81.19	89.54	96.10	99.51
Total outstanding loan portfolio (Rs. crore)	15.37	15.99	24.99	28.58
Portfolio at risk (PAR) >30 days (%)	9.67	4.61	1.59	2.76
Portfolio at risk (PAR) >90 days (%)	7.65	3.90	1.43	2.20
CAR (Tier 1) %	44	42	31	28
CAR (Tier 2) %	0.00	0.00	0.00	0.00
CAR (Overall) %	44	42	31	28

Details on human resources

	FY21	FY22	FY23	31-Dec-23
Credit officers	15	20	26	36
Total employees	36	51	48	67
No. of Branch	4	6	6	8
Employee productivity				
Number of loans per credit officer	422	328	332	319
Number of members per credit officer	422	328	332	319
Number of borrowers per credit officer	422	328	332	319
Amount of loan outstanding per credit officer (Rs. crore)	1.02	0.80	0.96	0.79
Branch productivity				
Number of members per branch	1582	1093	1438	1437.38
Number of borrowers per branch	1582	1093	1438	1437.38

Amount of loan outstanding per branch (Rs. crore)	3.84	2.67	4.16	3.57
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Financial Sustainability

(Rs. crore)

Financial Performance	FY21	FY22	FY23
Interest on Loans	3.19	3.06	4.10
Processing fee on Loan Portfolio	0.10	0.13	0.23
Other Interest Income	0.03	0.05	0.10
Income from Business Correspondent services			
Profit on sale of fixed assets			
Other Interest Income	0.01	0.03	0.06
Fee based Income			
Other Income			
Total income	3.33	3.27	4.56
Financial cost	0.91	0.98	1.56
Net interest income	2.42	2.29	3.00
Total operating expenses (incl. depreciation)	1.95	1.55	2.47
PBT	0.47	0.73	0.53
Income Tax	0.33	0.10	0.10
Income Tax adjustment for earlier years			
PAT (before deferred taxation)	0.14	0.63	0.43
Deferred taxation	-0.16	0.07	0.02
PAT (after deferred taxation)	0.31	0.57	0.40
Financial Position	FY21	FY22	FY23
Net worth	6.78	7.35	7.75
Total Debt	8.13	8.81	20.45
Loan outstanding – own	15.26	15.91	24.99
Assets under management	14.95	16.20	28.29
Total Assets	16.09	16.96	29.30
Key ratios (%)	FY21	FY22	FY23
Growth Ratios			
Total Assets	3.33	5.90	73.38
Tangible Net Worth	0.74	8.34	5.50
Total Capital Employed	(0.10)	8.38	74.59
Total Income	32.89	(1.89)	39.61
PAT	(35.26)	55.47	(27.98)
Solvency Ratios	FY21	FY22	FY23
Overall Gearing (times)	1.20	1.20	2.64
Interest coverage (times) – before provision & write offs	2.28	2.13	1.73
CAR %	44	42	31
Profitability & Operating Efficiency Ratios (%)	FY21	FY22	FY23
Interest income/Avg. Interest earning assets (A)	21.44	19.61	20.07
Interest / Avg. borrowed funds (B)	11.15	11.57	10.67
Interest spread (A-B)	10.28	8.04	9.40
Net Interest Margin (NIM)	15.41	13.53	12.72
ROCE	9.25	11.01	9.39

Interest / Avg. capital employed	6.09	6.29	7.02
Expenses / Avg. capital employed	2.83	0.31	1.16
Cost of capital	6.09	6.29	7.02
Net spread	3.16	4.72	2.38
Return on total assets (PAT / Avg. Total Assets)	1.95	3.42	1.75
Cost to Income ratio	51.90	51.50	61.86
Operational Self- Sufficiency	116.55	129.03	113.13
Operating expense/Total Operating Income	37.69	36.05	40.69
PAT (after deferred tax)/ Total Income	9.24	17.31	8.87
RONW	2.12	8.98	5.64
PAR > 30 days (%)	9.67	4.61	1.59
PAR > 90 days (%)	7.65	3.90	1.43

Earnings profile

- Total AUM of the company has increased by ~57% to Rs. 24.99 crore as compared to Rs. 15.91 crore in the previous year.
- Total income of MFSPL has increased to Rs. 4.56 crore in FY 2023 as compared to Rs. 3.27 crore in the previous year registering a growth of 39.61% over the previous year.
- However, PAT of MFSPL has decreased to Rs. 0.40 crore in FY 2023 as compared to Rs. 0.57 crore in the previous year on account of increased operating expenses in FY 2023.
- MFSPL's capital adequacy ratio (CRAR) has decreased to 31% as on March 31, 2023, as compared to 44% as on March 31, 2022 on account of increased AUM of the company in FY2023. However, CRAR remains comfortably above the RBI stipulated 15% for NBFC-MFIs.
- The operational self-sufficiency (OSS) of MFSPL stood comfortable at 113.13% as on 31st March, 2023, however, it has decreased from 129.03% as recorded in the previous fiscal.
- Yield on Portfolio of the company has improved to 20.07% as on 31st March, 2023 as compared to 19.61% as on 31st March, 2022. Further, Cost of Fund has improved to 10.67% as on 31st March, 2023 as compared to 11.57% as on 31st March, 2022 on account of raising fund at relatively lower cost.
- Operating Expense Ratio (OER) of the company has improved to 9.03% in FY 2023 as compared to 9.60% in the previous year.
- Gearing of the MFI has increased 2.64 times as on March 31, 2023, as compared to 1.20 times in the previous year on account of additional debt raised in FY2023.

MFSP's position with new RBI's guidelines for MFIs:

RBI's Direction	MFSP Status	Compliance
75% of total assets to be in the nature of qualifying assets	Qualifying assets forms more than 75.00% of total assets	Complied
Net worth to be in excess of Rs 5 Crore	The net worth of MFSP stood at Rs.7.75 crore as on March 31, 2023	Complied
A microfinance loan is defined as a collateral-free loan given to a household having annual household income up to ₹3,00,000. For this purpose, the household shall mean an individual family unit, i.e., husband, wife and their unmarried children.	MFSP here by complies with it, as per latest RBI circular. Firstly, it is informed at every level starting from sourcing, loan officers, branch manager have been given proper training and thoroughly informed with specific format for calculation is shared and further the same is being verified at every level by the internal audit team.	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	MFSP verifies the same though credit check from credit bureaus.	Complied
The REs shall have a board-approved policy to provide the flexibility of repayment periodicity on microfinance loans as per borrowers' requirement.	MFSP has provided a board approved policy that enables the REs to extend flexibility with respect to the repayment periodicity and it is circulated at every level and closely monitored that the same is extended as approved.	Complied
Collateral free loans	MFSP does not accept any Collateral for extending the credit.	Complied
MFIs shall not collect any Security Deposit / Margin from the borrower.	MFSP does not collect any security deposit / margin from the borrower.	Complied
No late payment or prepayment penalties	MFSP 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	Share complete client data with at least one Credit Information Company (CIC) established under the CIC Regulation Act 2005, MFSP shares its client's data with TransUnion	Complied

data submission prescribed by the CIC.	CIBIL, Equifax, CRIF Highmark and Experian.	
Each RE shall have a board-approved policy regarding the limit on the outflows on account of repayment of monthly loan obligations of a household as a percentage of the monthly household income. This shall be subject to a limit of maximum 50 per cent of the monthly household income.	MFSPSPL complies with it and towards the same REs are provided with proper training as per latest RBI circular. There is a specific format as approved by the board and it is ensured that the same is followed.	Complied
The computation of loan repayment obligations shall take into account all outstanding loans (collateral-free microfinance loans as well as any other type of collateralized loans) of the household. The outflows capped at 50 per cent of the monthly household income shall include repayments (including both principal as well as interest component) towards all existing loans as well as the loan under consideration.	MFSPSPL complies with it. As mentioned, it is calculated as per the format shared to them and it is pre-approved by the board. Further it is ensured by the audit team that it is compiled properly.	Complied
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 that appropriate provisions have been made.	Complied

Borrowing Details as on December 31, 2023

(Rs Crores)

Bankers	Bank facility	Sanctioned Amount (Rs in Crs)	Amount Disbursed (Rs in Crs)	Amount Outstanding (Rs in Crs)	Interest rate (%)
Nellcome Ltd	Corporate	7.05	7.05	7.05	11.30%
Usha Financial Services Pvt Ltd	NBFC	1.00	0.50	0.12	15.50%
RAR Fincare Ltd	NBFC	0.50	0.50	0.18	15.50%
State Bank of India	Bank	3.00	3.00	2.00	10.20%
Grow Money Capital Private Limited	NBFC	2.00	1.00	0.24	15.50%
UC Inclusive Credit Pvt. Ltd	NBFC	3.00	2.00	2.05	16.50%
Usha Financial Services Pvt Ltd	NBFC	2.00	1.00	1.13	15.50%
FWWB India	NBFC	1.00	1.00	0.61	15.50%
Muthoot MicroFin Ltd.	NBFC	2.00	2.00	1.11	16.50%
Share Bazar Financial Services Ltd	Corporate	1.00	0.50	0.52	14.00%
REAL Touch Finance Ltd	NBFC	1.50	0.75	1.09	15.50%
Electronica Finance	NBFC	1.00	1.00	0.74	15.50%
Ambit Finvest	NBFC	1.00	1.00	0.90	15.50%
FWWB India	NBFC	3.00	1.00	1.83	15.50%
Finstar Capital	NBFC	0.50	0.50	0.45	15.50%
Arohan	NBFC	2.00	2.00	1.80	15.50%
AU Small Finance Bank	Bank	3.00	3.00	2.83	15.75%
Incred	NBFC	2.00	1.00	0.94	15.75%
Grow Money Capital Private Limited	NBFC	2.50	1.25	1.72	15.80%
Total		39.05	30.05	1.00	15.50%

No Default Statement

Latest Statement Date	Details of Delays, if any	Remarks
December 31 st , 2023	No Delays	-

MANAGEMENT DISCUSSION & ANALYSIS

Management Personnel Met	Mr. Samrat Roy (CEO)
Date of Meeting	27 th February 2024
Issues raised by INFOMERICS	Management's Response
Growth plans	The company already has pipeline of debt of around 5.00 crore, which will be raised in the current quarter. The company has planned to reach total AUM of Rs. 35 crore by the end of the current quarter.
Current year performance	During the current year i.e., from April 01, 2023, to December 31 st , 2023; the company has total income of Rs. 5.67 crore with PAT of Rs 1.02 crore. Total AUM of the company has increased to Rs. 28.58 crore as on Q3 of FY 2024.
Moderation in profit margin	The company is in the process to avail itself of term debt from PSU banks to improve the Cost of borrowing.

TRANSPARENCY

Governance	<ul style="list-style-type: none"> • MFSPL is registered as a NBFC- MFI. The advantage of this legal form is that it allows equity infusion from individual/institutional investors. • MFSPL is headed by a 4-member board having experience across microfinance, banking, financial, audit, risk, and social developmental activities. • Currently, the operations of the company are managed by Mr. Samrat Roy, CEO of the company. He has more than 18 years of experience in the financial management, financial analysis, financial inclusion, projections, compliances related to Taxation, Corporate law. • The Board of Directors periodically assesses strategic, operational, technology and financial matters besides laying down policies and procedures for operational management of the company. • The board meets at least on quarterly basis to monitor the progress and discuss financial & operational performance. • MFSPL has formed various monitoring committees like HR, audit, grievance redressals committee etc. • The monitoring committee meets on a quarterly basis to monitor the progress and discuss the financial and operational performance of the organization.
Transparency in lending process	<ul style="list-style-type: none"> • Credit policies are well-established, documented and communicated. • The lending policies (including interest rate, processing fees and other charges) are clearly communicated to the borrowers at group meetings through training programs & orientations. • Borrowers are made to sign a loan agreement clearly stating the terms & conditions and the covenants, thereof. Most borrowers are aware of the credit policies. The set of rules and regulations in relation to the lending policies are also displayed at the branches of the company on boards. • Following points are also communicated through written documents: <ul style="list-style-type: none"> • Interest rate • Processing fees • Loan tenure and payment schedule
Audit Quality	<ul style="list-style-type: none"> • The auditor has given an unqualified report and satisfactory feedback.
Internal Controls	<p>Internal Audit</p> <ul style="list-style-type: none"> • MFSPL internal audit covers operations processes both in the field and back office. The audit of field operations includes pre-inspection checks of all the forms with respect to KYC details provided by the members, ratings (high mark check) done by the Credit Officer (CO) /Branch Manager (BM), random utilization check post disbursement, tele verification of pre and post-disbursement, cross checking of area surveys, credit initiation process such as group

	<p>homogeneity, CGT, GRT, loan disbursement, etc. Daily/ weekly demand projection is generated by “in-house software” that is shared with the accounts department and the operations team. Collection entries are updated in the software once the collection is done. The MIS monitors the daily collection reports and ensures that daily collection matches the entry in the projection report. The accounts team ensures that the amount deposited in the bank matches with that of the collection amount in the daily collection report. MFSPL has also adopted fair practices code issued by RBI for client protection.</p> <ul style="list-style-type: none"> • Audit of branches are conducted on bi-monthly basis. • Once the audit is completed, the report is prepared in a predefined format and a copy of it is report is submitted directly to the audit committee and board of directors.
Policies	<ul style="list-style-type: none"> • Credit policies are clearly defined and documented (embedded in the operation manual) • Credit policies are strictly adhered to for formation of groups, field verification and credit appraisal. • Credit policy communication is done verbally through group meetings and training sessions to the group members. • HR policies are clearly defined and documented. • HR policies encompass recruitment and selection, induction and training, performance management and compensation management.
Transparency in utilization of funds	<ul style="list-style-type: none"> • Submits information/ book debt statements as per the requirement of the lender. • Report is submitted to banks and financial institutions on a quarterly basis as per the stipulation of the lender. • Reporting to lenders on collection and delinquency is also provided on regular basis.
Grievance redressals mechanism	<ul style="list-style-type: none"> • MFSPL has a grievance redressals mechanism in place with a helpline number, email id printed in the loan card/passbook and there is one designated redressal officer. • The helpline will remain opened during the office hours only in all working days from 9AM to 5 PM.

OPERATIONAL SETUP

Management	<ul style="list-style-type: none"> • MFSPL has four governing body members with strong academic and managerial expertise in finance, microfinance, banking and social developmental services. • The board members have extensive experience in Banking, Microfinance, Education and Social Development sectors. • Currently, the operations of the company are managed by Mr. Samrat Roy, CEO of the company. He has more than 18 years of experience in the financial management, financial analysis, financial inclusion, projections, compliances related to Taxation, Corporate law.
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Organizational Structure	<ul style="list-style-type: none"> • MFSPL has a well-defined organization structure with a 4-tier reporting hierarchy whereby it has, Field/Credit officers (FO/CO), Branch Managers (BM), Regional Manager (RM), Divisional Manager, Chief Executive Officer (CEO), Various Departmental Heads, and the Board Members. The company has been able to engage professionals in different departments, all having considerable experience in their area of expertise. • It has created separate departments with clearly demarcated roles and responsibilities for handling different functions. The detail organization structure is presented in Annexures 2.
Level of decentralization of branches	<ul style="list-style-type: none"> • At Branch Level the Branch Manager and Credit Officer should look after the Branch administration and decorum. • Branch Manager will visit and interact with staff to find out their awareness level on the organization and product for recommendation and cross verification. After the recommendation, the loan committee will approve the loan amount then the loan will be transferred to the borrower account.
Second line of leadership	<ul style="list-style-type: none"> • Senior members have strong and diversified experience in fields of microfinance, banking, financial, audit, risk and social developmental activities. • Majority of the senior members understand the issues involved in day-to-day functioning and are involved in strategic decision making of the organization. Thus, at present MFSPL has a reasonable second line of leadership. Brief profile of the senior management is provided above.
Human resources management	<ul style="list-style-type: none"> • Recruitment is conducted through employee referrals, a company website, advertisement etc. followed by a series of interviews with senior management. • The HR team visits respective branches and arranges interviews of local candidates. • Compulsory induction training is given to all new recruits on joining for about 1 day at respectively Branches, followed by on-the-job training. • Training is given to fresh employees by the senior management members and an experienced trainer. Apart from this, periodic training programs are also conducted for staffs on a regular basis. The senior management members participate in external training programs, workshops, and conferences. • The compensation structure of the employees contains the following components: • Fixed Pay: The fixed pay includes Basic and a fixed amount as allowance.

	<ul style="list-style-type: none">• Other Expenses: The employees are provided with reimbursement for their travel expenses as per the organization’s policy.• All the statutory employee benefits such as PF, gratuity, ESI, etc. are being provided to all the employees.• Performance appraisal is conducted once each year.• The recruitment process is centralized at Head Office (HO) and is mainly handled by the HR manager under the guidance of the senior management.• Total staff strength of 67 employees of which 26 are Field/Credit officers as on December 31, 2023.																
	<table><tr><th>Particulars</th><th>No. of employees</th></tr><tr><td>Senior Management</td><td>3</td></tr><tr><td>Credit Officer (CO)</td><td>26</td></tr><tr><td>Branch Manager (BM)</td><td>8</td></tr><tr><td>Regional Manager (RM)</td><td>1</td></tr><tr><td>Divisional Manager (DM)</td><td>0</td></tr><tr><td>Others (HO & Branch staff)</td><td>29</td></tr><tr><td>Total</td><td>67</td></tr></table>	Particulars	No. of employees	Senior Management	3	Credit Officer (CO)	26	Branch Manager (BM)	8	Regional Manager (RM)	1	Divisional Manager (DM)	0	Others (HO & Branch staff)	29	Total	67
	Particulars	No. of employees															
	Senior Management	3															
	Credit Officer (CO)	26															
	Branch Manager (BM)	8															
	Regional Manager (RM)	1															
	Divisional Manager (DM)	0															
	Others (HO & Branch staff)	29															
	Total	67															
<ul style="list-style-type: none">• There is a well-defined promotion policy for the employees. Promotion of the employees depends upon the performance, skills, and written exam. The exam for the same is conducted on a half yearly basis.• Encourages active participation in workshops and external training programs conducted by banks, financial institutions, etc.																	
<p>MF SPL provides loans to the individual members of groups for undertaking various income generating activities.</p> <p>JLG Lending</p> <ul style="list-style-type: none">• A dedicated team along with people from operations selects potential areas based on demographic and socio-economic profile.• The CO visits the local areas & villages, interacts with potential customers regarding MF SPL’S retail lending activity and their financial requirement.• MF SPL follows a model of joint liability of the group as well as self-help group model wherein the group members undertake the responsibility of forming a group undertaking joint liability to ensure timely repayment of loans. JLG should have 8-20 members (between the age of 18-58 years).• After identification of target groups, Compulsory Group Training (CGT) of 2 days duration is arranged by FO in which intending loanee members are invited to participate. In this training programmed, participants are imparted a thorough idea about the																	

	<p>loan procedures, interest rate, processing fees and other charges, repayment schedule, insurance benefits and other loan related information etc.</p> <ul style="list-style-type: none"> • Compulsory Group Training (commonly known as CGT) is a 3-level training programmed to make the clients aware of the products, rules and procedures. By the end of the 3-level training, clients must be well versed in all the terms of the product, rules and procedures related to their social and economic development, the loan application and repayment. Through CGT regular meetings have become a habit of the clients. Timeliness and disciplines are systematically taught to clients through CGT which needs to be maintained through the entire programmed. • Intending loanee members shall apply for loan, which shall contain purpose of the loan, loan amount. The CO shall ensure that the loan applications have been properly filled in along with KYC documents and confirm the loan policy of the organization. • Group Recognition Test (GRT) is kind of final test for the center GRT can be carried out only by BM. They are to be carried out at the time and venue that is convenient for the prospective clients. The BM shall refer to the GRT Form which contains details of all activities. The GRT should be completed within 3 days after completion of days 2 of CGT. <p><u>Rationale of the GRT</u></p> <ul style="list-style-type: none"> ✓ To verify the customer profile (should fit into target segment) ✓ To determine whether the prospective clients meet the conditions of group formation, and that they know and trust each other well, by questioning them. ✓ To determine the prospective clients' knowledge and understanding of agreement with the objectives and important rules of the micro finance program, particularly the verbal contract, by testing them verbally (each member must pass before the Group can be passed). <p>The GRT can be used as a tool to get useful feedback from the prospective clients and their husbands about the attractiveness of the micro finance program and how it could be made more attractive.</p> <ul style="list-style-type: none"> • The BM ascertains if all the members know each other and whether they are aware of their family details, income levels and repayment capability in case a particular member avails themselves of a loan. • Once the members answer the questions satisfactorily, and group solidarity is ascertained, the group is passed, and BM informs
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	<p>them of the tentative disbursement date & the EMI date. This is fixed based on the slot availability of the time and date of CO.</p> <ul style="list-style-type: none"> • The BM then briefs the group on the importance of Joint Liability in availing a loan and takes verbal confirmation from the client. • Very important: If the members do not pass the GRT the BM shall in a polite manner convey his decision of not approving the loan. Further the BM shall communicate to members as to when the GRT shall be held. • For every group there is a group leader selected by the group to manage the operations of the group.
Appraisal process	<p>Appraisal Process:</p> <ul style="list-style-type: none"> • Loan application is collected by FO, who then makes a visit to the prospective member's household and/or business place and examines the credit history, business prospects and other aspects. • FO verifies borrower's repayment capacity through household visit and visit to the business entity or activity. • During appraisal, the documents that are collected from the borrower are photo, id proof, and address proof. The documentation is adequate. • Borrower's repayment capacity is further corroborated by group members. • Then FO submits the loan application to BM along with KYC documents. Branch Manager conducts the appraisal and frames his comments on the loan application. From Branch Manager, the next level of screening is done by the respective Area Manager. After his consent, the proposal goes to the HO credit committee, which includes Chief Operating Officer (Operations) and the Finance & Accounts Departmental Heads for final approval based on the recommendation of the Branch Manager and the past repayment history of the groups. • The operations are centralized with Head Office (HO) having the final authority for loan sanction & disbursement. However, the Branch Manager is responsible for loan collection and delinquency management. <p>Credit Risk:</p> <p>To avoid credit risk, MFSPL has adopted the following procedures:</p> <ul style="list-style-type: none"> ▪ Stringent Know Your Customer (KYC) policy is manifested and maintained. ▪ The Audit Executive is responsible for the accuracy of all data entries, documentation, and audit compliance. ▪ Field investigations are done by Credit Officers and Branch Manager.

	<ul style="list-style-type: none"> ▪ The software automatically prepares enquiry format in the backend for each customer and sends to CIC (through partner's credentials) and obtains a credit bureau report (CBR). RBI guidelines on multiple lending and client over-indebtedness frame the base criteria for any loan approval. Stringent appraisal system to assess the genuine need of the customer. ▪ Centralized connect with each customer for ensuring righteous and timely credit. ▪ Effective loan end use verification and loan monitoring mechanism for credit risk management. ▪ Constant contact with customer by field functionaries and end use verification. ▪ Adoption of UID for all loan disbursed to make the Credit Bureaus Information more reliable and reduce the systemic risk significantly. ▪ Credit and HR policies are clearly defined and documented. ▪ Credit policies are largely adhered to formation of groups, field verification and credit appraisal. ▪ Regular checks in System for better monitoring.
Disbursement process	<ul style="list-style-type: none"> • Sanctioning and disbursements of loans are made to the borrowers from Head Office through Bank Accounts of the borrowers after proper verification by the Head Office officials. Once the disbursement is made, a message is delivered to the borrower regarding the same. • Loans are disbursed only for viable projects, such as- agriculture, animal husbandry, small transport, small cottage, small business, small trading, service, and sanitation. • At the time of disbursement, loan agreements are executed from the borrowers. • All disbursements are made at the branch in the presence of FO and BM and one witness from the respective group/centre other than the center leader. The witnesses cannot be borrowers. If the disbursement is cancelled in full or part, the same has to be informed to the Area Manager, Finance and the Operations department immediately via email. Any cancellation of loan, at the time of disbursement, must be informed to Operations and Finance to avoid future reconciliation issues. • Borrowers sign their name on the Loan Disbursement Sheet acknowledging the receipt of the loan. • Loan books are provided to borrowers and loan register is maintained at group level. • One copy of loan agreement is provided to the customer as per their request.

Loan collection process	<ul style="list-style-type: none"> • All of the loans of MFSPL are under monthly instalment method. Every credit officer has a collection register where he notes the daily demand details from the software before going to field for collections. • The collection of loan is done by mode cash and bank transfer. • The collections are made at the group meetings where the credit officer signs the loan card while collecting the amount and separate receipt is issued. The loan card also has the amount to be collected on that particular date. • The credit officer also ensures the maintenance of group register where the attendance of all the group members for the meeting and the resolution passed during the meeting where noted. Resolutions passed also capture addition of new members to the group and minutes any other agenda points. • Daily Repayments are collected at the pre-decided place and time by the FO and handed over to the BM by 1.30-2:00PM.
Overdue management process	<ul style="list-style-type: none"> • Adequate risk management system for tracking over-dues and collection of delinquent loans is in place. • In the initial stages of over-due, FO does the follow up and if the overdue period is elongated then the BM steps in to make recovery. There is a well-defined process laid out for follow-up and collection of delinquent loans based on overdue bucket. In case of other cases, intervention of HO is done.
Management Information Systems	<ul style="list-style-type: none"> • The Company uses in-house software to ensure smooth flow of operational data between Head Office and branches. • This is used for maintaining MIS which will help the company better to manage the customer loan lifecycle. • It is very user-friendly software which enables proper tracking and maintaining of MIS and preparation of reports within a minute • The company has also implemented a technology enabled inbound and outbound service and also to redress their grievances. • In addition, the company has commenced digitization of all documents and records for easy storage and retrieval. • All the branches are being computerized. The loan documentation process is maintained as individual basis. • The types of reports is being generated like – Branch Summary, Demand vs Collection, PAR Report, Disbursement and Repayment Report, Outstanding Report, Route Plan, Insurance Report, Performance Report etc.
Cash management systems	<ul style="list-style-type: none"> • MFSPL has reasonable cash management systems in place at all branches. • MFSPL has opened separate bank accounts for each of the branches.

	<ul style="list-style-type: none"> Branches deposits cash in the branch bank account on the same day or next day of collection. Cash vaults/Almirah is present at every branch for safe keeping of cash. Funds that need to be transferred from HO to branches are done through RTGS. Salaries of the employees and reimbursement of expenses are paid in respective bank account. The details of transactions for the day are updated in the MIS daily.
Insurance	<ul style="list-style-type: none"> MFSPL provides insurance services with IRDA approved insurance agency to its clients. The loan amount is covered in the case of client's death.

SCALE OF OPERATIONS

Key Factors	As on December 31, 2023	
Client base (Number)	<ul style="list-style-type: none"> MFSPL extends loans to JLG Groups The JLG groups associated with MFSPL have all women members. Number of active JLG groups as on December 31, 2023 was 2716 and 11499 active borrowers respectively. 	
Assets management under	<ul style="list-style-type: none"> Loan disbursed during FY2023 was Rs. 22.93 crore and as on Q3-FY2024 was Rs. 22.03 crore. Total outstanding loan portfolio stood at Rs. 28.58 crore as on December 31, 2023 	
Geographical diversification	<ul style="list-style-type: none"> Presence in 7 districts of 3 states with 8 branches as on December 31, 2023. 	
Total income	<ul style="list-style-type: none"> Total income stood at Rs 4.56 crore with a PAT of Rs. 0.40 crore in FY23 	
Current performance year during Q3FY24	Particulars	Rs in crore
	Total Income	5.67
	PAT	1.02
	Tangible Net worth	8.13
	Total loan portfolio outstanding (owned)	28.58
	Total debt	27.92

Operational Sustainability

Operational Sustainability	
Second line of leadership	<ul style="list-style-type: none"> Majority of the senior members understand the issues involved in day-to-day functioning. Involved in strategic decisions as they have developed a good understanding of the microfinance sector. Senior members are experienced in fields like microfinance, banking, financial, and social developmental activities.
Competition	<ul style="list-style-type: none"> MF SPL is operating in the 3 states i.e., Haryana, Punjab and Uttar Pradesh and the states have high penetration of MFIs given the limited reach of the formal banking system. However, the company is mostly targeting areas which still have limited competition. As on December 31, 2023, MF SPL portfolio is concentrated in the state of Haryana accounting ~35 percent, in Uttar Pradesh ~37% and the rest in Punjab. To mitigate any potential risk arising out of geographical concentration, MF SPL has been diversifying its presence across states.
Industry Outlook	<p style="text-align: center;"><u>Industry Risk Analysis</u></p> <ul style="list-style-type: none"> Credit risk is the most common risk for MFI. The risk is of greater significance for MFIs as it must deal with many clients with limited literacy. Further, MFI provides unsecured loans, i.e., loans without any collateral. Transaction risk is related to the individual borrower with which the MFI is transacting. A borrower may not be trustworthy and capable of repaying loans which will result in loss of loan. All loss of loan related to the delinquency of individual clients which can be because the client's migration, wilful defaulting, business failure, etc. Portfolio risk is related to factors, which can result in a loss in a particular class or segment of the portfolio. For example, an MFI may lose a portfolio with a particular community, locality, or a particular trade due to some external reasons. These reasons could be political, communal, failure of an industry /trade, etc. Delinquencies can also happen as an aftermath of a natural disaster such as floods, drought, earthquakes, or epidemic. <p style="text-align: center;"><u>Industry Outlook:</u></p>

	<ul style="list-style-type: none"> • During the first COVID wave, the rural portfolio was impacted to a lesser extent than the urban portfolio and thus saw a faster recovery as disbursements also recovered especially in the second half (2H) of FY2021-22. • The incidence of most of the relevant provisions will also fall in FY2022, given that the bulk of the second wave portfolio deterioration would happen at the beginning of FY2022. • The impact of the credit costs on account of the second wave, would be higher in the annual financials for FY2022 than FY2021 and possibly even the demonetization crisis where credit costs were spread over three years as the event occurred at end-third quarter (3Q) of FY2016-17. • Smooth access to funding and liquidity would be critical for the MFI sector. For most large MFIs with assets under management (AUM) above Rs50 billion or MFIs that are part of large groups, bank funding lines could continue and hence they may not face immediate liquidity stress. Mid and small MFIs shall continue to face challenges in fund raising and or borrowing costs. • The microfinance industry is likely to face asset quality pressures in the near term due to the recent surge in COVID-19 infections and localized restrictions. However, a majority of micro finance institutions (MFIs) will be able to withstand any stress due to their improving collection efficiency and good on-balance sheet liquidity. • Improvement in collection efficiency and pickup in growth in AUM in H2 FY2021 has helped the industry witness marginal improvement in the overdue portfolio (0+ days past due (dpd)) to 16.7 per cent as on December 31, 2020, which had earlier increased to 18.1 per cent as on September 30, 2020, after the lifting of the moratorium. • The industry also witnessed a reduction in the overall cost of funds during this period. However, despite this, the industry is expected to witness a reduction in net interest margins (NIMs). This is owing to reduced interest income with portfolio growth happening only towards H2 FY2021 and negative carry because of excess on-book liquidity. • Nevertheless, the pick-up in AUM growth in FY2022, along with the increase in provision cover in FY2021, is expected to drive profitability upwards in FY2022, though the same is likely to remain below pre-Covid profitability level.
Loan Products	<p>MFSPS offers two loan products as on December 31, 2023. Details on the loan product are provided in Annexure 3.</p> <p>The company provides loans to the JLG members based on their requirements.</p>

Access to funds and ability to raise funds	MFSPS has access to funds from bank and financial institution, on the back of its satisfactory operational and repayment track record.
Vision	In coming years, MFSPS plans to expand its branch network in and around the above-mentioned states.
Efforts to increase outreach and coverage	MFSPS is expecting significant increase in its income from micro financing activities with proposed scaling up of its operations in other districts of the existing states. The microfinance business has been in a subdued state since last few years as the financial institutions have reduced lending to microfinance sector due to occurrence of some chit fund activities and covid impact on the rural economy.

ANNEXURES

Annexure 1: Past and Projected Financials

(Rs. Crore)

For the year ended	31/03/22	31/03/23	31/03/24
	Audited	Audited	Projection
Interest income from Loan Portfolio	3.06	4.10	8.21
Commission Income	0.05	0.10	0.00
Processing fee on Loan Portfolio	0.13	0.23	0.00
Other Interest Income	0.03	0.06	0.00
Other Operating Income	0.00	0.06	0.31
Total Income	3.27	4.56	8.52
Depreciation on owned assets	0.02	0.02	0.03
Provision for Std. Assets & NPA/ Write-off	0.02	0.21	0.16
Bad debts & prov. for debts	0.35	0.40	0.00
Employee Benefit Expenses	1.11	1.58	1.97
Other Expenses	0.05	0.26	0.81
Total Expenditure	1.55	2.47	2.97
PBIT	1.71	2.09	5.55
Interest	0.98	1.56	3.12
Total Operating profit	0.73	0.53	2.43
Other Income	0.00	0.00	0.00
PBT	0.73	0.53	2.43
Income Tax	0.10	0.10	0.61
Income Tax adjustment for earlier years	0.00	0.00	0.00
PAT (before deferred taxation)	0.63	0.43	1.82
Deferred taxation	0.07	0.02	0.00
PAT (after deferred taxation)	0.57	0.40	1.82

Balance Sheet

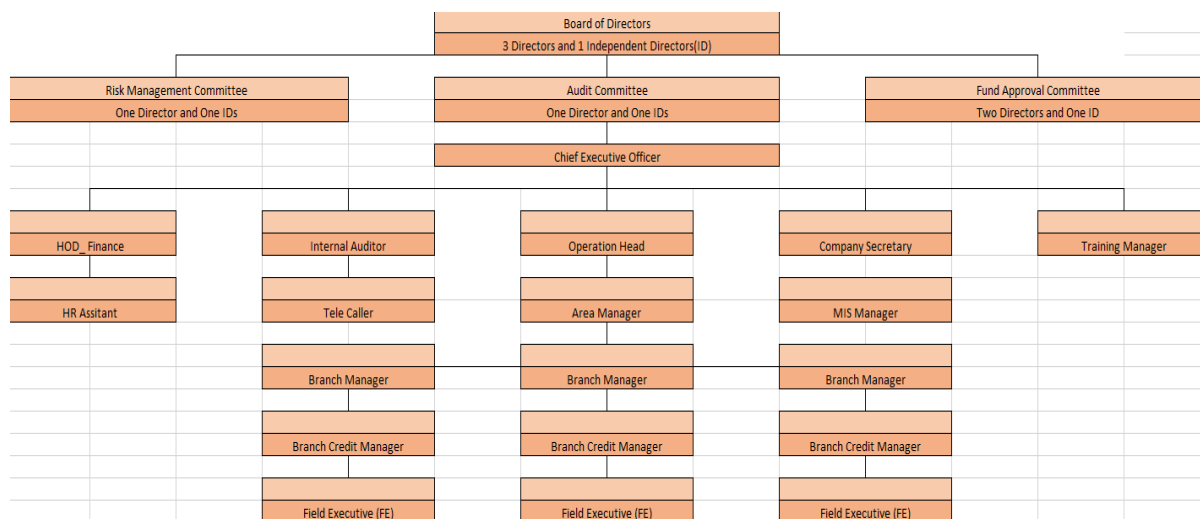
(Rs. Crore)

Particulars	31-Mar-22	31-Mar-23	31-Mar-24
	Audited	Audited	Projection
Equity and liabilities			
Shareholders' funds			
Share capital	6.00	6.00	11.00
Reserves and surplus	1.03	1.35	2.46
Total	7.35	7.75	13.46
Non-current liabilities			
Long-term borrowings	0.24	5.73	15.39
Loans from Related parties	7.05	7.05	7.05
Provisions	0.05	0.08	0.17
Total	7.29	12.78	22.44
Current Liabilities			
Total short-term funds	1.52	7.68	11.05
Creditors	0.07	0.36	0.53
Provisions	0.55	0.38	0.57
Other Current Liabilities	0.13	0.26	0.43
Total	2.27	8.68	12.58
TOTAL LIABILITIES	16.95	29.30	48.64
Assets			
Non-current assets			
Fixed Assets	0.02	0.06	0.08
Loan Portfolio	6.09	5.75	14.24
Other non-current assets	0.00	0.00	0.00
Deferred Tax Asset	0.12	0.10	0.12
Total	6.23	5.91	14.44
Current assets			
Loan Portfolio	9.82	19.24	26.45
Short Term Deposit	0.27	1.30	0.00
Other current assets	0.41	0.47	0.63
Cash & Bank Balances	0.21	2.35	7.08
Other Receivables	0.01	0.03	0.06
Total	10.72	23.39	34.22
TOTAL ASSETS	16.95	29.30	48.64

ANNEXURES

ANNEXURE 2: Organisational Structure

MFSPL has a well-defined organization structure, with clear departmental demarcation. All major departments are controlled from head office.



ANNEXURE 3: Loan Products

S N o.	Loan Product Name	Type Of Product	Ten ure	Collecti on Frequency	Any Advanc e Deduction	State (Area of Worki ng)	Min & Max Loan Ticket Size	P.F.	ROI
01	Abhima nnani	Income Generatio n Loan	12-24	Monthly	NA	Haryan a , Punjab and Uttar Pradesh	20,000 – 70,000	1.00	24.00
02	Wat san	Water sanitizatio n Loan	12-24	Monthly	NA				

Annexure 4: Asset Profile

(Rs crore)

Particulars	March 31, 2021		March 31, 2022		March 31, 2023	
	Amount	%	Amount	%	Amou nt	%
Loan Portfolio Actual	15.21	94.56	15.91	93.76	24.99	85.30
Trade Receivables	0.03	0.18	0.01	0.06	0.03	0.11

Short Term Loans And Advances	0.11	0.69	0.06	0.36	0.06	0.21
Investments	0.00	0.00	0.00	0.00	0.00	0.00
Fixed Assets	0.03	0.17	0.02	0.14	0.06	0.21
Deferred Tax Assets	0.19	1.16	0.12	0.70	0.10	0.33
Other Non-Current Assets	0.10	0.62	0.00	0.00	0.00	0.00
Cash & Bank Balances	0.22	1.36	0.46	2.72	2.35	8.01
Other current assets	0.20	1.26	0.38	2.26	1.71	5.83
Total Assets	16.09	100.00	16.97	100.00	29.30	100.00

Annexure 5: Diversified resource profile (Rs. crore)

Particulars	FY21	FY22	FY23
Net worth	6.78	7.35	7.75
Term Loans banks and financial institutions	7.36	1.25	12.98
Bank borrowing (CC)	0.00	0.00	0.00
Unsecured Loans	0.00	0.00	0.00
NCD	0.00	0.00	0.00
Convertible Debentures	0.00	0.00	0.00
Preference share capital	0.00	0.00	0.00

Annexure 6: Portfolio Details

6.1 State-wise portfolio concentration (Rs. crore)

State	FY21		FY22		FY23		Dec-23	
	Rs.	%	Rs.	%	Rs.	%		
Haryana	13.41	87.28	10.73	67.11	9.91	39.66	10.01	35.02
Punjab	1.95	12.72	5.26	32.89	8.89	35.59	8.08	28.26
Uttar Pradesh	0.00	0.00	0.00	0.00	6.19	24.75	10.50	36.72
Total	15.37	100.00	15.99	100.00	24.99	100.00	28.58	100.00

6.2 Purpose wise loan outstanding (Rs crore)

Purpose of loan	31-03-2021		31-03-2022		31-03-2023		31-12-2023	
	No of loans	Outstanding	No of loans	Outstanding	No of loans	Outstanding	No of loans	Outstanding
Agri And Agri-Allied Activities	3540.00	9.45	4,195	10.47	5,889	15.05	6,914	16
Small Business,	1285.00	2.40	1,076	2.49	1,337	5.25	1,720	4.37

Trading, Manufact uring etc								
Service Activities	1513.00	3.52	1,287	3.03	1,539	4.69	2,865	8.42
Total	6338.00	15.37	6,558	15.99	8,765	24.99	11,499	28.58

6.3 Loan cycle wise loan outstanding (Rs. crore)

Particulars	FY22	FY23	31-Dec-2023
	Amount	Amount	Amount
1st Cycle	11.42	18.90	21.37
2nd Cycle	3.28	4.30	5.38
3rd Cycle	1.26	1.60	1.40
4th Cycle	0.04	0.17	0.41
5th Cycle	0.00	0.02	0.02
6th Cycle	0.00	0.00	0.01
Total:	15.99	24.99	28.58

6.4 Loan amount wise loan outstanding (Rs. Crore)

Amount	FY22	FY23	31-Dec-23
	Amount	Amount	Amount
0 to 10000	0.00	0.01	0.00
10001 to 20000	0.08	0.13	0.15
20001 to 30000	0.89	0.57	0.96
30001 to 40000	12.14	18.49	17.60
40001 to 50000	2.88	2.62	4.32
Above 50001	0.00	3.16	5.54
Total	15.99	24.99	28.58

6.5. Asset Liability Maturity Profile as on 31st March 2023
(Rs. In Crore)

	<1	1 to <3	3 to <6	6 to <12	>12	Total
Assets						
Cash & bank balances	3,473,790	20,000,000				23,473,790
Cash collateral				2,500,000	10,000,000	12,500,000
Investments						-
On-balance sheet loan portfolio	5,515,532	11,847,415	19,967,287	25,160,595	191,710,585	254,201,414
Interest on loan portfolio						-
Fixed assets					602,662	602,662
Other assets					6,514,236	6,514,236
Total assets	8,989,322	31,847,415	19,967,287	27,660,595	208,827,483	297,292,102
Liabilities						-
Loan repayables	5,319,588	14,679,319	22,281,442	34,497,549	127,767,950	204,545,848
Interest payable						-
Operational expenses payable						-
Other liabilities					13,649,099	13,649,099
Total liabilities	5,319,588	14,679,319	22,281,442	34,497,549	141,417,049	218,194,947
Total equity					79,097,155	79,097,155
Total liabilities & equity	5,319,588	14,679,319	22,281,442	34,497,549	220,514,204	297,292,102
Asset – (Total Liability + Equity) Gap	3,669,734	17,168,096	-2,314,155	-6,836,954	-11,686,721	0

6.6 Maturity profile of portfolio

(Rs. Crore)

As on March 31	FY22			FY23			31-Dec-23		
	No. of loans	Value of Portfolio	%	No. of loans	Value of Portfolio	%	No. of loans	Value of Portfolio	%
1-30 DAYS	127	0.10	0.63	39	0.08	0.32	134	0.21	1
31-60DAYS	50	0.04	0.27	17	0.03	0.12	66	0.11	0
61-90DAYS	67	0.07	0.44	5	0.01	0.04	34	0.05	0
91-120DAYS	56	0.08	0.48	11	0.02	0.08	20	0.03	0
121-180DAYS	89	0.15	0.95	22	0.05	0.18	49	0.10	0
181-365DAYS	207	0.39	2.47	105	0.15	0.60	49	0.12	0
MORE THAN 365 DAYS	-	0.00	0.00	60	0.14	0.57	232	0.37	1
ONTIME	5,962	15.15	94.76	8366	24.51	98.09	10,915	27.59	97
Total portfolio	6,558	15.99	100.00	8625	24.99	100.00	11,499	28.58	100.00

6.7 Bifurcation of AUM:

(Rs. crore)

Period ended	Mar 31, 2022	Mar 31, 2023	Dec 31, 2023
Own loan portfolio	15.99	24.99	28.58
AUM (Rs.cr.)	15.99	24.99	28.58

6.8 Repayment and Collection (projected)

(Rs Crore)

	FY23	FY24	FY25	FY26
	Past	Projected		
Repayment per month	1.10	1.92		

Average Collection per month	1.12	2.05		
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